



## **Higg Brand & Retail Module (Higg BRM)**

Module : 2021  
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## INTRODUCTION

Thank you for downloading the *How to Higg Guide* and for reading this introduction. Please consider this as a resource you can leverage when you want to better understand any of the question(s) within the module. Some may prefer to review the guidance online through the [Howtohigg.org](https://www.howtohigg.org) website or through this PDF guide. In addition to this How to Higg Guide, we have also created a comprehensive set of supporting resources for SAC members and Higg users which can be found on [Howtohigg.org](https://www.howtohigg.org) > [Higg BRM Supporting Resources](#) page.

Our advice is to first start navigating the [Howtohigg.org](https://www.howtohigg.org) website and to consider how components of our full training package - of which this guide is a part of - will best support your process to complete the Higg Brand & Retail Module (Higg BRM).

### Helpful tip when navigating this document

In the table of content (page 2) you will find the hyper link that redirects you to the respective section. Subsequently, within the introduction of each section there will be a link to each primary question. These direct links to the question(s) can be used instead of scrolling throughout the document and may offer a quicker solution to reach the respective guidance.

### Last Thing to Note Before You Get Started

- Please refer back to the tool on [Higg.org](https://www.higg.org) for the full answer options since some of the answer options are omitted for brevity. In case of discrepancy, the questions within the tool on [Higg.org](https://www.higg.org) should be referred to as the final source of truth.
- Companies should be honest and transparent when completing assessments.
- The Higg BRM is NOT a pass/fail assessment, rather a tool that identifies opportunities to improve. When in doubt about whether your answer qualifies as “Yes” it is recommended to take a more conservative approach and answer “Partial Yes” or “No” where applicable.
- For the 2021 Higg BRM, upload of attachments and supporting resources are not required and therefore optional.

### Feedback

Help us make future improvements to the guidance and the tool by submitting your feedback through the Higg BRM module on [Higg.org](https://www.higg.org)

You will find the feedback link at the bottom of every section

The intent of the Higg BRM is to support companies to improve over time, and our training resources will expand in the coming months and years to meet this purpose.

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## COMPANY PROFILE

Before you get started

- Your responses to the company profile information questions will be used to categorize your company for comparative analytics as well as to unlock other sections.
- Please complete this section first before moving on to other sections of the module.
- The answers provided by your company in this section will unlock or hide subsequent questions in other sections. It is therefore the expectation that companies first complete this section before proceeding to the others: Brand, Retailer, Stores and Operations & Logistics.
- When reviewing the questions, please refer back to the tool if the answer options are not listed below. Some answer options are omitted for brevity.
- 9 questions are covered in the Company Profile section

**1. Does your company have a robust process in place for investigating any government-issued citations or allegations of environmental or social/human rights violations and responding/resolving appropriately? (cpviolationplan)**

Comment [1]: new

Comment [2]: new

**Intent of the question**

Your company must meet basic local regulations before proceeding to beyond-compliance sustainability behavior. This question is intended to confirm that you have a process to manage local permits and compliance.

Examples of violations are: Restricted substances used in the final product, improper waste stream handling, labor violations related to overtime or worker injuries.

**Technical Guidance**

**Answer options: Yes/No**

To answer “yes” your company should have in place a robust process designed to resolve potential issues and ensure compliance with local legislation and regulations in countries in which it operates.

**How this will be verified**

**Documentation required**

- Any documentation containing the information related to mechanisms or procedures to be activated as soon as any government-issued citations or allegations are received
- Action plans to address issues along with responsible staff and tracked progress

Comment [3]: new

**2. Where are your company's headquarters located? (cphqlocation)**

**Intent of this question**

The answer is used to categorize your company for comparative analytics in the benchmarking.

**Technical Guidance**

Select the country where your company is headquartered

**How this will be verified**

**Documentation required**

- Business Registration License
- Corporate Website

**3. Describe your company ownership (cpownership)**

**Important Note:** The selected options will drive applicability and whether you will have to complete the Brand, Retailer, and Stores sections.

**Company Ownership - Answer Options:**

- Public
- Private
- Subsidiary

### Business Model - Answer Options:

- Retailer: Does your company purchase products from other companies to sell?
  - Answer options: Yes/No
- Brand: Does your company create its own branded products?
  - Answer options: Yes/No
- Stores: Does your company have brick-and-mortar stores?
  - Answer options: Yes/No

### Intent of this question

This question will support in unlocking the relevant sections that are applicable to your specific business model.

### Technical Guidance

#### *Company ownership*

- Public (Publicly listed companies)
- Private (Companies that are privately held and not publicly listed)
- Subsidiary (Companies that are part of a holding company or a group)

#### *Business model*

- Retailer: Companies selling products that are manufactured and branded by other companies, also known as third party brands, wholesale or national brands. *For example retailers such as De Bijenkorf, Zalando and REI.*

**Note: If your company sells 1% or less of third party brands in your stores there is no need to report on this data through the Higg BRM since the impact is not considered significant.**

- Brand: Brand is defined as a company selling products that are manufactured and sold under your own company brand also known as private label. *For example brands such as H&M, The North Face and Tommy Hilfiger.*

**Note: If your company is a licensee and manufacturers products, this section will be applicable to you. If your company is a licensor, please encourage your licensee(s) to complete and share their Higg BRM results with you to gain insight into their sustainability performance.**

- Stores: The scope of this question covers owned and leased stores but excludes stores that are not owned and operated by your company such as store-in-store (operated by department store) or franchised stores (operated by franchisees). *For example stores operated by Zara, Uniqlo and Target.*

**Note: If your company works with franchisees for store operations, you may encourage them to complete and share their Higg BRM results with you to gain insight into their sustainability performance.**

### How this will be verified

**Documentation required**

- Business Registration License
- Corporate Website
- Company Annual Financial Report, if available

**4. What percentage of your products are sold through your own distribution?  
(cproductpercent)**

4.1 What percentage of these products are sold online

4.2 What percentage of these products are sold in store(s)

**Intent of this question**

This answer is used to categorize your company for comparative analytics in the benchmarking.

**Technical Guidance**Definitions

- **Own distribution:** company's owned and operated stores
  - This excludes franchisees and store-in-store which are owned and operated by the department store/wholesale retailer. To capture this information, we encourage companies to request their franchisees and wholesale retailers to complete their own Higg BRM to gain insight into their sustainability performance.
- **Sold online:** through e-commerce sales
- **Sold in stores:** company's owned and operated (leased) stores

To calculate:

This should be entered in product quantities (units sold) and should not be based on \$. It is suggested to use Sell in & Sell Out (units).

For % Own Distribution:

- Sell In to your own channels
- Sell In to other retailers
- Ratio would be  $\text{Sell In (Own)} / \text{Sell In (Total = Own + Other)}$

For Sold Online and Sold In-Store, this is only for Own Distribution:

- $\text{Sell Out (Online)} / \text{Sell Out (Total = Online + In Store)}$
- $\text{Sell Out (In Store)} / \text{Sell Out (Total = Online + In Store)}$

**How this will be verified****Documentation required**

- Business Registration License
- Corporate Website
- Company Annual Financial Report, if available

## 5. What type of products do you sell? (cpproducttype)

### Answer options:

- Apparel
- Footwear
- Home Textiles
- Accessories
- Home Furnishings
- Hard Goods
- Other

### Intent of this question

This answer is used to categorize your company for comparative analytics in the benchmarking.

### Technical Guidance

- Home Textiles (bed linen, towels, rugs/carpets)
- Accessories (e.g. belts, bags, jewelry, etc.)
- Home Furnishings (e.g. furniture and home decoration)
- Hard Goods (e.g. equipment, tents & sleeping pads, backpacks, skis, snowboards & bindings, ski equipment gear, climbing gear, bicycles)
- Other (any product category that has not been listed above)

### How this will be verified

#### **Documentation required**

- Relevant documentation provided by the company
- Company's annual report, if available

## 6. What is your total annual company revenue (\$USD)? (cpannualrevenue)

### Answer options:

- Less than 5 million
- 5-20 million
- 20-100 million
- 100-500 million
- 500 million to 1 billion
- 1-10 billion
- Exceeding 10 billion

### Intent of this question

The answer is used to categorize your company for comparative analytics in the benchmarking.

### Technical Guidance

All revenue (including through licensee models) should be included.



**How this will be verified****Documentation required**

- Relevant documentation provided by the company
- Company's annual report, if available

**7. How many units do you sell annually? (cpannualunits)**

*Tooltip: Number of units sold in the last calendar year.*

**Intent of this question**

The answer is used to categorize your company for comparative analytics in the benchmarking and for further integration with the Higg Product Module.

**Technical Guidance**

- Please provide total units (quantity/pieces) of all products sold from January 1 through December 31 of last calendar year.
- Enter number of sold units (quantity/pieces) through either owned and operated retail stores and/or e-commerce sales.
- Reporting on brand vs group: If you are reporting this as part of a brand then report the total number of sold units for the brand. If you are reporting this as part of a holding / parent company then report the total number of sold units for the entire holding / parent company.
- When rounding, we recommend keeping at least 4 significant figures (i.e. the first four numbers of your number of units). For example: 12,456 units would be 12,460 units and 12,567,235 units would be 12,570,000 units.

The Sustainable Apparel Coalition recommends reporting of one Higg BRM per brand for the purpose of clarity and performance communications.

**How this will be verified****Documentation required**

- Supporting documents used to calculate Total Units sold per year

**8. What regions do you sell to? (cpsalesregion)****Answer Options:**

- Asia Pacific (APAC)
- Europe Middle East Africa (EMEA)
- North America (NAMER)
- Latin America (LATAM)
- Global (All of the above)

**Intent of this question**

The answer is used to categorize your company for comparative analytics in the benchmarking.

### Technical Guidance

Select the sales regions that are applicable to the sales of your product(s). Multiple selection possible.

### How this will be verified

#### ***Documentation required***

- Corporate website
- Company's annual report, if available

### 9. Complete the following questions about the number of employees at your company (cpeemployeenumbers)

#### **Answer Options:**

- 0 employees
- 1-10 employees
- 11-50 employees
- 51-200 employees
- 201-500 employees
- 501-1000 employees
- 1001-5000 employees
- 5001-10,000 employees
- 10,001+ employees

#### **Follow-up questions:**

9.1 Specify the number of full-time employees at your company

9.2 Specify the number of part-time employees at your company

9.3 Specify the number of temporary employees at your company

#### **Intent of question**

The answer is used to categorize your company for comparative analytics in the benchmarking.

### Technical Guidance

- Part-time employees: the term part-time employee refers to an employee whose normal hours of work, calculated on a weekly basis or on average over a period of employment of up to one year, are less than the normal hours of work of a comparable full-time worker. More information: [ILO's Convention No. 175](#)
- Temporary employees: employees that are on a temporary contract without a permanent duration or are recruited through labor recruitment agencies
- Shared services and employees within a parent company should only be counted once and reported under the headquarters.

### How this will be verified

#### ***Documentation required***

- Relevant records and reporting that Human Resources department are able to provide
- Company's annual report if applicable

## MANAGEMENT SYSTEM (ENVIRONMENT)

### Introduction

The section has been designed to:

- Support companies in embedding environmental sustainability within their company's management system.
- Align with the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector.

### What is Due Diligence

Due diligence is a process through which businesses can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts in relation to their own operations as well as throughout their supply chains.

### Why is the OECD Due Diligence Guidance important?

Launched in 2017, the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector sets a common framework for understanding supply chain due diligence.

- The OECD is the most authoritative international elaboration of due diligence that has been approved by 48 governments and endorsed by business, trade unions and civil society.
- It is the first government backed reference on due diligence which makes it relevant for all types of companies operating in all countries and sectors of the economy.

The OECD represents a common understanding among governments and industry stakeholders on due diligence for responsible business conduct in the garment and footwear sector.

### Why does the Higg BRM seek to align with the OECD Due Diligence guidance?

Sustainable Apparel Coalition (SAC) was founded to create a common language to measure and improve social and environmental sustainability performance across the apparel, footwear, and textile industry. In this respect there is a clear commonality between the mission of OECD and SAC.

Industry collaboration is key to the success of the SAC's mission. We consider multi-stakeholder alignment and convergence foundational to the change our industry needs to support the well-being of the planet and its communities. This is why, through the OECD's advisory council, the SAC gave feedback during the development of the Due Diligence Guidance and also explains why the Higg Brand & Retail Module intends to align with the OECD Due Diligence expectations.

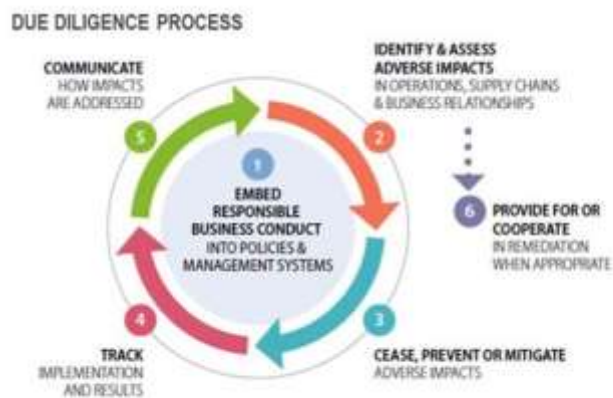
### Steps in the OECD due diligence process that are addressed in the Management System section

Step 1. **Embed Responsible Business Conduct** into policies & management systems

Step 2. **Identify & Assess** Adverse Impacts in Operations, Supply Chains

and Business Relationships. Step 4. **Track** Implementation and Results

Step 5. **Communicate** How Impacts are Addressed



#### DUE DILIGENCE:

1. Looks beyond tier 1, including to sub-contractors
2. Is risk-based (i.e. focuses on where impacts are most severe)
3. Involves workers at each stage of the process
4. Measures the effectiveness of a company's approach
5. Includes processes to provide remedy to those impacted

1. Has your company mapped its value chain operations and evaluated it from an environmental perspective? Answer options: Yes/Partial Yes/No (msenvknowthyself)

Intent of the question

It is critical for any business that wants to shape an appropriate and effective sustainability strategy, to start with getting a clear understanding and visibility on their entire value chain operations.

Comment [4]: new

To start the evaluation of a company's value chain operations (which includes owned business operations and of their supply chain) a company would need to map/list out their entities and supply chain partners on a "map". To get started with this evaluation, please use the [data collection sheet](#) to start mapping your value chain.

### Technical Guidance

In the next paragraphs we will reference proprietary business operations and supply chain as value chain operations.

**Value Chain definition :** All activities involved in the creation, sale, and servicing of products to the end customer. This includes product development, manufacturing, logistics (inbound and outbound), company operations, distribution and customer support services (example repair programs).

By listing the value chain operations on a map, it allows you to visualize and assess the sites (owned and operated by your company) and supply chain partners you are currently working with.

The benefits of value chain mapping and the visualization of it are to:

- Gain oversight and control on your value chain operations.
- Visualization helps avoid feeling overwhelmed by uncertainty or abundance of data.
- Provide clarity on what the "blind spots" are so that you can plan or better yet take actions to address them.
- Enable knowledge sharing within your company.

A company that will start to map and evaluate their value chain operations for the first time, will find that the initial phase of collecting information and engaging stakeholders will require the most time and effort.

Though you will find in the following years that it will be easier to map your value chain operations so that you can focus efforts on identifying where adverse environmental impacts are occurring and take actions to address them. Lastly, updating your value chain mapping does not necessarily have to be an annual exercise but only when certain data points (sites locations/suppliers) have been changed.

Some tips to help you get started:

- First step, map the information for your owned business operations, such as offices, retail stores (if applicable), and distribution centers by working with the colleagues who manage your facilities, logistics, retail operations, and offices, etc. We recommend starting with this information because it will be more accessible than the supply chain data (which will take more time).
- As a second step, map your supply chain. This starts with listing all of the suppliers that you have direct business relationships with and what products and services they provide to your company. A good place to start is by working with your sourcing managers, purchasing agents, facilities managers, field staff and buyers.
  - Focus on mapping the supply chain for your high-volume products. For each product, trace the flow of materials through the supply chain and include if known tier 1 (product assembly) and tier 2 (material) suppliers. Include if known:

**Your tier 1 suppliers:**

- Product assembly
- Make, cut & sew

**Your tier 2 suppliers:**

- Materials
- Part and trim suppliers
- Dyers
- Tanners
- Printers, trim

**Your Tier 3 suppliers:**

- Spinning, down processing
- Hide processing
- Plastic pellet creation
  - This will be an iterative process over time where one supplier leads you to the next set of suppliers. Suppliers may also provide data through their completed Higg Facility Environmental Module (Higg FEM) so that you can identify environmental impacts in your supply chain.

The mapping of your value chain operations should not only result in a deeper understanding of where all of your operations are taking place but must also inform and feed into your risk assessment process.

It is crucial for companies to map both their owned business operations **and** their supply chain so that you can articulate why certain priorities and/or actions have been made as part of the aforementioned process.

In the next question (on risk assessment) we will dive deeper into the risk assessment process and how it can help companies in identifying and prioritizing salient environmental risks relative to impacts.

#### **Answer options**

- If answered “yes” to this question, you can demonstrate that you have documented or mapped your value chain operations. Companies may use the template that we have provided or other materials that drives towards the same intent: which is that you know/have visibility of your owned operations and supply chain partners.
- If answered “partial yes” to this question, you may not have documented or mapped your value chain operations, but you can demonstrate that you know where your value chain operations are taking place.

#### **How this will be verified**

##### ***Documentation required***

- High-level description of your internal process to collect/gather the information.
- A list of your supply chain partners, and their locations grouped on product or purchase order level.
- A list of your proprietary (also known as owned and operated) offices, retail stores, and distribution centers.
- Any documentation (carried out within the last 2 years) that can demonstrate that your company has identified, mapped and/or evaluated your value chain operations.

##### ***Interview questions to ask:***

- Please describe how the business operations and supply chain were mapped and documented.
- Who was involved in the mapping process?
- What aspects of the business operations and supply chain were included? What was excluded?

#### **Helpful Resources**

- Please download the [data collection sheet](#) to start mapping supply chain and materials.

## **2. Does your company have an environmental risk assessment process? Answer options: Yes/No (msenvriskprocess)**

### **2.1 Which risks factors were used to identify your company's salient risks in its operations and/or supply chain?**

- Sector risk factors
- Product risk factors
- Country risk factors
- Business model risk factors
- Sourcing model risk factors
- Other

### **2.2 Were standards or resources referenced in your process to identify these salient risks, impacts, and opportunities? Select which standards or resources were referenced**

- B Corp
- Global Reporting Initiative (GRI)
- ISO 14001
- Internal assessment
- UN Global Compact Communication On Progress (COP)
- Other

2.3 Were internal and/or external experts consulted in identifying your salient environmental risks, impacts, and opportunities? Which stakeholders were consulted?

Select all that apply:

- Internal employees
- Business partners (suppliers, manufacturers, agents, wholesale companies, retailers)
- Consumers
- NGOs
- Regulators/Policy Makers/Government Bodies
- Trade Unions/Industry Groups
- Academic Institutions
- Other

2.4 Do you update your assessment of risks based on new information and/or changing circumstances? Answer: Yes/No

#### Intent of the question

Companies must formalize their environmental risk assessment process in order to explain their risk-based approach to internal and external stakeholders.

#### Technical Guidance

In the previous question, we have asked you to evaluate and map out where your operations are taking place. In this question, we ask you to take that information and feed that into your risk assessment process.

Risk assessment process describes the overall process or method where a company can:

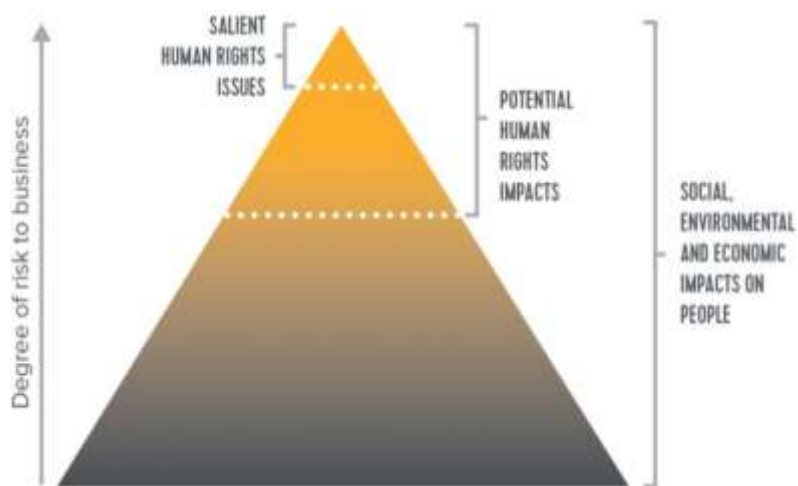
1. Identify & assess the risk of adverse environmental impacts in their operations, supply chain and business relationships that they may have caused or contributed to.
2. Analyze and evaluate how likely the risk(s) will occur and how severe the damage will be.
3. Prioritize the risks based on salience (severity of harm).
4. Determine appropriate measures to cease, prevent or mitigate the risk of adverse environmental impacts.

