

Materials Benchmark Frequently Asked Questions

April <u>202</u>

© Textile Exchange TE-MB-GUI-504-V2025.0

Contents

Purpose of this document	1
About Textile Exchange	4
Overview	5
1. Why did Textile Exchange create the Materials Benchmark?	ō
2. What is the Materials Benchmark?	ō
Participation	6
3. Who can participate?	6
4. Do I need to be a Textile Exchange member to take part?	6
5. What is the 2025 timeline? When can companies participate?	6
6. What does the benchmark cycle look like?	7
7. How much time do participants have to complete the survey?	7
8. How flexible is the deadline?	7
9. How much does it cost to take part?	7
10. How many participants take part in the Benchmark?	7
Survey preparation and completion	B
11. What is the Materials Benchmark framework?	3
12. What is each section of the Materials Benchmark framework composed of?	3
13. What is the Deforestation-Free Call to Action for Leather module?	9
14. What is the reason for the increased focus on climate and nature?	9
15. What happens if I do not have supporting evidence?	9
16. Do participants need to complete all sections of the Materials Benchmark survey?	9
17. How much time and resources are needed to complete the survey?10	C
Why participate?1	1
18. Why should companies take part?1	1
19. Why is it important to benchmark?1	1
20. What happens once we have submitted the survey?1	1
21. What do participants receive on completion of their Materials Benchmark survey?1	1
22. What different scorecards are available?12	2
23. How will a company's confidential data be handled?12	2
24. How will Textile Exchange use the data?12	2
25. Are the results made public?	3

Program quality and industry alignment	. 14
26. How does Textile Exchange manage program quality?	.14
27. How does Textile Exchange help the reporting companies to improve the accuracy of raw materials usage data?	.14
28. What is Textile Exchange doing to harmonize with other reporting initiatives?	.14
2025 Material Commitments	. 16
29. What are signatories to the 2025 Material Commitments required to do?	. 16
30. What is the timeframe for reporting?	. 16
31. What happens to non-reporting signatories?	. 16
32. What are the benefits of participating in the challenges?	. 16
33. How are the results communicated?	. 17
34. How can you update your commitment bracket for the Recycled Polyester Challenge?	. 17
Available support	. 18
35. What support and guidance is available to help participants get started?	. 18

Purpose of this document

This document provides a quick guide to some of the most frequently asked questions about the Materials Benchmark program. It also covers the most asked questions about Textile Exchange's 2025 <u>Sustainable Cotton Challenge</u> and 2025 <u>Recycled Polyester Challenge</u>. Signatories are required to annually report on their progress via the Materials Benchmark survey.

This document is designed as a quick read for anyone seeking general and practical information about the Materials Benchmark or wishing to share key aspects of the program with colleagues, executives, or company board members.

About Textile Exchange

Textile Exchange is a global non-profit driving beneficial impacts on climate and nature across the fashion, textile, and apparel industry. We guide a growing community of brands, manufacturers, and farmers towards more purposeful production, right from the start of the supply chain. We have a goal of helping the fashion, textile, and apparel industry to achieve a 45% reduction in the greenhouse gas emissions that come from fiber and raw material production by 2030. In addition, our "Climate+" strategy promotes a holistic view of impact that includes GHG emissions alongside other interdependent impact areas including biodiversity, freshwater, and soil health.

Overview

1. Why did Textile Exchange create the Materials Benchmark?

One of Textile Exchange's key organizational objectives is to accelerate the adoption of materials and production systems with beneficial impacts on the environment, people, and animals.

By creating the Materials Benchmark, we can measure and report both individual companies' and aggregate progress towards the ultimate goal of sourcing sustainably sourced renewable or closed-loop recycled materials. The process also provides strategic direction for participants, facilitating an understanding of how their materials sourcing strategies and performance compare to their peers, and identifying potential areas for improvement. This includes measuring, managing, and mitigating key risks in the textile industry, while addressing impact areas such as soil health, water, and biodiversity.

