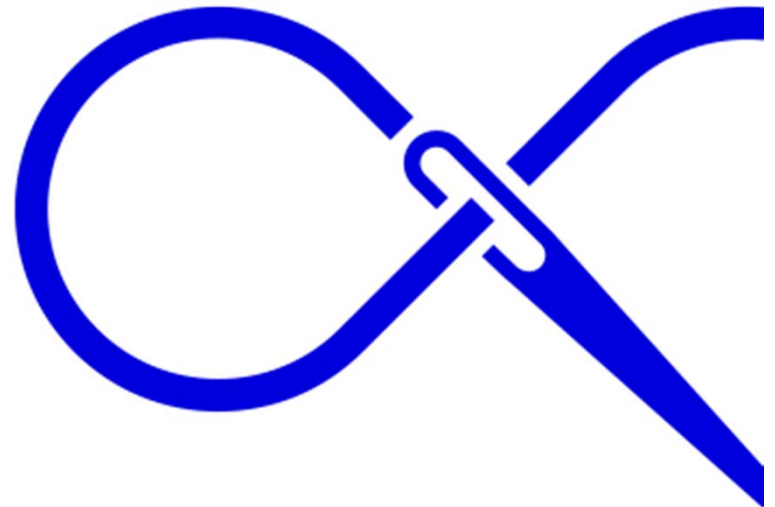


Sustainable Apparel Coalition (SAC) FEM 2.0 Verification Updates

30th March 2016



Outlines

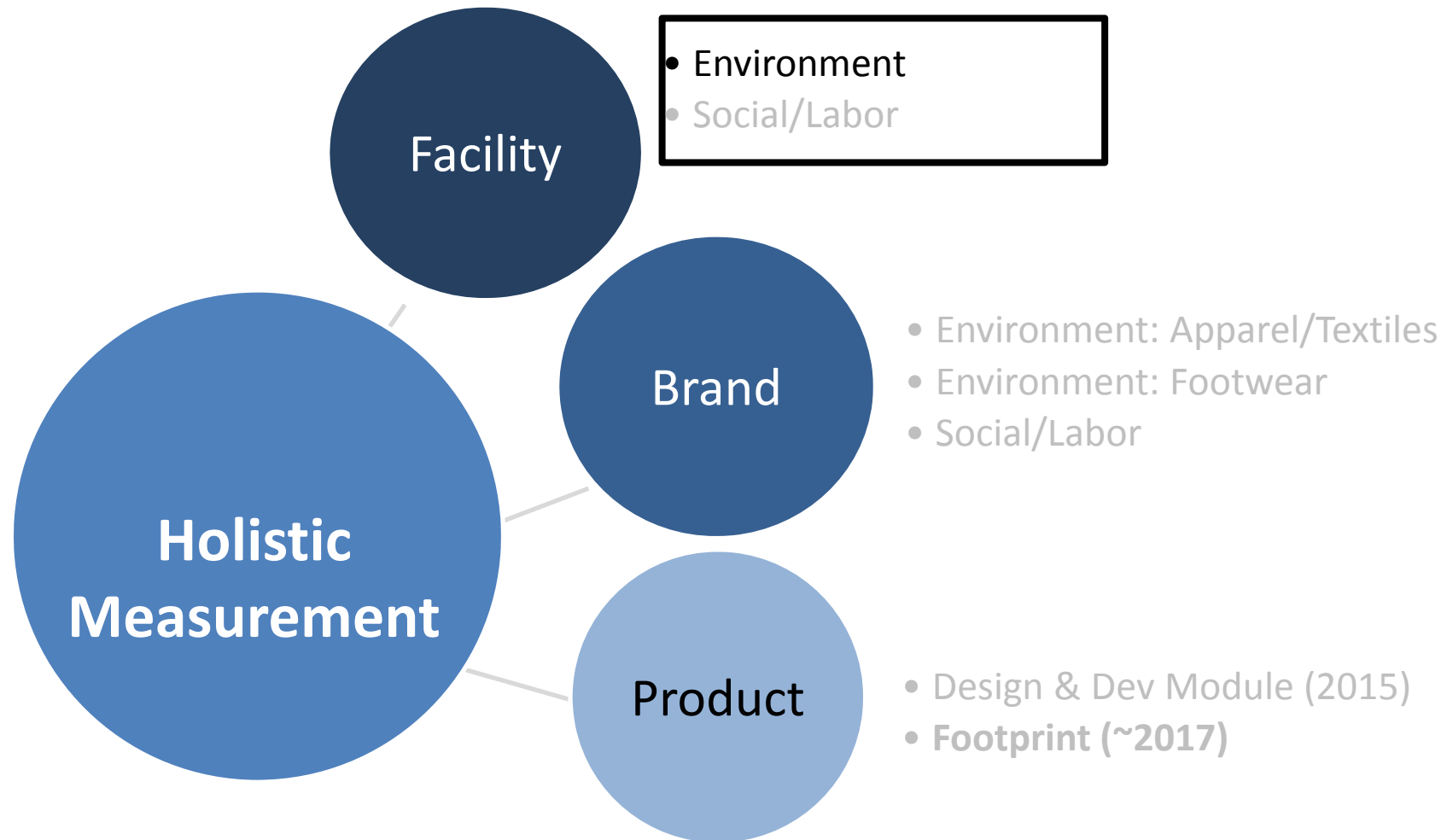
- \ FEM 2.0 verification process overview
- \ FEM 2.0 verification pilot results
- \ FEM 2.0 verification pilot feedbacks
- \ Next steps



