



PFM BENCHMARK PROGRAM

WEBINAR #2:

GET THE BEST OUT OF YOUR COMPANY FEEDBACK REPORT



PFM BENCHMARK PROGRAM

What's Inside



TE PFM BENCHMARK PROGRAM



BEHIND THE SCENES OF
THE PFM BENCHMARK PROGRAM



SCORING MODEL & METHODOLOGY



YOUR COMPANY
FEEDBACK REPORT



CONTINUOUS IMPROVEMENT



THE PFM BENCHMARK PROGRAM

The PFM Benchmark Program helps companies systematically measure, manage and integrate a preferred fiber and materials strategy into mainstream business operations.

The problem we address: You know your operations are 10% better than last year. Great if everyone else is only 5% better. But what if they are 20% better? That's benchmarking.

HOW THE PFM BENCHMARK FITS WITH YOUR NEEDS

1

Supports a Company's Transition to a Raw Material Supply based on Preferred Fiber and Materials.

- Knowing where raw materials come from - impacts and dependencies on nature and other capital - is key to assessing supply risks and opportunities.
- Science-based data (such as LCA) is proving that some of the biggest sustainability impacts and “hotspots” of textile production occur at the growing and mining of raw materials.

2

Demonstrates a Commitment to Measuring Progress, Transparency and Disclosure.

- There is increasing pressure from stakeholders for businesses to set sustainability targets to measure both management and progress, and for this information to be in the public domain.
- Companies, the industry at large, investors, analysts and other stakeholders are seeking reliable ways to credibly and consistently account for and communicate sustainability.

3

Links the Textile Industry to the Sustainable Development Goals.

- The SDGs are universal (for both developed and developing countries), holistic (people-centered and planet-sensitive), and measurable (to drive action and track progress).
- Companies are starting to adopt the framework of the SDGs to plan a long-term approach to sustainability. The UN Global Compact asks signatories for updates on their approach to the SDGs.

WHAT ARE “PREFERRED” FIBERS & MATERIALS

TE describes “Preferred” as:

A fiber, material or product that is ecologically and socially progressive: One that has been selected because it has more sustainable properties in comparison to other options.

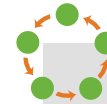
What makes a fiber/material preferred?



A recognized industry standard in place that confirms its status as preferred.



Sustainability criteria developed through a formalized multi-stakeholder process.



Objectively tested or verified as having superior sustainability attributes, such as through a peer-reviewed Life Cycle Assessment (LCA).

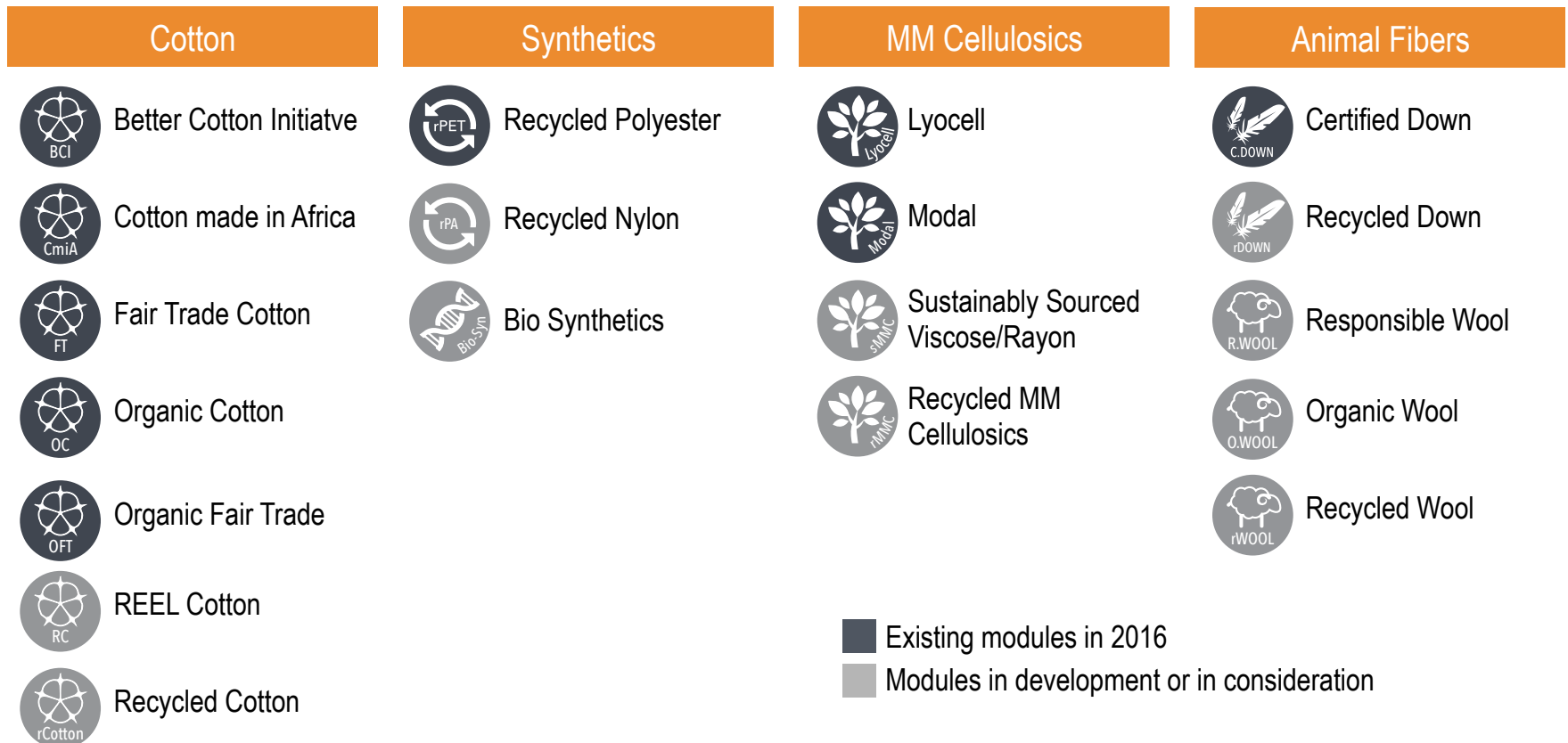
The goal:

PFMs are produced to a globally accepted standard, with strict criteria that qualifies the product as preferred, and can be traced through the supply chain.

HOW TO BUILD A PFM PORTFOLIO

A Portfolio Approach:

the process of building a suite of preferred fibers and materials (PFM), from a choice of preferred options, through the consideration of impacts and organizational priorities.



WHAT PFM BENCHMARK IS AND IS NOT



A framework to help companies **systematically measure, manage and integrate a preferred fiber and materials strategy** into mainstream business operations.



A tool to help **identify the strengths and the gaps** where future progress can be made.



A **self-assessment** process - TE carries out desk-based reviews.



A **customized Company Feedback Report**, allowing you to confidentially benchmark your performance both internally and against industry peers.



An **annual event which means a consistent basis for measurement** and a commitment from us to support your year-on-year performance improvement review.



A framework to **review all fiber and materials** used by a company or all activities in a supply chain.



An in-depth tool for **evaluating the preferred (sustainability) status of a fiber/material**.



A **third party audit** of a company's activities.



A **public ranking** of company performance.



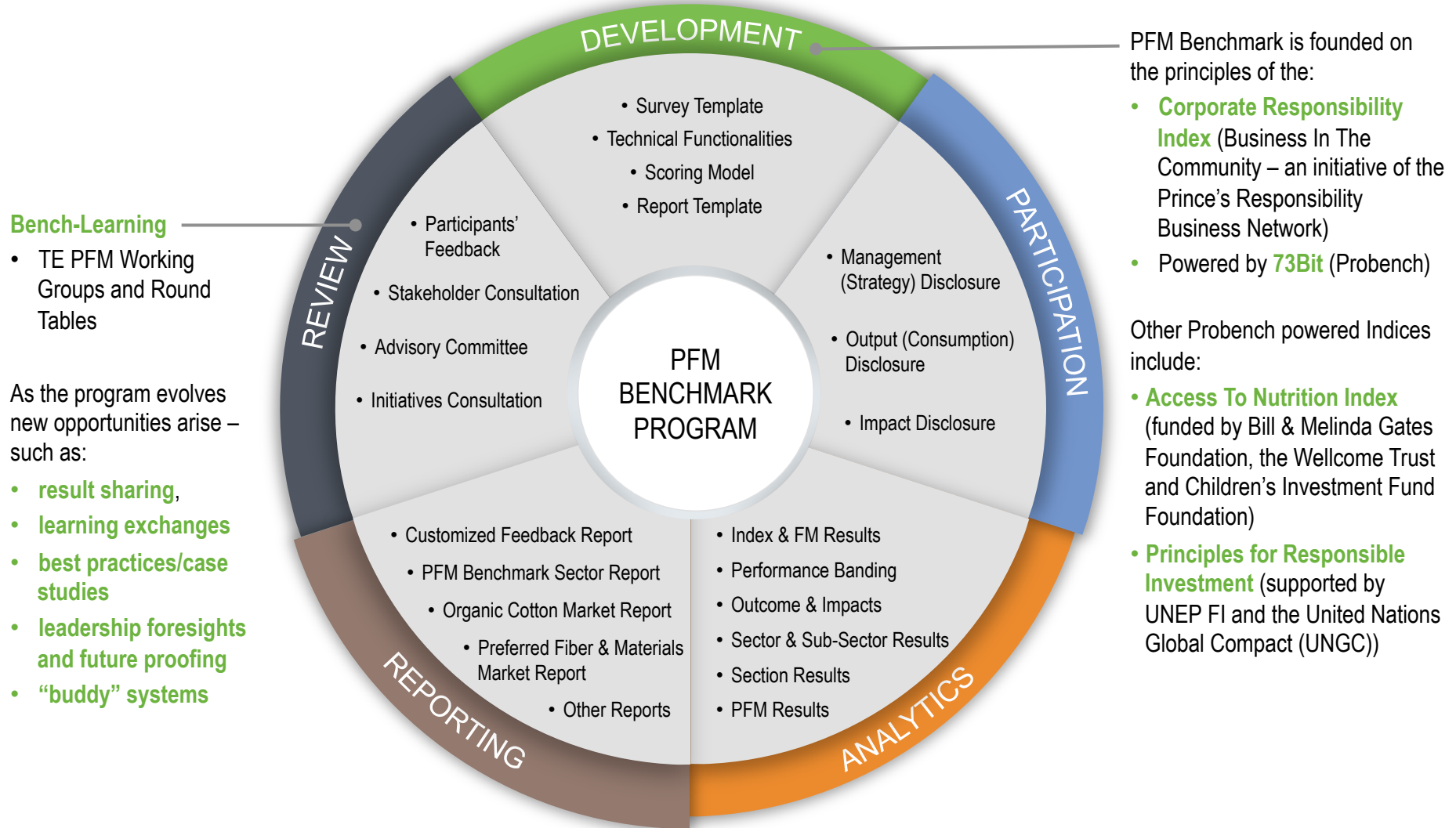
A **one-off survey** for TE's reporting purposes alone.