A few more notes on the secondary questions:

- Risk factors that increase the chance of adverse environmental impacts are **sector, product, country, business model, and sourcing model**. These factors are further explained in the supporting resource linked to above.
- A risk assessment process forms an integral part of a management system. There are various standards and initiatives that are helping and advising companies on how to assess their risks. A few of which are mentioned in this question as well as under helpful resources.



- Companies should engage and consult internal and/or external experts in the determination of salient risks as a means to ensure robustness of their process.
- Lastly, conducting a risk assessment should be a dynamic (not static) process and as such should be updated at minimum every two years or earlier when new information and/or changing circumstances.



Before answering this question, please review the guide on ["Understanding Environmental Due Diligence"](#) and ["Conducting environmental risk assessment"](#). These resources were designed to:

- Support your understanding of what a risk assessment process is.
- Equip you with resources to support your due diligence efforts and support your company's efforts to complete your Higg BRM submission.

#### How this will be verified

##### **Documentation required**

- High-level description of your environmental risk assessment process.
- The documented output of the environmental risk assessment, carried out in the last two years.  
(Note: All documentation should use credible data sources and/or should be verified by an accredited third party)
- A list of stakeholders that were consulted (including their names).
- Explanation of how this risk assessment process has led to an appropriate understanding of salient risks.

##### **Interview questions to ask:**

- Is the described method for identifying the risks and adverse impacts considered to be suitable, or is there a risk that key aspects are missing?
- Was a uniform method used to calculate the fibre volume and do the results appear to be plausible?
- Is the risk analysis inherently consistent and were the countries, product categories and business areas (textile-related) relevant to the company taken into account?
- Did the company review suppliers with a higher risk of potential and actual impacts and does it guarantee the quality of this assessment appropriately?
- Did the company assess the maturity of the suppliers' management systems and take it into consideration?
- Did the company consult external stakeholders or experts and/or obtain feedback from potential affected parties as part of the risk analysis, especially if information is missing?

#### Helpful Resources

- [OECD Due Diligence Guidance for Garment & Footwear Sector](#)
- [B Corp](#)
- [Global Reporting Initiative \(GRI\)](#)
- [SME Compass – Due Diligence Compass](#)
- [ISO 14001](#)
- [UN Global Compact Communication On Progress \(COP\)](#)

#### 3. From this risk assessment process, were salient environmental risks, impacts, and opportunities identified? Answer options: Yes/No (msenvrisks)

Environmental Risks and Impacts Dropdown: Yes/No

- Please select all that apply: *(The below risk and impact questions will automatically appear based on risks/impact selected in question #3)*
  - Animal Welfare
  - Biodiversity/Land Use/Habitat Loss
  - Deforestation
  - Energy/Fuel Use (or Fossil Fuel Depletion)
  - Greenhouse Gas (GHG) Emissions
  - Air Emissions/Air Pollution (non GHG)
  - Solid Waste
  - Hazardous Waste
  - Chemical Hazards

- Water Use/Water Scarcity
- Wastewater/Water Pollution/Eutrophication

### Intent of the question

The purpose of this question is to allow you to elaborate on the actions your company is taking to manage and measure your salient risks, impacts, and opportunities, as well as to describe how deeply in your business operations you are taking action.

### Technical Guidance

Companies are expected to prioritize and address salient risks first instead of addressing all risks at the same time. It is important to review the three resources below before continuing on to the rest of the guidance:

1. Review this 4 minute [video](#) created by the UN Guiding Principles Reporting Framework on salient human rights. Although the video focuses on human rights and not environment, the same principle can be applied for evaluating salient environmental risks.
2. If you have missed this resource on how to [conduct an environmental risk assessment](#) process from the previous question, please start by reviewing this.
3. As a subsequent step to guide users towards better understanding the 11 types of environmental risks, and to determine whether these are salient risks, please review this [overview on environmental risks](#).

### Preparing for the risk assessment

- When prioritizing environmental risks, a company should focus its attention on salience. Salience is determined based on the severity of harm that the risk poses to the environment and the likelihood of the event occurring. Under the OECD Due Diligence Guidance companies are expected to prioritize and address salient risks first instead of addressing all risks at the same time.
- As you are evaluating the likelihood and severity of risks across your value chain operations, you will find that owned business operations may represent only a fraction of the impact of your entire product supply chain. In a recent study<sup>1</sup> 70 to 90% of a company's impacts were found to be in their supply chain. This information can be used to inform how you will prioritize your actions and resources based on salience. This does not mean that the impact of owned business operations is not important, it just means that it may not be the first place where you start in comparison with the impact that you can make on mitigating / reducing the risks in the supply chain and its workers.

### Starting the risk assessment process

1. For each area of your **proprietary business operations, materials, product, packaging, and supply chain** assess whether any of the below 11 risks have a higher likelihood of occurring:

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<sup>1</sup> Source : [2018 Environmental Impact of the Global Apparel and Footwear Industries Study](#)

- Animal Welfare
  - Biodiversity/Land Use/Habitat Loss
  - Deforestation
  - Energy/Fuel Use (or Fossil Fuel Depletion)
  - Greenhouse Gas (GHG) Emissions
  - Air Emissions/Air Pollution (non GHG)
  - Solid Waste
  - Hazardous Waste
  - Chemical Hazards
  - Water Use/Water Scarcity
  - Wastewater/Water Pollution/Eutrophication
2. A good place to begin your risk assessment is with your supply chain and materials, as this is where the biggest risks and impacts occur. Keep in mind that varying product types (for instance, leather shoes vs. a polyester shirt vs. a water bottle) will have different supply chains and will each need to be evaluated separately for risks.
  3. Review the raw **materials** used to make the product you sell, starting with the highest volume materials. Include the raw materials (for example: cotton, wool, rubber, metals, etc.) that go into those materials, as well as the processes to make the materials (such as: dyeing, finishing, smelting, etc.) as that is where most of the biggest environmental risks and impacts occur. Identify and engage with the people who develop, manage, and purchase your materials. This may involve your internal staff or it may involve the companies (e.g. brands or factories) that develop and produce the products you sell. The Higg Materials Sustainability Index (Higg MSI) can be used to obtain the average environmental impact for many materials and can also be used to identify the areas that drive those impacts (such as energy, water, waste, land use, etc.) The results from the Higg MSI will provide a basic list of types of materials that drive your largest risks and impacts (energy, GHG, wastewater, etc.) Additional information on the high risk areas associated with your materials (animal welfare, deforestation, etc.) can be found in the “Helpful Resources” section of the How to Higg Guide.
  4. Review the **major processes** used to convert the materials into your final product (such as cut and sew, injection molding, heat forming, etc.) You will most likely need to work with the same internal and external people identified in the previous step. If suppliers have completed the Higg Facility Environmental Module (Higg FEM) they may be able to provide you with the impacts identified in the Higg FEM. This will provide you with your “hot spots” — the largest impacts in the manufacture of the products you sell.
  5. **Important Note:** In the above review companies should prioritize the evaluation of suppliers that are associated with more severe risks linked to their raw material production process (for example, wet-processing facilities that use more environmental resources than a cut-and-sew facility) as well as suppliers they indirectly source from through sourcing agents/vendors.
  6. Review the **logistics** for shipping your products and review the **consumer packaging and transport packaging**. Identify and work with the people who

manage and oversee inbound and outbound logistics to identify the environmental risks and impacts involved in this aspect of your operations.

7. Finally, review your **own operations**. Identify the person who manages the utility bills, manages the building, oversees maintenance, remodels, building management, and purchase orders. Work with these people to quantify the impact of your own operations and to identify where there may be environmental impacts and risks.
8. The risk assessment process is not easy or quick. In the first attempt you will most likely uncover more questions than answers. This is an indicator of progress and will provide you a preliminary understanding of the largest environmental impacts and risks. As you dig deeper into those areas, you will continue to learn more and will improve the accuracy and value of your assessment over time.

### Answer option

The expectation when answering “yes” and selecting one or more salient environmental risk(s) is that your company has identified this as a salient risk through the risk assessment process.

### Helpful Resources

- Global Fashion Agenda's Pulse of the Fashion Industry Report. In-depth reports that is tracking and measuring the state and development of sustainability in the fashion industry. The Sustainable Apparel Coalition supplied the data for the Pulse Report through the Higg Index.
  - 2017, 2018, 2019: [PULSE OF THE FASHION INDUSTRY](#)
  - 2020: [Fashion on Climate](#)
- [Measuring fashion's environmental impact report](#)
- MVO Risk Checker (a comprehensive database managed by CSR Netherlands and is particularly valuable for Small to Medium Enterprises to review)
  - <https://www.mvorisicochecker.nl/en/home> (homepage)
  - <https://www.mvorisicochecker.nl/en/start-check> (risk checker based on product/service and country of origin)
- Although materiality is different from salience, [this page can help explain what makes it different](#).
- [OECD Responsible Supply Chains in the Garment and Footwear Sector](#)
- United Nations Sustainable Development Goals:  
<http://www.undp.org/content/undp/en/home/sustainable-development-goals.html>

Comment [5]: new

**After selecting a salient risk, the following secondary questions will appear for each selected risk**

- Is your company taking steps to improve the selected risk? Answer options: Yes/No
- If answered yes, what is included in your program?
  - A corporate policy approved by your company's executive team and/or Board that underpins the commitment to the success of this program.
  - Compliance with all applicable regulations?
  - Specific minimum requirements and best practices that go above and beyond applicable regulations.

- Requirements in manufacturer contracts that requires their suppliers and subcontractors to meet the goals of the program.
  - Public disclosure including a description of your impact in this area and details pertaining to your program.
  - Other
- What value chain/business stages do these actions address?
    - Product
    - Packaging
    - Transportation
    - Offices
    - Distribution Centers
    - Retail Stores
    - Product Use & End of Use
    - Supply Chain: Agent/Trading Company/Licensees
    - Supply Chain Tier 1: Final product manufacturing and assembly (or finished goods production)
    - Supply Chain Material Converters
    - Supply Chain Tier 2: Material manufacturing (or finished materials production)
    - Supply Chain Tier 3: Raw material processing
    - Supply Chain Tier 4: Agriculture, Ranching, Forestry, and Extraction
    - Supply Chain: Chemical Suppliers (management, finished product and/or packaging compliance)
    - Other
  - Please describe your priority focus areas for the selected supply chain segments (e.g. a focus on wet processing factories in tier 2 because water pollution is a risk hotspot)
  - Describe the actions you are taking
  - Has your company measured impacts, set targets to reduce them and tracked YOY progress for its program aimed at improving the selected risk? Answer options: Yes/No
    - Which value chain/business stages do these measurements and targets cover?
    - Please describe the target(s) or upload template

#### **Intent of these questions**

The intent here is for your company to demonstrate that it has established a program for specific supply chain segments and that targets have been set to measure progress year over year.

Environmental performance improvement and risk mitigation are most effectively managed by implementing clear program(s) which have specific environmental goals to work towards, and that are enforced across the value chain. Successful implementation of such a program will lead to year-over-year progress on set goals and targets.

#### **Technical Guidance**

**Program:** intends to create a positive change in a specific area. A program provides details on the how and what will be achieved through goals, requirements, actions and accountability metrics to improve in a specific area. Policies, strategies, projects and action plans are all elements of a program.

A program should include the following key aspects:

- Scope and the business activities the program addresses.
- Priority focus areas or segments of the supply chain that are covered.
- Description of the actions taken by the company to integrate the program into its business, including in relation to identifying the individuals and groups within the organization who are responsible or must be engaged / involved in deploying the program.
- Outward actions taken by the company to address the salient risk(s).
- The actions taken by the company internally to mitigate the risk from occurring in its supply chain e.g. through the design process, through the company's purchasing practices, through the company's selection of suppliers and new markets.
- Baselines, targets, and an action plan to track year-over-year (YOY) progress for improvement.

#### Helpful Resources

- Guidance document on [setting environmental baselines and targets](#)
- We encourage you to use the baselines and targets [template](#) provided to track and upload your goals, targets, and progress. You may upload that information here in place of a text description. While we currently do not have industry alignment on common units for reporting on goals, having all companies report in a common format may help us extract themes in the long-term.

Comment [6]: new

**Lastly, as part of question 3, the following three additional questions will appear if these were selected as salient risk(s).**

[When Energy and/or Water has been selected as a salient risk for retail stores, offices and distribution centers.](#)

#### Energy

Companies will be asked to complete a table by answering the below information:

- What energy source(s) do you use in stores/offices/distribution centers?
- Answer options: Electricity (purchased), Geothermal, Hydro, Solar Photovoltaic, Wind, Natural Gas
- Do your stores/offices/distribution centers track their energy use from this source?
- Answer options: Yes/No/Unknown
- What quantity of energy was used by this source during the reporting period?
  - Enter the quantity
  - Unit of Measure
  - Dropdown box will appear with units of measurements populated e.g. kWh/MJ etc.
- Tracking Method
- Answer options: Meters/Invoices/Estimates

Comment [7]: new



- Additional comments (Free text)

### Intent of the questions

Energy production and energy use are the largest man-made sources of air pollution and greenhouse-gas (GHG) emissions. The operational, environmental, and financial impacts of energy are key issues for site operations (e.g. offices, stores and distribution centers). To understand how to improve you first need to start by measuring and tracking your energy use.

### Helpful Resource:

- [The Higg BRM's energy table has been mirrored from the Higg Facility Environmental Module \(FEM\) Energy Use section, question 1. Please review the guidance for Higg FEM – Energy section - Level 1 questions.](#)

**Comment [8]:** delete in the new version

### Water

Companies will be asked to complete a table by answering the below information:

- What water source(s) do you use in stores/offices/distribution centers?  
Answer options: Fresh Surface Water, Rainwater, Groundwater, Produced/Process Water, Municipal Water, Wastewater from another organization, Brackish surface water/seawater, Other water source
- Do your stores/offices/distribution centers track their water use from this source?  
Answer options: Yes/No/Unknown
- [What quantity of water was used from this source during the reporting period?](#)
- Unit of Measure  
Dropdown box will appear with unit of measurements populated e.g. m3/liter/gallon etc.
- Tracking Method  
Answer options: Meters/Invoices/Estimates
- Additional comments (Free text)

**Comment [9]:** new

### Intent of the questions

There is a finite amount of water on Earth, but we are demanding more and more water to sustain our population and our industry. It is important to understand *how* much water you are using, in order to take action to improve your freshwater across your sites' (offices, stores and distribution centers) operations.

### Helpful Resource

- [Review the Higg Facility Environmental Module – Water Use section - Level 1 questions WWF Water Risk Filter or WRI Aqueduct Tool](#)

[When Greenhouse Gas \(GHG\) Emissions Risk has been selected as a salient risk](#)

## Greenhouse Gas Emission

- Have you measured Scope 1, 2 and/or 3 emissions? Answer options: Yes/Partial Yes/No
  - Please enter your total Scope 1 emissions in metric tons of CO<sub>2</sub>e.
  - Please enter your total Scope 2 emissions in metric tons of CO<sub>2</sub>e.
  - Please enter your total Scope 3 emissions in metric tons of CO<sub>2</sub>e.
  - Please provide comments and/or description of your measurements, if available

### **Intent of the question**

Companies must help to prevent the worst impacts of climate change through their operations as quickly as possible. Emissions along the value chain represent a company's biggest greenhouse gas impacts.

By calculating and measuring Scope 1, 2 and 3 emissions companies can focus their efforts on finding the greatest GHG reduction opportunities.

### **Technical Guidance**

Measuring your full greenhouse gas emissions inventory – by incorporating corporate-level scope 1, scope 2, and scope 3 emissions – enables companies to understand their full value chain emissions.

The GHG Protocol categorizes emissions into three broad scopes:

- Scope 1: All direct GHG emissions.
- Scope 2: Indirect GHG emissions from consumption of purchased electricity, heat or steam.
- Scope 3: Other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc. (Source: <https://ghgprotocol.org> )



When completing your answer please report on GHG emissions in metric tons of CO<sub>2</sub>e.

#### Answer options

- If you have answered 'yes' to this question, your company (or a third party) has measured your corporate level Scope 1, 2 and/or 3 CO<sub>2</sub>e emissions.
- If you have answered 'partial yes' to this question, your company (or a third party) is currently measuring your corporate level Scope 1, 2 and/or 3 CO<sub>2</sub>e emissions.
- If you have answered 'no' to this question, your company has not measured your corporate level Scope 1,2 and/or 3 CO<sub>2</sub>e emissions yet.

#### Helpful Resource

- <https://ghgprotocol.org>
- [GHG Protocol - Training / Capacity Building](#)
- [World Economic Forum - Net Zero Challenge](#)

#### How this will be verified

##### Documentation required

- A list of any standards, industry tools, resources, or documents used to guide the identification of the salient risks, adverse impacts, and opportunities.
- Copies of documents produced in determination of salient risks, impacts, and opportunities  
Any documentation should use credible data sources and/or data that has been verified by an accredited third party.
- A list of internal and external stakeholders engaged and description of the engagement.

For each selected risk impact:

- Copies of documents related to the program — covering the components explained in the technical guidance

- A list of internal and external stakeholders engaged, as well as high level description of the engagement

**Energy:**

- Utility bills
- Mapping out business and operational processes to identify sources of energy use
- Energy management plans and/or systems

**Water:**

- Utility bills
- Mapping out business and operational processes to identify water use processes and spaces
- Water management plans and/or water resource management system

**GHG:**

- Records of sources for calculating Scope 1,2 and/or 3 GHG emissions in metric tons of CO<sub>2</sub>e in the last calendar year.
- A verified report of the calculation (e.g. reported through the Carbon Disclosure Project or other external reporting tool).

**Interview questions to ask**

- Please describe the process or methodology that led to an appropriate understanding of the salient risks, impacts, and opportunities.
- Please describe the areas of the business operations, supply chain, materials, products, and packaging included in the risk assessment
- A list of any standards, industry tools, resources, or documents used to guide the identification of the salient risks, adverse impacts, and opportunities.
- Copies of documents produced in determination of salient risks, impacts, and opportunities  
Any documentation should use credible data sources and/or data that has been verified by an accredited third party.
- A list of internal and external stakeholders engaged and description of the engagement.

For each selected risk impact (*this guidance is aligned with German Partnership for Sustainable Textiles*):

- Please describe the process for establishing the program.
- Please describe the scope and the business activities that are covered, as well as the actions that you are taking to mitigate or improve on the risk(s) through this program.
- Please explain the internal responsibilities and engagement (for example via an organizational chart or job descriptions).
- Please describe the process for establishing baselines and targets, and explain how your organization is tracking progress.
- Explanation of the methodology or the process of how these targets were selected to address the salient risk(s) identified earlier in this assessment.
- Relevant staff understands and can explain the methodology for calculating Scope 1, 2 and/or 3 GHG emissions in metric tons of CO<sub>2</sub>e.
- Results of the risk assessment:
  - Do the results of the risk analysis coincide with common insights, reports and indices on the production countries, product categories, and the business and purchasing model relevant for the company?

- Is the content of the internal and external risk description basically the same and are targets and measures from the published content plausible?
- Is the estimated likelihood of occurrence (based on the assumed effectiveness of the existing mitigation measures and information on specific impacts or on the local context) coherent?
- Is the estimated severity (based on scale, scope and irremediable character) coherent?
- Risk Prioritization:
  - Is the justification that certain sector risks cannot be dealt with through targets ('explain') convincing?
  - Is the focus of Prioritization that has been set (and hence the targets that have been defined based on it) on certain countries/supply chain tiers/suppliers/materials coherent in view of the likelihood of occurrence and severity?
- Are targets and measures:
  - ...appropriate to address the severity of the risk and likelihood of its occurrence?
  - ...more comprehensive in high-risk contexts than in low-risk contexts?
  - ...appropriate to the nature of the risk?
  - ...appropriate to the size and business model of the company
  - ...based on existing good practices or best available techniques?
  - ...based on the knowledge of local stakeholders and external experts, insofar as the risk requires it?

**4. Has your company's environmental strategy been reviewed and approved by your senior management/executive team? (Yes/No)**

4.1 Has your company stipulated the expectations of personnel, business partners, and other parties who are responsible for executing the strategy? (Yes/No)

4.2 Has your company's environmental strategy been communicated internally to all personnel? (Yes/No)

4.3 Has your company written operational policies and procedures for implementing the strategy? (Yes/No)

Comment [10]: new

**Intent of the question**

This question is intended to confirm that the company has a process in place to advance and implement their environmental strategy. The aforementioned process is reflected in the embedded policies and procedures within the organization.