FEM 2.0 Verification Process



Higg Index Suite of Tools



Verification: Framework



- Self-assessment
- Necessary documentation uploaded to Higg.org
- Terms of Use for data: data can only be used within your organization



- Off-site verification performed via desktop verification spreadsheets, phone calls, emails and document uploads
- Verification work is performed by a qualified verifier as determined by SAC/SAC criteria
- Terms of Use for data: data can be shared business to business



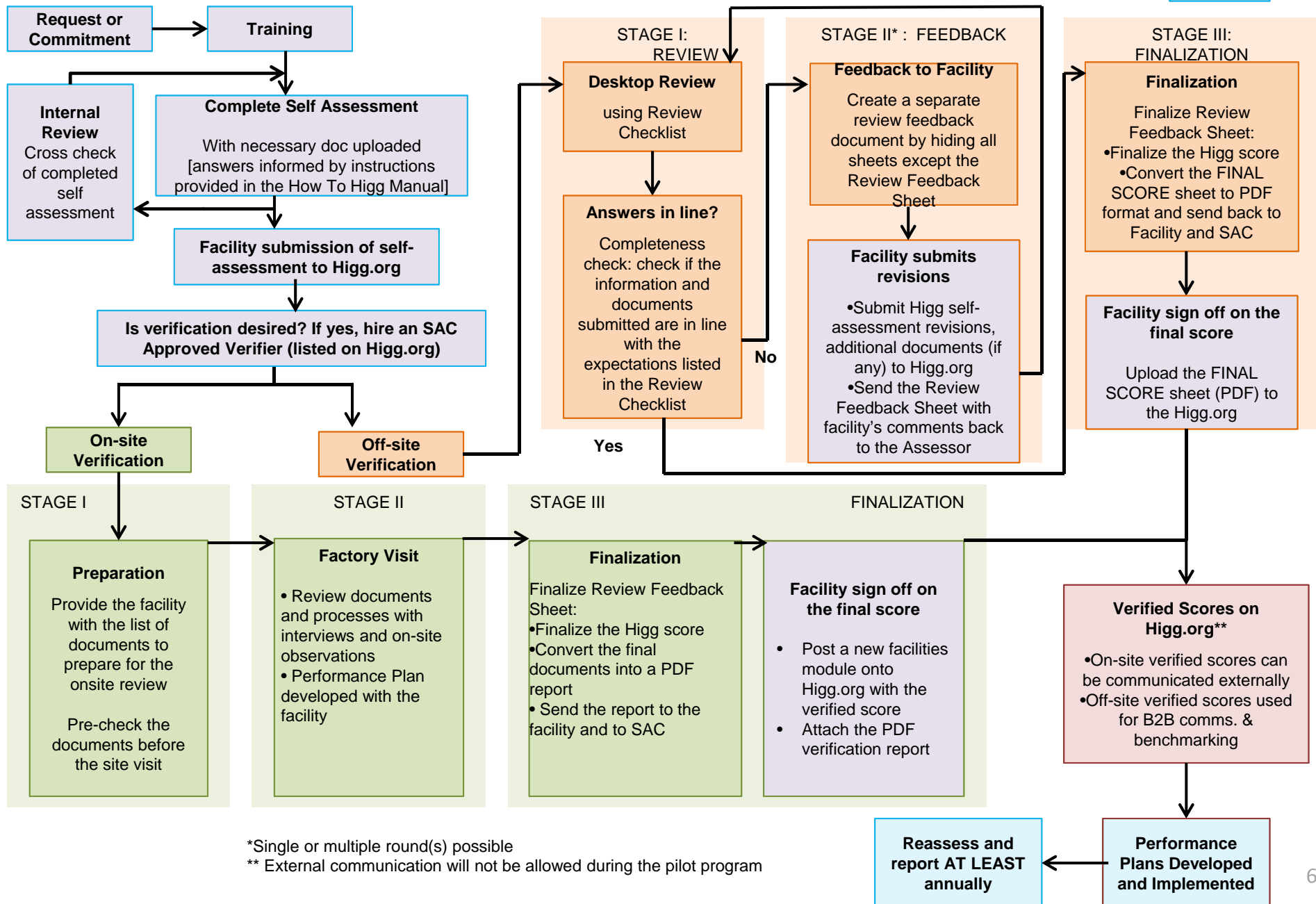
- On-site verification performed by a qualified verifier as determined by SAC/SAC criteria
- Terms of Use for data (to be launched post-pilot): data can be shared business to public. Verified data (on-site and off-site) will be the focus of SAC benchmarking