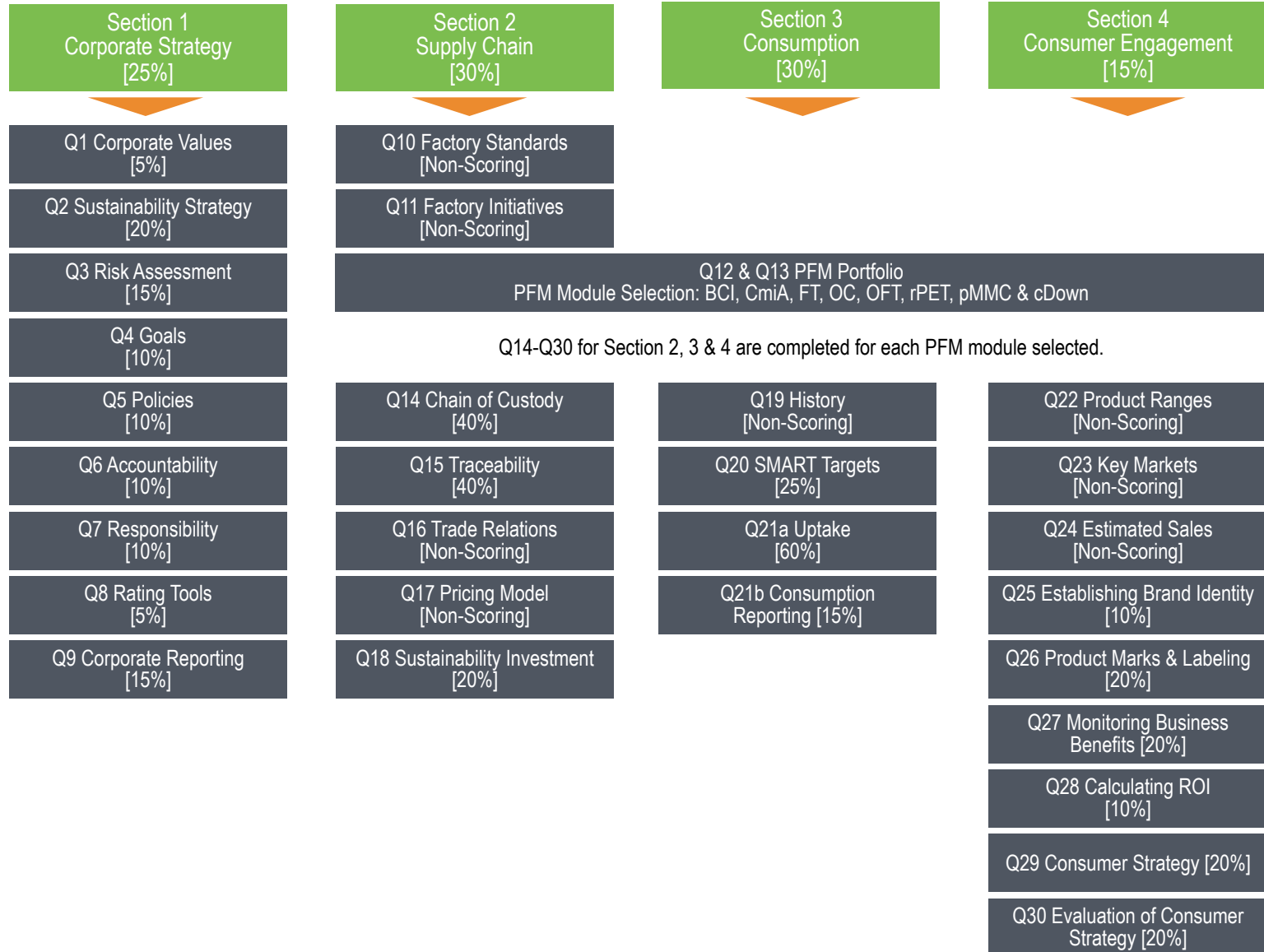
BEHIND THE SCENES OF THE PFM BENCHMARK PROGRAM

In 2015, Textile Exchange (TE) launched the Preferred Fiber & Materials (PFM) Benchmark Program for measuring how companies systematically integrate a preferred fiber and materials strategy into mainstream business operations.

PFM BENCHMARK DEVELOPMENT CYCLE



PFM INDEX FRAMEWORK



SURVEY SUPPORT: SURVEY SUMMARY

Quick overview of what each question is about.

1. CORPORATE STRATEGY	
Corporate Values	1. Corporate Values <ul style="list-style-type: none">Sustainability incorporated into overall vision and mission
	2. Sustainability Strategy <ul style="list-style-type: none">Sustainability strategy includes fibers/materials
Sustainability Strategy	3. Risk Assessment <ul style="list-style-type: none">Business risk/opportunity assessment covers fibers/materials
	4. Goals <ul style="list-style-type: none">Long-term sustainability goals for fibers/materials
	5. Policies <ul style="list-style-type: none">Natural Capital, Social Capital and Animal Welfare
	6. Accountability <ul style="list-style-type: none">Accountability held at senior level
Integration	7. Responsibility <ul style="list-style-type: none">Responsibility integrated through the companyKPIs integrated through the companyIncentives integrated through the companyMechanisms in place to ensure integration
	8. Rating Tool <ul style="list-style-type: none">Sustainability of fiber/materials objectively evaluatedRating tool influencing sourcing decisions
Tools	9. Corporate Reporting <ul style="list-style-type: none">Fiber/materials sustainability activities, progress against KPIsReport independently verified
Reporting	

2. SUPPLY CHAIN	
Supply Chain Part A: Processing	
Processing Standards & Initiatives	10. Factory Standards <ul style="list-style-type: none">Adoption of sustainability standards in factories
	11. Factory Initiatives <ul style="list-style-type: none">Supply chain codes of conduct and initiatives
Fiber & Materials Portfolio	12. Fiber and Materials Profile <ul style="list-style-type: none">Breakdown of fiber/materials usage
	13. PFM Module Selection <ul style="list-style-type: none">Cotton: BCI, CmiA, Fairtrade, Organic, Organic-FairtradeOther fibers and materials: Certified Down, Pref. MM Cellulosics, rPETSelf-select: e.g. Rec. Cotton, Rec. Nylon, Organic Linen, Bio-based
Supply Chain Part B: Product Integrity	
Chain of Custody	14. Chain of Custody <ul style="list-style-type: none">Use of chain of custody standard or initiative guideline
Traceability	15. Traceability <ul style="list-style-type: none">Keeping track of PFM through a traceability system
	16. Trade Relations <ul style="list-style-type: none">Deepening sustainability impact through supplier relations
Investment	17. Pricing Model <ul style="list-style-type: none">Pricing that captures sustainability benefits
	18. Sustainability Investment <ul style="list-style-type: none">Investing in supply chain and evaluating impact

3. CONSUMPTION	
History	19. History <ul style="list-style-type: none">Number of years sourcing the PFM
Targets	20. SMART Targets <ul style="list-style-type: none">Targets set for PFM consumption
Volume	21. Uptake and Consumption Reporting <ul style="list-style-type: none">Estimate of bulk fiber/materials consumedConversion of conventional to preferred
4. CUSTOMER ENGAGEMENT	
Market Presence	22. Product Ranges <ul style="list-style-type: none">Product ranges containing a PFM
	23. Key Markets
	24. Estimated Sales <ul style="list-style-type: none">Sales turnover and growth forecasts
Product Differentiation	25. Establishing Brand Identity <ul style="list-style-type: none">Core or complementary
	26. Product Marks and Labeling <ul style="list-style-type: none">On-product labeling and off-product messaging
Corporate Returns	27. Monitoring Business Benefits <ul style="list-style-type: none">Analyzing returns on investment
	28. Calculating Return On Investment <ul style="list-style-type: none">Calculating financial ROI and ROI in sustainability
Engagement Strategy	29. Customer Engagement <ul style="list-style-type: none">Education/awareness raising strategy in place
	30. Evaluation of Customer Engagement <ul style="list-style-type: none">Monitoring & Evaluation of activities and impact