2. What is the Materials Benchmark?

The Materials Benchmark is the largest peer-to-peer comparison initiative in the textile, clothing, leather, and footwear (TCLF) sector. It is a common framework for companies to report their progress in materials sourcing, enabling them to:

- Track and measure the weight and impact of fibers and raw materials used annually, both at an individual company level and in aggregate.
- Report on the strategic approaches in place for raw materials across participants, against an industry-recognized framework.
- Support Textile Exchange's Climate+ target of a 45% reduction in greenhouse gas emissions from raw material production by 2030.

Participation

3. Who can participate?

- Brands and retailers as well as suppliers and manufacturers in the textile, clothing, leather, and footwear industry that use fibers and raw materials. Retailers selling only third-party labels are not eligible to participate.
- Signatories to Textile Exchange's 2025 Sustainable Cotton Challenge, 2025 Recycled Polyester Challenge, and/or the Deforestation-Free Call to Action for Leather.

4. Do I need to be a Textile Exchange member to take part?

No, you do not have to be a member of Textile Exchange to take part in the Materials Benchmark. The program is open to all companies for participation, but **our members receive additional benefits,** as listed below:

- Textile Exchange members receive **Advanced Scorecards** with additional features to the Standard Scorecard.
- Textile Exchange offers closer support to members throughout the process, such as one-on-one support.

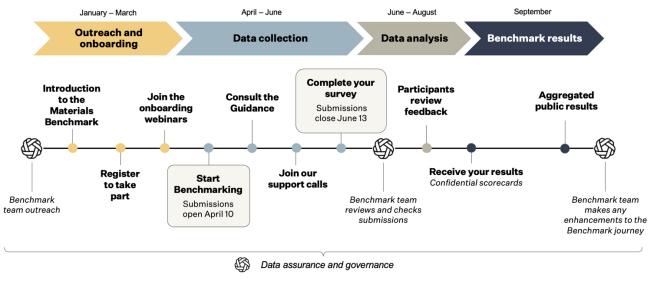
5. What is the 2025 timeline? When can companies participate?

The 2025 survey will go live on **April 10, 2025** and the survey submission window will be open until **June 13, 2025**.

Here is an overview of the 2025 timeline:



Figure 1: Materials Benchmark timeline (overview)



6. What does the benchmark cycle look like?

Figure 2: Materials Benchmark journey.

7. How much time do participants have to complete the survey?

The 2025 survey is open from **April 10, 2025.** The submission window will close on **June 13, 2025,** giving companies **10 weeks to complete** their submissions. The Materials Benchmark team is always happy to support participants through this process (refer to question 35 for available support).

8. How flexible is the deadline?

The submission deadline is **June 13, 2025**. If this deadline is not feasible for your company, please contact the team at <u>benchmark@textileexchange.org</u> in advance to discuss the support needed to submit on time.

9. How much does it cost to take part?

There is currently no fee to participate. The priority is to grow participation rates by making the program accessible to all. All companies are encouraged to leverage the Materials Benchmark and make improvements to strategy, transparency, metrics, and performance tracking.

10. How many participants take part in the Benchmark?

In 2024, we welcomed a record number of participants, with 418 brands and retailers (including their subsidiaries) and 49 suppliers and manufacturers taking part.

Survey preparation and completion

11. What is the Materials Benchmark framework?

The 2023-25 Materials Benchmark survey comprises three sections: *Materials Portfolio*, *Business Integration & Circularity*, and *Impact Areas*, which are further divided into subsections indicated in the image below:



Figure 3: Materials Benchmark framework

12. What is each section of the Materials Benchmark framework composed of?

Here is a brief overview of each section of the Materials Benchmark survey:

Materials Portfolio

• The Materials Portfolio section collects participants' fiber weights and raw materials and tracks the industry's progress. To complete this section of the survey, participants must prepare the fiber weights and raw materials used by their company during the reporting period. This data is important for tracking and recording the use of fibers and raw materials covered by sustainability programs. By requesting targets, we can assess the ambition to scale the adoption of non-conventional raw materials.

Business Integration & Circular Economy

- Business Integration: This section focuses on the company's sustainability strategy for raw materials and how it's integrated into the core of the business. This data helps us understand if participants have started incorporating it into their overall corporate strategy.
- *Circular Economy:* These questions focus on the company's transition towards a circular economy and how it is implementing strategies to reduce reliance on finite resources and eliminate waste.