Verification Pilot: Process flow for Facilities

Responsible by Facility:

Facility



LIST OF DOCUMENTS TO PREPARE BY THE FACTORY TO SUPPORT THE VERIFICATION PROCESS

In order to prepare the Higg index verification, the facility should have it's Higg index environmental facility module available the day of the verification. In addition the facility should prepare the following documentation, when available:

Higg criteria Number	Expectations on answers of Higg self-assessment (H) and supporting documents (D)	
1 - ENVIRONMENTAL MANAGEMENT SYSTEM OR PROGRAM		
Level 1 Awareness, Understanding and Baseline assessment		
FAC-1.1.1	H	List of significant environmental impact; for each impact, a short description of the physical origin of the impact at the site
	D	Environmental impact analysis and aspect evaluation (e.g. EIA Report) / Latest local government environmental Assessment report
FAC-1.1.2	H	Name, job title and contact information of all the members of management with environmental management roles
	H	For each member of management named, provide a brief description of his/her role in environmental management
	D	Environmental Management Team organization chart and job descriptions records
FAC-1.1.3	H	List of environmental permits this site posses, covering some/all of the following environmental aspects: - Factory operation; - Air emission; - Water use (or extraction); - Wastewater/ effluent discharge; - Solid waste; - Hazardous waste disposal.
	H	Indicate whether any environmental permit is expired or pending for renewal.
	H	Description of the system or practice by which the site ensures continuing compliance of regulations and legal requirements.
	D	Environmental permits as listed in the Higg answer (e.g. Valid permits for: Factory operation, air emissions, wastewater discharge, solid waste/ hazardous waste disposal)

*Expectations on answers of Higg self-assessment (H)
supporting documents (D)*



Screenshots of On-site Verification Tool

		For Verifier's use only			
Criteria Number	Criteria	Step 1		Step 2	Step 3
		Expectations on answers of Higg self-assessment (H) supporting documents (D) Dialogue with management and Key Employees (I) Site inspection (S)	Expected elements available?	Verifierr comments	Answer suggested by verifier
Section 1 – Environmental Management System or Program					
FAC-1.1.1	Do you know what this site's environmental impacts are (positive or negative)?	H	List of significant environmental impact; for each impact, a short description of the physical origin of the impact at the site	Pls. select	Not Answered
		D	<input type="checkbox"/> Environmental impact analysis and aspect evaluation (e.g. EIA Report) / Latest local government environmental assessment report	Pls. select	
		I	Discussion with Management Is management aware of, and understands, the significant aspects and impacts (negative and positive) associated with the employment site? Is management is aware of laws and regulations concerning environmental management?	Pls. select	
FAC-1.1.2	Are one or more members of management specifically responsible for coordinating this site's environmental management activities?	H	Name, job title and contact information of all the members of management with environmental management roles	Pls. select	Not Answered
		H	For each member of management named, provide a brief description of his/her role in environmental management	Pls. select	
		D	<input type="checkbox"/> Environmental Management Team organization chart and job descriptions records	Pls. select	
		I	Discussion with Management Management provide the appropriate resources (including assigning a member of management responsible for coordination of environmental management activities) to ensure that applicable laws and regulations is maintained?	Pls. select	

NOTE: Option for Expected elements available

- Yes : The expectations have been fulfilled
- Partially : The expectations have been partly fulfilled (e.g. environmental policy is required but no KPI is indicated)
- Unclear : The answer is not relevant to the expectations
- No : The expected elements are not available



Screenshots of On-site Verification Tool

OVERVIEW OF THE SCORES

Self declared Higg score /100	
Verified score /100	0
Overall Level achieved	No level fully achieved

Report the score from the Higg Env Facility module (Self Assessment questionnaire)

No level achieved if does not meet level 1 across all sections. Level 1 if achieve level 1 across sections. Level 2 if achieve level 1 and level 2 across sections. Level 3 is achieve level 1,2 and 3 across sections

OVERVIEW OF THE PERFORMANCE

	LEVEL ACHIEVEMENT		LEVEL 1		LEVEL 2		LEVEL 3	
	Section score /100	Level rating <i>Select manually</i>	Level score	Missing criteria	Level score	Missing criteria	Level score	Missing criteria
Environmental management systems	0	No level achieved	0 / 30	4	0 / 30	2	0 / 40	3
Energy use and Greenhouse gas emissions	0	No level achieved	0 / 30	4	0 / 30	3	0 / 40	3
Water use	0	No level achieved	0 / 30	2	0 / 30	2	0 / 40	1
Wastewater/effluent	0	No level achieved	0 / 30	3	0 / 30	1	0 / 40	1
Emissions to air	0	No level achieved	0 / 30	2	0 / 30	1	0 / 40	1
Waste management	0	No level achieved	0 / 30	5	0 / 30	1	0 / 40	1
Chemicals management	0	No level achieved	0 / 30	3	0 / 30	2	0 / 40	2

Guidance:

- A level is achieved when all the criteria of this level are met

The Checklist will automatically report the number of non compliances in this table. The auditor will simply have to determine for each criteria which level is reached.



