

2021 Corporate Fiber and Materials Benchmark – Verification Statement

Prepared for: Textile Exchange

Prepared June 2022, Version 1

ELEVATE is the leading business risk and sustainability solutions provider. We deliver improved organizational performance through sustainability and supply chain assessment, consulting, program management and analytics.



Textile Exchange's Corporate Fiber & Materials Benchmark (CFMB) is a measurement tool to help companies systematically measure, manage, and integrate a preferred fiber and materials strategy into mainstream business operations and business models, to compare progress against industry goals and commitments, and to transparently communicate performance and progress to stakeholders.

In 2022, ELEVATE was engaged by Textile Exchange to provide an independent assessment of the process used to develop the 2021 Corporate Fiber and Materials Benchmark.

1.1 Assessment approach

This is the 3rd assessment of the CFMB. The [second assessment](#) was conducted in 2020 and the first assessment in 2019. The assessment made in 2019 was developed using the [ISEAL Benchmarking Guidelines](#) as the guiding framework and covered the history of the CFMB, how it was developed, its scope and application, the design and development process, the data collection and validation processes and the scoring and ranking methodology. This year's assessment, as in 2020, builds upon the 2019 baseline assessment, focusing on the 2021 CFMB, specifically on any changes made to the benchmarking process since the previous assessments.

The assessment was conducted through a desktop review of documentation about the process provided by Textile Exchange and through interviews with Textile Exchange staff. This assessment continues to use the ISEAL Benchmarking Guidelines as the guiding framework.

1.2 Scope and limitations of the assessment

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

1.3 Level of independence

Although ELEVATE has worked on projects with Textile Exchange in the past, it has not been involved in the design or implementation of the CFMB and have provided no advice or guidance in this regard. As part of this assessment, we do provide recommendations to Textile Exchange to improve the benchmark in the future.

This verification statement prepared by ELEVATE is based on documentation and information provided by Textile Exchange. ELEVATE is an experienced assurance provider, assessing disclosures and data inventories for a variety of clients and sectors in alignment with best practice standards and frameworks.

1.4 General Findings and observations

Project Management:

In 2021, Textile Exchange strengthened their Project Management process for the program, we specifically highlight:

- The definition of the first draft of the CFMB Program's SOP (Standard Operating Procedure) covering MCI Survey (submission to review).
- The setup of a program management tool to support planning and development of all phases of the project.

- The development of a Project Plan to facilitate the validation process, which provided a clear line of sight on the tasks and outcomes of the review and analysis phases as well as clearly defining the team structure. This year, the validation plan was unfolded in batches, maintaining the first and second review, helping the team coordination and delivering clear responsibilities. The batch assignment was recorded in a Master Tracker document.
- The preparation of a Reviewers Toolkit to support the team and ensure consistency in the validation of the surveys, this toolkit included different templates, notes and recommendations and was accompanied by training sessions with relevant experts.
- The Development of a Leather reporting scenario matrix, which was cross-referenced for all participants reporting Leather uptake data, so reviewers could have a consistent approach to the review of Leather related information.
- The increased of constant communication. Weekly team meetings and managerial check-ins were held to follow up on the process plan and efficiently define next steps.
- Finally, regarding improvement opportunities for next years, the team had access to Master Survey Templates where suggestions for improvements to the Survey could be captured for the Strategic Review of the MCI Survey in 2022.

Survey Submission:

In 2020¹, there were no changes in the survey tool used to collect benchmarking data. However slightly changes were made in terms of wording, additional questions, and the inclusion of the COVID-19 Module. This last modification aimed to facilitate information gathering regarding the impacts COVID had on participant companies.

Validation:

It is important to note that in this phase Textile Exchange does not audit or verify the data, the team manually reviews the information included in the survey by all companies. The review process is based on completeness of the information reported, examination of public information and consistency checks (between years and similar companies) to ensure that the data is valid.

The process starts with a comprehensive review by a Textile Exchange staff member of all data submitted by each company. Completeness checks are carried out to verify that companies have provided the information requested as complete as possible; reviewers engage and follow-up with participating companies to validate and verify gaps in the data. For this, reviewers had a template (Company Review Document) where comments and clarifications were captured and shared via SharePoint with reporting companies, this review supports are confidential to every company.

Every survey response goes through two rounds of review. The first round is an in-depth survey review that consisted of desktop research to check company responses and all evidence provided. The focus of the second review was to ensure all the discrepancies captured in the first round were addressed and that clarification(s) were provided by the Participant(s).

Once the data has been reviewed and validated, benchmarking scores are generated. The scores then undergo their own review process to identify discrepancies and inconsistencies, that are then addressed prior to publishing of the benchmark. The data analysis team also cross-validates the information resulting from the manual model with the information from the system, and reviews consistency between years and similar companies.

In 2021 no significant changes were made to the review and data analysis criteria and procedures; however, the process was reinforced with a project management approach (detailed earlier) facilitating different tools to ensure consistency, capacity building and help the planning and tracking of the process. In this sense, the development of the SOP and the Reviewers Toolkit helped the team **thought out** the validation process and the planning and batches roll out improved work coordination and efficiency.

As well, the improvements made in 2020 were still in place:

- Two (2) rounds of review.
- Management tools to document and track the validation process.
- Tools to make consistency checks easier to execute for the review teams.
- Automated tools to support the data validation process (modeling tool that validates the benchmarking scores for each data point collected by the benchmark, automated validation tools that identify data inconsistencies based on data dependencies and comparisons with previous year's data and data discrepancies based on internal thresholds).

Communication:

Internal communication was key to the Project Management approach reinforced in 2021. Besides the Kickoff meeting held, Textile Exchange developed weekly team meetings, weekly updates to Senior Management, and weekly Drop-In clinics with experts to assist the unfolding of the project plan.

Also, an external outreach plan was developed to support the Benchmark process, this plan covered all companies participating in the survey, and included templates for communications in the different phases of the process. Companies got a message when their Survey was scheduled to be reviewed so they were prepared to receive the Company Review Document and understand the vital timelines and respond expectation.

1.5 Conclusions

In our opinion, in 2021, Textile Exchange made improvements to the Project Management of the Benchmark process including the development of a draft SOP, minor adjustment to the data collection and data validation processes, and the definition of tools that support the Corporate Fiber and Materials Benchmark, improving the traceability and consistency of the process, especially in the review phase. There were no significant changes in methodology or criteria used to construct the Benchmark.

The changes made by Textile Exchange in 2021 to the CFMB continue to maintain alignment with the ISEAL best practice guidelines for benchmarking systems.

Looking ahead, we recommend:

- Strengthen the SOP draft, including the entire program development process and not just the validation phase as it is now. We also recommend formalizing this complete document and accompanying it with capacity building in all teams, in order to continue working on standardization and consistency.
- Since the program review for updates is approaching, we recommend documenting the consultation process with stakeholders and the adjustments made as a result of these consultations. The result of the program review process could be shared publicly, sharing the process carried out, the results and the main changes with external stakeholders and companies involved.
- In the cyclical approach used to explain the process of the program, the terms used for the validation and review phases can be confusing, taking into account that the team does not validate the information and that the review phase is related to the review of the program as such and not the information reported in

the Benchmark. If possible, we recommend that further explanations of this situation is included or adjust the terms used.

Assessment team:

The assessment was conducted, prepared and reviewed by ELEVATE's office in Colombia.

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