**Technical Guidance**

A company commitment may be a policy, a strategy, a strategic plan, or any other form of a written commitment to environmental improvement.

The steps required to demonstrate that advancing environmental sustainability is a core focus in your business strategy:

- Stakeholders have been consulted to identify the salient risk(s), impact(s), and opportunities.
- Company's environmental strategy is approved by the company's senior management / executive team.
- A process is in place to implement and adjust the strategy based on new information and/or changing circumstances.
- The implementation of the strategy is reflected in the company's policies and procedures.
- The roles and responsibilities for personnel and business partners to implement the strategy are clearly specified within the company's policies and procedures and communicated to the relevant parties.
- Company's environmental strategy has been communicated internally to all personnel.

A brief explanation on each step:

**1) *Stakeholders were consulted to confirm the salient risk(s), impact(s), and opportunities for your company***

To increase the robustness of the risk assessment process, companies are encouraged to build engagement with the people, businesses, and organizations that are affected by the actions and activities of the company. It is beneficial for your company to engage with these stakeholders (which may include governments, NGOs, and community members) in order to more deeply integrate environmental improvement into your local and global context. Consulting stakeholders complements (but does not replace) existing internal processes, and increases the level of transparency.

## ***2) Company's environmental strategy is approved by the company's senior management / executive team***

A formal commitment from the leadership is necessary to demonstrate that environmental sustainability is a core focus in your business strategy. This company commitment may be visible in the form of a policy, a strategy, a strategic plan, or any other form of a written commitment to environmental improvement.

Making significant changes to your business operations, supply chain, products, materials, and packaging can take many years. Leadership's adoption of short-, medium-, and long-term targets helps ensure organizational alignment and focus, and increases the likelihood that business decisions align with the efforts to reduce environmental impacts.

How to develop a policy? The German Partnership for Sustainable Textiles has developed this helpful resource on ["Developing and implementing your own policy"](#)

## ***3) A process is in place to implement and adjust the strategy based on new information and/or changing circumstances***

As situations and conditions in the value chain continuously evolve and change, so should the company's commitment and strategy be adapted based on new information and/or the changing circumstances that are raised to the organization by stakeholders. The due diligence process should be on-going, proactive and reactive and applied with flexibility — without leading to a "tick the box" approach.

For example:

- i. The circumstances in which the company is operating can shift, for example due to changes in relevant environmental laws, increases in migrant labor, shifts in the political landscape, etc.
- ii. A company may enter into a new market or environment.
- iii. A company may receive information on an existing product or additional context that it did not have previously. This new information should be weighed and considered as the company moves forward.

## ***4) The implementation of the strategy is reflected in the company's policies and procedures***

Embedding policies and procedures is important for ensuring that your organization will use time and resources more efficiently towards achieving your goals as an organization. This practice also provides clear guidance to both management and personnel in order to streamline internal processes, clarify roles and responsibilities, and support consistent decision-making.

**5) *The roles and responsibilities for personnel and business partners to implement the strategy are clearly specified within the company's policies and procedures and communicated to the relevant parties***

Setting clear expectations for personnel and business partners is crucial so they know what they are responsible for, what's expected of them, and what support they can expect from their supervisors, co-workers, or customers. Providing the aforementioned information enables these key stakeholders to execute their work with confidence and excellence towards achieving the organizational goals as articulated in the environmental strategy.

**6) *Company's environmental strategy has been communicated internally to all personnel***

The company's environmental strategy and regular updates on the progress should be shared with *all* personnel — not merely those directly responsible for implementing the environmental strategy within the company.

In doing this, the company ensures all employees are aligned with the organizational goals the strategy is seeking to achieve. Furthermore, it provides an opportunity for all employees to contribute to these efforts by sharing ideas and/or identifying improvement opportunities — even if they are not directly responsible for the implementation of the strategy.

Answer options

- If answered “yes to this question, you can demonstrate that you have a company commitment through either a policy, strategy, strategic plan, or any other form of a written commitment to environmental improvement.
- If answered “partial yes” to this question, you may not have a written commitment, but you can demonstrate that you have taken actions to advance environmental improvement.

**Helpful Resources**



A company-wide environmental strategy provides an opportunity to strengthen your company's business resilience. Having a strategy will enable you to better respond to volatility in the markets related to the supply chain workforce by keeping your company attuned to their environment and agile in your ability to respond. More information can be reviewed through the below industry reports.

- [McKinsey x BoF : State of Fashion – 2020 report](#)
- [Outdoor Industry Association – 2020 Forecasting Report](#)
- [World Economic Forum : Why all companies should be sustainable](#)
- [World Economic Forum : How should corporate boards respond to climate change?](#)
- [Harvard Business Review : How to Make Sustainability Every Employee's Responsibility](#)

**Comment [11]:** delete in new version

## How this will be verified

### **Documentation required**

Companies should have one or more of the following:

- Company's environmental sustainability strategy or commitment thereof from the leadership (senior management/executive team).
- Relevant policies and procedures to implement the strategy.
- Description of the process for updating the strategy based on new information and/or changing circumstances.
- Organizational chart.
- Formal inclusion of sustainability-related functions into the organization and/or individual job descriptions.
- Relevant communication on the environmental strategy that has been shared with all personnel (e.g. through email, public URL or posting on the company's intranet)
- Supporting documentation of stakeholder consultation
  - List of stakeholders that were consulted (including their names).
  - Output / input from stakeholder consultation.
  - Event photos or videos of this stakeholder consultation.
  - Examples of how the strategy has been adjusted based on the stakeholder engagement process.
- If no written commitment can be provided, please share any evidence or materials that can demonstrate that the actions you have taken, have resulted in environmental improvements.

### **Interview questions to ask :**

- Management can clearly articulate the environmental strategy or commitment and how it is integrated into the organization and across the value chain.
- Key employees, responsible for implementing the environmental strategy and program, can demonstrate that they understand and are able to explain their roles.
- Consulted stakeholders understand how their input has been used in the company's environmental sustainability strategy.

**5. Are one or more employees at your company responsible for its environmental management activities?** Answer options: Yes/No (msenvemployees)

5.1 [How do you ensure employees have the technical competence required to do their job?](#)

### **Intent of the question**

This question is intended to confirm who in your company is responsible for advancing environmental sustainability across your value chain operations. The first step to demonstrate that environmental sustainability is a core focus in your business strategy is to have dedicated staff responsible for this within your company.

### Technical Guidance

To answer 'yes' to this question, companies should have at least 1 member of staff with sustainability goals embedded into one or more of the following:

- Companies should have clearly defined roles and responsibilities for any staff assigned to coordinating environmental sustainability activities at the company.
- An organizational chart and clear job description is important in keeping employees accountable to their roles.
- These employees must deal directly with senior management and have defined roles for that purpose.
- The roles could be either required in their job description or accountabilities or designated by relevant system documents to oversee or coordinate.
- The time spent on the salient risk (as identified earlier in this assessment) and the business area (proprietary business operations and supply chain) for these employees should be known and specified as part of their job description.
- Employees are resourced, through access to a budget, to hire external expertise and/or engage in training to build capacity and competence to effectively carry out their responsibilities.

### How this will be verified

#### **Documentation required**

Companies should have one or more of the following:

- Organization chart
- Formal job description or title
- The qualifications of responsible staff
- Formal inclusion of sustainability-related functions into select job descriptions
- Regularly updated training for relevant staff on the expectations within their role
- Evidence of training and capacity building delivered to the relevant staff
- Evidence of internal tools or protocols that include sustainability criteria as part of business-as-usual job functions
- Access to industry publications, events, conferences, news, and research to stay up-to-date on sustainability issues in the industry

#### **Interview questions to ask:**

- Management can clearly articulate the roles and responsibilities of those responsible for coordinating activities around environmental sustainability
- Key employees, responsible for coordinating environmental sustainability activities, can demonstrate that they understand and are able to explain their roles
- Interviews with selected staff to understand how well sustainability goals are embedded within their role, whether there are any tensions with other goals such as commercial targets, and how well-resourced or experienced they are in carrying out their responsibilities.

Comment [12]: new

**6. Is employee accountability tied to goals in your company's environmental sustainability approach or strategy?** Answer options: Yes/No (msenvemployeelevels)

**6.1 What is the highest level at which employee accountability is tied to goals in your company's environmental sustainability approach or strategy?**

- Corporate Social Responsibility team
- Human Resources
- Executive Team
- Board of Directors

**Intent of the question**

This question is intended to evaluate the level of integration of environmental sustainability practices within the company. Accountability in the workplace is linked to higher performance, increases in commitment to work, and employee morale.

Examples from companies that have included sustainability as part of their governance structure:

- [Fenix Outdoor](#) - pages 4 and 6
- [Gap Inc - Ensuring Strong Governance](#)
- [Unilever - our sustainability governance](#)

**How this will be verified**

***Documentation required***

To answer 'yes' to this question, your company should have one or more of the following:

- A brief description identifying who is accountable for your company's environmental sustainability strategy/approach and their role as part of integrating environmental sustainability within the organization.
- Formal inclusion of environmental sustainability-related goals into job description, key performance indicators annual performance targets and review
- Evidence that supports accountability for environmental sustainability within individuals and/or teams (This can include organization charts, employee bios).
- If your company has already answered and published this material in another external document such as a sustainability report, annual report etc. provide the document, link to where it is posted and identify the page number.

**7. Does your company promote the environmental well-being of the communities in which it operates?** Answer options: Yes/No (msenvcommunity)

**7.1 Please indicate how (checkbox)**

- Incentivize company employees to engage in local environmental service projects and/or investment initiatives
- Give charitable contributions to environmental programs
- Share our innovations, tools or solutions with the wider industry
- Engage stakeholders (e.g., NGOs, academia, business partners, communities) to understand and address local environmental issues together
- Engage stakeholders (e.g., NGOs, academia, business partners, communities) to understand and address industry-wide environmental issues together

- Engage with local or national governments on environmental regulation or management issues
- Other

### Intent of the question

This question is intended to encourage companies to:

1. Drive positive environmental change in the communities in which it operates, through either: high-impact, employee-led volunteering programs or through giving contributions to relevant charities
2. Engage and collaborate with the wider industry on relevant local or industry-wide environmental issues. This type of engagement and cross-collaboration is crucial to drive change and to address contextual risks and challenges. Contributions to shared solutions by brands, retailers and manufacturers can: add credibility or influence to processes, provide resources to facilitate action, or directly contribute to the knowledge and best practices available in that location.

### Technical Guidance:

In this part of the guidance, we will provide a brief explanation for each of the answer options that could be selected as part of this question:

Incentivize company employees: Corporate volunteering is when a business creates volunteer experiences for their staff to work outside the office and give back to communities. Employee volunteering programs can allow workers to feel that the work they do is not only contributing to the overall success of the company, but that it is also helping out a charitable cause that is important to them.

Giving charitable contributions to environmental programs and organizations: Charitable contributions (either in time or money) are one way that companies, owners, and employees can give back to the community. Choose an organization that matches the environmental goals and values your company has set.

Note: Charity Navigator is the largest charity evaluator in the U.S. The organization helps guide intelligent giving by evaluating the Financial Health, Accountability, and Transparency of over 9,000 charities and provides basic data on the rest of the 1.8 million U.S. nonprofits.

<https://www.charitynavigator.org>

At the time of writing this guidance, no European equivalent to Charity Navigator was found.

Examples of organizations with environmental programs that accept charitable contributions: [Clean Up The World](#), [Earth Guardians](#) and [ClientEarth](#).

Comment [13]: delete in new version

Share innovations, tools, or solutions with the wider industry: Research and development is an important means of bringing new solutions to market and helping to contribute to a larger shift in the industry. In particular, Small and Medium- sized Enterprises (SMEs) are encouraged to take part in multi-stakeholder initiatives that drive collective impact to bring programs to scale.

Below are some examples of initiatives that companies can participate in:

- Sharing innovations or tools that contribute to addressing an industry-wide challenge.
- Investing in pilots and case studies that bring more environmentally preferred materials to market at scale. One example of this is H&M Foundation x HKRITA collaboration
- Contributing financial resources to research, or to innovation funds. Or partnering with innovation institutions or organizations to address key industry-wide issues such as pesticide or chemical exposure to workers and local communities
- Actively engaging and collaborating with producers, technical organizations, communities, NGOs, and/or governments to develop, test, and share information, knowledge, and best practices that accelerate the adoption and development of sustainable production practices of materials and products

Comment [14]: new

Engage stakeholders to address local and/or industry-wide environmental issues together:

Example of initiatives:

- Microfibers
- Policy Hub
- Science Based Targets Initiative

Engage with local or national governments on environmental regulation or management issues:

Context driven engagement, particularly with communities or governments, should be carried out with some clear 'safety' mechanisms and support measures in place. In particular, it will be important to work with credible and neutral brokers in order to avoid undue influence, inequitable resource allocation, or policy capture<sup>2</sup>.

***Resources from the World Wildlife Fund (WWF) on local or national government engagement:***

- Guidance on collective action and policy engagement for textiles: <http://panda.org/textilesbeyondthefence>
- Guidance on water stewardship and how to engage with collective action and policy/governance [http://www.panda.org/our\\_work/water/water\\_management/](http://www.panda.org/our_work/water/water_management/)
- Detailed guidelines on collective water risk mitigation solutions and identifying potential projects:
  - <http://waterfilter.panda.org/en/Mitigation>
  - <https://wateractionhub.org/>
  - <https://ceowatermandate.org/toolbox/>
- Landscape level investments and improvements: <http://www.landscapefinancelab.org>
- Climate policy engagement:
  - [http://www.wwf.eu/what\\_we\\_do/climate/](http://www.wwf.eu/what_we_do/climate/)
  - [http://www.panda.org/our\\_work/climate\\_and\\_energy/](http://www.panda.org/our_work/climate_and_energy/)
  - <https://www.wemeanbusinesscoalition.org/>
- Key global governance platforms to engage on policy:

Comment [15]: delete in new version

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<sup>2</sup> Policy Capture when public decisions over policies are consistently or repeatedly directed away from the public interest towards a specific interest, this can exacerbate inequalities and undermine democratic values, economic growth and trust in government. [Source](#)

- [http://wwf.panda.org/our\\_work/governance/](http://wwf.panda.org/our_work/governance/)
- <https://sustainabledevelopment.un.org/sdgs>
- [http://wwf.panda.org/our\\_work/water/river\\_basin\\_governance/](http://wwf.panda.org/our_work/water/river_basin_governance/)

**Important Note:** The above is not an exhaustive list of initiatives. There are many other opportunities and organizations that companies can reach out to.

Comment [17]: new

## Helpful Resources

Please review the helpful resources under technical guidance.

## How this will be verified

### ***Documentation required***

To answer 'yes' to this question, your company can provide one or more of the following:

- Provide a description related to any item you have checked
- Include internal and/or external information documentation or promotional material for every item checked
- Documentation of events, best practices, training materials, or datasets provided by your organization (with information on who they were provided to, and the outcomes of that provision — including which actors have access to them)
- Evidence of funding, research, or other supported activities carried out in collaboration with other stakeholders
- Evidence of governance or multi-stakeholder processes undertaken — with documentation of the aims, processes, and safeguards put in place, and the outcome of those engagements.

## 8. Does your company publicly share information about its environmental risk management?

Answer options: Yes/No (msenvpublic)

### 8.1 What is shared? (Checkbox)

- Background information describing your company's risks, impacts, and opportunities
- Due diligence management system
- Strategies and action plans for addressing your risks, impacts, and opportunities
- Policies and procedures
- Progress, remediation, and improvements made
- Metrics and key performance indicators
- Stakeholder engagement approach
- Government policy engagement efforts and outcomes
- Other (If Other, please describe)

### 8.2 How are you sharing this information? (Checkbox)

- Our company follows internationally recognized standards (e.g., UNGP, GRI, etc.)
- Our company publishes this information at least annually
- Our company has our information externally reviewed or verified by a qualified verification body.
- Other (If Other, please describe)

### 8.3 If applicable, please provide the relevant URLs

#### Intent of the question

It is important for companies to provide internal and external stakeholders with visibility to their sustainability efforts for a variety of reasons. Firstly, it fosters transparency and provides a way for employees, business partners, and customers who are interested to understand what companies are doing to advance sustainability within their organization. Secondly, it promotes accountability among companies, since it provides stakeholders with an opportunity to monitor your efforts.

#### Technical Guidance

This information, shared with internal and external stakeholders, can be communicated through: position papers where relevant, the company's corporate website, sustainability reports, Corporate Social Responsibility reports, Integrated reports, or an equivalent thereof. Examples of internationally recognized standards are: Global Reporting Initiative (GRI) and AA1000.

A qualified verifier or verification body must have been approved or licensed by the relevant standards organization to carry out the verification on behalf of their initiative. If in doubt as to whether the verification body is qualified, please contact the respective standards organization.

#### Helpful Resources

- Ernst & Young - [Value of Sustainability Reporting](#)

- [Global Reporting Initiative – Sustainability Information Important to Investors and Analysts](#)
- [Unilever Our Approach to Reporting](#)

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#### How this will be verified

##### ***Documentation required***

- High-level, publicly-shared, description of the internal process to consolidate and gather information about its environmental risk management
- The information has been shared with internal and external stakeholders through public URLs or other means



## MANAGEMENT SYSTEM (SOCIAL & LABOR)

### Introduction

The section has been designed to:

- Support companies in embedding social/human rights within their company's management system.
- Align with the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector.

### What is Due Diligence

Due diligence is a process through which businesses can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts in relation to their own operations as well as throughout their supply chains.

### Why is the OECD Due Diligence Guidance important?

Launched in 2017, the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector sets a common framework for understanding supply chain due diligence.

- The OECD is the most authoritative international elaboration of due diligence that has been approved by 48 governments and endorsed by business, trade unions and civil society.
- It is the first government backed reference on due diligence which makes it relevant for all types of companies operating in all countries and sectors of the economy.

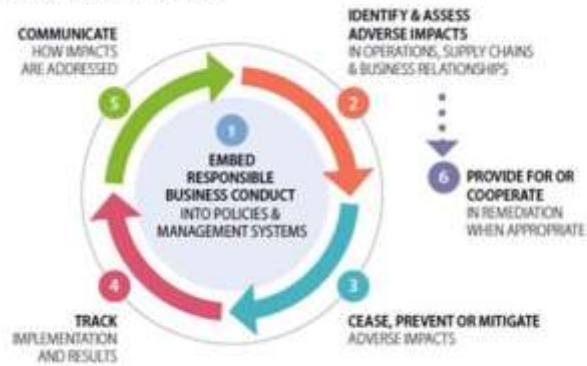
The OECD represents a common understanding among governments and industry stakeholders on due diligence for responsible business conduct in the garment and footwear sector.

### Why does the Higg BRM seek to align with the OECD Due Diligence guidance?

Sustainable Apparel Coalition (SAC) was founded to create a common language to measure and improve social and environmental sustainability performance across the apparel, footwear, and textile industry. In this respect there is a clear commonality between the mission of OECD and SAC.

Industry collaboration is key to the success of the SAC's mission. We consider multi-stakeholder alignment and convergence foundational to the change our industry needs to support the well-being of the planet and its communities. This is why, through the OECD's advisory council, the SAC gave feedback during the development of the Due Diligence Guidance and also explains why the Higg Brand & Retail Module intends to align with the OECD Due Diligence expectations.

## DUE DILIGENCE PROCESS



## DUE DILIGENCE:

1. Looks **beyond tier 1**, including to sub-contractors
2. Is **risk-based** (i.e. focuses on where impacts are most severe)
3. Involves **workers** at each stage of the process
4. Measures the effectiveness of a company's approach
5. Includes processes to **provide remedy** to those impacted

## Steps in the OECD due diligence process that are addressed in the Management System section

- Step 1. **Embed Responsible Business Conduct** into policies & management systems
- Step 2. **Identify & Assess** Adverse Impacts in Operations, Supply Chains and Business Relationships.
- Step 4. **Track** Implementation and Results
- Step 5. **Communicate** How Impacts are Addressed

1 Has your company mapped its value chain operations and evaluated it from a Social & Labour perspective?

Answer option: Yes/Partial Yes/No

(msslknowthyself)

Comment [19]: new

### Intent of the question

It is critical for any business that wants to shape an appropriate and effective social/human rights strategy, to start with getting a clear understanding and visibility on their entire value chain operations.

Comment [20]: new

To start the evaluation of a company's value chain operations (which includes owned business operations and of their supply chain) a company would need to map/list out their entities and supply chain partners on a "map". To get started with this evaluation, please use the [data collection sheet](#) to start mapping your value chain.

### Technical Guidance

In the next paragraphs we will reference proprietary business operations and supply chain as value chain operations.