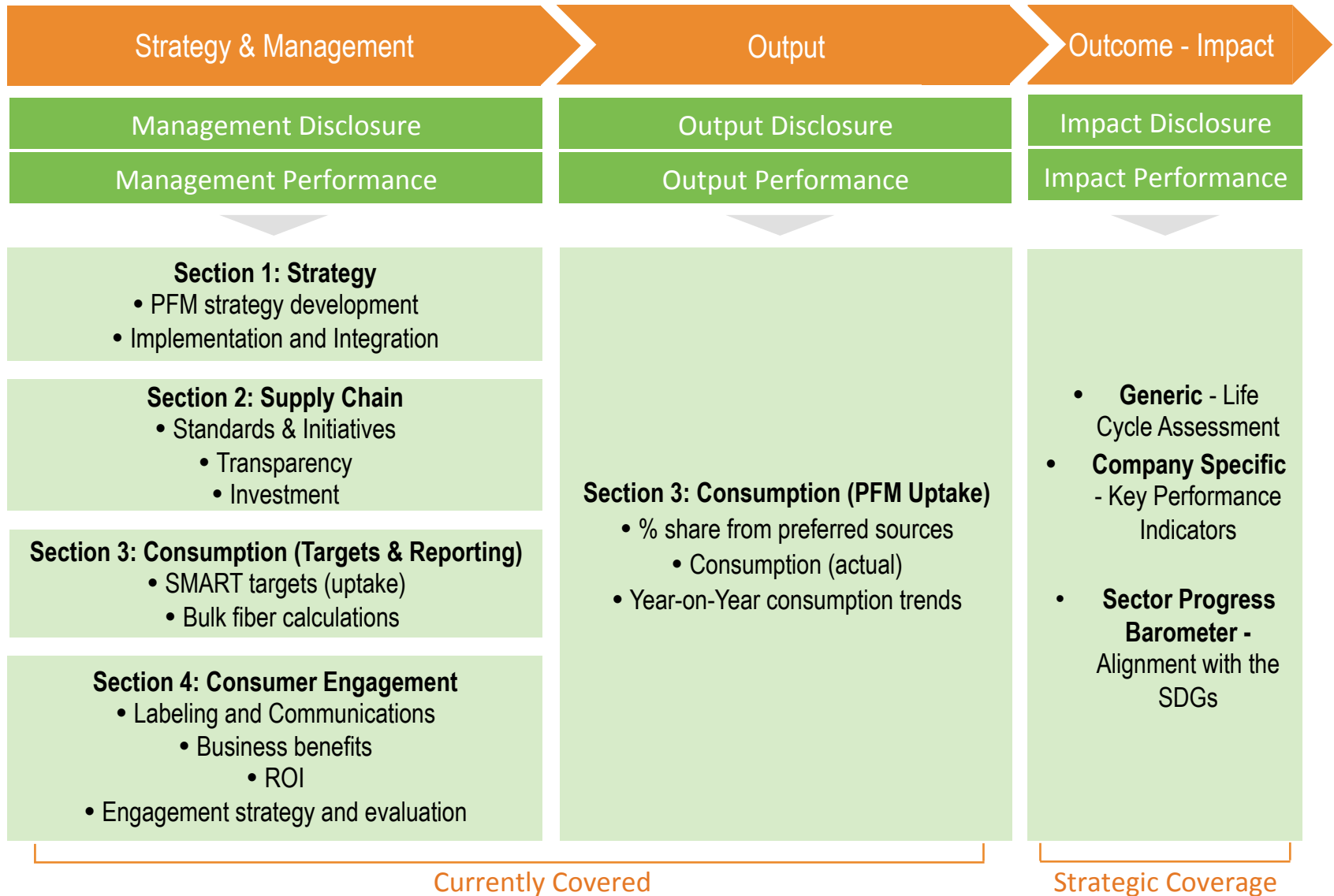
PFM BENCHMARK MODULES

Portfolio	PFM Modules	Source/Feedstock Criteria	Verification	Chain of Custody	Weight
Cotton	Better Cotton Initiative	Grown to BCI criteria	Self-assessment (2 nd + 3 rd party)	MB	0.6
	Cotton made in Africa	Grown to CmiA criteria	Self-assessment (3 rd party field/gin)	MB (IP option)	0.7
	Fair Trade Cotton	Certified to a Fair Trade Standard	FT Standard (3 rd Party – FLO)	IP (MB option)	0.8
	Organic Cotton	Grown on certified organic farms	OCS/GOTS (3 rd Party)	IP	0.9
	Organic Fair Trade	Certified to FT and organic farm standards	FT and OCS/GOTS (3 rd Party)	IP	1.0
	Recycled Cotton	Inputs recycled from pre or post consumer waste	RCS/GRS (3 rd Party)	IP	NA
Synthetics	Recycled Polyester	Inputs mainly from post consumer plastic bottles or pre or post consumer textile waste	RCS/GRS (3 rd Party)	IP	1
	Recycled Nylon	Inputs from nylon scrap, pre or post consumer textile waste	RCS/GRS (3 rd Party)	IP	NA
	Bio Synthetics	Module to be developed	NA	NA	NA
Animal Fibers	Certified Down	Down from certified farms	RDS/TDS (3 rd Party)	IP	1
	Recycled Down	Inputs from pre or post consumer waste	RCS/GRS (3 rd Party)	IP	NA
	Organic Wool	Grown on certified organic farms	OCS/GOTS (3 rd Party)	IP	NA
	Organic Silk	Grown on certified organic farms (sericulture)	OCS/GOTS (3 rd Party)	IP	NA
	Recycled Wool	Inputs from pre or post consumer waste	RCS/GRS (3 rd Party)	IP	NA
	Responsible Wool	Module to be developed	RWS (3 rd Party)	IP	NA
MM Cellulosics	Modal	Wood fiber from certified forests/plantations	Supplier (1 st Party)	Supplier Based	0.8
	Lyocell	Wood fiber from certified forests/plantations	Supplier (1 st Party)	Supplier Based	1
	Sustainably Sourced Viscose/Rayon	Wood fiber from certified forests/plantations	Supplier (1 st Party)	Supplier Based	NA
	Recycled Cellulose	Inputs from pre or post consumer waste	RCS/GRS (3 rd Party)	IP	NA

IP: Identity Preserved, MB: Mass Balance

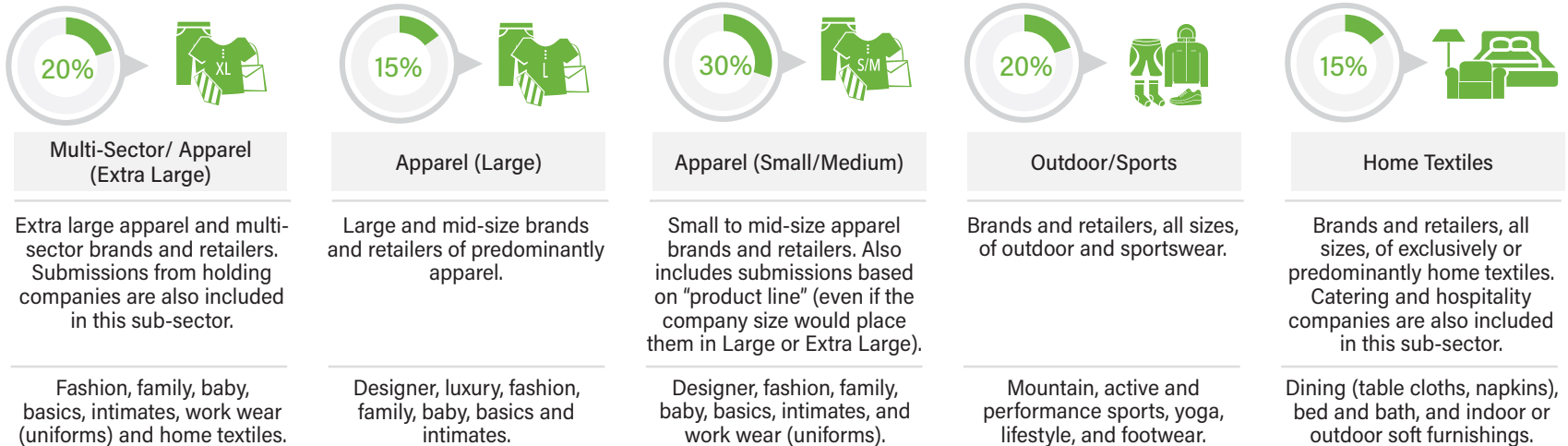
FROM STRATEGY TO IMPACT

[Disclosure + Performance = Absolute & Relative Evaluation]

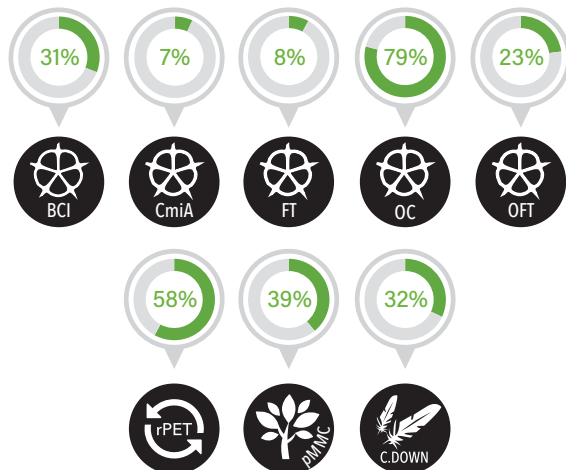


2016 PARTICIPANTS PROFILE

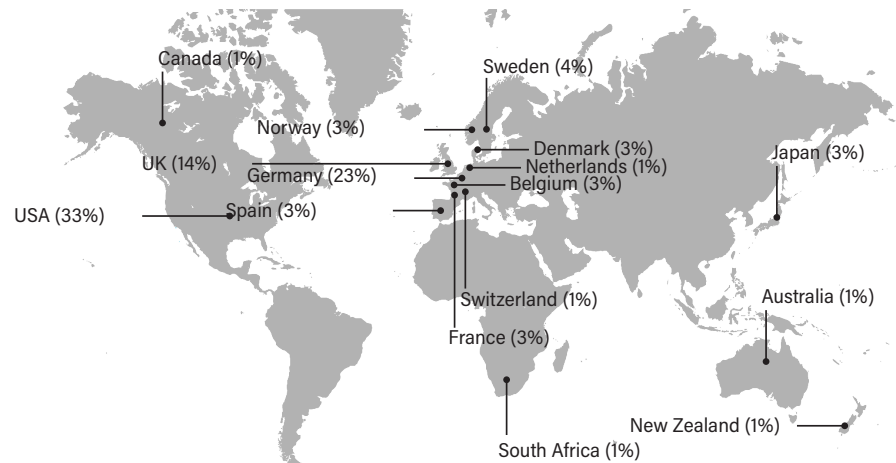
Sub-Sector Profile



Module Profile



Country Profile





SCORING MODEL & METHODOLOGY

In 2016, TE released the first fully weighted and scored PFM Index – and this is how it works.

QUESTION COMPOSITION

Business Coverage

What proportion of your business is on covered by a management or performance activity?

14.1 Please indicate the percentage of business (by turnover or volume) covered by the third party standard

	0%	1-25%	26-50%	51-75%	76-99%	100%
Organic Content Standard (OCS)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Global Organic Textile Standard (GOTS)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Scope

What issues, topics, or actions are covered by a management or performance activity?

27.1.1 What financial or non-financial benefits has your company identified?

- ☐ Financial: Increased sales of our products containing organic cotton
- ☐ Financial: Less discounting required for end-of-line products containing organic cotton
- ☐ Financial: Halo effect - Increased sales of other preferred products due to the promotion of products containing organic cotton
- ☐ Non-Financial: Positive brand reputation
- ☐ Non-Financial: Increased positive product or brand reviews (e.g. social or traditional media)
- ☐ Non-Financial: Brand protection through regulatory compliance
- ☐ Other

Disclosure

Just doing it is not enough nowadays – public disclosure is the expectation. Often best practice is third party assurance or verification.

2.4 Is your company's sustainability strategy publicly available?

- ☐ No
- ☒ Yes

Please provide weblink:

http://www.sharsdontbite.org/sustainability_strategy

SCORING MODEL

Basic components of our scoring model:

Question Scores: Achieved based on response entered for each question. Each question carries a question weight.

Section Scores: Accumulation of question scores in a section. There are four sections and each section carries a section weight.

PFM Module Scores: Accumulation of section scores in a module. There are eight scoring modules to select from and each module carries a sustainability weight

PFM Uptake: Breakdown of the PFM portfolio (conventional vis-à-vis preferred) and covers the cotton, synthetics, MMC and Down. Where uptake is not provided, a sub-sector average is used as a proxy. Based on the portfolio breakdown, a portfolio score is also given.