Impact Areas

• This section captures participants' progress, targets, monitoring for climate and nature-related activities, in line with Textile Exchange Climate+ strategy (refer to question 14 for more information.)

13. What is the Deforestation-Free Call to Action for Leather module?

This module is only available for Deforestation-Free Call to Action for Leather signatories.

<u>The Deforestation-Free Call to Action for Leather</u> asks brands to commit to sourcing their bovine leather from deforestation or conversion-free supply chains by 2030 or earlier. Co-led by Textile Exchange, the Leather Working Group (LWG), and World Wildlife Fund (WWF), it sets meaningful expectations for brands and develops tools and guidance to support them on this journey.

Signatories of the Deforestation-Free Call to Action for Leather are required to annually report their progress via the Materials Benchmark through a dedicated module.

Signatories are required to complete the Introduction, the Deforestation-Free Call to Action for Leather module, and provide their bovine leather weight in the Materials Portfolio.

14. What is the reason for the increased focus on climate and nature?

The Materials Benchmark measures companies' progress in transitioning to sustainably sourced renewable and closed-loop recycled options as rapidly as possible. It captures materials sourcing volumes, which can then be used to inform estimates of associated impacts.

Measuring progress by tracking volumes will remain an important focus. However, there is also an urgent need to think and act strategically about the impacts and outcomes for climate and nature associated with materials production.

Prioritizing nature in addition to climate in raw materials management and sourcing decisions will bring long-term business benefits, more resilient livelihoods, improved health and well-being for communities, and safer interfaces between wild and managed lands and species. This will require a stronger focus on designing and implementing biodiversity-sensitive raw material strategies, driving positive outcomes and measurable impacts. This holistic focus is in line with Textile Exchange's Climate+ strategy.

15. What happens if I do not have supporting evidence?

Voluntary benchmarks, like ours, require evidence to back up responses. For instance, if a company says it has a biodiversity strategy it is expected to provide evidence of the strategy. During the submission review phase, if the company has not provided evidence of a strategy, it is requested to do so. If the company does not or cannot provide evidence, the review team will adjust the answer, leaving a response trail so the company can see how and why their answer was changed.

16. Do participants need to complete all sections of the Materials Benchmark survey?

The only mandatory section is the Materials Portfolio. All the other sections are optional.

Companies are strongly encouraged to report on all materials used for their textile, clothing, leather, and footwear products.

To be benchmarked at the portfolio level, companies must report their use (weights) of Acrylic, Alpaca, Cashmere, Cotton, Down, Elastane (Spandex), Flax (Linen), Hemp, Leather (raw hide bovine), Lyocell, Modal, Mohair, Polyamide, Polyester, Viscose, and Wool.

Companies can still choose to only report on selected fiber and raw materials and be benchmarked only on those, but they don't get a portfolio score in this case.

17. How much time and resources are needed to complete the survey?

The time and resources you need to set aside depends on several factors, including the following:

• Whether you are a new or returning participant: Returning participants will already be familiar with the survey and the process of preparing and calculating your company's weights of fibers and raw materials for the reporting period. You may also wish to adjust your level of participation by increasing or decreasing the number of modules you complete from one year to the next.

We recommend allocating a team to complete different sections of the survey depending on area of expertise and the modules you choose to complete.

• Whether you have all the information on hand: There is also work involved in organizing your data streams. We ask for data, calculation methodologies, and evidence supporting your data and answers. For companies who have their data ready, the survey can take just a few hours. A company should support answers with evidence, ideally in the public domain, so that we can assume that the information has been vetted.

We recommend benchmark participants look at the survey as early as possible to get a sense of which sections can be completed in the given timeframe, and can start organizing team, resources, and data well in advance to meet the deadline of Friday, June 13, 2025.

• The organizational structure and size of your company: This may have an impact on how quickly or easily you can get hold of the information needed.

We recommend starting the process as early as possible to give all parties enough time to submit the survey by Friday, June 13, 2025.