Value Chain definition : All activities involved in the creation, sale, and servicing of products to the end customer. This includes product development, manufacturing, logistics (inbound and outbound), company operations, distribution and customer support services (example repair programs).

By listing the value chain operations on a map, it allows you to visualize and assess the sites (owned and operated by your company) and supply chain partners you are currently working with.

The benefits of value chain mapping and the visualization of it are to:

- Gain oversight and control on your value chain operations.
- Visualization helps avoid feeling overwhelmed by uncertainty or abundance of data.
- Provide clarity on what the "blind spots" are so that you can plan or better yet take actions to address them.
- Enable knowledge sharing within your company.

A company that will start to map and evaluate their value chain operations for the first time, will find that the initial phase of collecting information and engaging stakeholders will require the most time and effort.

Though you will find in the following years that it will be easier to map your value chain operations so that you can focus efforts on identifying where adverse social/human rights impacts are occurring and take actions to address them. Lastly, updating your value chain mapping does not necessarily have to be an annual exercise but only when certain data points (sites locations/suppliers) have been changed.

Comment [21]: new

Some tips to help you get started:

- First step, map the information for your owned business operations, such as offices, retail stores (if applicable), and distribution centers by working with the colleagues who manage your facilities, logistics, retail operations, and offices, etc. We recommend starting with this information because it will be more accessible than the data related to the workers in your value chain, which will require support from external parties such as consultants or local NGOs or trade unions to obtain.
- As a second step, map your supply chain by listing all of the suppliers that you have direct business relationships with and what products and services they provide to your company. A good place to start is by working with your sourcing managers, purchasing agents, facilities managers, field staff and buyers.
- Focus on mapping the supply chain for your high-volume products. For each product, trace the flow of materials through the supply chain and include, if known, tier 1 (product assembly) and tier 2 (material) suppliers. Include if known:

Comment [22]: new

**Your tier 1 suppliers:**

- Product assembly
- Make, cut & sew

**Your tier 2 suppliers:**

- Materials
- Part and trim suppliers
- Dyers
- Tanners
- Printers, trim

**Your Tier 3 suppliers:**

- Spinning, down processing
- Hide processing
- Plastic pellet creation
- This will be an iterative process where one supplier leads you to the next set of suppliers. Suppliers may also provide data through their completed Higg Facility Social & Labor Module (Higg FSLM).

The mapping of your value chain operations should not only result in a deeper understanding of where all of your operations are taking place but must also inform and feed into your risk assessment process. It is crucial for companies to map both their owned business operations **and** their supply chain so that you can articulate why certain priorities and/or actions have been made as part of the aforementioned process.

Answer options

- If answered yes to this question, you can demonstrate that you have documented or mapped your value chain operations. Companies may use the template that we have

provided or other materials that drives towards the same intent: which is that you know/have visibility of your owned operations and supply chain partners.

### Helpful Resources

- Link to the [data collection sheet](#) for business operations and materials.

### How this will be verified

#### **Documentation required**

- High-level description of your internal process to collect/gather the information.
- A list of your supply chain partners, and their locations grouped on product or purchase order level.
- A list of your proprietary (also known as owned and operated) offices, retail stores, and distribution centers.
- Any documentation (carried out within the last 2 years) that can demonstrate that your company has identified, mapped and/or evaluated your value chain operations.

#### **Interview questions to ask:**

- Please describe how the business operations and supply chain were mapped and inventoried.
- Who was involved in the mapping process?
- What aspects of the business operations and supply chain were included? What was excluded?

## 2. Does your company have a social/human rights risk assessment process? Answer options:

Yes/No (msslriskprocess)

### 2.1 Which risk factors were used to identify your company's salient risks in its operations and/or supply chain?

- Sector risk factors
- Product risk factors
- Country risk factors
- Business model risk factors
- Sourcing model risk factors
- Other (If Other, please describe)

### 2.1 Were standards or resources referenced in your process to identify these salient risks, impacts, and opportunities? Select which standards or resources were referenced

- Global Reporting Initiative (GRI)
- ILO Core Conventions
- OECD Due Diligence Guidance
- SA8000
- UN Global Compact COP
- UN Guiding Principles on Business and Human Rights
- UNGP Reporting Framework
- Your company's own program or other internal resources
- Other (If other, please describe)

2.2 Were internal and/or external experts consulted in identifying your salient social/human rights risks, impacts, and opportunities? Which stakeholders were consulted? Select all that apply

- Internal employees
- Business partners (suppliers, manufacturers, agents, wholesale companies, retailers)
- Consumers
- NGOs
- Regulators/Policy Makers/Government Bodies
- Trade Unions/Industry Groups
- Academic Institutions
- Other (If other, please describe)

2.3 Do you update your assessment of risks based on new information and/or changing circumstances? Dropdown: Yes/No

#### Intent of the question

Companies must formalize their social/human rights risk assessment process in order to explain their risk-based approach to internal and external stakeholders.

#### Technical Guidance

In the previous question, we have asked you to evaluate and map out where your operations are taking place. In this question, we ask you to take that information and feed that into your risk assessment process.

Risk assessment process describes the overall process or method where a company can:

1. Identify & assess the risk of adverse social/human rights impacts in their operations, supply chain and business relationships that they may have caused or contributed to.
2. Analyze and evaluate how likely the risk(s) will occur and how severe the harm/damage will be.
3. Prioritize the risks based on salience (severity of harm).
4. Determine appropriate measures to cease, prevent or mitigate the risk of adverse social/human rights.

A few notes on the secondary questions:

- Risk factors that increase the chance of adverse social/human rights impacts are **sector, product, country, business model, and sourcing model**. These factors are further explained in the supporting resource linked to above.
- A risk assessment process forms an integral part of a management system. There are various standards and initiatives that are helping and advising companies on how to assess their risks. A few of which are mentioned in this question as well as under helpful resources.
- Companies should engage and consult internal and/or external experts in the determination of salient risks as a means to ensure robustness of their process.
- Lastly, conducting a risk assessment should be a dynamic (not static) process and as such should be updated at minimum every two years or earlier when new information and/or changing circumstances.

#### Definitions:

**Risk** - under the OECD Due Diligence Guidance and the UN Guiding Principles on Business



Before answering this question, please first review these two guides: "[Understanding Human Rights Due Diligence](#)" and "[Conducting Human Rights Risk Assessment](#)". These resources were designed to:

- Support your understanding of what Human Rights Due Diligence is (building on an internationally recognized framework) and where all of the above mentioned 8 steps are explained in detail.
- Equip you with resources to support your due diligence efforts and support your company's efforts to complete your Higg BRM submission.

### Helpful Resources

- [OECD Responsible Supply Chains in the Garment and Footwear Sector](#)
- [SME Compass](#)
- [United Nations Guiding Principles on Business and Human Rights](#)

### Company examples:

- [Fast Retailing - Human Rights](#)
- [Tesco - Our approach to human rights](#)

Comment [23]: delete in new version

### How this will be verified

#### Documentation required

If you have answered 'yes' to this question:

- High-level description of your social/human rights risk assessment process.
- Documented output of the social/human rights risk assessment, carried out in the last two years. (Note: All documentation should use credible data sources and/or should be verified by an accredited third party)
- A list of stakeholders that were consulted (including their names).
- Explanation of how this risk assessment process has led to an appropriate understanding of salient risks.

Comment [24]: new

#### Interview questions to ask

- Is the described method for identifying the risks and adverse impacts considered to be suitable, or is there a risk that key aspects are missing?
- Was a uniform method used to calculate the fibre volume and do the results appear to be plausible?
- Is the risk analysis inherently consistent and were the countries, product categories and business areas (textile-related) relevant to the company taken into account?
- Did the company review suppliers with a higher risk of potential and actual impacts and does it guarantee the quality of this assessment appropriately?
- Did the company assess the maturity of the suppliers' management systems and take it into consideration?
- Did the company consult external stakeholders or experts and/or obtain feedback from potential affected parties as part of the risk analysis, especially if information is missing?

### 3. From this process, were salient social/human rights risks, impacts, and opportunities identified? Answer options: Yes/No (msslrisks)

Social Risks and Impacts Dropdown Answer options: Yes/No



- Please select all that apply: *(The below risk and impact questions will automatically appear based on risks/impact selected in question #3)*

- Forced Labour and Human Trafficking
- Child Labor
- Wages and Benefits
- Working Hours
- Freedom of Association and Collective Bargaining
- Health and Safety
- Access to Water and Sanitation
- Decent Work
- Discrimination, Harassment and Abuse
- Sexual Harassment and Gender-Based Violence
- Bribery and Corruption
- Right to Health
- Right to Privacy
- Right to Security of the Person
- Minorities' and Communities' Rights
- Land Rights
- None of the above

Comment [25]: new

### Intent of the question

The purpose of this question is to allow you to elaborate on the actions your company is taking to manage and measure your salient risks, impacts, and opportunities, as well as to describe how deeply in your business operations you are taking action.

### Technical Guidance

It is important to review the three resources below before continuing on to the rest of the guidance:

- Review this 4 minute [video](#) created by the UN Guiding Principles Reporting Framework on salient human rights.
- If you have missed this detailed guidance on how your company can conduct a [human rights risk assessment](#) (aligned with the 8 steps of the UN Guiding Principles), please start by reviewing this.
- As a subsequent step, [this overview](#) aims to explain the 16 types of social / human rights risks, to help companies determine whether these are salient risks.

### Preparing for the risk assessment

When prioritizing human rights risks a company should focus its attention on salience. Salience is determined based on the severity of harm that the risk poses to people and the likelihood of the event occurring. Under the UN Guiding Principles companies are expected to prioritize and address salient risks first instead of addressing all risks at the same time.

## Starting the risk assessment process

1. For each area of your **proprietary business operations, materials, product, packaging, and supply chain** assess whether any of the below 16 risks have a higher likelihood of occurring:

- Forced Labour and Human Trafficking
- Child Labor
- Wages and Benefits
- Working Hours
- Freedom of Association and Collective Bargaining
- Health and Safety
- Access to Water and Sanitation
- Decent Work
- Discrimination, Harassment and Abuse
- Sexual Harassment and Gender-Based Violence
- Bribery and Corruption
- Right to Health
- Right to Privacy
- Right to Security of the Person
- Minorities' and Communities' Rights
- Land Rights

Comment [26]: new

2. Review the **major processes** and the stage of the supply chain used to manufacture the raw materials into your final product (things like cut and sew, injection molding, heat forming, etc.) You will most likely need to work with your sourcing managers, purchasing agents, facilities managers, field staff and buyers. If suppliers have completed the Higg Facility Social & Labor Module (Higg FSLM) they may be able to provide you with the risks identified in the Higg FSLM. This will provide you with your 'hot spots' in identifying the salient social and human rights risks in the manufacturing of the products you sell.

**Important Note:** In the above review companies should include the evaluation of direct as well as indirect suppliers (through the use of sourcing agents) as well as their geographical location.

- Review the **operations and logistics** for the storage and shipment of your products. Identify and work with the people who manage and oversee inbound and outbound logistics through the distribution centers to identify the social/human rights risks and impacts.
- Finally, review your **owned operations**. Identify the person who manages the human resources for offices and/or stores. Work with these people to quantify the impact of your own operations and to identify where there may be social/human rights impacts and risks.

The risk assessment process is not easy or quick. In the first attempt you will most likely uncover more questions than answers. This is an indicator of progress and will provide you a preliminary understanding of the salient social/human rights impacts and risks. As you dig deeper into those areas, you will continue to learn more and will improve the accuracy and value of your assessment over time.

#### Answer option

The expectation when answering “yes” and selecting one or more salient social/human right risk(s) is that your company has:

- Identified this as a salient risk through the risk assessment process.
- Taken actions to address this salient risk.
- Implemented a program to reduce this risk. The following components should be included within this program:
  - the scope and the business activities it addresses.
  - the priority focus areas covered.
  - the actions you are taking to improve on the risk.

Comment [27]: new

#### **Helpful Resources**

- MVO Risk Checker (a comprehensive database managed by CSR Netherlands and is particularly worthwhile for Small to Medium Enterprise to review)
- <https://www.mvorisicochecker.nl/en/home> (homepage)
- <https://www.mvorisicochecker.nl/en/start-check> (risk checker based on product/service and country of origin)
- German Partnership for Sustainable Textiles: Identifying and prioritising risks
- OECD Responsible Supply Chains in the Garment and Footwear Sector
- Pulse of the Fashion Industry - Report. The Global Fashion Agenda and The Boston Consulting Group have published an in-depth report assessing the industry's performance in all sustainability-related issues. The Sustainable Apparel Coalition supplied the data for the Pulse Report through its Higg Index.
  - 2017, 2018, 2019: PULSE OF THE FASHION INDUSTRY
- United Nations Sustainable Development Goals:  
<http://www.undp.org/content/undp/en/home/sustainable-development-goals.html>
- WBCSD - The Human Rights Opportunities
- World Economic Forum - The Global Risks Report:  
[http://www3.weforum.org/docs/WEF\\_GRR18\\_Report.pdf](http://www3.weforum.org/docs/WEF_GRR18_Report.pdf)

Comment [28]: new

Comment [29]: delete in new version

***After selecting a salient risk, the following secondary questions will appear for each selected risk:***

- Has your company established a program aimed at addressing the selected risk? Answer options: Yes/No
- If answered yes, what is included in your program?
  - A corporate policy approved by your company's executive team and/or Board that underpins the commitment to the success of this program.
  - Compliance with all applicable regulations?
  - Specific minimum requirements and best practices that go above and beyond applicable regulations.
  - Requirements in manufacturer contracts that requires their suppliers and subcontractors to meet the goals of the program.
  - Public disclosure including a description of your impact in this area and details pertaining to your program.
  - None of the above.
- What value chain/business stages do these actions address?
  - Product
  - Packaging
  - Transportation
  - Offices
  - Distribution Centers
  - Retail Stores
  - Product Use & End of Use
  - Supply Chain: Agent/Trading Company/Licensees
  - Supply Chain Tier 1: Final product manufacturing and assembly (or finished goods production)
  - Supply Chain Material Converters
  - Supply Chain Tier 2: Material manufacturing (or finished materials production)
  - Supply Chain Tier 3: Raw material processing
  - Supply Chain Tier 4: Agriculture, Ranching, Forestry, and Extraction
  - Supply Chain: Chemical Suppliers (management, finished product and/or packaging compliance)
  - Other
- Please describe your priority focus areas for the selected supply chain segments (e.g. focused on forced labor in Tier 4 in a specific country for a specific fiber type)
- Describe the actions you are taking in these areas
- Has your company measured the risk, set targets to reduce the risk and tracked YOY progress for its program aimed at addressing forced labor and human trafficking? Answer options: Yes/No
- Which value chain/business stages do these measurements and targets cover?
- Please describe the target(s) or upload template

Comment [30]: new

#### Intent of these questions

The intent here is for your company to demonstrate that it has established a program for specific supply chain segments and that targets have been set to measure progress year over year.

Risk mitigation and/or remediation of social and human rights risks are most effectively managed by implementing clear program(s), that have specific social/human rights goals to

work towards, that are enforced across the value chain. Successful implementation of a program leads to year-over-year progress on set goals and targets.

### Technical Guidance

**Program:** intends to create a positive change in a specific area. A program provides details on the how and what will be achieved through goals, requirements, actions and accountability metrics to improve in a specific area. Policies, strategies, projects and action plans are all elements of a program.

A program should include the following key aspects:

- Scope and the business activities the program addresses.
- Priority focus areas or segments of the supply chain that are covered.
- Description of the actions taken by the company to integrate the program into its business, including in relation to identifying the individuals and groups within the organization who are responsible or must be engaged / involved in deploying the program.
- Outward actions taken by the company to address the salient risk(s).
- The actions taken by the company internally to mitigate the risk from occurring in its supply chain e.g. through the design process, through the company's purchasing practices, through the company's selection of suppliers and new markets.
- Baselines, targets, and an action plan to track year-over-year (YOY) progress for improvement.

We recommend that you design and align your company's social/human rights program with the United Nations Guiding Principles for Business and Human Rights (UNGPs). The UNGPs are the authoritative global standard on business and human rights, unanimously endorsed by the United Nations Human Rights Council in 2011. We have created a checklist for your company to use in order to build or [align your program with the UNGP](#).

In order for your company to demonstrate improvements or progress on your social / human rights strategy (as identified by your company in the previous question) it is important to set baselines and targets.

### About Baselines

Baseline setting is important in order to identify where you are now as it relates to a specific topic and/or area of focus. It also serves as the starting or reference point used to measure progress and/or improvement of any activities taken, which is why it should be conducted before any activity begins. Some companies find it valuable to conduct a baseline prior to establishing a target to help inform the goal-setting process and to help set realistic, stretch targets.

Setting baselines could be done using your own historical data or in the absence of data you could refer to either local law (in the production country) or to the ILO Core Conventions.

Companies are encouraged to monitor their progress on addressing social and human rights risks even without available baseline data.

### About Targets

Targets should focus on the outcomes of the risk mitigation and/or remediation of social / human rights risks and impacts. It is acceptable to begin with prioritizing target(s) for the most urgent and salient risks, and then over time to add other targets.

There are two types of targets: quantitative and qualitative.

- What are the actions you are trying to measure? (These are the **quantitative** indicators.)
- What change in behavior are you trying to achieve? (These are the **qualitative** indicators.)

Companies are increasingly engaging in collaborative approaches with other stakeholders to address social and human rights risks at a sector-wide level. In these cases, industry-wide collaboration rather than a single company agenda is most effective in addressing systemic social & labor issues.

In this context **qualitative** indicators may be most appropriate.

For example, a collaborative sector-wide approach that has resulted in a change in legislation or a change in the minimum wage would be best measured by a qualitative indicator when measuring the effectiveness.

### **Helpful Resources**

- Checklist to align your program with the UN Guiding Principles - explains the steps needed to build a social/human rights program that is aligned with the UN Guiding Principles.
- Guidance document on [setting baselines and targets](#)
- We encourage you to use the baselines and targets [template](#) provided to track and upload your goals, targets, and progress. You may upload that information into here in place of a text description. While we currently do not have industry alignment on common units for reporting on goals, having all companies report in a common format may help us extract themes in the long-term

### **How this will be verified**

#### ***Documentation required***

- A list of any standards, industry tools, resources, or documents used to guide the identification of risks, impacts and opportunities.
- Copies of documents produced in determination of salient risks, impacts and opportunities.  
Note: Any documentation should use credible data sources or data that has been verified by an accredited third party.
- A list of internal and external stakeholders engaged and description of the engagement.

For each selected risk/impact:

- Copies of documents related to the program — covering the components explained in the technical guidance
- A list of internal and external stakeholders engaged, as well as high level description of the engagement
- A description of the process to establish the set baselines and targets
- Explanation of the methodology or the process of how these targets were selected to address the salient risk(s) identified earlier in this assessment

- Documentation related to the established baselines, qualitative and/or quantitative targets and a plan (with accountable staff) to track year-over-year (YOY) progress for improvement

#### **Interview questions to ask**

- Please describe the process or methodology that lead to an appropriate understanding of the salient risks, impacts, and opportunities
- Please describe the areas of the business operations, supply chain, materials, products, and packaging included in the assessment.
- Results of the risk assessment:
  - Do the results of the risk analysis coincide with common insights, reports and indices on the production countries, product categories, and the business and purchasing model relevant for the company?
  - Is the content of the internal and external risk description basically the same and are targets and measures from the published content plausible?
  - Is the estimated likelihood of occurrence (based on the assumed effectiveness of the existing mitigation measures and information on specific impacts or on the local context) coherent?
  - Is the estimated severity (based on scale, scope and irremediable character) coherent?
- Risk Prioritization:
  - Is the justification that certain sector risks cannot be dealt with through targets ('explain') convincing?
  - Is the focus of Prioritization that has been set (and hence the targets that have been defined based on it) on certain countries/supply chain tiers/suppliers/materials coherent in view of the likelihood of occurrence and severity?
- Are targets and measures:
  - ...appropriate to address the severity of the risk and likelihood of its occurrence?
  - ...more comprehensive in high-risk contexts than in low-risk contexts?
  - ...appropriate to the nature of the risk?
  - ...appropriate to the size and business model of the company
  - ...based on existing good practices or best available techniques?
  - ...based on the knowledge of local stakeholders and external experts, insofar as the risk requires it?

For each selected risk/impact:

- Please describe the process for establishing the program.
- Please describe the scope and the business activities that are covered, as well as the actions that you are taking to mitigate or improve on the salient risk(s) through this program.
- Please explain the internal responsibilities and engagement (for example via an organizational chart or job descriptions).
- Please describe the process for establishing baselines and target and explain who will be responsible for the actions to be taken and for tracking progress going forward.
- Explanation of the methodology or the process of how these targets were selected to address the salient risk(s) identified earlier in this assessment.