FM Usage: Overall share of cotton, synthetics, MMC and animal fiber used

Company's Estimated FM Usage

Overall FM Portfolio	Cotton	Synthetics	MMC	Animal Fiber	Other
Company's Reported Portfolio	FM usage — 50%	30%	10%	5%	5%

PFM Module Weight

Cotton Portfolio	Conventional	BCI	CmiA	FT	OC	OFT
PFM Weight	Sustainability weight — 0.60	0.70	0.80	0.90	1.00	
MMC Portfolio	Viscose/Rayon	Lyocell	Modal	Other		
PFM Weight	1.00	0.80				
Synthetics Portfolio	Conventional	Recycled	Biobased	Other		
PFM Weight	1.00					
Down Portfolio	Conventional	Responsible	Traceable	Other		
PFM Weight	1.00	1.00				

Company's Estimated PFM Uptake

Cotton Portfolio	Conventional	BCI	CmiA	FT	OC	OFT
Company's Cotton Usage	20%		PFM uptake (portfolio level) — 50%		30%	
Synthetics Portfolio	Conventional	Recycled	Biobased	Other		
Company's Synthetic Usage	60%	40%				
MMC Portfolio	Viscose/Rayon	Lyocell	Modal	Other		
Company's MMC Usage	50%	50%				
Down Portfolio	Conventional	Responsible	Traceable	Other		
Company's Down Usage	100%					

Company's Score

Section 1: Corporate Strategy	25%	63
Q1 Corporate Values	5%	80
Q2 Sustainability Strategy	20%	65
Q3 Risk Assessment	15%	0
Q4 Goals	10%	100
Q5 Policies	10%	70
Q6 Accountability	10%	80
Q7 Responsibility	10%	70
Q8 Rating Tools	5%	0
Q9 Corporate Reporting	15%	90

PFM Modules Selected

		Company's Top 3 PFM Modules							
		OC	OFT	rPET	pMMC	cDown			
Section 2: Supply Chain	Section weight — 30%	82	90	88	52	66	Section score		
Q14 Chain of Custody	40%	100	100	90	80	100			
Q15 Traceability	40%	100	100	100	50	60			
Q18 Sustainability Investment	Question weight — 20%	10	50	60	0	10	Question score		
Section 3: Consumption	30%	68	55	57	47	88			
Q20 SMART Targets	25%	80	75	60	50	50			
Q21a Uptake	60%	55	35	45	55	100	PFM uptake (PFM level)		
Q21b Consumption Reporting	15%	100	100	100	10	100			
Section 4: Consumer Engagement	15%	47	81	55	86	44			
Q25 Establishing Brand Identity	10%	80	80	80	50	40			
Q26 Product Marks & Labeling	20%	60	80	75	100	60			
Q27 Monitoring Business Benefits	20%	10	100	50	100	50			
Q28 Calculating ROI	10%	50	0	50	50	0			
Q29 Customer Strategy	20%	88	100	80	100	40			
Q30 Evaluation of Customer Strategy	20%	10	85	5	80	50			
Module Scores		60	65	61	48	59	Module score		

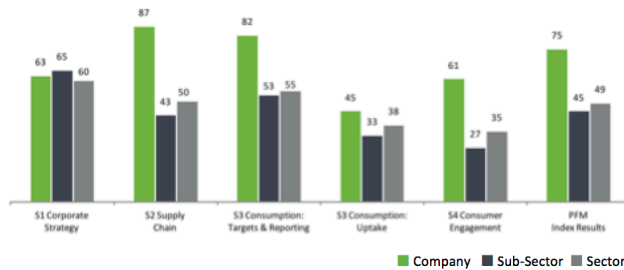
Section 1: Corporate Strategy (25%)	63
Section 2: Supply Chain (30%)	87
Section 3: Consumption - Targets & Reporting (12%)	82
Section 3: Consumption - Uptake (18%)	45
Section 4: Consumer Engagement (15%)	61
Total	75 — Top 3 module score

Index Result	63
FM Results	48
Section 1 +	19
All modules scores +	60
PFM uptake (portfolio level) +	36
PFM module weight +	48 — FM usage

SCORING MODEL

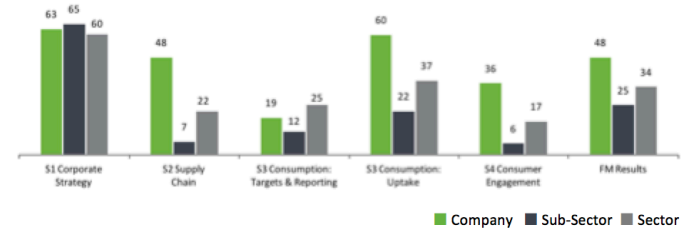
Top Line Results are reported at 2 levels:

Level 1: PFM Index (Top 3) Result



Shows a company's top performing PFM. The PFM Index is based on Section 1 score plus the average score for Section 2, 3 and 4 for a company's top three performing modules. Aggregated PFM Index Results are published in the sector report.

Level 2: FM Result



Shows a company's overall progress in PFM conversion. It is based on the Section 1 score plus the score for Section 2, 3 and 4 for all modules selected, weighted against the breakdown of a company's PFM portfolio, the sustainability weighting of the PFM, and overall FM usage reported. FM Results are discussed in confidential feedback only.

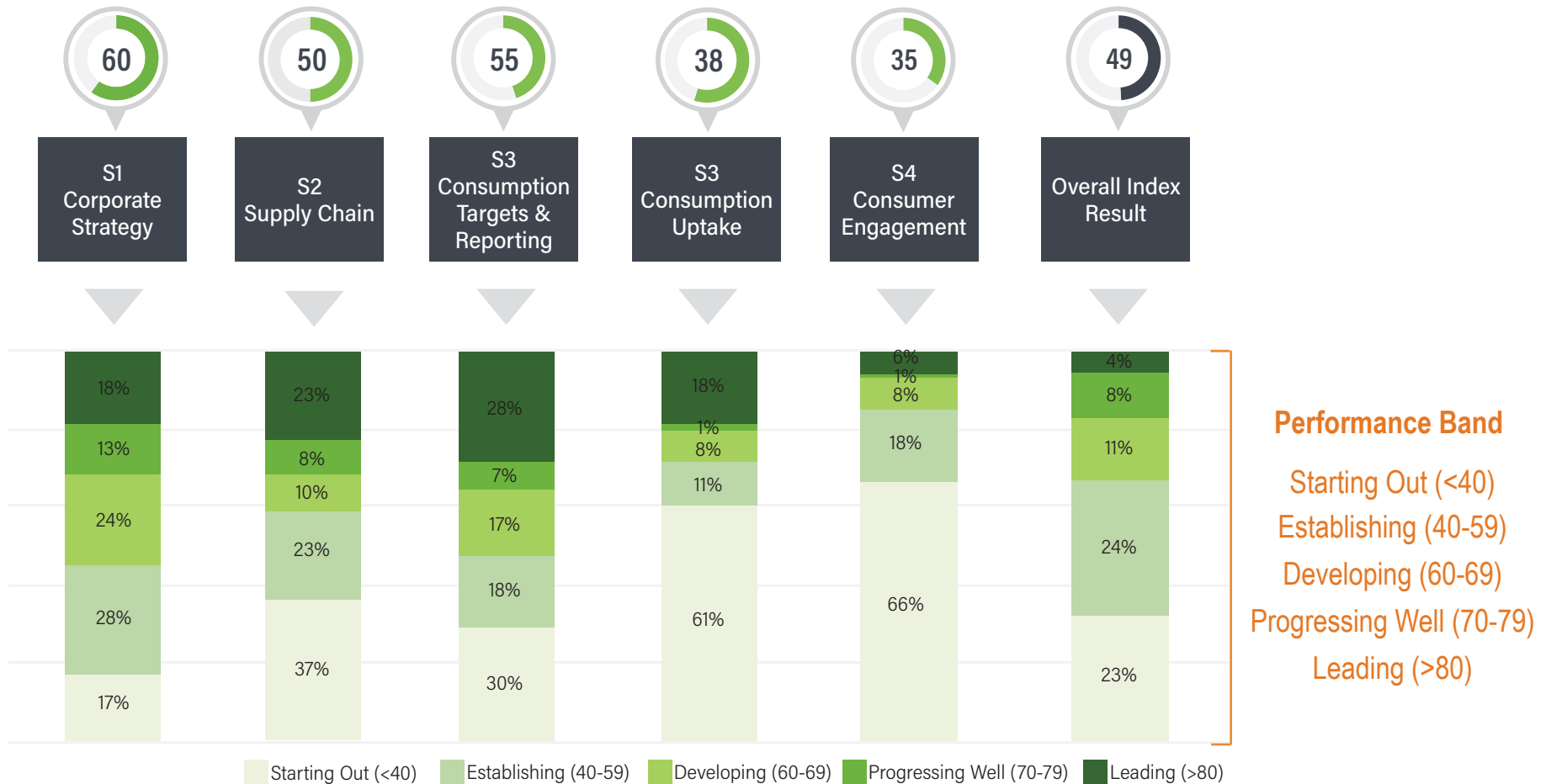
Why a 2nd level? To not just recognize the sustainability efforts made in each PFM but also the impact of and efforts made, to increase uptake of PFM vis-à-vis conventional across a company's entire portfolio.

Sustainability Weighting: Drawn from a combination of recognized tools including the Sustainable Apparel Coalition's Material Sustainability Index (MSI) and Made-By's Fiber Benchmark.

Detailed Analysis of questions are reported using the question's baseline score.

PERFORMANCE BANDING

Section, PFM and Sub-Sector Results are banded to better understand the spread of performance.

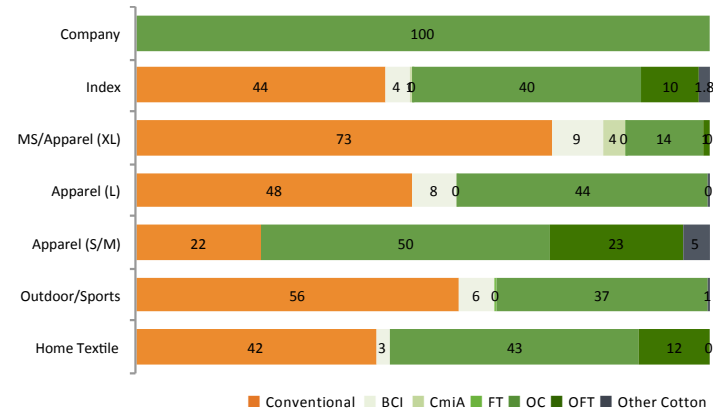


WHAT WE ANALYZE

PFM Portfolio

We analyze the portfolio and uptake for each PFM and across all PFM for each sub-sector.

