2020 Corporate Fiber and Materials Benchmark – Verification Statement

Prepared for: Textile Exchange
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ELEVATE is the leading business risk and sustainability solutions provider. We deliver improved organizational performance through sustainability and supply chain assessment, consulting, program management and analytics.
1.1 Assessment approach

This is the 2nd assessment of the CFMB. The first assessment was conducted in 2020. That assessment assessed the 2019 CFMB using the ISEAL Benchmarking Guidelines as the guiding framework and covered the history of the CFMB, how it was developed, its scope and application, the data collection and validation processes and the scoring and ranking methodology. This assessment builds upon that baseline assessment, focusing on the 2020 CFMB, specifically on any changes made to the benchmarking process since the previous assessment. This assessment continues to use the ISEAL Benchmarking Guidelines as the guiding framework. The assessment was conducted through a desktop review of documentation about the process provided by Textile Exchange and through interviews with Textile Exchange staff.

1.2 Scope and limitations of the assessment

This assessment focuses on any changes made to the design, methodology and processes used by Textile Exchange to implement the CFMB since the previous assessment. The assessment does not include verifying the data collected and published by the benchmark or the results/ranking/scoring produced and published by the CFMB. The information presented herein is based on information provided by Textile Exchange staff through interviews and supporting documentation.

1.3 Level of independence

This verification statement prepared by ELEVATE is based on documentation and information provided by Textile Exchange. Although BSD Consulting (which was acquired by ELEVATE in 2018) has worked on projects with Textile Exchange in the past, neither BSD Consulting nor ELEVATE have not been involved in the design or implementation of the CFMB and have provided no advice or guidance in this regard. As part of this assessment, we do provide recommendations to Textile Exchange to improve the benchmark in the future. ELEVATE is an experienced assurance provider, assessing disclosures and data inventories for a variety of clients and sectors in alignment with best practice standards and frameworks.

1.4 General Findings and observations

There were no changes to the design or scoring methodologies of the CFMB in 2020. However, there were changes to the data collection and data validation processes and systems, approaches for transparency and accessibility of information and organizational capacities.

Data Collection:

In 2020, Textile Exchange incorporated a Materials Balance Sheet into the survey tool used to collect benchmarking data. The Materials Balance Sheet provides a full accounting to companies of their material usage and preferred fiber and materials uptake during the data collection process. Access to this accounting provides companies with a clear picture of their journey and progress, provides them with easy access to past year’s information as a contextual reference and is intended to reduce errors in data submission.
**Data Validation:**
Textile Exchange uses a multi-pronged manual review process to validate the data published by the CFMB. Textile Exchange does not audit source data but rather, relies on a system of completeness and consistency checks to ensure that the data is valid. The process starts with a thorough review of all data submitted by each company by a Textile Exchange staff member. Completeness checks are carried out to verify that companies have provided the information requested in as complete a manner as possible; reviewers engage and follow-up with participating companies to validate and verify and gaps in the data. The review process is confidential to each company and documented against a review template. Review documentation allows Textile Exchange to maintain a written record of the dialogue between the reviewers and the company and track the review process. Consistency checks verify that the data provided is consistent and accurate – these checks examine dependencies among the various sections of the benchmark to ensure that the data is provided consistently throughout the benchmark, review publicly available company documentation and disclosures to validate the information and compare data with the previous year’s benchmark to identify discrepancies. The in-depth review of each company is followed by spot checks across the cohort, conducted by senior staff. Once the data has been reviewed and validated, benchmarking scores are generated. The scores then undergo their own review process to identify discrepancies and inconsistencies, that are then reviewed and addressed prior to publishing of the benchmark.

In 2020, these processes were updated as follows:

- Textile Exchange expanded the review process to two (2) rounds of review, conducted independently by two separate reviewers. This puts more “eyes” on the data during the review process and establishes an internal quality assurance mechanism of the review process. Textile Exchange also ensures that each company is reviewed by people with different topical expertise, bringing more cross-sectional expertise into the process. Having two reviewers validate each company’s submission also establishes a process of internal quality assurance of the review process.