#### **4. Has your company's social/human rights strategy been reviewed and approved by your senior management/executive team? (Yes/No)**

- Has your company stipulated the expectations of personnel, business partners, and other parties who are responsible for executing the strategy? (Yes/No)
  - Internal employees

- Business partners (suppliers, manufacturers, agents, wholesale companies, retailers)
- Consumers
- NGOs
- Regulators/Policy Makers/Government Bodies
- Trade Unions/Industry Groups
- Academic Institutions
- Other (If Other, please describe)
- Has your company's social/human rights strategy been communicated internally to all personnel? (Yes/No)
- Has your company written operational policies and procedures for implementing the strategy? (Yes/No)

Comment [31]: new

### Intent of the question

This question is intended to confirm that the company has a process in place to advance and implement their social/human rights strategy. The aforementioned process is reflected in the embedded policies and procedures within the organization.

### Technical Guidance

A company commitment may be a policy, a strategy, a strategic plan, or any other form of a written commitment for improving the management of social / human rights risks.

The steps required to demonstrate that advancing social/human rights is a core focus in your business strategy:

- Stakeholders have been consulted to identify the salient risk(s), impact(s), and opportunities
- Company's social / human rights strategy is approved by the company's senior management / executive team
- A process is in place to implement and adjust the strategy based on new information and/or changing circumstances
- The implementation of the strategy is reflected in the company's policies and procedures
- The roles and responsibilities for personnel and business partners to implement the strategy are clearly specified within the company's policies and procedures and communicated to the relevant parties
- Company's social / human rights strategy has been communicated internally to all personnel

A brief explanation on the above steps:

#### 1) Stakeholders have been consulted to identify the salient risk(s), impact(s), and opportunities

To increase the robustness of the risk assessment process, companies are encouraged to build engagement with the people, businesses, and organizations that are affected by the actions and activities of the company. It is beneficial for your company to engage with these stakeholders (which may include governments, NGOs, and community members) in order to more deeply integrate social/human rights improvement into your local and global context. Consulting stakeholders' complements (but does not replace) existing internal processes and increases the level of transparency.



## **2) Company's social / human rights strategy is approved by the company's senior management / executive team**

A formal commitment from the leadership is necessary to demonstrate that social/human rights is a core focus in your business strategy. This company commitment may be visible in the form of a policy, a strategy, a strategic plan, or any other form of a written commitment to improving social/human rights.

Making significant changes to your business operations, supply chain, products, materials, and packaging can take many years. Leadership's adoption of short-, medium-, and long-term targets helps ensure organizational alignment and focus, and increases the likelihood that business decisions align with the efforts to reduce social/human rights impacts.

How to develop a policy? The German Partnership for Sustainable Textiles has developed this helpful resource on ["Developing and implementing your own policy"](#)

## **3) A process is in place to implement and adjust the strategy based on new information and/or changing circumstances**

As situations and conditions in the value chain continuously evolve and change, so should the company's commitment and strategy be adapted based on new information and/or the changing circumstances that are raised to the organization by stakeholders. The due diligence process should be on-going, proactive and reactive and applied with flexibility — without leading to a "tick the box" approach.

For example:

- i. The circumstances in which the company is operating can shift, for example due to changes in relevant labor laws, increases in migrant labor, shifts in the political landscape, etc.
- ii. A company may enter into a new market or environment.
- iii. A company may receive information on an existing product or additional context that it did not have previously. This new information should be weighed and considered as the company moves forward.

## **4) The implementation of the strategy is reflected in the company's policies and procedures**

Embedding policies and procedures is important for ensuring that your organization will use time and resources more efficiently towards achieving your goals as an organization. This practice also provides clear guidance to both management and personnel in order to streamline internal processes, clarify roles and responsibilities, and support consistent decision-making.

## **5) The roles and responsibilities for personnel and business partners to implement the strategy are clearly specified within the company's policies and procedures and communicated to the relevant parties**

Setting clear expectations for personnel and business partners is crucial so they know what they are responsible for, what's expected of them, and what support they can expect from their supervisors, co-workers, or customers. Providing the aforementioned information enables these key stakeholders to execute their work with confidence and excellence towards achieving the organizational goals as articulated in the social/human rights strategy.

**6) *Company's social / human rights strategy has been communicated internally to all personnel***

The company's social/human rights strategy and regular updates on the progress should be shared with *all* personnel — not merely those directly responsible for implementing the social/human rights strategy within the company.

In doing this, the company ensures all employees are aligned with the organizational goals the strategy is seeking to achieve. Furthermore, it provides an opportunity for all employees to contribute to these efforts by sharing ideas and/or identifying improvement opportunities — even if they are not directly responsible for the implementation of the strategy.

Answer options

- If answered “yes” to this question, you can demonstrate that you have a company commitment through either a policy, strategy, strategic plan, or any other form of a written commitment to improve on the management of social/human rights risks.
- If answered “partial yes” to this question, you may not have a written commitment, but you can demonstrate that you have taken actions to improve on the management of social/human rights risks.
- If answered “no” to this question, you do not have a company commitment to improve on the management of social/human rights risks.

Comment [32]: new

## Helpful Resources

A company-wide social/human rights strategy provides an opportunity to strengthen your company's business resilience. Having a strategy will enable you to better respond to volatility in the markets related to the supply chain workforce by keeping your company attuned to their environment and agile in your ability to respond. More information can be reviewed through the below industry reports.

- [McKinsey x BoF: State of Fashion – 2020 report](#)
- [Outdoor Industry Association – 2020 Forecasting Report](#)
- [World Economic Forum: Why all companies should be sustainable](#)
- [World Economic Forum: Why businesses are nothing without strong human rights](#)

Comment [33]: delete in new version

## How this will be verified

### **Documentation required**

Companies should have one or more of the following:

- Company's social/human rights strategy or commitment thereof from the leadership (senior management/executive team).
- Relevant policies and procedures to implement the strategy.
- Description of the process for updating the strategy based on new information and/or changing circumstances.
- Organization chart.
- Formal inclusion of sustainability-related functions into the organization and/or individual job descriptions.
- Relevant communication on the social/human rights strategy that has been shared with all personnel (e.g. through email, public URL or posting on the company's intranet).
- Supporting documentation of stakeholder consultation.
  - List of stakeholders that were consulted (including their names).
  - Output / input from stakeholder consultation.
  - Event photos or videos of this stakeholder consultation.
  - Examples of how the strategy has been adjusted based on the stakeholder engagement process.

### **Interview questions to ask:**

- Management can clearly articulate the social / human rights strategy or commitment and how it is integrated into the organization and across the value chain.
- Key Employees, responsible for coordinating corporate social responsibility activities. for corporate offices and within the value chain, can demonstrate that they understand and are able to explain their roles.
- Consulted stakeholders understand how their input has been used in the company's social / human rights strategy.

**5. Are one or more employees at your company responsible for your social/human rights activities?** Answer options: Yes/No (msslemployees)

5.1 How do you ensure employees have the technical competence required to do their job?  
(msslemployeepercent)

**Intent of the question**

This question is intended to confirm who in your company is responsible for advancing social/human rights activities. The first step to demonstrate that advancing social/human rights is a core focus in your business strategy is to have dedicated staff responsible for this within your company.

**Technical Guidance**

To answer 'yes' to this question, companies should have at least 1 member of staff with social/human rights goals embedded into one or more of the following:

- Companies should have clearly defined roles and responsibilities for any staff responsible for coordinating social/human rights activities at the company.
- An organizational chart and clear job descriptions is important in keeping employees accountable to their roles.
- These employees must deal directly with senior management and have defined roles for that purpose.
- The roles could be either required in their job description or accountabilities or designated by relevant system documents to oversee or coordinate.
- The time spent on the salient risk (as identified earlier) and the business area (proprietary business operations and supply chain) for these employees should be known and specified as part of their job description.
- Employees are resourced, through access to a budget, to hire external expertise and/or engage in training to build capacity and competence to effectively carry out their responsibilities.

**Helpful Resources**

- Harvard Business Review: [How to Make Sustainability Every Employee's Responsibility](#)

**How this will be verified**

**Documentation required**

Companies should have one or more of the following:

- Organization chart.
- Formal job description or title.
- The qualifications of responsible staff.
- Formal inclusion of social / human rights related activities into select job descriptions.
- Regularly updated training for relevant staff on the expectations within their role.
- Evidence of training and capacity building delivered to the relevant staff.
- Evidence of internal tools or protocols that include sustainability criteria as part of business-as-usual job functions.

- Access to industry publications, events, conferences, news, and research to stay up-to-date on sustainability issues in the industry.

Comment [34]: new

**Interview questions to ask:**

- Management can clearly articulate the roles and responsibilities of those responsible for coordinating activities around social / human rights.
- Key employees, responsible for coordinating social / human rights activities can demonstrate that they understand and are able to explain their roles.
- Interviews with selected staff to understand how well sustainability goals are embedded within their role, whether there are any tensions with other goals such as commercial targets, and how well resourced or experienced they are in carrying out their responsibilities.

**6. Is employee accountability tied to goals in your company's social/human rights approach or strategy?** Answer options: Yes/No (msscemployeelevels)

**6.1 What is the highest level at which employee accountability is tied to goals in your company's social/human rights approach or strategy?**

- Corporate Social Responsibility team
- Human Resources
- Executive Team
- Board of Directors

**Intent of the question**

This question is intended to evaluate the level of integration of environmental sustainability practices within the company. Accountability in the workplace is linked to higher performance, increases in commitment to work, and employee morale.

Examples from companies that have included sustainability as part of their governance structure:

**How this will be verified**

**Documentation required**

To answer 'yes' to this question, your company should have one or more of the following:

- A brief description identifying who is accountable for your company's social/human rights approach/strategy and their role as part of integrating social/human rights within the organization.
- Formal inclusion of social/human rights-related goals into job description, key performance indicators annual performance targets and review
- Evidence that supports accountability for social/human rights approach or strategy within individuals and/or teams (This can include organization charts, employee bios).
- If your company has already answered and published this material in another external document such as a sustainability report, annual report etc. provide the document, link to where it is posted and identify the page number.

Comment [35]: Previous Q.6 has been deleted. This is new question 6

**7. Does your company have a safe, effective way or grievance mechanism for those impacted by social/human rights risks to submit complaints and concerns?** Answer options: Yes/Partial/No (msslgrievance)

7.1 Is the mechanism designed and implemented to meet effectiveness criteria that are legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue? Answer options: Yes/No

7.2 Does your company ensure that retaliation is prohibited, confidentiality is preserved, and there are no negative consequences towards employees who report grievances/complaints? Answer options: Yes/No

7.3 Which stakeholders can make use of this mechanism? (Checkbox)

- Our own employees
- Employees of our business partners
- Local community members
- Workers in the supply chain
- Anyone that is affected by our goods, products, or services
- Other

7.4 Does your company credibly prioritize and address complaints or concerns? (Yes/No)

7.5 What is included in the monitoring of the complaint/how does the grievance mechanism work? Checkbox

- Number of complaints received
- % of complaints received broken down by stakeholder type (employee, value chain worker, community member, other, etc.)
- Categorization of complaints by type and severity
- Rate of resolution of complaints
- Parties responsible for investigation and management
- Other

Please answer the following questions regarding how your company addresses complaints relating to social/human rights management:

7.6 Does your company assess the effectiveness of its system and its outcomes? (Yes/No)

7.7 In the reporting period, were you able to improve the rate of resolution of complaints? (Yes/No)

7.7.1 Please describe the improvements

### Intent of the question

This question is intended to support companies to design and develop a grievance mechanism for any stakeholder who is impacted by the company's operations and activities, and to facilitate the submission of complaints and/or concerns to the organization. The benefit of having a grievance mechanism is that it allows management to identify and address potential and emerging issues before they escalate.

### Technical Guidance

The core purpose of conducting due diligence is to avoid harm from occurring in the company's proprietary business operations and supply chain. When a company has identified that they have caused or contributed to adverse human rights impacts. They should also provide for, or cooperate in legitimate processes towards, the remediation of these impacts. The mechanism to support companies to come to that understanding, and to receive information on whether they have caused or contributed to adverse human rights impacts, is a grievance mechanism.

The OECD Due Diligence Guidance encourages companies to “commit to hearing and addressing complaints that are raised through legitimate processes regarding activities in their supply chain.” There is a wide range of legitimate processes that companies may choose to participate in, for example, companies may:

- Establish a grievance mechanism by which trade unions, civil society, and impacted parties can raise a complaint with the company itself regarding its actions in its supply chain.
- Engage in multi-stakeholder initiatives (MSIs) that provide supply chain grievance mechanisms (e.g., as a member) or agree to enter into mediation with any MSI that raises a legitimate complaint against the company.
- Enter into agreements with trade unions, for example through global framework agreements, to establish a process by which trade unions can raise complaints to the company that its practices have caused or contributed to harm in its supply chain, for the purpose of providing remedy.
- Agree to enter into mediation with the OECD National Contact Points (NCPs) when the NCP has determined that the issue is bona fide under the procedures of the OECD Guidelines, see below for more information. Refer to page 101 of the [guidance](#).

Definition of Grievance Mechanism: a formal, legal or non-legal (or 'judicial/non-judicial') complaint process that can be used by individuals, workers, communities and/or civil society organizations that are being negatively affected by certain business activities and operations.

Complaints submitted through the grievance mechanism should be material and substantiated and assert that the company has caused or contributed to an impact in its supply chain.

A safe, effective grievance mechanism should be designed according to the eight criteria of an effective grievance mechanism (as outlined by the United Nations Guiding Principles on Business and Human Rights (UNGPs))

Criteria	Definition
1. Legitimate	Enables trust from the stakeholder groups for whose use they are intended, and being accountable for the fair conduct of grievance processes
2. Accessible	Known to all stakeholder groups for whose use they are intended, and providing adequate assistance for those who may face barriers to access
3. Predictable	Provides a clear and known procedure with an indicative time frame for each stage, and clarity on the types of process and outcome available and means of monitoring implementation
4. Equitable	Seeks to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms
5. Transparent	Keeps parties to a grievance informed about its progress, and providing enough information about the mechanism's performance to build confidence in its effectiveness and meet any public interest at stake
6. Rights Compatible	Ensures that outcomes and remedies accord with internationally recognized human rights
7. A source of continuous learning	Draws on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms
8. Based on engagement and dialogue	Consults the stakeholder groups for whose use they are intended on their design and performance, and focusing on dialogue as the means to address and resolve grievances

Best practices of how a company can receive grievances, concerns, and complaints:

- Establishing an email or worker hotline to provide an opportunity for workers to raise concerns and/or complaints



- Establishing a worker feedback system that enables vendor employees to share concerns in a confidential manner.
- Engagement and dialogue are at the core of an effective operational-level grievance mechanism. An effective grievance mechanism complements other ongoing methods of engagement and dialogue and is not meant to substitute for other efforts such as stakeholder engagement, supplier summits and surveys.

#### Answer Options

- If you have answered “yes” to this question, your company has implemented a formal complaint system or grievance mechanism where any affected stakeholder could raise their questions and concerns directly to the organization and that meets all 8 UNGP criteria listed above in the design of your grievance mechanism.
- If you have answered “partial yes” to this question, your company has implemented a complaint systems that meets some but not all of the listed UNGP criteria in the design of your grievance mechanism or relies on a multi-stakeholder initiative or trade union agreement that will raise supply chain grievance directly to the company.
- If you have answered “no” to this question, your company has not met any of the UNGP criteria listed above or does not currently have a grievance mechanism.
- 

**Guidance on sub-question:** *Does your company credibly prioritize and address complaints or concerns?*

To be able to answer “yes” to this question the company must have:

- Implemented a formal (documented) grievance mechanism procedure that is aligned with the eight steps of the UNGP as described in the technical guidance.
- This procedure outlines how the company prioritizes and addresses complaints or concerns that are raised (refer to the example below of such a procedure).
- Records of complaints and concerns that were raised in the past 12 months including how the company has ensured that the outcomes of grievance processes are in line with international human rights standards (either direct or through mediated dialogue).

#### **Helpful Resources**

##### **Understanding Grievance Mechanisms:**

- German Partnership for Sustainable Textiles: Ensure and support access to remedies and grievance mechanisms
- OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear sector

- Table 8. Core criteria of operational-level grievance mechanisms and example components (starts on page 96)  
<http://www.oecd.org/corporate/mne/responsible-supply-chains-textile-garment-sector.htm>
- United Nations Global Compact <https://www.unglobalcompact.org/library/631>
- United Nations Guiding Principles on Business and Human Rights - Principle 29 (pages 31 - 35) [https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)
- The Office of the United Nations High Commissioner for Human Rights  
[http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)
- Verite An Introduction to Grievance Mechanisms
- [Grievance procedures: Five-step guide for employers](#)

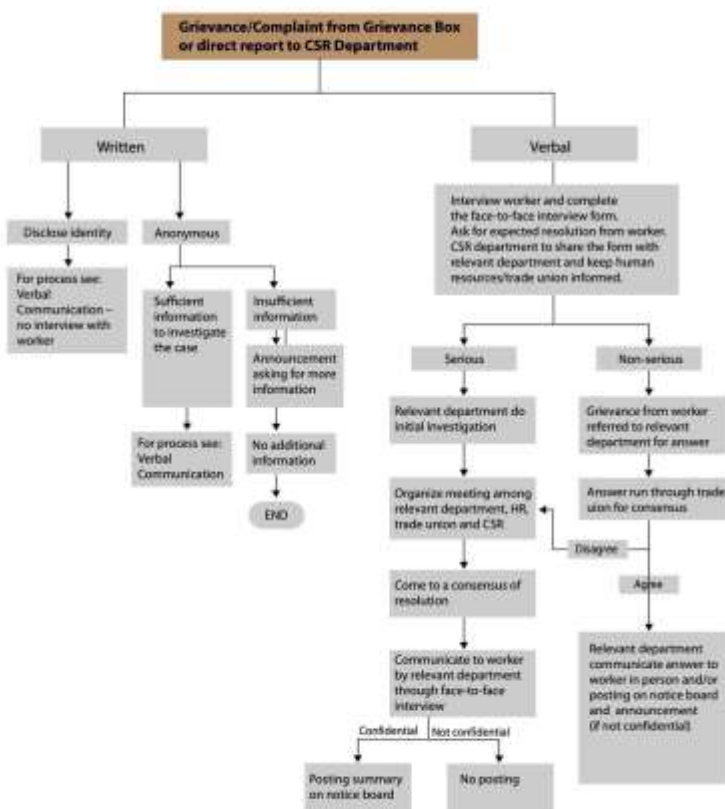
#### **Assessing the Effectiveness of Grievance Mechanisms:**

- Verite <https://www.verite.org/effective-grievance-mechanisms-case-study/>

#### **Best practices on protecting whistleblowers**

- [Best Practices for Protecting Whistleblowers and Preventing and Addressing Retaliation](#)
- [Embrace Your Inner Whistleblower! A Strategy for Avoiding Retaliation Claims](#)
- OECD : [Committing to Effective Whistleblower Protection](#)

Figure 2. Mapping of Revised Grievance Mechanism



Source: Esquel Garments Vietnam

### [Piloting Principles for Effective Company-Stakeholder Grievance Mechanisms: A Report of Lessons Learned](#)

#### How this will be verified

##### Documentation required

Documentation or public links (URL) to the grievance mechanism and procedure that are in place and how it is aligned with the UN Guiding Principles

- Copies of relevant documents pertaining to the company's complaint system or grievance mechanism either organized themselves or through multi-stakeholder initiative or trade union.
- Description of the company's process, wherein the effectiveness of its system/mechanism is assessed as well as its outcomes

- Description of how key performance indicators or measures of effectiveness were identified and selected to determine the effectiveness.
- Records of the grievance mechanism from the past 12 months where the company has received and addressed (substantiated) concerns or complaints of impacted stakeholders
- Documentation and communication between the company and the impacted stakeholders — from the moment of receiving the concern/complaint to the day of resolution. The latter of which was accepted by both the worker concerned and the company.
- Any documentation that can substantiate how your company, in the last calendar year, was able to improve the rate of resolution of complaints..

#### **Interview questions to ask**

- Are the targets and measures derived from mapping of existing complaints channels along the supply chain (as well as the review of their effectiveness), potential affected parties/users and possible complaints issues?

**Comment [36]:** new Q.7

**8. Does your company have internal social/human rights & labor workplace standards?** Answer options: Yes/No (msslintprogram)

8.1 Please describe or upload your internal standards

8.2 For which employees do these internal social/human rights & labor workplace standards apply?

- Offices
- Distribution Centers
- Retail Stores
- Owned Manufacturing Transportation and Logistics
- Other (If other, please describe)

8.3 Do your internal social/human rights & labor workplace standards align with any of the following resources or standards?