Screenshots of On-site Verification Tool

Higg Index Facility Environmental Module Verification PERFORMANCE IMPROVEMENT PLAN

Verification Date (MM/DD/YY)	0
Facility Name	0
Address (english)	0
Name factory representative responsible for the PP implementation	Name email address Phone number

COLOR CODE

To be filled by the factory and the verifier **on** the day of the verification

Guidance to the factory:

Please fill the blue cells of this document below describing areas of improvement from the initial Higg index verification. Describe the action taken to meet the criteria

Factories should focus first on level 1 criteria

The factory can choose to implement level 2 and/or level 3 actions, it is recommended to limit the number of actions and to commit to continue improving the performance progressively

LEVEL 1 - Awareness, Understanding, and Baseline Performance

	Criteria #	Major findings	Priority rating	Action plan	Deadline for implementation (DD/MM/YYYY)	Factory representative for implementation (Name)
EMS	FAC-1.1.1	0				
	FAC-1.1.2	0				
	FAC-1.1.3	0	Critical			
	FAC-1.1.4	0	Critical			



Verification: Pilot Overview

Verification Goals:

- build trust in Higg data so it can be more effectively used in decision-making, including consumer-labeling
- eliminate redundancy in assessments; allowing our manufacturers to spend more resources on capacity building
- changing the mindset from compliance to performance improvement

Pilot Overview:

- Launches on the Facilities Environmental Module this year
- Will verify data for at least 200 facilities
- Lessons learned will be used to 1) update the content of the Facilities Environmental Module 2) Develop a fully-scalable verification program for all Higg Tools in 2016 and beyond



Verification: 2015 Work Plan

Area	June	July	August	September	October	November	December	Q1-Q2 2016
Verification Pilot	SAC holds Verifier Training in Hong Kong	Verification Pilot of Environmental Facility module launched. KPI's collected on a monthly basis.					Verification Pilot ends and Verification expert panel analyses KPI data.	Finalize Verification Program.
Brand Module			Begin research for Brand Verification					