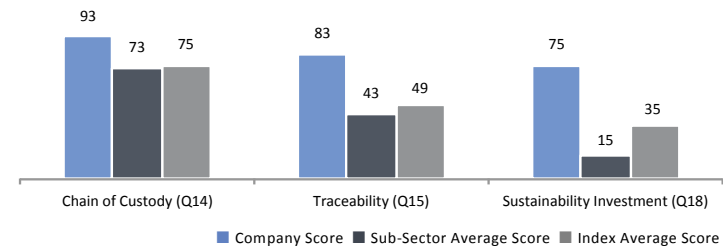
+ Cotton Portfolio: Company, Sub-Sector and Index Estimated Averages



Question Scores

We look at the company's score benchmarked against the sub-sector and sector average.

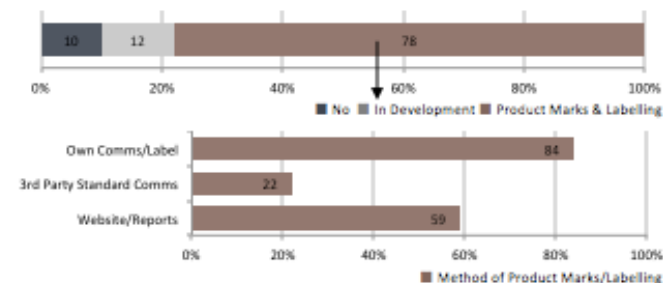
+ Company, Sub-sector, and Industry Index Results for Q14, Q15 and Q18



Participant's Response

We take a deep dive on participant's response for selected questions.

+ Breakdown of Participants' Response to Product Marks & Labelling (Q26)



WHAT WE ANALYZE

Consumption Trends

We look at your current consumption and compare it to your past consumption.



CONSUMPTION DASHBOARD

Calculating the volumes of OC usage year-on-year helps a company keep track of progress. The percentage of OC consumption relative to overall portfolio usage should also be monitored, as it allows a company to reflect on the rate of conversion and growth trends alongside absolute volumes.

2015 OC Sector Ranking by Volume: 31 of 56

2015 OC Consumption: 50mt

2015 Percentage OC in Cotton Portfolio: 50%

OC Year-On-Year Growth by Volume: 5% (2015-2014), n/a% (2014-2013)

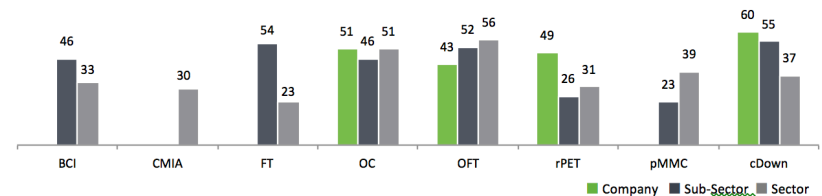
Note: Dashboard data is only available if data has been provided in Q12 and Q21.

Performance Across PFM

We compare your performance across your suite of PFMs.



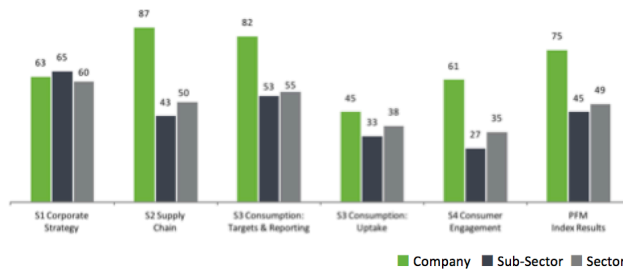
+ Your Company's PFM Module Results Mapped Against Sector & Sub Sector Results



PFM Index Results and FM Results

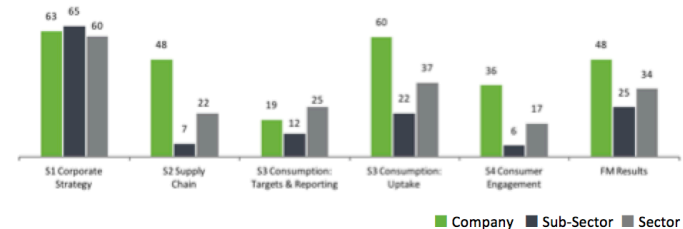
We look at the performance of your top PFMs as well as your overall PFMs.

+ Company, Sub-Sector, and Sector PFM Index Results by Section



VS

+ Company, Sub-Sector, and Sector FM Results by Section



A photograph of a man with grey hair, wearing a white apron over a striped shirt, working in a field. He is holding a plant stem and appears to be harvesting or tending to the plants. The background is a lush green field with some white flowers.

YOUR COMPANY FEEDBACK REPORT

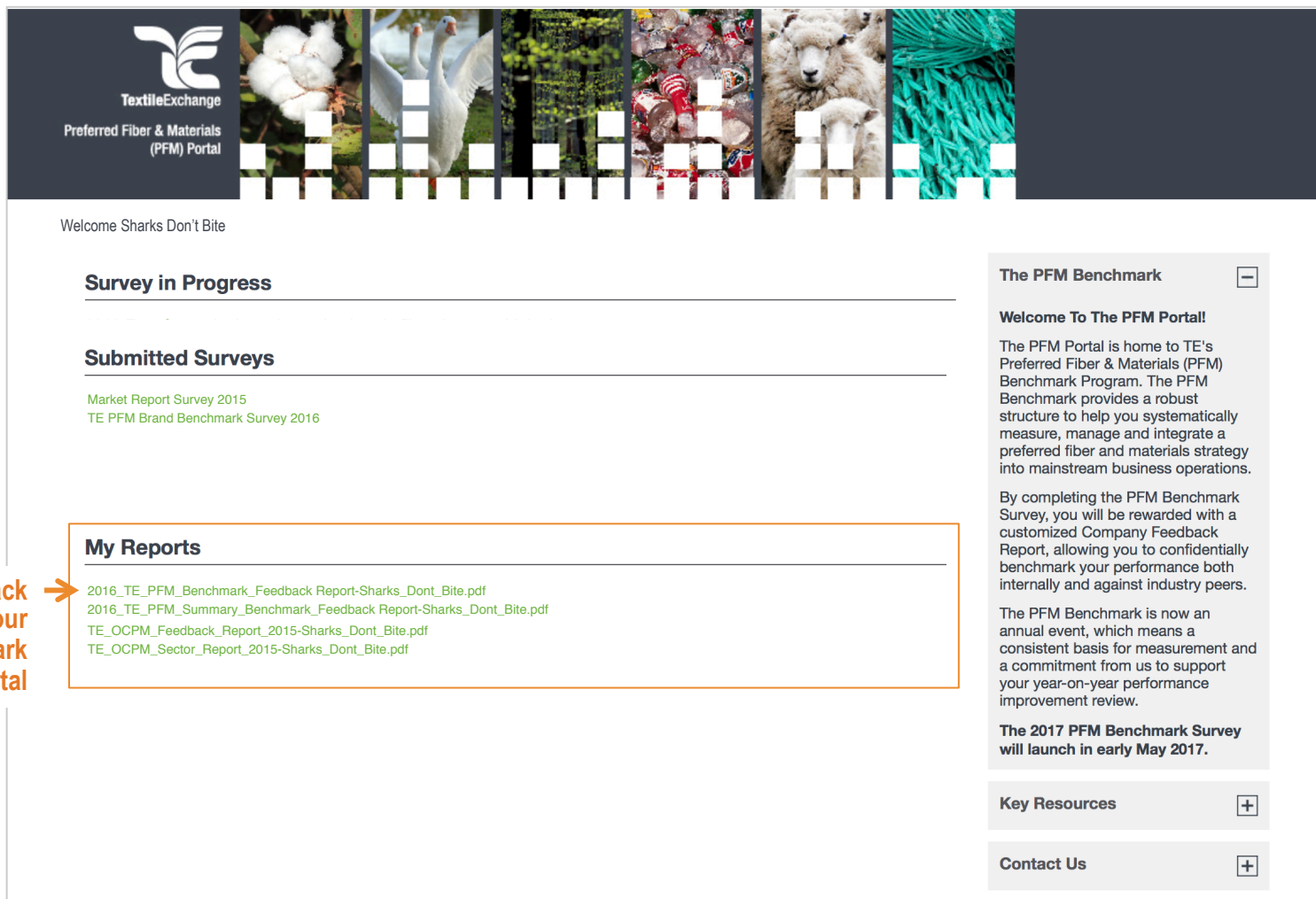
PHOTO: ARMEDANGELS

Companies who complete TE's annual PFM Benchmark Survey are rewarded with the opportunity to confidentially benchmark their performance, both internally and against industry peers.

Accompanying the customized confidential feedback report is the TE PFM Benchmark Sector Report which outlines that state of the sector in terms of preferred fiber and materials.

WHERE IS YOUR FEEDBACK REPORT?

Your company's feedback reported is located in your PFM Benchmark Portal under "My Reports".



TextileExchange
Preferred Fiber & Materials
(PFM) Portal

Welcome Sharks Don't Bite

Survey in Progress

Submitted Surveys

- Market Report Survey 2015
- TE PFM Brand Benchmark Survey 2016

My Reports

- 2016_TE_PFM_Benchmark_Feedback Report-Sharks_Dont_Bite.pdf
- 2016_TE_PFM_Summary_Benchmark_Feedback Report-Sharks_Dont_Bite.pdf
- TE_OCPM_Feedback_Report_2015-Sharks_Dont_Bite.pdf
- TE_OCPM_Sector_Report_2015-Sharks_Dont_Bite.pdf

The PFM Benchmark

Welcome To The PFM Portal!

The PFM Portal is home to TE's Preferred Fiber & Materials (PFM) Benchmark Program. The PFM Benchmark provides a robust structure to help you systematically measure, manage and integrate a preferred fiber and materials strategy into mainstream business operations.

By completing the PFM Benchmark Survey, you will be rewarded with a customized Company Feedback Report, allowing you to confidentially benchmark your performance both internally and against industry peers.

The PFM Benchmark is now an annual event, which means a consistent basis for measurement and a commitment from us to support your year-on-year performance improvement review.

The 2017 PFM Benchmark Survey will launch in early May 2017.

Key Resources

Contact Us

Your feedback report is in your PFM Benchmark Portal

YOUR COMPANY'S INDEX SUMMARY

Your Company's Index Summary gives you a snapshot of the your PFM Benchmark Index Results.

COMPANY'S INDEX SUMMARY

The Textile Exchange Preferred Fiber & Materials (PFM) Index has been specially developed for use in the textile industry. Brands and retailers can compare their results with the universe of participants (sector) and, more specifically, with peers within their sub-sector. Importantly, participants can increase their understanding of where they need to focus efforts within their business and balance their efforts according to gaps identified.