- Textile Exchange updated their management tools to document and track the validation process more clearly and to create more transparency and visibility into the process across the review teams. Textile Exchange also created new tools to make consistency checks easier to execute for the review teams. These new tools enable reviewers to easily identify discrepancies in the data that may arise from dependencies in the structure of the benchmark and make year-on-year data comparisons easier and more effective for the review teams.

- Textile Exchange developed automated tools to support the data validation process. These include a modeling tool that validates the benchmarking scores for each data point collected by the benchmark, automated validation tools that identify data inconsistencies based on data dependencies and comparisons with previous year’s data and data discrepancies based on internal thresholds (for uptake information, the tools flag discrepancies of more than 5% between data for consecutive years). Each significant deviation undergoes an in-depth examination by the review team.

- These automated tools add additional checks to the validation process and further support and strengthen the manual review process.

**Transparency and Accessibility of Information:**
In 2020, Textile Exchange implemented new systems and processes to improve the transparently and accessibility of information, both internally as well as externally, as follows:

- Textile Exchange transitioned all document management to a cloud-based system, improving accessibility and consistency of access to information both for the internal team as well as for companies participating in the benchmark. The cloud-based system enables reviewers to collaborate on documentation and process tracking consistently and accurately. Companies have secure and
confidential access to their own information in this system throughout the data collection and review process, enabling easy, efficient exchange of information and transparent and consistent tracking of the entire process.

- Textile Exchange updated the individual company progress reports to include additional contextual information about the company, incorporated volumetric and progress data directly into the benchmark results to improve accessibility and visibility of this information (previously, this information was only available in Insights reports, published separately from the benchmark) and added granular filtering functionality into the benchmark to enable increased ease-of-use and comparability of information at the index and company level.

- Textile Exchange made improvements to the Impact Dashboard to improve interactivity with the information and increase visibility of performance and progress data. The updated dashboard is designed to provide an improved understanding of the sourcing landscape, transparently disclose progress against industry commitments and targets and drive continuous improvement.

**Organizational Capacity:**
In 2020, Textile Exchange expanded their team to better support the benchmarking process through the data collection, review, and publishing phase. Textile Exchange added new staff with additional topical expertise to support the review process and hired administrative staff to provide project management, coordination and support to the technical teams enabling better alignment and transparent communication through the entire life cycle of the benchmarking process.

**Adjustments for COVID:** In 2020, Textile Exchange administered a "COVID bridge" to support long-term benchmarking participants and Textile Exchange members who were challenged by the impacts of COVID-19 on their ability and capacity to report. The COVID-bridge was not a "one size fits all" approach but was adapted to the needs of the individual company. Textile Exchange support ranged from directly aiding the participant on uptake volume data calculations to desktop reviews of publicly available information, and review interviews to facilitate submission close-outs. Where adjustments were made to the submission, dialogue was held, confirmed by the company, and documented in Textile Exchange’s internal tracking systems. 17 companies (14% of participants) took advantage of this offer to ease their participation in the CFMB in 2020.

### 1.5 Conclusions

In 2020, Textile Exchange made improvements to the data collection and data validation processes, systems and tools that support the Corporate Fiber and Materials Benchmark, improved transparency and accessibility of information and strengthened their organizational capacity to implement the benchmark. These changes further formalized and systematized the benchmarking process and improved the effectiveness, consistency, and robustness of the process. The changes made by Textile Exchange in 2020 to the CFMB continue to maintain alignment with the ISEAL best practice guidelines for benchmarking systems.

Looking ahead, we recommend that Textile Exchange develop a Standard Operating Procedure for the data validation process to document the process with detailed guidelines to ensure consistent interpretation. While Textile Exchange has a documented validation procedure, uses trained, expert staff who have strong topical expertise and deep familiarity and understanding of the benchmark and who work closely together and communicate transparently, formal documentation of the validation procedure that brings all aspects of the process together into a comprehensive manual will more deeply embed the process into the organization, enable knowledge transfer and enable and support continuous improvement of the process.
**Assessment team:**
The assessment was conducted and prepared by ELEVATE’s offices in the United States. It was reviewed by ELEVATE’s office in Colombia.

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