• Which survey option you choose: The minimum requirement for participation is to complete the Material Portfolio. Beyond this, it is up to you how many sections you complete. The more sections you complete, the more useful the benchmark will be to you and across the industry. Participants tell us that just the act of completing the survey provides a valuable roadmap for improvement. To be benchmarked at the portfolio level and to receive an overall Materials Portfolio score and overall banding on the Material Change Index, companies should report the weight of each raw material that meets one or more of the criteria detailed in question 16.

Why participate?

18. Why should companies take part?

By taking part in the Materials Benchmark, companies benefit from tools and resources to move forward in their materials journey. Participating in the Materials Benchmark helps companies:

- Receive a confidential scorecard that shows the specific company's results.
- **Compare their performance** against the largest voluntary peer-to-peer benchmark in the fashion and textile industry.
- Build a raw materials strategy and use the benchmark to guide improvements.
- **Demonstrate a commitment to transparency** and continuous improvement around their materials sourcing strategy.
- Enable efficient responses to other voluntary and mandatory reporting requirements set by key stakeholders, for example, investors, customers, policymakers, etc.
- Engage with others in the community. Learn from best practices and collaborate.

19. Why is it important to benchmark?

Benchmarks work for five core reasons:



Figure 4: The above five benefits of benchmarking are from the World Benchmarking Alliance, of which Textile Exchange is a proud ally. For further details visit the World Benchmarking Alliance <u>here</u>.

20. What happens once we have submitted the survey?

Once the survey submission window has closed and all participants have submitted their surveys, Textile Exchange will begin a systematic review of all submissions. The team reviews all surveys for consistency, completeness, and accuracy. **This is not an audit, and we do not verify data**. As part of our data validation process, we expect a sign-off from a senior member of staff declaring that all information is truthful. See question 26 for further details on managing data and program quality.

21. What do participants receive on completion of their Materials Benchmark survey?

Each participant receives a digitalized, confidential company scorecard comparing their progress yearon-year and how they rank alongside their peers. Company scorecards offer a useful reporting tool for each participating company to share with important internal and external stakeholders, including the investment community. These confidential scorecards are visible only to the participating company and are accessible in the secure Data Reporting portal. There are different versions of confidential scorecards, and you can find out more in the next questions.

22. What different scorecards are available?

Our digital scorecards are confidential to the participant and come in two versions. Non-members can opt for an Advanced Scorecard for an additional fee of 3,000 USD.

23. How will a company's confidential data be handled?

Textile Exchange treats company data and any information shared with us very carefully. We believe that confidentiality is key to building trust - and we recognize the role we play in being entrusted to handle data responsibly.

Discrete data reporting is necessary for companies to get valuable insights from benchmarking (including gap analysis, progress tracking, and industry positioning). Participants receive confidential feedback through their secure Data Reporting portal. Results are aggregated for trend analysis, best practice sharing, and reporting industry-level insights. We only showcase companies publicly when we have explicit permission, and we do so in full collaboration with the companies featured. Individual company results will not be publicized or shared with other companies or organizations.

Textile Exchange is <u>GDPR compliant</u>. The Materials Benchmark's Terms of Service are covered by Textile Exchange's <u>Terms and Conditions</u>.

24. How will Textile Exchange use the data?

Textile Exchange has a fundamental commitment to respecting confidentiality while pushing for transparency and accountability in line with societal expectations. We have become a trusted authority when it comes to benchmarking because of this commitment to participants.

We use the data that is shared with us in the following ways:

- Generation of a company's confidential scorecard.
- Aggregation of data within sub-sectors and overall sector responses to provide the benchmark for companies to compare positioning and progress. Aggregated data is fed into scorecards.
- Aggregated data is also used to drive our industry dashboards. Our public-facing dashboards help us track progress toward industry and global targets and goals.
- Data is also used to model impacts and equivalencies where standardized methodologies and calculations are available. For example, we use the LCA midpoints from the Higg Materials Sustainability Index to model global warming potential, fossil-based energy use, and water consumption and scarcity.
- Anonymized and/or aggregated data is used to inform our annual insights and trends reporting.
- We will also use the data to make improvements to our benchmark. Both the framework and the data are improved through the act of benchmarking itself. There's always as much room for us to improve our program as there is for companies to improve their performance.