FEM Verification Pilot Results



FEM Verification Pilot Results

Pilot Period: July 2015 to January 2016

206
Verifications



15 Countries



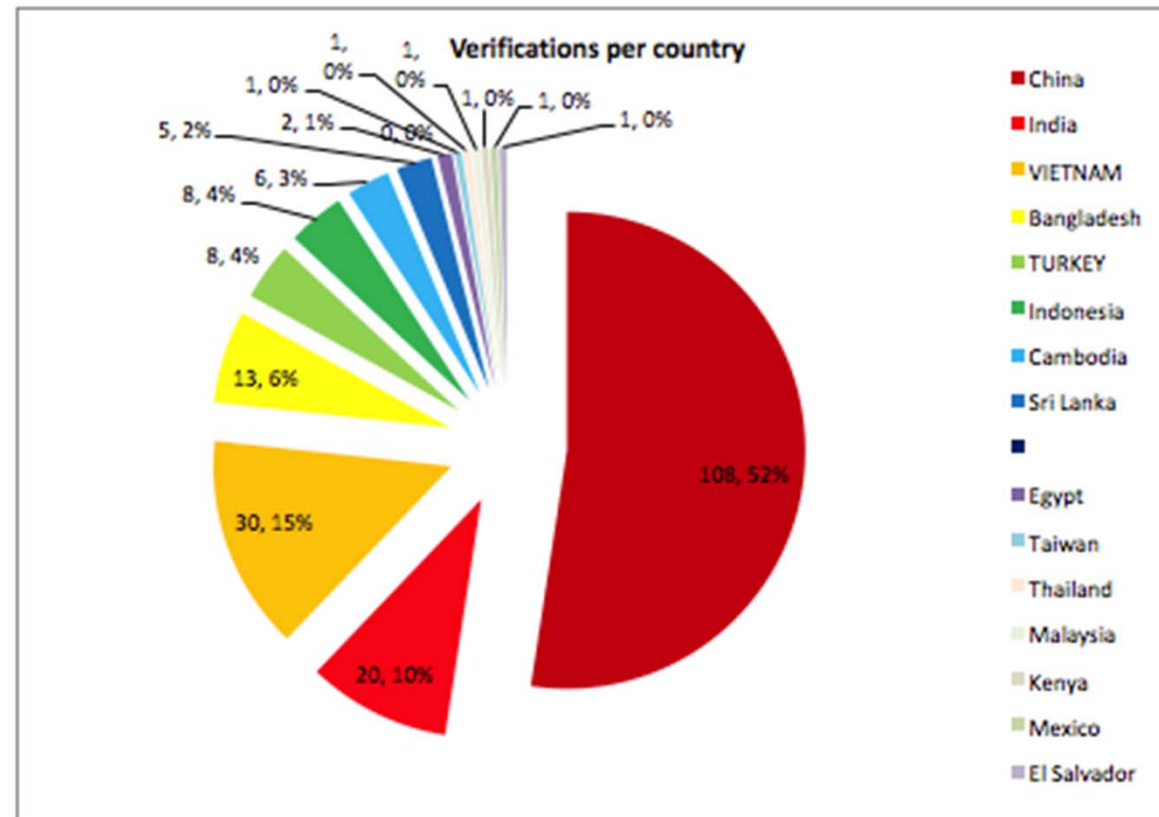
54 % Tier 1
46 % Tier 2



FEM Verification Pilot Results

Verifications per Country

China	108
India	20
VIETNAM	30
Bangladesh	13
TURKEY	8
Indonesia	8
Cambodia	6
Sri Lanka	5
Egypt	2
Taiwan	1
Thailand	1
Malaysia	1
Kenya	1
Mexico	1
El Salvador	1
TOTAL	206