The online survey comprises of four sections, starting with Section 1: Corporate Strategy – a company's strategic intentions. It then focuses on how those intentions are turned into actions within their self-selected PFM modules - Section 2: Supply Chain, Section 3: Consumption, and Section 4: Consumer Engagement. Corporate Strategy is positioned as underpinning, with Supply Chain, Consumption, and Consumer Engagement elements rolled out through eight PFM module options.

The table opposite shows your company's Index score and the PFM modules that you completed. How your company is progressing in each PFM is indicated by the star status (i.e. Starting Out, Developing, Progressing Well or Leading the Field.)

+ Sub-Sector Breakdown:

- Multi-Sector/Apparel (Extra Large)
- Apparel (Large)
- Apparel (Small/Mid)
- Outdoor/Sports
- Home Textiles

Your Sub-Sector



Company's sub-sector: Outdoor/Sports

+ PFM Portfolio Modules:

Preferred Cotton Portfolio

- BCI
- CmiA
- Fair Trade
- Organic
- Organic Fair Trade

Preferred Polyester Portfolio

- Recycled Polyester
- Preferred MMC Portfolio
- Lyocell/Modal
- Certified Down Portfolio
- Responsible/Traceable Down

Your Selected PFM Modules



Company's submitted modules: Organic Cotton | Organic Fair Trade | Certified Down | Recycled Polyester

Company Name: Sharks Don't Bite

PFM Index Result (Top 3): 69 PFM Index Average: 49

← PFM Index Results

Index Ranking: 15 of 71 Sub-Sector Ranking: 2 of 14

← PFM Index Ranking

Summary of Section Results:

Section 1: Strategy	63	★
Section 2: Supply Chain	72	★★
Section 3: Consumption: Targets & Reporting	79	★★
Section 3: Consumption: Uptake	81	●
Section 4: Consumer Engagement	52	★

← Section Results

Summary of Module Results:

Better Cotton Initiative	n/a
Cotton made in Africa	n/a
Fair Trade Cotton	n/a
Organic Cotton	51 ●
Organic Fair Trade	43 ●
Recycled Polyester	49 ●
Preferred Man Made Cellulosics	n/a
Certified Down	60 ★

← PFM Module Results

○○○ - Leading (>80%) | ○○○ - Progressing Well (70-79%) | ○ - Developing (60-69%) | ● - Starting Out (<60%)

Remember:

PFM Index Results are based on scores from your top (3) performing PFMs
Section and PFM Module Results are based on baseline scores

TOP LINE RESULTS

Top Line Results provide an overview of your company's sectional results at two levels: PFM Index Level (Top 3 Performing PFMs) and FM Result (Overall Performance of PFMs)

TOP LINE RESULTS

Results at Two Levels

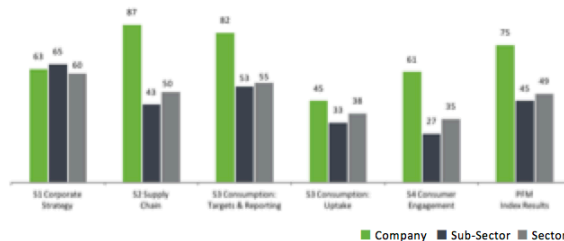
PFM Index Results are provided at two levels. The objective of this is to not only recognize the sustainability efforts made in each PFM module, but also to recognize the impact of and efforts made to replace conventional with a PFM across a company's entire fiber and material usage.

LEVEL 1: PFM INDEX RESULT

The PFM Index Results show your company's top performing PFMs. It comprises of your company's Section 1 score plus the average score for Sections 2, 3 and 4 for your company's top three performing modules.

Your company's PFM Index Result is the underlying score used to determine your company's position in the Index, which is reported confidentially to each company.

+ Company, Sub-Sector, and Sector PFM Index Results by Section

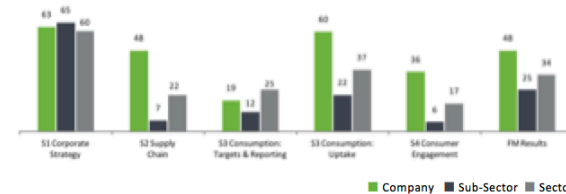


The sector PFM Index Score is 49. The sector is performing best in Corporate Strategy (60), followed by Consumption: Targets & Reporting (55), Supply Chain (50) and Consumption Uptake (38). Consumer Engagement (35) alongside Uptake, are the areas that require the most improvement.

LEVEL 2: FM RESULT

The second level result includes all PFM modules (not just the top 3) and ties back to your company's overall FM usage. It is based on the Section 1 score plus the score for Sections 2, 3 and 4 for all modules selected and weighted against the breakdown of the overall FM usage reported by the company. Note that when a company was unable to provide a portfolio breakdown or overall FM usage, the average of their sub-sector has been used as a proxy.

+ Company, Sub-Sector, and Sector FM Results by Section



Note: FM Results are based on reported FM Usage and PFM uptake. If either are not reported a sub-sector average is used as a proxy to provide your company's indicative FM Result.

Taking into consideration the PFM sustainability weight, proportional uptake and overall FM usage, the sector FM score reduces to 34, indicating a need for the industry to grow its share of PFM vis-à-vis conventional. While companies perform relatively well in specific PFMs, significant improvements can be achieved through increasing the proportional share of PFMs across all fiber and material categories.

Corporate Strategy, being the underpinning section and unaffected by the PFM modules, remains the highest scoring section. The areas affected the most are Supply Chain and Consumer Engagement. The dip in Supply Chain is partly due to low levels of verification, traceability and investment, particularly for rPET. The scenario is slightly worse for Consumer Engagement, where the lack of verification extends into labeling. On top of this, there appears to be a general lack of coherent strategy for building business benefit at retail and for effectively engaging consumers.

← FM Results

PFM Index Result →

Remember:

PFM Index Result is based on scores from your top (3) performing PFMs

FM Result is based on all PFMs + sustainability weight + Portfolio Uptake + FM usage

DETAILED RESULTS

Detailed Results gives you a bird's eye view of how your PFM's are performing overall and in each section.

DETAILED ANALYSIS

+ Summary of Company, Sub-Sector (S.Sector) and Sector Results by Section and Module (Score)

Section 1 Results →

	Company	S.Sector	Sector
S1 Corporate Strategy	63	65	60

Preferred Cotton	Better Cotton Initiative			Cotton made in Africa			Fair Trade			Organic			Organic Fair Trade		
	Company	S.Sector	Sector	Company	S.Sector	Sector	Company	S.Sector	Sector	Company	S.Sector	Sector	Company	S.Sector	Sector
S2 Supply Chain	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	58	48	56	65	67	71
S3 Targets & Reporting	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	100	62	64	41	41	72
S3 Uptake	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	56	43	43	46	46	34
S4 Consumer Engagement	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	78	34	42	72	37	42
Module Score	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	51	46	51	43	52	56

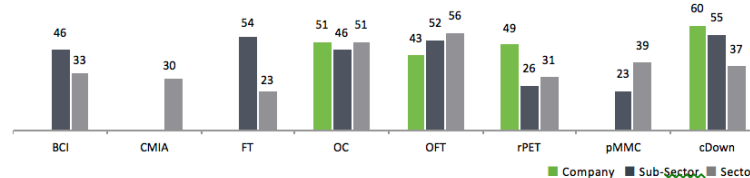
Recycled Polyester	Company	S.Sector	Sector
S2 Supply Chain	76	31	33
S3 Targets & Reporting	38	42	40
S3 Uptake	86	7	27
S4 Consumer Engagement	42	26	27
Module Score	49	26	31

Preferred MMC	Company	S.Sector	Sector
S2 Supply Chain	n/a	n/a	n/a
S3 Targets & Reporting	n/a	n/a	n/a
S3 Uptake	n/a	n/a	n/a
S4 Consumer Engagement	n/a	n/a	n/a
Module Score	n/a	n/a	n/a

Certified Down	Company	S.Sector	Sector
S2 Supply Chain	82	53	42
S3 Targets & Reporting	100	75	45
S3 Uptake	100	57	37
S4 Consumer Engagement	44	37	20
Module Score	60	55	37

Section 2, 3 & 4
Results for Each
PFM Module
Completed

+ Your Company's PFM Module Results Mapped Against Sector & Sub Sector Results



Graphical
Representation of
Overall PFM Module
Results

Remember:

All detailed results are based on baseline results (i.e. not modified)

CORPORATE STRATEGY

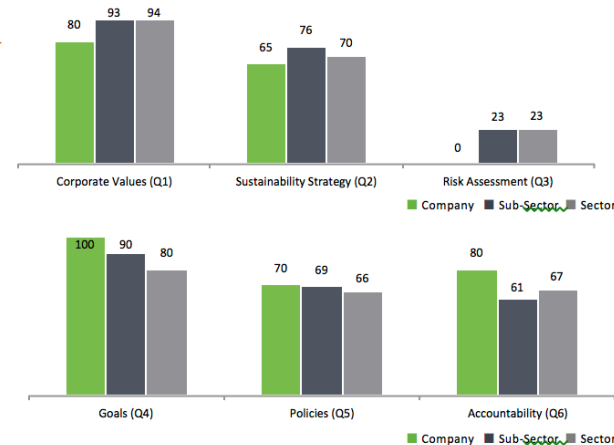
Deep dive on how you are doing in Section 1 Corporate Strategy. Here we provide 2 types of analysis: Question Level Results (Score) and Participants Response Rate (%).

SECTION 1: CORPORATE STRATEGY

This section asks how companies are placing PFMs at the core of their business. Is there a strategy in place, and have policies been set to address key sustainability issues in the sourcing of fiber and materials? The setting of goals helps a company stay focused, and the use of rating tools to inform decision-making can strengthen internal systems. It is essential that staff members are responsible for getting the job done, and that accountability sits with senior staff. Public reporting is a gateway to transparency and demonstrates a company's strength of commitment.

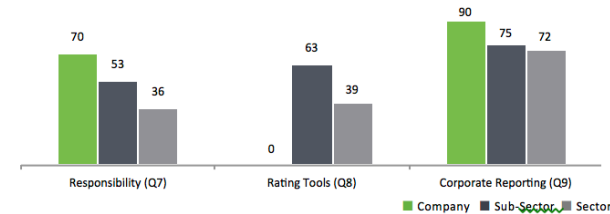
QUESTION LEVEL INDEX RESULTS

+ Company, Sub-Sector, and Sector Results for Q1-Q9 (Score)



Question level baseline score for Section 1 Corporate Strategy →

For selected key questions, we also provide a spotlight graphical analysis. In Corporate Strategy this includes Q2 Sustainability Strategy, Q5 Policies, Q6 Accountability →



Overall, the sector is sitting at 60 for Corporate Strategy, however, there is a wide range in scores and in the strengths and gaps within this section. The following provides some insight into the results for Section 1.

