The state of fiber and materials sourcing

Textile Exchange
Creating Material Change
As companies, organizations and individuals, we might have a great passion for making the world a better place. But we don’t always know where to start, or if what we are doing is enough.

This is understandable given the bewildering amount of information available to us, some of it conflicting. As a non-profit specializing in the sustainability of raw materials in the textile industry, we recognize that it is impossible to know where we need to go next until we know where we are.

Benchmarking answers the question, “Where are we now?” It allows us to define what “the end” of the journey looks like and create a roadmap for getting there. And crucially, it provides the catalyst and momentum to drive a race to the top.

We hope these industry-level insights from our latest Corporate Fiber & Materials Benchmark provide the clarity needed to move your materials journey forward!

Liesel Truscott
Director of European & Materials Strategy
Textile Exchange
Here are a few takeaways from this year’s analysis:

**Climate change and raw materials sourcing are inextricably linked — and sourcing preferred materials is a powerful way for a company to reduce its climate impacts.**

The climate crisis is already impacting business and has catapulted up the list of corporate risks. The choices a company makes when sourcing raw materials can either damage or improve the health of the planet - and sourcing preferred materials is a demonstrated way to make sure it’s the latter. In 2018, reporting companies collectively converted 1.7 million metric tons of materials to preferred, resulting in a saving of 1 million metric tons of greenhouse gases. We believe the potential to drive further reductions is tremendous. Under our new Climate+ strategic direction, Textile Exchange will be the driving force for urgent climate action with a goal of 30% reduced CO₂ emissions from textile fiber and material production by 2030.
State of the Sector

Key 2019 Takeaways

**Five big insights**

- **85%** of participants have set a 100% preferred target for one or more material categories.
- **39%** of participants’ material use came from preferred sources for main materials.
- **1 million tons** of greenhouse gases were saved by shifting to preferred materials with lower carbon footprints.
- **80%** of participants with SDG priorities identified SDG 13 Climate Action as a priority.
- **0.06%** of participants have set a 100% preferred target for one or more material categories.

**Participant profile**

- **66%** Textile Exchange members
- **173** companies, including subsidiaries
- **77%** returning participants
- **36%** small-medium sized companies
- **17** countries
- **$640 billion** estimated turnover
- **2.7 million** employees

**Market segments**

- Apparel / Footwear (53%)
- Outdoor / Sports (25%)
- Multi-sector (12%)
- Home and Hospitality (10%)

**Regions**

- Europe (60%)
- North America (30%)
- Other (4%)

**Preferred materials uptake by region**

Europe accounted for 74% of global preferred materials uptake in 2018.

**Preferred materials uptake by country and market segment**

Sweden alone accounted for 40% of global uptake. By market segment, the 14 "multi-sector" brands and retailers dominated uptake share.
State of the Sector

Key 2019 Takeaways

Beneficial outcomes resulting from preferred materials sourcing

- 279,430 Participating cotton farmers
- 18,000,000,000 PET bottles diverted from waste
- 639,024 Sheep covered by preferred wool programs
- 819,000,000 Birds covered by preferred down programs

- 673,557 hectares Land under improved cotton farming practices or certified forestry - equivalent to 1.3 million soccer fields

- 61% Cotton: improved land use: 647,026 hectares
- 43% conventional cotton
- 1% recycled cotton
- 56% preferred, renewable cotton

- 33% Polyester
- 82% 1% recycled polyester
- 8% preferred, renewable polyester

- 5% Nylon
- 32% 5% recycled nylon
- 3% preferred, renewable nylon

- 7% MFC
- 68% 1% recycled MFC
- 32% preferred, renewable MFC

- 1% Wool
- 1% recycled wool

- 1% Down
- 1% recycled down

Positive environmental impacts achieved through preferred materials sourcing

- 1 million tons CO₂e of greenhouse gas emissions saved
- Equivalent to the water needs of 342 million people for one year
- 22 billion megajoules of fossil fuel energy saved
- Equivalent to powering 504,964 US homes for one year
- 374 billion liters of water saved
- Equivalent to driving 4.2 billion kms in an average sized car

Circularity strategies are on the rise but yet to be realized

- 86% of companies had a materials circularity strategy in place in 2019
- 0.06% of all materials are estimated to come from post-consumer textile waste