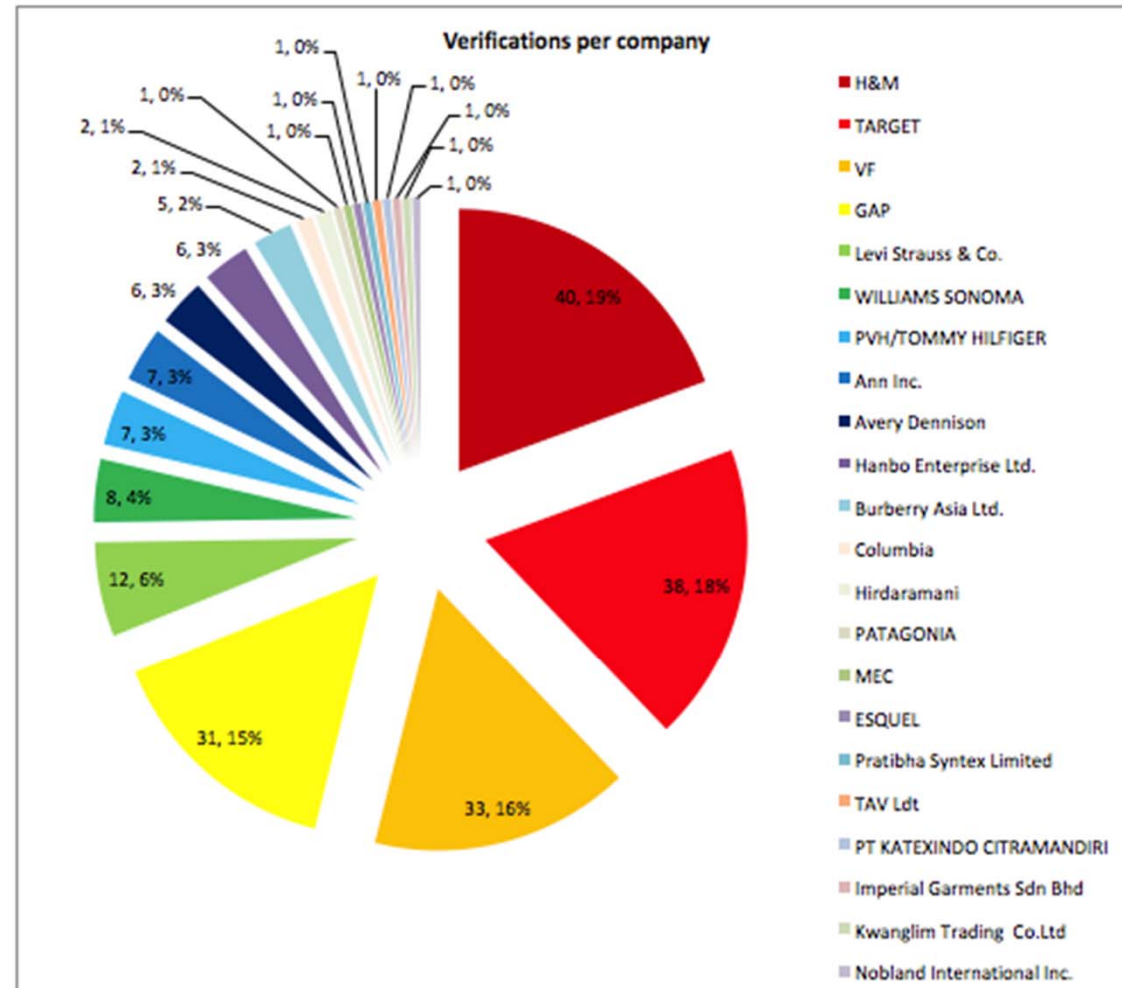


FEM Verification Pilot Results

Verifications per Company

H&M	40
TARGET	38
VF	33
GAP	31
Levi Strauss & Co.	12
WILLIAMS SONOMA	8
PVH/TOMMY HILFGER	7
Ann Inc.	7
Avery Dennison	6
Hanbo Enterprise Ltd.	6
Burberry Asia Ltd.	5
Columbia	2
Hirdaramani	2
PATAGONIA	1
MEC	1
ESQUEL	1
Pratibha Syntex Limited	1
TAV Ltd	1
PT KATEXINDO CITRAMANDIRI	1
Imperial Garments Sdn Bhd	1
Kwanglim Trading Co.Ltd	1
Nobland International Inc.	1