- Global Reporting Initiative (GRI)
- ILO Core Conventions
- OECD Due Diligence Guidance
- SA8000
- Engagement with external stakeholders consultation
- UN Global Compact COP
- UN Guiding Principles on Business and Human Rights
- UNGP Reporting Framework
- Your company's own program or other internal resources
- Other

8.4 Are the social/human rights & labor risk areas you've identified for your own operations included in any of the following resources or standards codes? (Checkbox)

- Employee Compensation, in accordance with legal requirements
- Employee Hours of Work, Time Off, Holidays, in accordance with legal requirements
- Employee Involvement and Communication
- Employee Treatment and Development
- Employee Health and Safety
- Employee Conduct

- Company Values and Culture
- Company Hot Lines and Grievance Procedures
- HR related items. Example: Performance Improvement Plan procedures (PIPs), Termination procedures
- Company Code of Ethics and Business Conduct
- Code of Conduct for manufacturers
- Other

8.5 Are there risk areas in which your company offers better conditions than those required by local labor law? (Yes/No)

8.5.1 Describe the risk areas and your standards

#### What is the intent of the question?

This question is intended to ensure the company has established tools that provide a consistent set of rules to manage working conditions, workplace behavior, and contributions the company expects from their employees. Workplace rules and guidelines help protect your business and workers while creating and maintaining a better work environment for all.

#### Technical Guidance:

This question applies to your company's own operations and employees. If you answered yes, the company should have:

- At least one employee who has responsibility for coordinating and advancing internal social/labor workplace standards and/or oversight of the company's practices in relation to its own employees.
- One or more of the below tools for employees:
  - Employee Code of Conduct - Outlines a company's expectations regarding employees behavior towards their colleagues, supervisors, and overall organization.
  - Employee Handbook - An employee handbook that applies to all employees and can be considered as an addition to their employment contracts. It outlines key information of a company's culture, policies, and procedures. Employers also use the policies in an employee handbook to provide the roadmap to ethical and legal treatment of employees.
  - Internal Code of Ethics and Business Conduct - Outlines a company's set of rules or standards regarding organizational values, responsibilities, and ethical obligations. The code of conduct provides employees with guidance for handling difficult ethical situations related to the business.

#### Helpful Resources

- International Labor Organization - Declaration on Fundamental Principles and Rights at Work: [ILO Declaration on Fundamental Principles and Rights at Work](#)
- How to write an Employee Manual Handbook
  - [Employee Manual Handbook Table of Contents](#)
  - The Balance Careers: [Sample Human Resources Policies for Employee Management](#)

#### How this will be verified

##### Documentation required

- Organization chart and job description of responsible staff.
- Documents related to the internal social/human rights & labor workplace standard(s) which provides guidance to employees on how to manage working conditions at the workplace.

Examples of these documents: Employee Code of Conduct, Employee Handbook, Internal Code of Ethics and Business Conduct.

**Interview questions to ask:**

- Management can clearly articulate the roles and responsibilities of those responsible for coordinating activities around monitoring and advancing internal social/human rights & labor workplace standards.
- Key employee(s) responsible for coordinating internal management activities can demonstrate that they understand and are able to explain their roles.

Comment [37]: new Q.8

**9. Does your company have an internal compliance program that monitors social/human rights & labor performance within its own operations (e.g., employee compensation, hours of work, code of conduct, etc)?** Answer options: Yes/No (msslintprogram)

**9.1 How does your company monitor its performance?**

- o Self-assessment
- o Internal audit
- o External audit by an independent third-party (If company uses a third-party audit, provide the name of the auditing organization)
- o Confidential employee surveys
- o Confidential employee hotlines
- o Confidential management surveys
- o Senior management oversight committee
- o Other (If other, please describe)

**Intent of question**

This question intends to confirm the company has a program in place to monitor that employees rights for employment, health & safety, and livelihood are protected.

**Technical Guidance**

This question applies to your company's own operations and employees.

The monitoring of social/human rights & labor performance is a continuing process in which organizations endeavor to protect the health, safety, and rights of their employees.

Monitoring social & labor performance in the workplace is intended to support part of a larger system to improve labor conditions within the organization. Various studies show that a happier workforce leads to enhanced performance through high efficiency and productivity.

**Helpful Resources**

- Happy workers are more productive, research shows
- Does Employee Happiness have an Impact on Productivity?

**How this will be verified**

**Documentation required**

- Documents and records related to the company's process for monitoring social/human rights & labor performance for its own employees
- Description of the roles and responsibilities of the individuals or parties who are part of the monitoring process
- Records of non-compliance that have been found within the past 12 months where the company has received and addressed (substantiated) concerns or complaints of impacted employees.

**Comment [38]:** new Q.9

**10. Are all employees able to report their complaints through a credible complaint or grievance mechanism?** Answer options: Yes/No (msslgrievanceinternal)

*Tooltip: This question applies to your company's own operations and employees*

10.1 Does your company have a whistleblower strategy or policy to ensure that retaliation is prohibited, confidentiality is preserved, and there are no negative consequences towards employees who report grievances/complaints? Answer options: Yes/No

**Intent of question**

This question is intended to encourage companies to have an internal complaint / grievance mechanism in place so that employees can anonymously raise problems, concerns, and complaints. It is important that employees are treated fairly and receive prompt responses to problems and concerns.

**Technical Guidance**

The same guidance as question 7 applies to this question.

**Helpful Resource:**

Same resources listed as part of question 7.

**How this will be verified****Documentation required**

- Documentation or public links (URL) to the grievance mechanism and procedures that are in place for employees, which includes the whistleblower strategy and/or policy
- Records of the grievance mechanism from the past 12 months where the company has received and addressed (substantiated) concerns or complaints of impacted employees
- Documentation and communication between the organization and the impacted employee(s) from the moment of receiving the concern/complaint to the day of company. The latter of which was deemed acceptable by the employee concerned and the company.

**Comment [39]:** new Q.10

**11. Does your company promote the social/human rights & labor well-being of the communities in which it operates?** Answer options: Yes/No (msslcommunity)

**11.1 Please indicate how:**

- Incentivize company employees to engage in local social/human rights service projects and/or investment initiatives

- Give charitable contributions to social/human rights programs
- Sponsor community health and well-being programs
- Share our innovations, tools, or solutions with the wider industry
- Engage stakeholders (e.g., NGOs, academia, business partners, communities) to understand and address local social/human rights issues together
- Engage stakeholders (e.g., NGOs, academia, business partners, communities) to understand and address industry-wide social/human rights issues together
- Engage with local or national governments on social/human rights regulation or management issues
- Other (If other, please describe)

### Intent of the question

This question is intended to encourage companies to:

1. Drive positive social impact in the communities it operates in through either high-impact employee-led volunteering programs or through giving contributions to charities
2. Engage and collaborate with the wider industry within relevant local or industry-wide social impact issues. This type of engagement and cross-collaboration is crucial to drive change and address contextual risks and challenges. Contributions to shared solutions by brands, retailers, and manufacturers can: add credibility or influence to processes, provide resources to allow for action, or directly contribute to the knowledge and best practices available in that location.

### Technical Guidance

Incentivize company employees: Corporate volunteering is when a business creates volunteer experiences for their staff to work outside the office and give back to communities. Employee volunteering programs can allow workers to feel that the work they do is not only contributing to the overall success of the company, but that it is also helping out a charitable cause that is important to them.

Giving charitable contributions to social/human rights programs: Charitable contributions either in time or money are one way that companies, owners, and employees can give back to the community. Choose an organization that matches the social impact goals and values your company has set.

Note: Charity Navigator is the largest charity evaluator in the U.S. The organization helps guide intelligent giving by evaluating the Financial Health, Accountability and Transparency of over 9,000 charities and provides basic data on the rest of the 1.8 million U.S. nonprofits. <https://www.charitynavigator.org>

At the time of writing this guidance no European equivalent to Charity Navigator was found.

Share innovations, tools, or solutions with the wider industry: Research and development is an important means of bringing new solutions to market and help contributing to a larger shift in the industry. In particular, Small and Medium- sized Enterprises (SMEs) are encouraged to take part in multi-stakeholder initiatives that drive collective impact to bring programs to scale.



Below are some examples of initiatives that companies can participate in:

- Sharing innovations or tools that contribute to addressing an industry wide challenge. One example of which is through: [Action, Collaboration, Transformation on Living Wages](#)
- Investing in pilot programs and case studies that bring more, ethical materials to market at scale such as through Fairtrade certification
- Contributing financial resources to research or innovation funds, or partnering with innovation institutions or organizations to address key industry wide issues such as [pesticide or chemical exposure to workers and local communities](#)
- Actively engaging and collaborating with producers, technical organizations, communities, NGOs and/or governments to develop, test, and share information, knowledge, and best practices that accelerate the adoption and development of [sustainable production practices of materials and products](#)

Engage stakeholders to address local and/or industry wide social/human rights issues together:

Examples of initiatives:

- [Action, Collaboration, Transformation on Living Wages](#)
- Integrating Responsible Purchasing Practices Better Buying™ Initiative
- Building Safety through IDH The Sustainable Trade Program Life and Building Safety Initiative
- Converged data assessment framework through [Social & Labor Convergence Program](#).

**Important Note:** The above is not an exhaustive list of initiatives. There are many other opportunities and organizations that companies can reach out to. The Sustainable Apparel Coalition intends to update the Higg Brand & Retail Module - How to Higg Guide on an annual basis with user feedback.

Engage with local or national governments on social/human rights regulation or management issues:

- Better Work: <https://betterwork.org/about-us/the-programme/>

**How this will be verified**

**Documentation required**

- Provide a description related to any item you have checked
- Include internal and/or external information documentation or promotional material for every item checked

Comment [40]: new Q.11

**12. Does your company publicly share information about its social/human rights & labor risk management?** Answer options: Yes/No (msslpublic)

**12.1 What information is shared? Checkbox**

- Background information describing your company's risks, impacts, and opportunities
- Due diligence management system
- Strategies and action plans for addressing your risks, impacts, and opportunities
- Policies and procedures
- Progress, remediation, and improvements made

- Metrics and key performance indicators
- Stakeholder engagement approach
- Government policy engagement efforts and outcomes
- Other (If Other, please describe)

#### 12.2 How are you sharing this information? **Checkbox**

- Our company follows internationally recognized standards (e.g., UNGP, GRI, etc)
- Our company publishes this information at least annually
- Our company has our information externally reviewed or verified by a qualified verification body
- Other (If Other, please describe)

##### 12.2.1 If applicable, please provide the relevant URLs:

#### **Intent of the question**

It is important for companies to provide internal and external stakeholders with visibility to their sustainability efforts for a variety of reasons. Firstly, it fosters transparency and provides a way for employees, business partners, and customers who are interested to understand what companies are doing to advance sustainability within their organization. Secondly, it promotes accountability among companies, since it provides stakeholders with an opportunity to monitor your efforts.

#### **Technical Guidance**

This information, shared with internal and external stakeholders, can be communicated through: position papers where relevant, the company's corporate website, sustainability reports, Corporate Social Responsibility reports, Integrated reports, or an equivalent thereof.

Examples of internationally recognized standards are: Global Reporting Initiative (GRI) and AA1000.

#### **Helpful Resources:**

- Ernst & Young - Value of Sustainability Reporting

#### **How this will be verified**

##### **Documentation required**

- High-level, publicly- shared, description of the internal process to consolidate and gather information about its social/human rights risk management
- The information has been shared with internal and external stakeholders through public URLs or other means

##### **Interview questions to ask:**

- Please describe the process of how your company provides regular information updates to your customers and/or the public on your social/human rights risk management
- Describe the types of update(s) provided by your company and where these can be accessed by the general public

**Comment [41]:** new Q.12

## RETAILER (ENVIRONMENT)

This section will be completed by companies that are selling products of third-party / wholesale/national brands.

Out-of-scope: This section does not apply to retailers that have sales or production volume of third-party/wholesale/national brands that account for less than 1% of their sales or business volume.

### Steps in the OECD due diligence process that are addressed in the Retailer - Environment section

Step 2. **Identify & Assess** Adverse Impacts in Operations, Supply Chains and Business Relationships. Step 3. **Cease, prevent or mitigate** adverse impacts

Step 4. **Track** Implementation and Results

Step 5. **Communicate** how impacts are addressed

## Product

**1. Does your company assess the environmental impacts of the products it sells from other brands?** Answer options: Yes/No (rtenvprodimpact)

1.1 Please describe or provide supporting documentation

### Intent of the question

This question is intended to ensure that retailers have a robust understanding of the environmental impacts associated with the products they sell, so they can work with their brand partners to set strategies and targets to improve on these identified impacts. This question also supports your internal process to identify and prioritize the key environmental risks and impacts holistically across your product portfolio.

### Technical Guidance

To answer 'yes' to this question, your company must have an analysis, assessment, or study (carried out in the last five years) that includes one or more of the following:

- Documentation of environmental risks and impacts based on the manufacturing through to use phase of key product categories.
- Description of the percentage of production or sales the above analysis, assessment or study covers.
- Documentation related to the materials used and the finished goods production processes — data collected through brand partners must be credible data or verified by an accredited third party.
- Analysis of specific opportunities within the stages of product design & development and consumer use phase to address environmental risks or impacts.

### Helpful Resources

- [Higg Product Tools](#) – These tools enable companies to assess environmental impacts from materials to products, to help them develop more sustainable products consistently across the industry.
- [European Clothing Action Plan - Mapping Clothing Impacts](#)

### How this will be verified

#### ***Documentation required***

- Copy of the analysis, assessment, or report (carried out in the last five years) that identifies the key environmental risks, impacts, and opportunities associated with the products you sell.
- Analysis through Product Life Cycle Assessment or other credible tools.

Note: Any analysis, assessment, or study should be backed up by credible data or verified by an accredited third party.

**2. Does your company track the percentage of products it sells from other brands and their corresponding sustainability attributes?** Answer options: Yes/Partial Yes/Unknown/No (rtenvprodkpi)

Retail Product Certification/Attribute Payments						
Attribute or Certification	Baseline %	Baseline Year	Target %	Target Year	Last Calendar Year %	Additional Comments
Certification 1						
Certification 2						
Certification 3						
Certification 4						
Certification 5						
Certification 6						
Certification 7						

#### Intent of the question

This question intends to ensure that retailers are confirming and tracking the products they sell which have environmentally preferred attributes/certifications. Developing a sustainable products strategy will only be possible when a company understands and has visibility across the entire materials portfolio and knows whether environmentally preferred attributes or certifications have been used.

#### Technical Guidance

As part of this question you will be asked to complete a table wherein you specify the percentage of products with an environmentally preferred attribute or certification.

- **Attributes:** Refers to material types and/or products that have either a certification or a verifiable and credible claim to improve environmental impact(s) / sustainability.
- **Certification:** A third party certification program confirms the integrity of the environmentally preferred attributes within the material. Third-party certification programs support a systemic approach to integrate environmental performance in the raw materials. Examples of certification programs include, but are not limited to: GOTS, Textile Exchange, PEFC, and Forest Stewardship Council.

Explanation of the terms used within the table:

<b>Type of certification / attribute</b>	<p>Certifications such as, but not limited to:</p> <ul style="list-style-type: none"> <li>• <a href="#">Forest Stewardship Council (FSC)</a></li> <li>• <a href="#">Programme for the Endorsement of Forest Certification (PEFC)</a></li> <li>• <a href="#">GOTS</a></li> <li>• <a href="#">Textile Exchange range of standards such as Organic Content Standard, Global Recycled Standard, Responsible Down/Wool</a></li> </ul> <p>Environmentally preferred attributes (not certifications) that can be considered, are available via page 14 of this <a href="#">Textile Exchange Guide</a>.</p>
<b>Baseline %</b>	<p>In order to demonstrate improvements or reductions, it's important to know what your starting point is.</p> <p>A "baseline %" is a starting point of the initial reporting percentage. This percentage will enable your company to track over time whether you are on track to make progress against your set target(s).</p>
<b>Baseline year</b>	<p>The initial reporting year, which you are measuring targets against is also known as the baseline year (the above "baseline %" is based on).</p>
<b>Target %</b>	<p>A target is a particular goal to be delivered by a company for a specific period. The Target % is an indicator of where you want to be from the baseline %.</p> <p>Target types that are most commonly used are either absolute or normalized.</p> <p><u>Absolute target</u> addresses the total amount/quantity per year or per month. In the product context this could be total amount of products sold with a GOTS certification in a year.</p> <p><u>Normalized target</u> is a comparison of totals or usage against a predefined variable. An example is the amount of water used to produce a pair of jeans. In the product context this could be the reduction of x liters/pair of jeans and the % reduction of water used for a pair of jeans.</p>
<b>Target year</b>	<p>The year in which the "target %" has to be achieved.</p>
<b>Reporting Period %</b>	<p>The percentage of products which carry end-of-use certifications and/or attributes in the last calendar year.</p>
<b>Additional comments</b>	<p>Any notes or comments to provide clarity to the information you have submitted.</p>

Comment [42]: new

Comment [43]: new

Answer Options

- If you have answered “yes” to this question, your company has tracked the environmental attributes of more than 75% of your entire product portfolio.
- If you have answered “partial yes” to this question, your company has tracked the environmental attributes for 25-75% of your entire product portfolio.
- If you have answered “no” to this question, your company has tracked the environmental attributes of less than 25% of your entire product portfolio.

### Helpful Resources

- For more detailed guidance please review the “[Setting Baselines and Targets](#)” guidance document.
- If helpful, please use the “[Setting baseline and targets template](#)”
- Explanation on Scope and Transaction Certificates:
  - [GOTS](#)
  - Textile Exchange
    - [Policy For Scope Certificates, V2.0](#)
    - [Policy For Transaction Certificates, V2.0](#)

### How this will be verified

#### **Documentation required**

If you answered ‘yes’ to this question, your company should provide the following:

- Documentation of the products that were sold in the previous calendar year with environmentally preferred attributes/certifications.
- When certifications have been used please share the related scope and transaction certificates of the product.

#### **Interview questions to ask:**

- Please describe the process that was used to determine or verify that the products have environmentally preferred attributes or certification.
- Please describe the process that was used to collect certificates associated with the products.

### **3. Does your company have a means of communicating the environmental attributes or certifications of its products to customers? Answer options: Yes/No (rtenvprodcommunicate)**

#### **3.1 If answered yes, please indicate whether this includes the following:**

- On-product labelling
- In-store signage and educational materials
- Environmental attribute information highlighted on product pages in digital environment

### **Intent of the question**

This question is intended to assess whether your company communicates to customers about the environmental attributes and/or third-party certifications associated with the products sold through your company.

### **Technical Guidance**

Communication of this type is supportive of transparency between companies and their customers and provides customers with an opportunity to make informed purchasing decisions.

Your company may communicate about:

- The impacts associated with the materials used in your products and how your company addresses those impacts.
- The sustainable production processes.
- What specific materials and standards were used within your company's product sustainability strategy.

Formats for communication can include:

- Corporate Social Responsibility (CSR) or sustainability reports
- Annual reviews or financial reports
- Online web pages and news stories

To answer 'yes' to this question, a company must be able to provide, or demonstrate they have achieved, one or more of the following:

- Information on how the company manages on-product and/or in-store signage and labelling with regard to sustainability standards used – specifically, for any of the environmentally preferred materials and/or third-party materials. For example, how are on-product or in-store claims made and how does the company ensure that these claims are verified and accurate.
- Tracking and evaluation of customers awareness levels and customer response to the communication campaign implemented by the company. This could include measures of visibility of engagements (e.g., unique views, customer footfall in relevant store section, etc.); and/or measures of response/behavior change from customers (e.g., online comments, re-tweets/links, purchasing behavior, customer service feedback, purchasing behavior change, direct evidence of behavior or attitude change through surveys, behavior tracking, etc.).

### Helpful Resources

- An overview of global ecolabeling standards can be reviewed from [Eco Label Index](#) or [Global Ecolabelling](#)
- An overview of global sustainability standards can be reviewed [here](#)
- [Good on You](#)

### How this will be verified

#### **Documentation required**

- Communication vehicles used to make this information accessible to customers.
- Tracking and evaluation of customer's responses to the company's communication campaign.

## Supply Chain: Product & Textiles

**4. Does your company engage with partner brands to establish shared environmental goals or objectives?** Answer options: Yes/No (rtenvscimprove)

4.1 If answered yes, please describe how this is done.



### Intent of the question

This question intends to confirm that your company has engaged with your brand partners on your sustainability ambitions, and, as a result of this, your brand partners have established shared environmental goals and objectives.