SPOTLIGHT ON PARTICIPANTS' RESPONSES

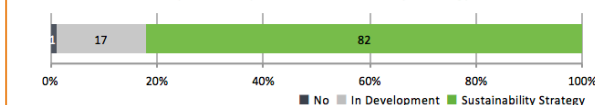
Corporate Values (Q1)

Average sector score: 94. Overall, 95% of companies have sustainability as a corporate value, with almost all participating companies (92%) publicly communicating these values.

Sustainability Strategy (Q2)

Average sector score: 70. 82% of companies have a sustainability strategy that covers fiber and materials. However, when looking deeper into the sub-sectors, half (50%) of the companies in the Multi-sector/Apparel (XL) sub-sector (abbreviated from here in as "MS/Apparel (XL)") are still in the process of developing their strategy. Almost all (93%) of the Outdoor/Sports sub-sector reported having a strategy in place.

+ Breakdown of Participants' Response to Sustainability Strategy (Q2) (%)



← Question level analysis of participants response (%)

Remember:

All detailed results are based on baseline results (i.e. not modified)

FM USAGE

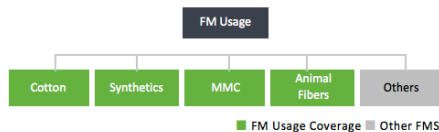
This page provides a breakdown of your cotton, synthetics, MMC and animal fiber mix. Your FM Usage score indicates how well you are mixing your various PFM Portfolios.

FIBER AND MATERIALS USE

OVERALL FIBER AND MATERIALS USAGE

All participants are asked to estimate their overall fiber and materials (FM) usage, irrespective of whether it is conventional or preferred. This data provides a birds eye view of a company's dominant FMs. Not surprisingly, most companies tend to be either cotton or synthetics dominant.

+ Makeup of FM Usage



BREAKDOWN OF FM USAGE

The company calculates its FM usage by allocating a percentage according to the main FM categories: Cotton, Synthetics, Man Made Cellulosics (MMC), Animal Fibers, and "Other" FMs. Other FMs reported by participants included a range of naturals such as linen, wool and leather, and synthetics such as acrylic and nylon.

Company estimates are self-reported and provide a proportional breakdown only, i.e. this graph is not based on volumes. Sub-sector and sector breakdowns are based on company averages. While severely limited, where a company has not provided data, the sub-sector average has been used as a proxy.

As an approximation, the FM usage for the universe of index participants is: 58% Cotton, 25% Synthetics, 5% MMC, 4% Animal fibers and 7% Other. Note this percentage share profile is not representative of global trends (where synthetics are dominant). Index results indicate a skew towards companies with high cotton usage as more likely to engage in fiber sustainability activities, or at least TE's PFM benchmarking program.

Apparel (S/M) has the largest share of Cotton at 76%, with Synthetics at 12%, MMC at 6%, Animal Fibers at 2% and Others at 4%. This profile is mirrored closely in Home Textiles, where usage of Cotton is 67%, Synthetics is 15%, MMC is 1%, Animal Fibers is 6% and 11% is Others.

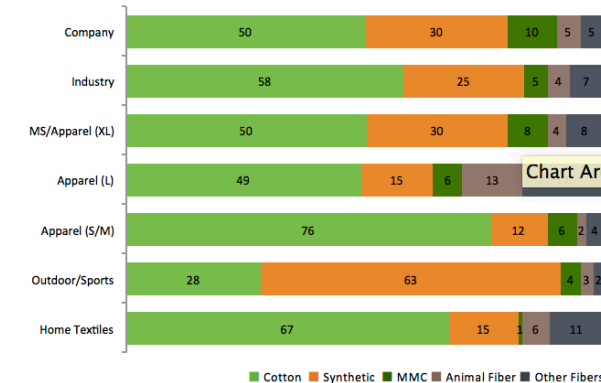
MS/Apparel (XL) and Apparel (L) sub-sectors are approximately 50% Cotton, with Apparel (L) companies displaying the greatest use of animal fibers (13%) and Other (17%). It is evident that the higher-end/luxury companies that make up this sub-sector are more likely to have wool, leather, linen and silk at higher proportions of their overall FM usage than companies in other sub-sectors. Outdoor/Sports has the largest share of Synthetics, at 63%, and the smallest share of cotton, at 28%.

+ PFM Usage Results

The Preferred FM Usage Result reflects a company's overall PFM conversion (page 12). Note: if data is not provided, "n/a" will be displayed.

Company PFM Usage Result: 41
Sub-Sector Average: 18
Sector Average: 41

+ FM Usage: Company, Sub-Sector, and Sector Estimated Averages (%)



Portfolios covered in PFM Benchmark

Brief narrative of the mix of PFM Portfolios

Company's PFM Usage Result

Company, sector and sub-sector breakdown of PFM Portfolio

Remember:

All detailed results are based on baseline results (i.e. not modified)

PORTFOLIOS

PFMs are typically managed as a portfolio as within the portfolio, increased usage of one PFM may mean a reduction of another. A Portfolio Summary is provided for each portfolio (Cotton, Synthetics, MMC and Animal Fiber) to show your company's performance at a portfolio level.

PREFERRED COTTON

PREFERRED COTTON PORTFOLIO

The preferred Cotton (pCotton) portfolio offers the largest number of options for a company to select from. Options include: Better Cotton Initiative (BCI), Cotton made in Africa (CmiA), Fair Trade Cotton (FT), Organic Cotton (OC) and Organic Fair Trade Cotton (OFT). The following chart illustrates the modules that currently make up the pCotton portfolio.

PFM Modules offered in this portfolio

➔ + Makeup of Cotton Portfolio



PARTICIPANTS' RESPONSE

Almost all (66) index participants completed one or more of the preferred cotton modules. At 56 participants, the OC module has the highest number of participants by far and accounts for 79% of all index participants. This is followed by BCI at 22 participants (31%) and OFT at 16 participants (23%). It should be noted that the number of participants in the OC (56) and FT (6) modules excludes participants who are using cotton certified to both FT and OC, which is accounted for in the OFT module.

Number of participants who completed the PFM Module

➔ + Selection of Preferred Cotton Modules by Number of Participants (Number)

	BCI	CmiA	FT	OC	OFT
Index	22	5	6	56	16
MS/Apparel (XL)	9	3	3	12	2
Apparel (L)	5	2	-	7	-
Apparel (S/M)	-	-	1	17	8
Outdoor/Sports	6	-	1	11	1
Home Textiles	2	-	1	9	5

BREAKDOWN OF COTTON USAGE

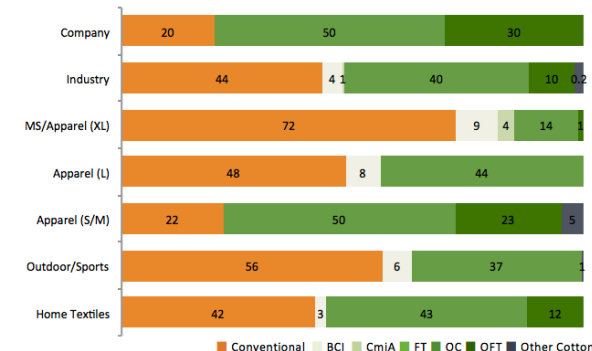
The graph below shows the estimated proportional breakdown of conventional to preferred cotton. As an approximation, the cotton usage proportional breakdown for this index is: 44% Conventional, 4% BCI, 1% CmiA, 0.1% FT, 40% OC, 10% OFT and 2% Other. Based on the chart, MS/Apparel (XL) has the largest share of conventional (72%) and Apparel (S/M) the least (22%) vis-à-vis preferred cotton. Apparel (S/M) has the largest share of OC (50%) and OFT (23%) followed by Home Textiles with 43% OC and 12% OFT. Apparel (S/M) also has the largest share of Other Cotton (5%) such as recycled. Although volumes are small, the MS/Apparel (XL) and Apparel (L) sub-sectors are using more BCI and CmiA than the others.

+ Preferred Cotton Portfolio Results

Preferred Cotton Modules: OC, OFT
Company's Preferred Cotton Portfolio Results: 51
Sub-Sector Average: 40
Index Average: 51

← Company's portfolio result

+ Cotton Usage: Company, Sub-Sector and Sector Estimated Averages (%)



← Company, sector and sub-sector breakdown of PFM usage vis-à-vis conventional

Remember:

Portfolio scores do not affect your PFM Index Results and is only taken into consideration at FM Result level.
If no portfolio breakdown is given, your results will show n/a.

MODULES AND SECTIONS

An deep dive is presented for every PFM module completed. Again, two types of analysis is presented (a) question level score and (b) participants' response.



PFM MODULE: ORGANIC COTTON

Organic Cotton (OC) is grown within a rotation system that builds soil fertility, protects biodiversity, and is grown without the use of any synthetic chemicals or GMOs. Growers must meet organic agricultural standards as set nationally, and by the importing country if export is carried out. The Organic Content Standard (OCS) and the Global Organic Textile Standard (GOTS) provides third party assurance on organic product claims. In addition, the GOTS includes environmental and social responsibility in processing.

Company OC Module Score: 51

SECTION 2: SUPPLY CHAIN

Chain of Custody (CoC) supports a product content claim and Traceability is the ability to trace supply through all stages of production, potentially resulting in deeper transparency. Supply and Sustainability Investment, especially in the early stages, is often necessary to support capacity building, technical and operational development. Investment, over time, should shift from "development" towards sharing risk and reward within trade relations.

MODULE PARTICIPATION PROFILE

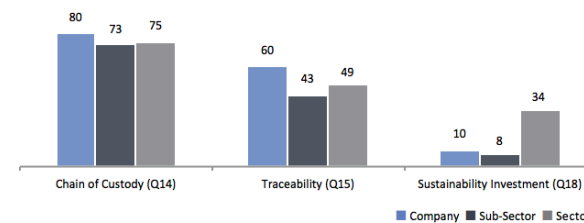
Of the 56 participants who responded to the OC module, 30% are from the Apparel (S/M) sub sector, 21% and 20% are from MS/Apparel (XL) and Outdoor/Sports sub-sectors, respectively, 16% are from Home Textiles and the remaining 13% are from Apparel (L).