25. Are the results made public?

No individual company scores are shared in the public domain. Only the aggregated results of the cohort and performance bands of individual participants are shared in the public domain in the following ways:

- The <u>Material Change Index</u> (MCI) is a public listing of participating brands and retailers, showcasing performance banding per section/module. It also shows an overall Materials Portfolio score and performance banding if minimum requirements are met (refer to question 16 for more details). The MCI includes a pop-out "progress card" that presents participation details and performance banding. *Please note that the MCI is a voluntary public listing and participants have the option to opt out in the survey's Terms and Conditions. This does not apply to Suppliers and Manufacturers at the moment.*
- The <u>Climate + Dashboard</u> provides a convenient online location to find out how the Materials Benchmark participants are doing each year when it comes to setting targets, making commitments, and progressing to preferred materials. It also models impacts associated with sourcing preferred materials, in collaboration with Cascale, using their Higg Materials Sustainability Index (Higg MSI). It is a key tool for tracking the Materials Benchmark community's progress towards Textile Exchange's Climate+ goal of a 45% reduction in greenhouse gas emissions by 2030.

The **Materials Benchmark Insights and Trends** factsheet provides aggregated data from participating brands and retailers, offering key insights into the state of the sector. In 2024, the <u>Materials</u> <u>Benchmark Insights and Trends</u> factsheet analyzed data from participants who returned in 2022 and 2023, highlighting trends in key areas such as the sourcing of fibers and raw materials covered by sustainability programs, and transparency.

Program quality and industry alignment

26. How does Textile Exchange manage program quality?

- **Program credentials:** Textile Exchange has ensured its benchmarking program is on par with best practices from the start. The Materials Benchmark was initially designed in line with the Business In The Community's (<u>BITC</u>) Corporate Responsibility Index (CRI). The CRI benchmarked the FTSE 100 companies (those listed on the London Stock Exchange) and was published in the Financial Times each year. Knowledge transfer from BITC to Textile Exchange ensured a credible program was built at inception, including collaboration with the CRI benchmarking platform providers.
- **Data security:** We partner with a trusted technology partner, Survey Solutions, to run the online secure data reporting portal.
- **Survey review:** Textile Exchange undertakes a systematic review of all company submissions and checks for consistency, completeness, and accuracy. Once a company has submitted its survey, the review team completes a desktop review following a formalized methodology and corresponds with the company's survey lead to close out any points for clarification. This review process is carried out in full transparency with the company. Once all outstanding issues have been resolved and agreed upon between the reviewer and the company, updates (if any) are made online, and the survey is formally closed out.
- **Third-party review:** Your company's data may also be checked by a third-party reviewer contracted by Textile Exchange for consistency and reliability.
- **Ongoing improvement:** To ensure the Materials Benchmark is fit for purpose and continuously improving, Textile Exchange collaborates and consults with a wide range of stakeholders.

27. How does Textile Exchange help the reporting companies to improve the accuracy of raw materials usage data?

Textile Exchange strives to support participants and in collaboration with the industry, has developed the Uptake Calculation Guide.

We also request all participants to complete the Assumptions and Methodology section in the survey, which provides an overview of data quality and origins. The Uptake Calculation Guide will help companies identify the most accurate data in their systems, document their calculation approach, and, hopefully, decrease the frequency of errors.

28. What is Textile Exchange doing to harmonize with other reporting initiatives?

Here are some of our efforts, and the partners we are working with.

- **The Fashion Pact:** After a successful pilot with Textile Exchange's Biodiversity Benchmark through *Transforming the Fashion Sector with Nature*, a two-year project co-executed by The Fashion Pact and Conservation International and funded by the Global Environment Facility, the Materials Benchmark has led the reporting for all Fashion Pact members since 2022.
- **Cascale:** As members of the Apparel Alliance, Cascale and Textile Exchange are committed to working together to align solutions and reduce any duplication in the tools to reduce reporting fatigue. In 2023, we started with the alignment on 13 questions in the Materials Benchmark survey, and we are continuing to work together to identify additional areas for alignment.
- <u>Ellen MacArthur Foundation</u>: We are collaborating with the Ellen MacArthur Foundation's Make Fashion Circular initiative for the Circularity module in the Materials Benchmark survey.