### Technical Guidance

The 2019 [Sustainable Apparel Coalition and Globescan research report](#) concluded that consumers want more transparency from brands and retailers. Brands and retailers who do not disclose information about social and environmental sustainability performance risk losing relevancy with consumers.

These consumers are eager to see more information about a brand's overall sustainability efforts, and to know that they can trust the information shared with them by these brands. Consumers want to feel that brands truly represent them and their individual values. They also want to know more about manufacturing — and how, and by whom, individual products are created.

Retailers are in a unique position to collaborate with and unite all of their brand partners around a common goal to advance environmental sustainability.

### How this will be verified

#### Documentation required

- Documentation of process/guidelines for selecting the brand partners and the subsequent engagement with them.
- Documentation of the shared environmental goals or objectives and how these were determined.
- Plan of action and the key indicators for success for both the retailer and partner brands.

#### Interview questions to ask

Staff designated to lead this engagement can explain:

- The process of how brands were selected and engaged.
- How the shared environmental goals and objectives are going to drive impact.
- What the division of responsibilities are between retailer and partner brands to achieve the aforementioned goals and objectives.

Comment [44]: new Q4 previous Q5

### 5. Do you provide brand partners with tools or resources to support ongoing environmental performance improvement? Answer options: Yes/No (rtenvscontinuous)

#### 5.1 If answered yes, please select all that apply:

- Providing educational resources which wholesale brand partners can access at their convenience.
- Facilitating interactive educational sessions which wholesale brand partners can attend.
- Offering an always-on forum for wholesale brand partners to contact your company and receive support for improving environmental performance.
- Lowering barriers to access to environmental-related multi-stakeholder working groups or initiatives.
- Other (If Other, please describe)

### Intent of the question

This question intends to confirm that your company is taking responsibility within the value chain to support brand partners to improve.

Establishing a support program is an important step towards improving environmental performance and driving behavioral changes in your brand partners. This program should be designed and tailored to the brand's needs, build their capacity, and should ensure the transfer of knowledge across the supply chain by leveraging best practices and case studies.

### Technical Guidance

If you have answered 'yes' to this question, at least one of the answer options has been selected.

### Helpful Resources

Industry initiatives to join:

- [Sustainable Apparel Coalition](#)
- [Dutch Agreement on Sustainable Garment](#)
- [German Partnership for Sustainable Textiles](#)
- [Outdoor Industry Association](#) and their Sustainability Bootcamp
- [European Outdoor Group](#) and the [Microfibre Consortium](#)

### How this will be verified

#### Documentation required

- Documentation of the support program (purpose, objectives) and the resources that are made available to brand partners.
- Description of the staff and resources the retailer has allocated to build capacity in brand partners.

Comment [45]: new Q5 previous Q6

**6. Does your company host or promote environmental performance training programs, resources, or knowledge in collaboration with other organizations?** Answer options: Yes/Partial Yes/No (rtenvscommunityshare)

### Intent of the question

Participation and investment in industry collaboration with other stakeholders is critical for addressing shared, systemic challenges, and working on the root cause of those challenges to drive real change.

This question is designed to confirm that your company is collaborating with other stakeholders to address shared, systemic challenges.

### Technical Guidance

In order to answer 'yes' to this question, you should have all of the following points:

- Organizing joint training and capacity building sessions for brand partners on the Higg Brand & Retail Module in collaboration with other SAC retailer members.
- Participating in environmental performance improvement initiatives for brand partners in collaboration with multi-stakeholder initiatives.
- Sharing company owned environmental performance training programs, resources and knowledge publically with the wider industry.

In order to answer 'partial yes' to this question, you have one but not all 3 of the above activities.

#### How this will be verified

##### Documentation required

In order to answer 'yes' to this question, you should be able to provide at least one of the following:

- A signed partnership or collaboration agreement with the relevant stakeholders.
- Evidence of participation and engagement in shared platforms, including multi-stakeholder events.
- Evidence of direct engagement with other companies to host or share joint environmental training programs.

**Comment [46]:** new Q6 previous Q8

**7. Does your company have an integrated scorecard that helps factor both business and sustainability criteria into purchasing decisions from partner brands?** Answer options: Yes/No (rtenvscscorecard)

**7.1 If you answered yes, select all criteria that are included:**

- Animal Welfare
- Biodiversity/Land Use/Habitat Loss
- Deforestation
- Energy/Fuel Use (or Fossil Fuel Depletion)
- Greenhouse Gas (GHG) Emissions
- Air Emissions / Air Pollution (non GHG)
- Solid Waste
- Hazardous Waste
- Chemical / Hazard / Management
- Water Use / Water Scarcity
- Wastewater / Water Pollution / Eutrophication
- Other (Please describe)

#### **Intent of the question**

The intent of this question is to assess whether your company includes environmental criteria in the traditional sourcing decision criteria of price, delivery, performance, and quality. This question is also designed to identify whether your company's sourcing/buying team has an internal process for assessing and making decisions that includes environmental criteria and performance.

#### **Technical Guidance**

Leading retailers develop and use integrated scorecards, also referred to as balanced scorecards, to ensure that environmental criteria are a factor in the decision-making process for evaluating new and existing suppliers, products, materials, and packaging. An integrated scorecard enables decision makers to consider sustainability attributes in business decisions. Integrated scorecards that compare the environmental performance of materials, products, packaging, and brands are effective at motivating people to act, as these scorecards create competition and motivation to improve.

The integrated scorecard should meet the following requirements:

- Put your company's commitments into action by making environmental criteria part of the decision-making process.
- Include relevant environmental criteria and be used in regular departmental meetings, sourcing decisions and supplier selection, and products, materials, and packaging decisions.
- Include environmental criteria as well as the traditional purchasing criteria of price, performance, delivery, and quality. The environmental criteria should be given similar weighting to the traditional criteria when making business decisions.

- Included in internal discussions and used when choosing new suppliers and evaluating existing suppliers. The integrated scorecards for suppliers should be updated regularly and included in internal discussions and decision-making. Scorecards should also be included in check-ins and meetings with suppliers in order to ensure that progress is being made over time.

When developing the scorecard it is important to consider the following:

- The criteria and elements are included within the scorecard.
- The use of the scorecard in meetings and business decisions.
- The weighting, if any, for each criteria.
- How tradeoffs are addressed and whether there are any minimum thresholds applied to criteria.
- The departments and people responsible and accountable.

An example of how to use a scorecard is in choosing new brands and evaluating existing brands. Examples of relevant environmental criteria for a brand integrated scorecard are in the list below. These would appear along with traditional supplier evaluation criteria such as price, performance, and quality.

- Higg Brand & Retail Module (Higg BRM) data and results with a focus on how the brand manages its salient environmental risks and impacts.
- Third-party environmental certifications.
- Use of environmentally preferred materials in product and packaging.
- Environmental management of the manufacturing supply chain.

#### Helpful Resources

- [Build CSR Metrics into your balanced scorecard](#)

#### How this will be verified

##### **Documentation required**

- Internal communication/policies/procedures on the integrated scorecard (this includes both business and sustainability criteria).
- Sample score cards.
- Supporting documents which demonstrate that both business and sustainability criteria are included in purchasing decisions.
- Business agreements with suppliers which include the integrated scorecard as criteria for doing/maintaining business.
- Percent of your supply chain included within the scope of your company's scorecard.
- Demonstrating that goals related to responsible sourcing practices are incorporated into annual performance targets for individuals with sourcing/purchasing responsibilities, and are also incorporated into sourcing/purchasing staff individual goals.

##### **Interview questions to ask**

- Which criteria and elements were included within the scorecard? What was excluded?
- What weighting, if any, is given to each criteria?
- Are any minimum thresholds applied to criteria?
- Who is responsible and accountable for various criteria in the scorecard?
- How is the scorecard used in business decisions?
- Are there examples of suppliers being selected or rewarded on the basis of the sustainability criteria?

**Comment [47]:** new Q7 previous Q4

**8. Does your company incentivize brands to continue to improve their environmental performance?** Answer options: Yes/No (rtenvscincentivize)

**8.1 Please indicate whether this includes the following:**

- Award(s) or recognition for strong environmental performance.
- More favorable business terms for brands demonstrating strong environmental performance.
- A formal emphasis on environmental performance in strategic business planning conversations with wholesale brand partners.
- Other (If Other, please describe)

**Intent of the question**

By creating incentives for brand partners, retailers can provide an important business case for action, as well as building strong long-term relationships.

**Technical Guidance**

Brand partner recognition programs are used by companies to incentivize and reward positive environmental performance. Rewards and incentives may include increased order volume, longer contracts, etc.

In order to answer 'yes' to this question, companies should have at least two of the following:

- A clear process by which to track brand performance beyond compliance, with criteria that capture more ambitious activities or standards - with official recognition for those brands achieving a high level of performance. This recognition can include specific status or categorization within the brand partner management systems of the retailer.
- Non-commercial recognition of leadership performance by brands, such as in-house or public articles, or case studies explaining how best practices were carried out, as well as prizes/awards with no monetary value.
- Semi-commercial rewards for brands with strong sustainability performance, such as a specific level of brand partner status (e.g., preferred partner, gold partner, strategic partner, etc.) which includes sustainability performance alongside other business criteria (this type of status usually comes with higher order volumes, or likely more frequent orders, without a specific underlying agreement) OR, access to specific useful resources such as improvement programs and/or technical expertise.
- Commercial rewards for brands with strong sustainability performance, such as making explicit commitments of higher orders, signing longer-term business agreements, facilitating or making investments at brand level e.g. through green bonds.

**Helpful Resources**

- [REI Vendor Partner of the Year](#)
- [VF - Green Bonds](#)

**How this will be verified**

**Documentation required**

- Links to external materials highlighting your activities (e.g., corporate social responsibility reports, press releases or information posted on your website or another website).

- Program materials and/or communication developed for your brands to explain the program (e.g., brand performance criteria, data collection, verification, and evaluation processes).
- Share terms and conditions related to brand incentives or any other related documentation (outlining the specific contexts in which suppliers are given incentives, and how these incentives align with the broader business and sustainability goals of your company).
- List of brands enrolled in the program.
- Outcome of these brand partner recognition programs.
- Connection with the balanced scorecard system for brands

**Comment [48]:** now Q8 previous Q7

## Use & End of Use

**9. When selecting which brands to sell, does your company consider whether the brand provides repair and end-of-life-cycle offerings to customers?** Answer options: Yes/No (rtenvuseeu)

**9.1 If you answered yes, please indicate the repair options offered for the products sold by your company in the reporting period:**

**Comment [49]:** new

- An in-house repair offering operated by your company.
- A third-party repair offering operated by a third-party organization.
- Product that includes repair kit offerings so product owner can make repair themselves.
- Other (If Other, please describe)

### Intent of the question

This question is intended to assess whether your company provides customers with options that enable them to repair the products sold by your company. This after-sale service can be an effective way of supporting your customers in repairing their products and thereby extending a product's longevity.

### Technical Guidance

To answer "yes" to this question, your company must provide customers with access to a product repair offering. This offering can be operated directly by your company or offered to your customers via a partnership with the brand/product maker or a third-party repair provider.

### Helpful Resources

- [REI Repair Services](#)
- [Renewal Workshop](#)
- [Worn Wear x Patagonia](#)

### How this will be verified

Documentation required

- Proof of the product repair offering by your company or by a third-party organization.
- Records related to tracking the annual portion of the products sold that were covered by in-house repair offering and/or third-party repair offering.

## RETAILER (SOCIAL & LABOR)

This section will be completed by companies that are selling products of third-party / wholesale/national brands.

Out-of-scope: This section does not apply to retailers that have sales or production volume of third-party/wholesale/national brands that account for less than 1% of their sales or business volume.

### Steps in the OECD due diligence process that are addressed in the Retailer - Environment section

- Step 1. **Embed Responsible Business Conduct** into policies & management systems
- Step 2. **Identify & Assess** Adverse Impacts in Operations, Supply Chains and Business Relationships. Step 3. **Cease, prevent or mitigate** adverse impacts
- Step 4. **Track** Implementation and Results
- Step 5. **Communicate** how impacts are addressed



## Product

**1. Does your company have social/human rights & labor standards in place that your partner brands, and their products, must meet, and/or policies they must follow?** Answer options: Yes/No (rtslprodpolicy)

1.1 Which of the following areas do your policies and standards address? Please select all that apply:

- Banned or restricted supply chains.
- Minimum social/human rights performance requirements for product manufacturing.
- Participation in collaborative industry initiatives.
- Reporting against industry standards.

1.2 What percentage of products comply with your policies/standards?

1.3 Please describe or provide supporting documentation of policies/standards.

### Intent of the question

This question evaluates whether the retailer has set minimum standards and/or policies for their brand partners, to protect the rights of workers and to ensure safe & healthy working conditions in the manufacturing supply chain.

### Technical Guidance

An effective social/human rights program outlines the expectations that a company will uphold within their organization and its manufacturing supply chain to protect human rights and the right to safe and healthy working conditions. These expectations should be aligned with internationally recognized standards such as the International Labour Organization (ILO) conventions and the United Nations Guiding Principles on Business and Human Rights.

In order to answer 'yes' to this question, your company must be able to:

- Select (at minimum) one of the answer options related to your policies/standards.
- Specify the percentage of products that comply with your policies/standards.
- Describe or upload supporting documentation of your policies/standards.

### Helpful resources

Examples of retailers with a social/human rights policy/standard

- 1 [ASOS – Supplier Ethical Code](#)
- 2 [REI - Product Sustainability Guidebook](#)
- 3 [Selfridges Group – Ethical Trade Requirements](#)
- 4 [Zalando – Code of Conduct](#)

Comment [50]: delete in new version

### How this will be verified

Documentation required

- A copy of the social/human rights policy and/or standard.
- Documentation of the process to communicate the requirements to brand partners and the escalation process for brand partners that do not comply.
- Organization chart or description of the responsible staff who are tasked with brand engagement and ensuring these partners are upholding the requirements outlined in your policies/standards.

**2. Does your company have a means of communicating these credible third-party social/human rights certifications and attributes to its customers?** Answer options: Yes/No (rts|prodcommunicate)

2.1 If you answered yes, select all that apply:

- On-product labelling.
- In-store signage and educational materials.
- Information highlighted on product pages on company's website or ecommerce site.

#### Intent of the question

This question is intended to assess whether your company communicates to customers about the social/human rights certifications and attributes associated with the products sold through your retail operations.

Communication of this type is supportive of transparency between companies and their customers and provides customers with an opportunity to make informed purchasing decisions.

Your company may communicate about:

- The impacts associated with the manufacturing of your products on workers' rights and how your company addresses those impacts.
- What specific standards were used within your company's product sustainability strategy

Formats for communication can be through:

- Corporate Social Responsibility (CSR) or sustainability reports.
- Annual reviews or financial reports.
- Online web pages and news stories.

To answer 'yes' to this question, a company must be able to demonstrate that they have achieved one or more of the following:

- Information on how the company manages on-product and/or in-store signage and labelling for any of the social/human rights attributes or certification standards used. For example, how are on-product or in-store claims made, and how does the company ensure that these claims are verified and accurate.
- Tracking and evaluation of customers' awareness levels, and customer response to the communication campaign implemented by the company. This could include measures of visibility of engagements (e.g., unique views, customer footfall in relevant store section, etc.) and/or measures of response/behavior change from customers (e.g., online comments, re-tweets/links, purchasing behavior, customer service feedback, purchasing behavior change, direct evidence of behavior or attitude change through surveys, behavior tracking, etc.).
- Information highlighted on product pages on company's website or ecommerce site.

### Helpful Resources

- An overview of global ecolabelling standards can be reviewed [here](#).
- An overview of global sustainability standards can be reviewed [here](#).
- [Good on You](#)

### How this will be verified

#### Documentation required

- Communication vehicles used to make this information accessible to customers.
- Tracking and evaluation of customers' responses to the communication campaign implemented by the company.

## Supply Chain: Product & Textiles

**3. Do you have a means to evaluate how well your brand partners' performance aligns with your social/human rights policies/standards/targets?** Answer options: Yes/No (rtslscvalidate)

**3.1 Does this include collecting information about/documentation of their performance relative to your company's standards/policies/targets?** Answer options: Yes/No

### Intent of the question

This question evaluates to what extent the retailer confirms that brand partners are in alignment with the company's expectations on social/human rights.

### Technical Guidance

Brand partners are crucial in helping retailers achieve success by ensuring business is conducted in an ethical and responsible manner along the value chain.

Developing a risk-based approach in the management and evaluation of brand partners' efforts is essential to understand whether their efforts are creating any change to protect workers' rights and to safeguard their livelihoods.

### Helpful Resources

- Higg BRM Guidance: Understanding Human Rights Due Diligence. This overview defines how companies can embed human rights due diligence within their management system.
- Higg Brand & Retail Module (companies can use this module to evaluate the environmental and social/human rights performance of their brand partners)
- Higg Facility Social & Labor Module (companies can use this module to evaluate the social/human rights performance of their manufacturing partners)

### How this will be verified

#### Documentation required

In order to answer 'yes' to this question, your company must be able to provide:

- A copy of your social/human rights policy and/or standards.
- Documentation of the process for brand partner management and performance evaluation relative to your social/human rights policy and/or standards.
- Organization chart or description of the responsible staff who are tasked with brand engagement and with ensuring these partners are upholding the requirements outlined in your policies/standards.

#### Interview questions to ask:

- How will the information (on brand partners complying with the social/human rights standard/policy) be used and shared internally?
- What is the escalation process for brand partners who do not comply with your minimum standards/policy?
- Within the last calendar year, were any brand partners found non-compliant? If so, please explain how this was resolved/remediated.

- Be updated regularly and reviewed as part of regular departmental meetings to manage the health of the entire supply chain.
- Be used to evaluate new and existing suppliers. This includes reviewing score cards with suppliers to ensure progress is being made to improve performance.
- Be used to make sourcing decisions and supplier selection (e.g. products, materials, and packaging).

When developing the scorecard it is important to consider the following:

- The criteria and elements are included within the scorecard.
- The use of the scorecard in meetings and business decisions.
- The weighting, if any, for each criteria.
- How tradeoffs are addressed and whether there are any minimum thresholds applied to criteria.
- The departments and people responsible and accountable.

An example of how to use a scorecard is in choosing new brand partners and evaluating existing brands. In the below example, these three criteria would appear along with traditional brand partner evaluation criteria such as price, performance, and quality.

- Higg Brand & Retail Module (Higg BRM) data and results with a focus on how the brand manages its salient social/human rights risks and impacts.
- Third-party social/human rights certifications.
- Protection of workers' rights and safeguarding the livelihoods of workers.

### Helpful Resources

- Build CSR Metrics into your balanced scorecard

### How this will be verified

#### Documentation required

- Internal communication/policies/procedures on the integrated scorecard (this includes both business and sustainability criteria).
- Sample score cards.
- Supporting documents that demonstrate that both business and sustainability criteria are included in purchasing decisions.
- Business agreements with suppliers that include the integrated scorecard as criteria for doing/maintaining business.
- Percent of your supply chain included within the scope of your company's scorecard.
- Demonstrating that goals related to responsible sourcing practices are incorporated into annual performance targets for individuals with sourcing/purchasing responsibilities, and are also incorporated into sourcing/purchasing staff individual goals.

#### Interview questions to ask:

- Which criteria and elements were included within the scorecard? What was excluded?
- What weighting, if any, is given to each criteria?
- Are any minimum thresholds applied to criteria?
- Who is responsible and accountable for various criteria in the scorecard?
- How is the scorecard used in business decisions?
- Are there examples of suppliers being selected or rewarded on the basis of the sustainability criteria?

**Comment [51]:** new Q3 previous Q4

**4. Do you provide brand partners with tools or resources to support ongoing improvement of their social/human rights performance?** Answer options: Yes/No (rtslscsupport)

5.1 If answered yes, please select all that apply:

- Providing educational resources which brand partners can access at their convenience.
- Facilitating interactive educational sessions which credible third-party company partners can attend.
- Offering an always-on forum for credible third-party company partners to contact your company and receive support in improving social/human rights performance.
- Lowering barriers to access for social/human rights-related multi-stakeholder working groups or initiatives.
- All of the above
- Other (If Other, please describe)

**Intent of the question**

This question intends to confirm that your company is taking responsibility within the value chain to support brand partners to improve.

Establishing a support program is an important step towards improving social/human rights performance and driving behavioral changes in your brand partners. This program should be designed and tailored to the brand's needs (building their capacity) and should ensure transfer of knowledge across the supply chain by leveraging best practices and case studies.

**Technical Guidance**

If you have answered 'yes' at least one of the answer options (listed above) has been selected.

**How this will be verified**

Documentation required

- Documentation of the support program (purpose, objectives) and the resources that are made available to brand partners.
- Description of the staff and resources the retailer has allocated to build capacity in brand partners.