673,557 hectares

Recycled materials coming from plastic waste streams (0.25 million tons)

- 89% Recycled polyester: 249,483 tons
- Recycled wool: 1,403 tons
- Recycled MMC: 213 tons
- Recycled down: 2.7 tons

- 93% of companies have made SDG 12 a priority
- 80% of companies have made SDG 13 a priority
- 76% of companies have made SDG 8 a priority
- 71% of companies have made SDG 7 a priority
- 62% of companies have made SDG 5 a priority

* Data excludes the 34% of companies not prioritizing SDGs

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Recycled nylon: 2,959 tons
Recycled cotton: 25,487 tons
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State of the Sector

Topic Summaries

Strategy

State of play
Climate change (the most cited business risk) will keep materials front and center. Companies are developing integrated strategies that take careful consideration of the risks and opportunities associated with the evolution of the demand for sustainability. Companies are working on the alignment and systems for implementing and tracking the SDGs. Some are working hard to build strategic partnerships.

Areas to improve
Integration can be deepened through greater Board alignment and systems for implementing and tracking progress. Others are less clear on the pathway or the alignment and systems for implementing and tracking the SDGs. Some are working hard to build strategic partnerships.

Sustainable Development Goals

State of play
Companies are divided on how best to approach the SDGs. Some are working hard to build strategic alignment and systems for implementing and tracking progress. Others are less clear on the pathway or the need to evaluate their current sustainability priorities.

Areas to improve
Embedding the SDGs will require matching the global imperative of the Goals to business opportunity, building leadership and creating clarity of intent. Tapping into global commitments and new investment opportunities could incentivize action.

Circularity

State of play
The breadth of circularity strategies and ambition levels are increasing rapidly, with some aligning circularity with the SDGs. Many companies are training design teams and engaging customers and suppliers to develop more circular systems.

Areas to improve
Textile-to-textile recycled fiber is still nascent – the replacement of virgin materials with post-consumer textiles must increase to close the loop. Business model innovation, technology investment, and resource efficiency targets will be important levers.

Cotton

State of play
Companies are more advanced on cotton than most other materials. Key drivers are the widespread availability of preferred cotton programs and cotton being a large volume material for many. A highlight was the uptake of preferred, renewable cotton.

Areas to improve
More regional transparency, direct intervention and monitoring of impacts are needed at farm-level. Verification of preferred cotton uptake could be stronger, as systems, such as chain of custody, are seldom complete through the entire supply chain.

Polyester

State of play
Accelerating the sustainability of polyester lags behind cotton given how cost effective and readily available conventional polyester remains. There are signs, however, that companies are looking to shift to recycled and renewable alternatives.

Areas to improve
Transition to recycled is slow and companies struggle to certify entire supply chains. Eventually, recycled needs to be from post-consumer textile and not just plastic packaging. For this to happen, collaboration is needed between stakeholders, including consumers.

Nylon

State of play
As a minority fiber (by volume), nylon is overshadowed by polyester and engagement is minimal. Strengths include investing in specific branded programs, but widespread adoption of these programs has yet to occur.

Areas to improve
Nylon carries all the challenges of polyester but without the attention. Like, polyester, there are growing opportunities to explore alternatives to virgin non-renewables and to connect preferred feedstocks to positive campaigns such as ocean clean-ups and worker livelihoods.

Wool

State of play
Conventional wool dominates uptake albeit with many companies having non-mulesing policies in place. Recycled wool uptake was higher than volumes sourced from preferred virgin wool programs, such as the Responsible Wool Standard.

Areas to improve
With pressure on agriculture to become more regenerative and sensitive to biodiversity needs, there is considerable potential for the industry to do good by transitioning to wool programs with both animal welfare and responsible land use criteria in place.

Down

State of play
Awareness of animal welfare issues has led to the successful growth in the use of standards such as the Responsible Down Standard, with more companies achieving transition of their entire supply to a certified source than any other material.

Areas to improve
As a by-product of the food industry, influencing at farm-level is challenging. However, opportunities to monitor improvements and influence further lies in achieving greater transparency back to source through supply chain mapping.

Leather

State of play
Until recently, leather processing risks (tanning, chemical use) have been the main focus. The growing interest in animal welfare issues is driving interest and investment in leather.