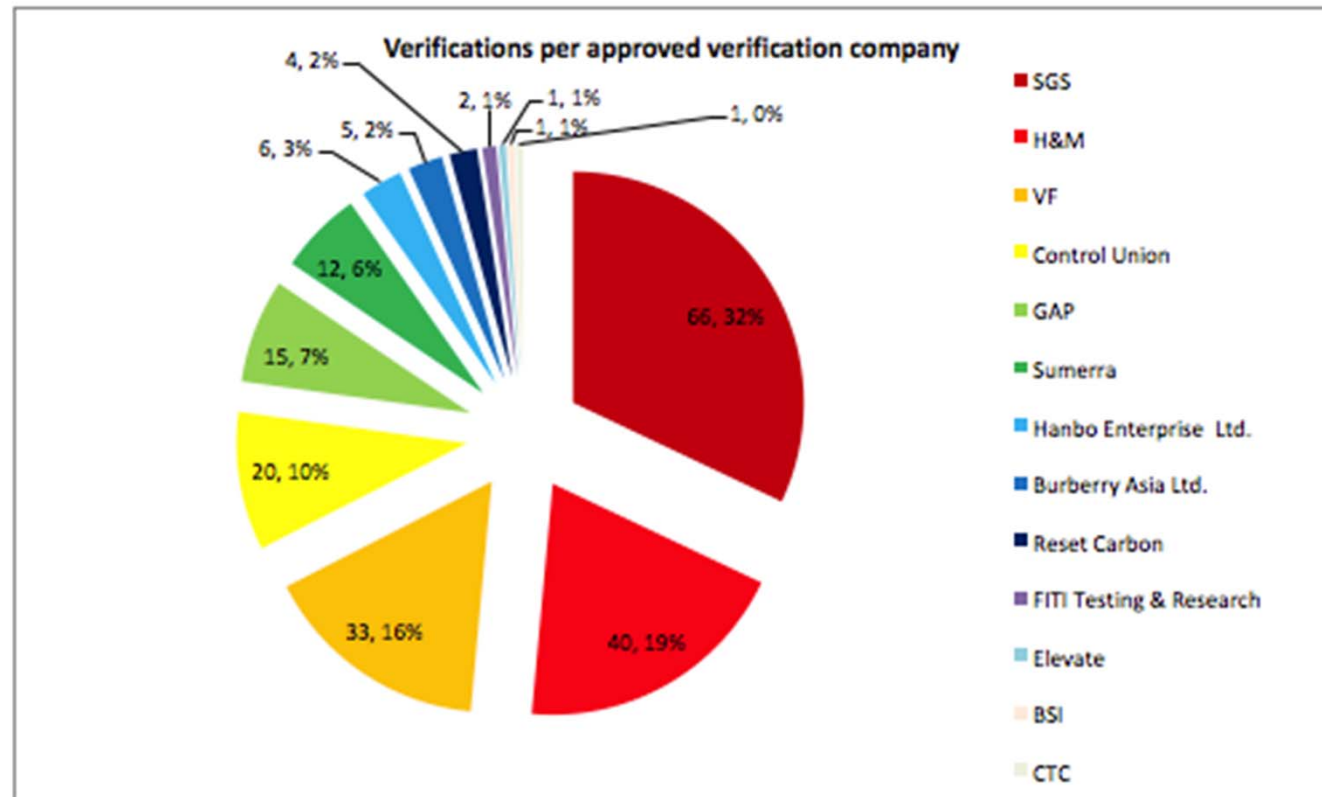
206



FEM Verification Pilot Results

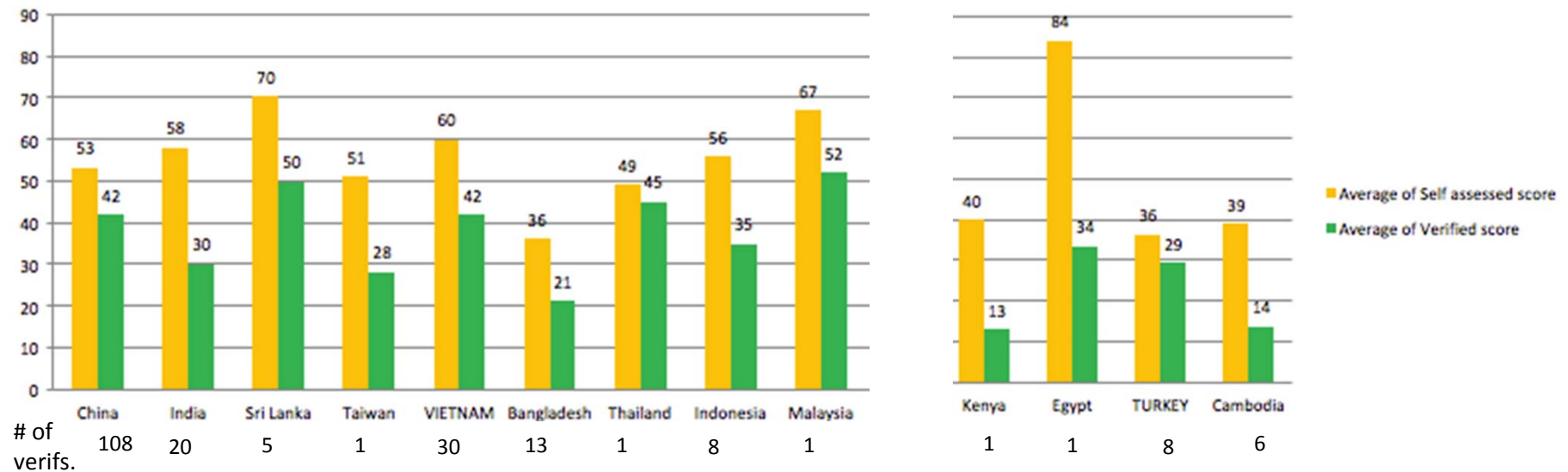
Verifications conducted by SAC approved verifiers

SGS	66
H&M	40
VF	33
Control Union	20
GAP	15
Sumerra	12
Hanbo Enterprise Ltd.	6
Burberry Asia Ltd.	5
Reset Carbon	4
FITI Testing & Research	2
Elevate	1
BSI	1
CTC	1
TOTAL	206



FEM Verification Pilot Results

Country average self assessment vs. verified scores



FEM Verification Pilot Results

Facility Type self assessment vs. verified scores

Assembler/ Cut/ Sew

Self Assessment: 45

Verified: 41

Chem. Supplier, Dyer, Printer

Self Assessment: 60

Verified: 52

Averages Self
Assessment vs.
Verified Scores

Spinner/ Weaver / Knitter

Self Assessment: 57

Verified: 46

ISO 14001

Self Assessment: 67

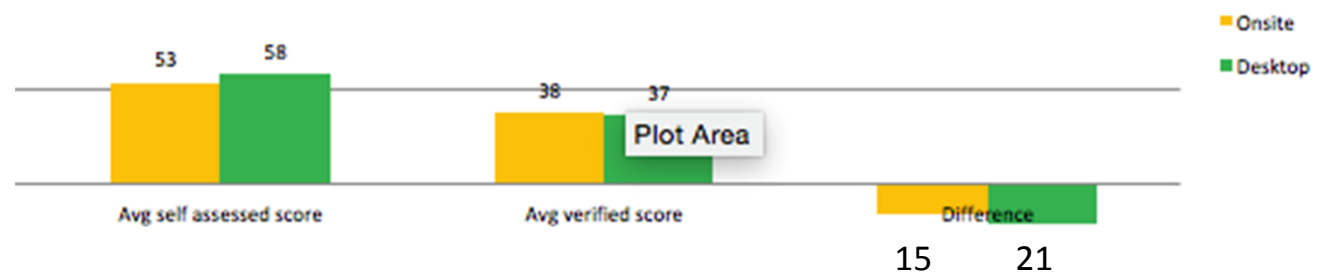
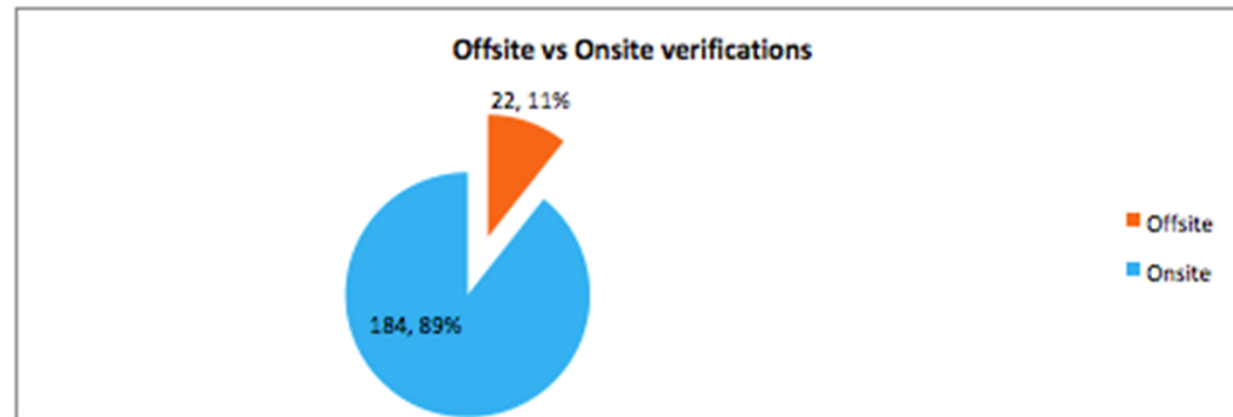
Verified: 56