• Alliances and Platforms: We are members of the <u>World Benchmark Alliance</u>, <u>Science Based</u> <u>Targets Network (SBTN) Corporate Engagement Program</u>, and the <u>UN IPCC Fashion Industry</u> <u>Climate Alliance</u>.

2025 Material Commitments

29. What are signatories to the 2025 Material Commitments required to do?

Signatories to one or both Challenges are required to report annually on their polyester and/or cotton consumption to <u>Textile Exchange's Materials Benchmark</u>, which tracks progress across all participants toward the collective goal. All information that is submitted to the Materials Benchmark survey is entirely anonymous and aggregated across all annual report participants to show collective progress via our annual <u>Challenges Dashboard</u>. Company information submitted via the survey will never be singled out and published without a company's explicit request or consent.

Signatories should commit to and report at either the holding company level or subsidiary level. Companies are required to report within the Materials Benchmark survey across all subsidiaries if they sign up at the holding company level. Subsidiary signatories are required to report at individual subsidiary level within the Materials Benchmark if they have signed up separately to the Challenges.

The minimum requirement for challenge signatories is to complete the following sections of the Materials Benchmark survey every year, starting from the year of sign-up: the Introduction, the Materials Portfolio for cotton and/or polyester (including weights for conventional and materials covered by sustainability programs). Signatories also have the option to complete other sections of the Materials Benchmark survey.

30. What is the timeframe for reporting?

In 2025, the survey is open from April 10 to June 13, to allow sufficient time for signatories to complete the reporting.

All challenge signatories are required to report within the above timeframe. Please note that all 2025 challenges signatories are expected to report annually up to the 2026 Materials Benchmark survey, which collects 2025 reporting year data.

31. What happens to non-reporting signatories?

All signatories are expected to report to the Materials Benchmark survey every year, starting from the year of sign-up. However, we recognize that there may be instances where signatories are not able to meet expected deadlines. Therefore, all signatories are allowed a one-year reporting grace period where they will be considered non-reporting signatories. If organizations continue to not report data beyond this grace period, they will be removed as a signatory. Our team will work with signatories to offer further guidance and updates on your status, and organizations will not be removed as signatories without prior communication.

32. What are the benefits of participating in the challenges?

Participating in one or more of the challenges provides signatories with:

- The opportunity to demonstrate leadership through the commitments' reporting communications.
- A framework for reporting fiber weight targets, consumption data, and progress.
- Performance tracking with peers and participation in a learning community.
- Contribution to Textile Exchange's <u>Climate+</u> target of a 45% CO2 reduction by 2030.

33. How are the results communicated?

- Annual confidential scorecards: Upon annual reporting, all signatories receive customized and confidential company scorecards which include their weight data and progress toward the target. Company scorecards offer a useful tool for companies to share with important internal and external stakeholders, including the investment community.
- **The 2025 Recycled Polyester** <u>Challenge Dashboard</u> will include signatory names, features and highlights on best practices.
- The 2025 Sustainable Cotton <u>Challenge Dashboard</u> will include signatory names, features and highlights on best practices.
- **Round Table meetings**: Challenge highlights and trends are communicated in material round tables. More information on our round tables is <u>available here</u>.

34. How can you update your commitment bracket for the Recycled Polyester Challenge?

If you would like to update the commitment bracket you signed up for as a signatory, please contact your Industry Engagement contact at Textile Exchange to discuss and process any changes.

Available support

35. What support and guidance is available to help participants get started?

Join our webinars and support calls: We offer onboarding webinars around launch time to update participants on the latest changes and provide all the information needed to complete the survey. Throughout the cycle, support calls are also available to answer any questions and help participants complete and submit the survey.

Contact the Materials Benchmark team: For any questions or concerns that you may have, including queries related to the challenges, do not hesitate to contact the team at <u>benchmark@textileexchange.org.</u> the team is happy to arrange a call to talk you through the benchmarking process to ensure you get off to the best start.

Join our <u>Materials Benchmark Community on The Hub</u> to stay updated on all Benchmark-related activities. This is where you will find all the key resources and documents. It also offers the opportunity to ask questions, connect, and share knowledge with the Materials Benchmark participant community.