QUESTION LEVEL INDEX RESULTS

Overall, the sector is scoring well on CoC (75) but more work is needed on

Question level baseline score for Section 1 Corporate Strategy

+ Company, Sub-Sector, and Sector Results for Q14, Q15 and Q18 (Score)



Question level baseline score for section 2, 3 and 4

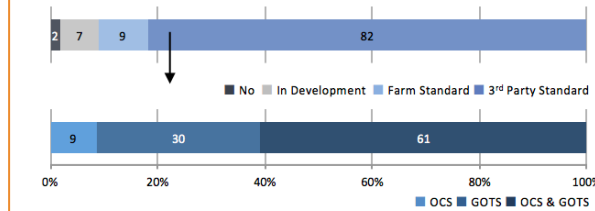
SPOTLIGHT ON PARTICIPANTS' RESPONSES

Chain of Custody (CoC) (Q14)

Options for third party CoC include GOTS and Textile Exchange's OCS. While requirements under the GOTS and the OCS vary, they both offer a third party verified CoC that supports a content claim by linking the farm level organic certificate at each processing step to the final product. GOTS have strict rules on blending, while the OCS allows product blending as long as percentages of organic are fully recorded.

Question level analysis of participants response (%)

+ Breakdown of Participants' Response to Chain of Custody (CoC) (Q14) (%)



82% of OC module participants use a third party standard for material verification. 89% of participants from Home Textiles, 86% from Apparel (L), 83% from MS/Apparel (XL), 82% from Apparel (S/M) and 73% from Outdoor/Sports carry out verification. Of those using a third party standard, 9% use OCS, 30% use GOTS and 61% use both OCS and GOTS. 75% of OCS-only certified companies apply the OCS to 100% of their business and the remaining 25% apply it to 76-99% of their business. The situation is similar with GOTS, where 71% of GOTS-only certified companies apply it to 100% of

For selected key questions, we also provide a spotlight graphical analysis. This includes Q14 CoC, Q15 Traceability, Q20 SMART Targets, Q26 Product Marks & Labeling, Q29 Consumer Strategy

Remember:

All detailed results are based on baseline results (i.e. not modified).

MODULES AND SECTIONS

In Section 2, a dashboard is provided on your consumption data showing your current year actual usage and ranking as well as your consumption and growth over the past 3 years.

Question level
baseline score for
Section 1
Corporate
Strategy

CONSUMPTION DASHBOARD

Calculating the volumes of OC usage year-on-year helps a company keep track of progress. The percentage of OC consumption relative to overall portfolio usage should also be monitored, as it allows a company to reflect on the rate of conversion and growth trends alongside absolute volumes.

2015 OC Sector Ranking by Volume: 31 of 56

2015 OC Consumption: 50mt

2015 Percentage OC in Cotton Portfolio: 50%

OC Year-On-Year Growth by Volume: 5% (2015-2014), n/a% (2014-2013)

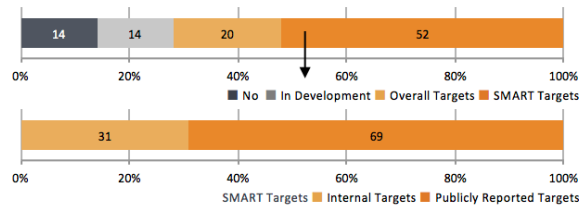
Note: Dashboard data is only available if data has been provided in Q12 and Q21.

SPOTLIGHT ON PARTICIPANTS' RESPONSES

SMART Targets (Q20)

Targets for cotton can be set at a company's portfolio level, e.g. "100% of cotton uptake from more sustainable cotton sources by 2020" and/or specifically for organic.

+ Breakdown of Participants' Response to SMART Targets (Q20) (%)



20% of OC participants have an overall target, while just over half (52%) have SMART targets, making it the PFM with the second highest percentage of SMART targets. 14% stated they are working towards developing targets whilst 14% have no targets in place. Of the 20% with overall targets, most (82%) report targets publicly and of the 52% with SMART targets, 69% report publicly.

Uptake (Q21a)

At the sector level, OC uptake is approximately 40% of the cotton portfolio, which may be attributed to the high number of participants (79%) for this module. 38% of OC participants have an uptake between 1-20% and 27% of OC participants have an uptake between 91-100%. 13% of OC participants did not provide uptake details.

Consumption Reporting (Q21b)

OC volumes can be calculated back from final product weights and blends or from bulk fiber consumption analysis. 73% of OC participants reported consumption data – 88% from Apparel (S/M), 75% from MS/Apparel (XL), 67% from Home Textiles, 64% from Outdoor/Sports and 57% from Apparel (L).

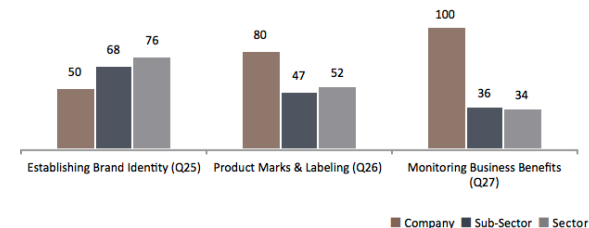
SECTION 4: CONSUMER ENGAGEMENT

Establishing Brand Identity through communicating activities in sustainability conveys the importance a company places on the topic. Third party Product Marks & Labels are responsible ways to communicate a product's sustainability attributes to customers. Analyzing Business Benefits proves the business case and, over time, the Return on Investment. A clear Engagement Strategy will help a company integrate efforts to be more sustainable with overall retail objectives.

QUESTION LEVEL INDEX RESULTS

At 42, OC and OFT are the highest scoring modules in the Consumer Engagement section. 63% of OC participants reported that OC is core to brand identity and almost all (96%) communicate/label their OC products, although only half (52%) use third party standard communications. The two areas for greatest improvement are Calculating ROI (which has a score of 16) and Evaluation of Consumer Strategy (which has a score of 22).

+ Company, Sub-Sector, and Sector Results for Q25 to Q30 (Score)



Section 3 module
analysis are
presented in
orange

Section 3 module
analysis are
presented in
brown

Remember:

All detailed results are based on baseline results (i.e. not modified).



CONTINUOUS IMPROVEMENT

PHOTO: Thread International

Our policy is continuous improvement. We warmly invite all participants and interested stakeholders to take part in improving the PFM Benchmark Program. Textile Exchange aims to create a tool that really adds value and contributes to company performance improvement and, to do this, we need your input.

CONTINUOUS IMPROVEMENTS



Annual Review – Continuous Improvement

- We annually review our PFM benchmarking program in order to **continuously improve** it and **adjust it to the needs** of the participants (and other stakeholders).
- This annual review includes **an internal review by TE** and a consultation **survey with all participants** of the last benchmarking program.
- This year we are convening an external, independent **Advisory Committee** to help further develop the scoring model and methodology.



Strategic Review – where next?

- We are now needing to further invest in our PFM benchmarking program in order to **strategically position** the PFM index – to be done in collaboration with the TE PFM team, TE members and other key stakeholders.
- An important component of this review will be the **business model and ROI**. Part of this will be an analysis of business models of other indices and benchmarks (e.g. DJSI, CDP).
- Further topics to be address will be strategic alignment and **interfaces leading to harmonization**.
- Last but not least we want to explore **strategic partnerships** that may take the PFM Index further and wider.

PFM BENCHMARK REVIEW FOR 2017



No major changes to the survey structure



Incorporation of circularity and SDG questions in Section 1: Corporate Strategy



Update on preferred MM Cellulosics portfolio to include:



Lyocell



Modal



New modules under consideration (to be confirmed):



REEL Cotton



Recycled Cotton



Sustainably Sourced
Viscose/Rayon



Review of the scoring model



Inclusion of waste calculator in bulk fiber consumption



Incorporation of additional LCA for calculation and reporting of impacts



Public release of Top 10 or Top 20 Index Participants (under review)

HELP US IMPROVE

We warmly invite all participants and interested stakeholders to take part in improving the PFM Benchmark Program. The four key areas we have identified for this review process are:

1. Use

We would like to know which components of the program are most important for you and should guide the further development of the PFM Benchmark Program.

2. Materiality

We would like to know what data is the most important to you and should be prioritized in the PFM Benchmark.

3. Scoring

We would like to know which scoring focus and Index design you prefer.

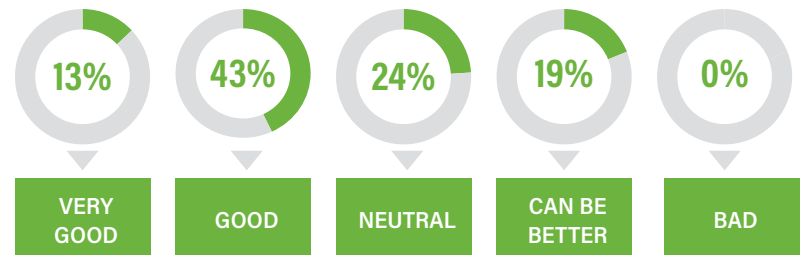
4. Communication

We would like to know how you think the results and the Index should be communicated.

Improvements Made in 2016

Self Assessment	Sign off by the "lead survey practitioner" was introduced.
Scope & Coverage	A "percentage of business coverage" was incorporated into relevant questions.
A Portfolio Approach	The survey was modularized to allow participants to respond based on their specific portfolio of preferred fibers and materials.
Conversion Calculations	A tool was provided for companies to use so that they could manage their own wastage/conversion calculations.
Calculating Blended Products	The consumption question was adapted to allow participants to input their own percentage averages.
Weighting & Scoring	A weighting and scoring system was incorporated which allows TE to provide quantified results and more effective benchmarking.
Company Ranking	A ranking system was introduced which is presented in performance bands. Overall ranking is provided as well as rankings across the 4 sections.
Reporting	Responses indicated a preference for sector level reporting rather than visibility of individual companies. TE to carry out further stakeholder consultation on this subject in 2017.

2016 PFM Benchmark Participant Rating



HOW WE CAN HELP



Performance Analysis Presentation

US\$6,000 (TE Members)
US\$9,000 (Non-Members)

A Performance Analysis Presentation to your company's core team, covering:

- A summary of your PFM Benchmark results and areas of strength
- A gap analysis of your company's performance
- Modeling of your company's areas for improvement



Gap Analysis Report

US\$7,000 (TE Members)
US\$10,000 (Non-Members)

Gap Analysis Report, covering:

- A summary of your PFM Benchmark results and areas of strength
- A detailed gap analysis of your company's performance
- Tailored recommendations, including examples of best practice from peers and Index participants
- Prioritization of areas for improvement and action



Bespoke Support

All advisory projects are scoped and priced individually

Based on your TE Benchmark results we can offer bespoke advice that can help you progress on your preferred materials journey. Focusing on your company's individual needs, we will provide specialist support and practical recommendations to further embed sustainability, preferred materials, and good supply chain management.

THANK YOU



Please visit our website: TextileExchange.org
aboutorganiccotton.org