FEM Verification Pilot Results

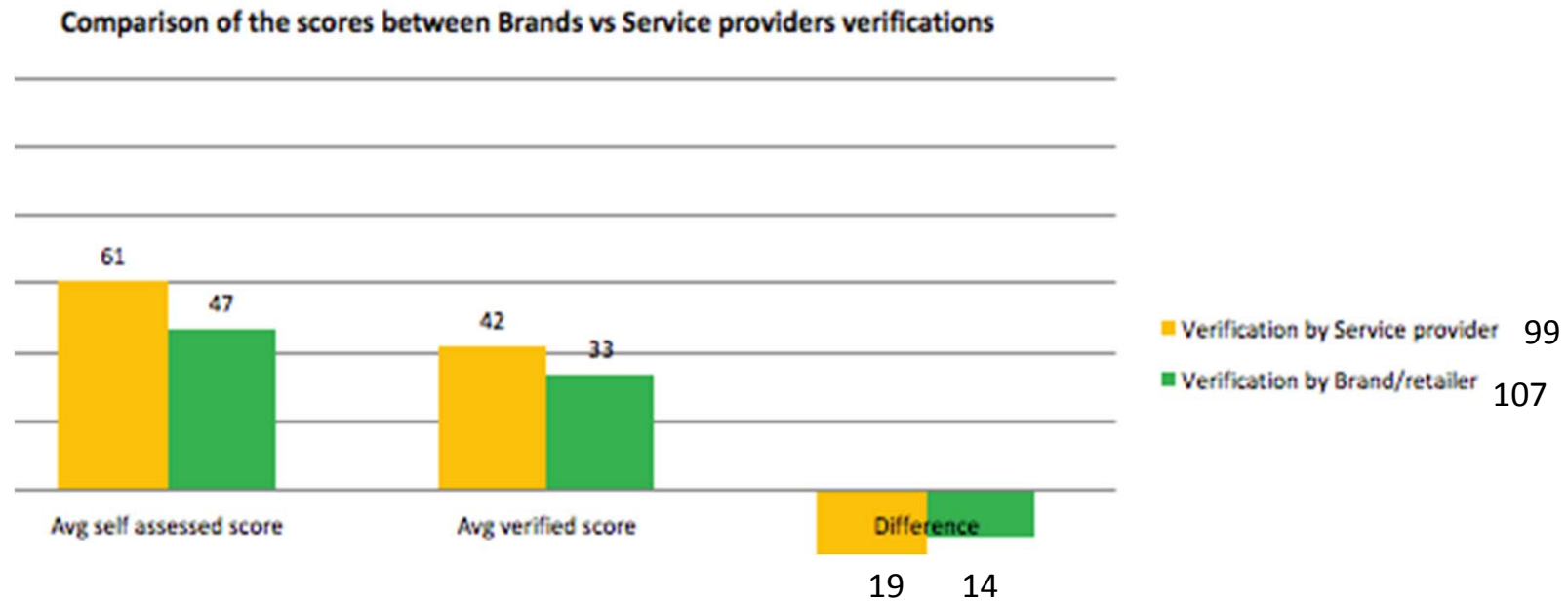
Offsite vs. Onsite verifications conducted & self assessment vs. verified score comparison

Offsite	22
Onsite	184



FEM Verification Pilot Results

Verification scores: brand vs. service provider verifiers



FEM Verification Pilot Feedback



FEM Verification Pilot Feedback Process



Next Steps



Verification Next Steps

- \ Collect last of feedback from verifiers and verification pilot participants.
- \ Chemical Convergence with ZDHC In-Person meeting
- \ Clean by Design Program Feedback for FEM Enhancement
- \ FEM & VEP In-Person (HKG) April 18th-22nd @ CITA Building



Q&A