Areas to improve
With developments typically led by the food industry, and very opaque supply chains, it is challenging for brands to address farm-level risks. Textile Exchange has developed the Leather Impact Accelerator (LIA) to accelerate positive actions along the full beef/leather value chain.
State of the Sector

2019 Material Change Leaderboard

The Material Change Index

Textile Exchange’s Material Change Index (MCI) is a voluntary benchmark that tracks the apparel and textile sector’s progress toward more sustainable materials sourcing, as well as alignment with global efforts like the Sustainable Development Goals and the transition to a circular economy. As a voluntary benchmark, the MCI is based on companies’ willingness to be transparent and disclose their materials uptake and management practices - in order to learn from each other and promote inclusive progress.

The MCI is a key component of Textile Exchange’s Corporate Fiber & Materials Benchmark (CFMB) program, which enables participating companies to measure, manage and integrate a preferred fiber and materials strategy into their business. The CFMB is one of few transparency benchmarks built on voluntary company disclosure of management activities and performance, coupled with evidence to support company claims and validated by Textile Exchange. By participating, companies demonstrate a commitment to transparency and continuous improvement around their materials sourcing strategy.

The MCI Family of Indices

The MCI family of indices consists of an overarching Material Change Index that tracks companies’ holistic approach to more sustainable materials sourcing, as well as a number of related indices: Circularity, SDGs, and Material Portfolio Indices for Cotton, Polyester, Nylon, Manmade Cellulosics, Wool, and Down.

Performance Bandings

Company results are assigned to one of four performance bands.

1. Developing
   This level is for companies that are laying the foundation of their programs and scored 0-24 out of 100 possible points.

2. Establishing
   This level is for companies that are strengthening their programs and scored 25-50 out of 100 possible points.

3. Maturing
   This level is for companies with emerging leadership that scored 51-75 out of 100 possible points.

4. Leading
   This level is for companies that are pioneering industry transformation and scored 76-100 out of 100 possible points.

Methodology

Our methodology is continually refined through consultation with a wide range of stakeholders, including our participating companies. Our program and processes are externally assured by BSD Consulting in accordance with Global Reporting Initiative (GRI) guidelines, bringing increased credibility and confidence in the results as the program grows in size and importance.

The Leaders Circle

The Material Change Index (MCI) is the cornerstone of the MCI family of indices. The MCI incorporates scores achieved across the full benchmark framework: strategy and integration, circularity, and the portfolio of materials. The companies included in the Leaders Circle have robust materials sustainability strategies, comprehensive integration and implementation systems in place, including circularity, and are making good progress in transitioning their materials portfolio to preferred options.

The 16 companies listed here achieved a Level 4 Leading position in the 2019 Material Change Index (MCI) and form the 2019 Material Change Leaders Circle.

2019 Material Change Leaderboard

The new Material Change Leaderboard includes Level 4 Leading companies across the Material Change Index (MCI) and family of indices. As a result of the benchmark program review carried out over Q4 2018 and Q1 2019, Textile Exchange has introduced the Material Change Leaderboard this year to provide a more holistic and contemporary assessment of leadership than the volume-based focus of the past.

The Leaderboard is based on a company’s management practices (including risk assessment, transparency, investment, target setting, and impact measurement) as well as the adoption rate of preferred fibers and materials. In this way it reflects both intention and action. See full listing on next page.
## State of the Sector
### 2019 Material Change Leaderboard

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Table notes:
1. The Material Change Leaderboard comprises of Level 4 Leading companies who are pioneering industry transformation and scored 76-100 out of 100 possible points in the Material Change Index or one or more of the indices that make up the MCI family of indices.
2. The MCI is derived from the Corporate Fiber and Materials Benchmark full survey responses, including Strategy and Integration, SDGs, Circularity, and the company’s priority Materials Portfolio.
3. The MCI family of indices includes the SDGs, Circularity, Cotton, Polyester, Nylon, Manmade Cellulosics, Wool, and Down.
4. See the MCI website and our methodology for further details.
Want to find out more about the Corporate Fiber & Materials Benchmark Program?

Visit: mci.TextileExchange.org
Contact: CFMB@TextileExchange.org