**Comment [52]:** new Q4 previous Q5

**5. Does your company host or share social/human rights training programs, resources and knowledge for brands in collaboration with other organizations?** Answer options: Yes/Partial Yes/No (rtslsccommunity)

**Intent of the question**

Participation and investment in industry collaboration with other stakeholders is critical for addressing shared, systemic challenges, and working on the root cause of those challenges to drive real change.

This question is designed to confirm that your company is collaborating with other stakeholders to address shared, systemic challenges.

### Technical Guidance

In order to answer 'yes' to this question, you should have all of the following points:

- Organizing joint training and capacity building sessions for brand partners on the Higg Brand & Retail Module in collaboration with other SAC retailer members.
- Participating in social/human rights performance improvement initiatives for brand partners in collaboration with multi-stakeholder initiatives.
- Sharing company owned social/human rights training programs, resources and knowledge publically with the wider industry.

In order to answer 'partial yes' to this question, you have one but not all 3 of the above activities.

### How this will be verified

#### Documentation required

In order to answer 'yes' to this question, you should be able to provide at least one of the following:

- A signed partnership or collaboration agreement with the relevant stakeholders.
- Evidence of participation and engagement in shared platforms, including multi-stakeholder events.
- Evidence of direct engagement with other companies to host or share joint environmental training programs.

Comment [53]: now Q5 previous Q7

### 6. Does your company have an integrated scorecard that helps factor both business and social/human rights criteria into purchasing decisions from partner brands? Answer options:

Yes/No (rtslscscorecard)

6.1 If answered yes, what information about the partner brands' social/human rights risks (and/or management of risks) does this incorporate? Select all that apply:

- Forced Labor or Human Trafficking
- Child Labor
- Wages and Benefits
- Working Hours
- Freedom of Association and Collective Bargaining
- Health and Safety
- Access to Water and Sanitation
- Decent Work
- Discrimination, Harassment and Abuse
- Sexual Harassment and Gender-Based Violence
- Bribery and Corruption
- Right to Health
- Right to Privacy
- Right to Security of the Person
- Minorities' and Communities' Rights
- Land Rights

### Intent of the question

The intent of this question is to assess whether your company incorporates social/human rights criteria into the traditional sourcing decision criteria of price, delivery, performance, and quality.

This question is also designed to determine whether your company has an internal process for assessing and making decisions that includes social/human rights criteria and performance.

### Technical Guidance

Leading retailers develop and use integrated scorecards, also referred to as balanced scorecards, to ensure that social/human rights criteria are a factor in the decision-making process for evaluating new and existing suppliers, products, materials, and packaging. An integrated scorecard enables decision makers to consider sustainability attributes in business decisions. Integrated scorecards that compare the social/human rights performance of materials, products, packaging, and brands are effective at motivating people to act, as these scorecards create competition and motivation to improve.

The integrated scorecard should:

- Reflect your company's commitments into action by making social/human rights criteria part of the decision-making process.

Comment [54]: new Q6 previous Q3

**7. Does your company incentivize partner brands to continue to improve their social/human rights performance?** Answer options: Yes/No (rtslscincentivitze)

7.1 If answered yes, please select all that apply:

- Award(s) or recognition for strong social/human rights.
- More favorable business terms for companies demonstrating strong social/human rights performance.
- A formal emphasis on social/human rights performance in strategic business planning conversations with company partners.
- All of the above
- Other (If Other, please describe)

### Intent of the question

By creating incentives for brand partners, retailers can provide an important business case for action, as well as building strong long-term relationships.

### Technical Guidance

Brand partner recognition programs are used by companies to incentivize and reward positive social/human rights performance. Rewards and incentives may include increased order volume, longer contracts, etc.

In order to answer 'yes' to this question companies should have at least 2 or more of the following:



- A clear process by which to track brands' performance beyond compliance, with criteria that capture more ambitious activities or standards - with official recognition for those brands achieving a high level of performance. This recognition can include specific status or categorization within the brand partner management systems of the retailer.
- Non-commercial recognition of leadership performance by brands, such as in-house or public articles or case studies explaining how best practices were carried out, as well as prizes/awards with no monetary value.
- Semi-commercial rewards for brands with strong sustainability performance, such as a specific level of brand partner status (e.g., preferred partner, gold partner, strategic partner, etc.) which includes sustainability performance alongside other business criteria (this type of status usually comes with higher order volumes, or likely more frequent orders, without a specific underlying agreement) OR, access to specific useful resources such as improvement programs or technical expertise.
- Commercial rewards for brands with strong sustainability performance, such as explicit commitments of higher orders, signing longer-term business agreements, facilitating or making investments at brand level.

#### How this will be verified

##### Documentation required

In order to answer this question, you should provide at least one of the following materials:

- Links to external materials highlighting your activities (e.g., corporate social responsibility reports, press releases or information posted on your website or another website).
- Program materials and/or communication developed for your brands to explain the program (e.g., brand performance criteria, data collection, verification, and evaluation processes).
- Share terms and conditions related to brands' incentives or any other related documentation (outlining the specific contexts in which suppliers are given incentives, and how these incentives align with the broader business and sustainability goals of your company).
- List of brands enrolled in the program.
- Outcome of these brand partner recognition programs.
- Connection with the balanced scorecard system for brands.

**Comment [55]:** now Q7 previous Q6

## BRAND (ENVIRONMENT)

This section should be completed by companies that are responsible for product creation which includes design & development, manufacture and distribution of their own/private label brands.

### **Licensees:**

Companies that are licensees (holder of a license to use a trademark) and are responsible for product creation as per the previous paragraph may also complete this section to evaluate their own sustainability practices and performance.

### **Licensors:**

Companies that make product creation decision for licensees to execute should include those licensee business streams in their own Brand section reporting.

Companies that request their licensees to complete their own Higg BRMs should exclude those licensee businesses from their own Brand section reporting to avoid double counting.

### **Steps in the OECD due diligence process that are addressed in the Brand - Environment section**

Step 1. **Embed Responsible Business Conduct** into policies & management systems

Step 2. **Identify & Assess** Adverse Impacts in Operations, Supply Chains and Business Relationships. Step 3. **Cease, prevent or mitigate** adverse impacts

Step 4. **Track** Implementation and Results

Step 6. **Provide for or cooperate** in remediation when appropriate

## Product

**1. Does your company have an inventory of the primary materials (excluding packaging and trims) that are used to create your products?** Answer options: Yes/Partial Yes/No/Unknown  
(brenvprodinventory)

1.1 Which of the following primary material categories are used in your products?

- Cellulosic Textiles (man-made)
- Cotton Textiles
- Foam
- Fur
- Insulation Materials (natural or synthetic)
- Leather
- Plastics (synthetic or bio-based)
- Metals
- Rubbers/Elastomers
- Synthetic Leather
- Synthetic Textiles
- Wood-Based Materials (e.g., cardboard, cork, wood)
- Wool
- Other textiles

### Intent of the question

This question intends to assess whether your company has a way of accurately accounting for and tracking of the primary materials used in the products you sell. This information supports the company's understanding of the environmental risks and impacts associated with their material use.

### Technical Guidance

#### Scope of this question

- Materials provided are aligned with the Higg Materials Sustainability Index (MSI). For a list of definition of materials please login to Higg.org to access the Higg MSI, Example Materials.
  - Definition of Foam: A solid “open cell” or “closed cell” foam material commonly used in packaging and footwear. Includes EVA, PE, and PU foam. More information can be found through Higg MSI on Higg.org platform
- Product categories: The key users are companies that sell apparel, footwear, textile products and hard goods. However, with the exception of the questions around specific materials, the tool enables companies regardless of product category to evaluate their sustainability performance and provides recommendations on integrating sustainability into organizational practices.
- Primary materials are defined as the key materials used to make the final product. Primary materials are all the materials that, when totalled, represent at least 80% of the total material usage.

- The primary materials used in the production of your products, excluding packaging and trims, within the reporting period.
- Includes nominated and non-nominated (chosen by your supplier) materials that are used in your final product.

Comment [56]: new

## Definitions

**Materials inventory:** Information that has been documented on the material types and volumes used by the company. This information can be consolidated from purchase orders, contracts, sourcing specifications, credible data collected from Cut Make Trim suppliers/sourcing agents/nominated fabric mills, or by using information from product legal declarations/care labels.

If the material is sourced from improved (sustainable) sources, such as organic cotton or recycled polyester, this should be noted in the inventory (so long as these claims are verifiable and credible).

### **Nominated vs non-nominated suppliers:**

Nominated suppliers are those suppliers with a direct or agreed business arrangement - for example, if a brand has agreed with a fabric mill to purchase a specific amount of fabric that can be used by Cut Make Trim (CMT) suppliers. Alternatively, a brand can have an agreed list of 'allowed' producers that a supplier may source from - for example, for trim, packaging, dyestuffs, fabric, etc., there may be a list of 'endorsed' suppliers that a direct supplier is allowed to negotiate with or buy from.

Non-nominated supplier will be any supplier below the CMT suppliers without a direct business relationship to, or agreement with, your company, and who is not specifically identified as a recommended/required supplier.

**Primary materials** are defined as the key materials used to make the final product. Primary materials are all the materials that, when totalled, represent at least 80% of the total material usage.

**Packaging:** Materials used to protect or wrap goods.

**Trims:** Trims and components are the other components (other than fabric) that make up the rest of the garment. This can include but is not limited to buttons, threads and zippers (apparel examples) or eyelet, buckle, cord and EVA padding (footwear examples).

## How to calculate primary materials

There are several ways that companies can create an inventory of the types and volumes of materials. Three examples are listed below. The level of accuracy increases from #1 to #3.

1. By reviewing material projections provided to the Tier 2 material manufacturer, either from the brand or on their behalf by Tier 1.

2. By reviewing Purchase Orders from Tier 1 for Cut, Make, Trim, or brand in some cases, to the Tier 2 material manufacturer.
3. By reviewing production, shipping, and receipt documents to corroborate the actual quantities.

### Answer options

- To answer 'yes' to this question, >75% of your total volume of primary materials has been recorded in an inventory.
- To answer 'partial yes' to this question, 25% to 75% of your total volume of primary materials has been recorded in an inventory.
- To answer 'no' to this question, <25% of your total volume of primary materials has been recorded in an inventory.

### Helpful Resources

- Companies that do not have a materials inventory yet, can start by using the [data collection sheet \(material use tab\)](#) to record their types and volumes of materials used in their products.
- Some tools to utilize when assessing the environmental impacts of your materials could include: a Life Cycle Assessment, the Materials Sustainability Index (MSI), <http://msi.higg.org/page/msi-home> or other credible environmental impact assessment.
- Textile Exchange offers a standardized approach to converting product, fabric, and yarn used back into fiber for a consistent baseline measurement within and across companies.
- [UNIDO/UNEP RECP Programme's Enterprise level indicators for Resource Productivity and Pollution Intensity](#): 6 steps in order to calculate materials use.

Comment [57]: new

#### Calculate materials use

**Step 1:** Make a spreadsheet or use an available spreadsheet. Label your spreadsheet columns, for example: A (inputs of materials), B (quantity), C (units), D (conversion factors), E (materials in tons).

**Step 2:** List all direct and indirect materials that enter your boundary in column A. Inputs include materials directly incorporated in product, coproducts, indirect materials such as pump lubricants, and solvents. Exclude fuels.

**Step 3:** Collect usage data for each of the inputs of materials in column A. Your purchasing department should have the information in invoices or bills. Make sure that your data are applicable to your reporting period. Enter the quantities of materials in column B.

**Step 4:** Enter in column C the units referring to the quantities provided in column B.

**Step 5:** Convert each of your inputs of materials into a common unit of measurement (tons). Enter appropriate conversion factors in column D. Multiply the value in column B by the conversion factor in D for each of your materials and enter the results in column E.

**Step 6:** Sum all the weights of inputs into one number representing the total of materials entering your boundary.

### How this will be verified

#### Documentation required

If you answered 'yes' to this question, your company should provide the following:

- A documented inventory of the types and volumes of materials used in your products.
- An explanation of how the calculation was made, including an explanation of the methodology.
- Companies that use Higg MSI can show the customs materials library.
- If available, companies that are reporting to Textile Exchange's Corporate Fiber & Materials Benchmark may use the same methodology to calculate the bulk fiber and upload the corresponding documents to this question.

#### Interview questions to ask:

- Please describe the process used to create the material inventory.
- Please describe the internal employees and suppliers involved in the process of creating the material inventory.

**2. Does your company have an inventory of the trim/component materials that are used in creating your products?** Answer options: Yes/Partial Yes/No/Unknown (brenvprodinventorytrim)

- Yes (>75% of trim/component materials)
- Partial Yes (25-75% of trim/component materials)
- No (<25% of trim/component materials)
- Unknown

**Intent of the question**

This question is intended to assess whether your company has a way of tracking the trim materials (by volume) used in your company's products. This information is needed in order to build an understanding of the potential environmental impacts and risks associated with these materials.

**Technical Guidance**

Please refer to the definitions as stated in previous question.

How to calculate

- Assess overall volume or number of trim materials by weight or by product/unit. This can be done through: a company's own records, supplier information, or by credible calculation of estimated volume/number.
- Calculate volume of trim in inventory using real data from direct records or by the same calculation used to create an overall volume assessment.

Answer options

- To answer 'yes' to this question, >75% of your total volume of trim materials has been recorded in an inventory.
- To answer 'partial yes' to this question, 25% to 75% of your total volume of trim materials has been recorded in an inventory.
- To answer 'no' to this question, less than 25% of your total volume of trim materials has been recorded in an inventory

**Helpful Resources**

- Some tools to utilize when assessing the environmental impacts of your materials include: a Life Cycle Assessment, the [Materials Sustainability Index \(MSI\)](#), or other credible environmental impact assessment.

**How this will be verified**

Documentation required

- A documented inventory of the types and volumes of materials used in your products.
- An explanation of how the calculation was made, including an explanation of the methodology.

Comment [58]: new

Interview questions to ask:

- Please describe the process used to create the trim inventory.
- Please describe the internal employees and suppliers involved in the process of creating the trim inventory.

### 3. Does your company assess the environmental impacts of the materials used to create its products? Answer options: Yes/No (brenvprodmatimpact)

#### 3.1 Please describe your assessment methods or provide supporting documentation text

##### Intent of the question

This question is intended to confirm your company's understanding of the environmental impacts associated with the primary materials used in the products sold by your company. It is important to have a thorough understanding of these impacts before developing an effective materials sustainability strategy.

##### Technical Guidance

There are 4 steps for companies to begin assessing environmental impacts relative to risks in the raw materials supply chain:

##### Step 1: Identify & track materials by volume.

Identify all your raw materials by volume, country of origin and use the [data collection sheet \(material use tab\)](#) if helpful.

Companies may choose to prioritize the primary materials with the largest volume and gradually include the other (remaining) materials.

##### Step 2: Assess the impact associated with the materials.

Use the Higg Materials Sustainability Index (Higg MSI) to assess and calculate the environmental impacts of your materials. The Higg MSI has identified the following impacts:

- Climate Change/Global Warming
- Eutrophication
- Water Scarcity
- Abiotic resource/fossil fuel depletion
- Chemistry

##### Step 3: Identify the salient sector risks associated with the materials.

- OECD has identified the following common risks for the garment and footwear sector:
  - Hazardous chemicals
  - Water consumption
  - Water pollution
  - Greenhouse gas emissions
- Apparel and Footwear specific resource: Textile Exchange has created the Corporate Fiber & Materials Benchmark which includes the identified risk(s) for the material types: cotton, down, wool, man-made cellulosic fibers, polyester, nylon.

Comment [59]: new



- The Sustainable Apparel Coalition has created an [overview of environmental risks](#) for companies to consult which describes the environmental risks identified in the Higg BRM assessment.

**Step 4: Evaluate each material on the basis of where your material is manufactured.**

- Measure the environmental impacts of the production processes through the Higg Facility Environmental Module (Higg FEM) to understand the specific impacts against the risks.
- The volume your company uses (how important or strategic is this material).
- The sourcing country and the associated social impact (what geographical and commodity risk is involved).
- The leverage your company has to reduce the risk (does it require an industry approach or can an individual company make the change).

**Step 5: Develop an action plan and set targets to track progress**

- Engage internal and/or external stakeholders to identify how your company can mitigate and/or reduce the adverse environmental impacts on the material and supplier level through a sustainable materials strategy. Key internal stakeholders are for example senior management, product designers and developers, Research & Development and staff responsible for sourcing / procurement.
- Based on the discussions, develop an action plan and SMART targets that specifies how the company and respective staff will source more sustainable materials (in order to reduce or mitigate their adverse impacts) in the next 1-3 years.

**Important Note:** All companies, regardless of their company size or degree of leverage with their suppliers, have a responsibility to know the environmental impacts of its materials use. However, the specific steps that a company would take may vary based on their leverage. For example, a company could collaborate with other companies through a multi-stakeholder initiative to increase their leverage with suppliers.

**Helpful Resources**

- Higg Materials Sustainability Index (Higg MSI) - Open source tool that provides access to a large amount of relevant information about the impacts of material production used in the apparel, footwear, and home textile industries. Companies can leverage this information in different ways to get a clear understanding of what is causing different types of material impacts, and to explore different production processes that can be used to reduce those impacts. [Higg MSI: Sustainable Apparel Coalition](#)
- Textile Exchange - Free download of the 2020 Market Report outlining the preferred fibers and materials used by the textile industry.
- [2020 PREFERRED FIBER & MATERIALS MARKET REPORT](#)

**How this will be verified**

Documentation required

- Documentation related to the environmental impact assessment of the materials.
- An explanation of how the assessment was made, including an explanation of the methodology.

- Above documentation can relate to the tools/programs: Higg Materials Sustainability Index (Higg MSI), Life Cycle Assessment, Textile Exchange Corporate Fiber & Materials Benchmark, or other credible environmental impact assessment.

Interview questions to ask

- Please describe the process used for the environmental impact assessment of these materials that are used to create your company's products.
- Please describe the internal employees and suppliers involved in the process of evaluating the environmental impact of these materials that are used to create your company's products

#### 4. Does your company use environmentally preferred materials, or materials with environmental attributes, to create its products? Answer options: Yes/Partial/Unknown (brenvprodmatpreferred)

##### 4.1 Please select the applicable environmental attribute for your materials

*This question will populate a list of environmentally preferred materials based on your selections in question 1. Please select one or more of the options that are populated for you.*

- Cellulosic Textiles (man-made)
- Cotton Textiles
- Foam
- Fur
- Insulation Materials (natural or synthetic)
- Leather
- Plastics (synthetic or bio-based)
- Metals
- Rubbers/Elastomers
- Synthetic Leather
- Synthetic Textiles
- Wood-Based Materials (e.g., cardboard, cork, wood)
- Wool
- Other textiles

#### Intent of the question

This question is intended to assess whether your company sources materials that have reduced environmental impacts compared to their conventional counterparts. The majority of product-related environmental impacts result from: raw material extraction, growing, and harvesting; as well as from processing, dyeing, and finishing of the materials. [Source: Quantis' 2018 Environmental Impact of the Global Apparel and Footwear Industries study](#)

#### Technical Guidance

##### Definitions

**Preferred:** The Higg BRM definition of "preferred" aligns with Textile Exchange, which defines a preferred fiber or material as: one which results in improved environmental

and/or social sustainability outcomes and impacts in comparison to conventional production.

**Attributes:** Refers to material types that have a verifiable and credible claim that improve environmental sustainability.

Two resources available to explore preferred materials options with reduced environmental impacts are:

- [The Higg Material Sustainability Index \(Higg MSI\)](#)
- [Textile Exchange's Preferred Materials Portfolio](#)



Companies can significantly decrease the environmental impacts of their materials use through the following actions:

- For the material you are currently using, consider switching to a material type with a lower impact. Examples include using: recycled content, organically grown or chemically optimized fibers, and no- or low- water processes. When you are switching between materials please ensure through analysis and research that you are not transferring impacts to another life cycle stage.
- Once you have selected the material that will be used, you can explore lower impact processing options of that particular material. The Higg MSI and Textile Exchange's Preferred Materials List can be used to review process options that will reduce your environmental impact.

#### Answer options

- To answer 'yes' to this question, >75% of your total volume of materials are either environmentally preferred or have an environmental attribute.
- To answer 'partial yes' to this question, 25% to 75% of your total volume of materials are either environmentally preferred or have an environmental attribute.

- To answer 'no' to this question, you should have documented less than 25% of your total volume of materials are either environmentally preferred or have an environmental attribute.

#### Helpful Resources

- [Higg MSI: Sustainable Apparel Coalition](#)
- [Textile Exchange : Preferred Fiber & Materials Market Report 2020](#)
- [ISO Life Cycle Assessment \(LCA\) Guidelines](#)
- [OIA Getting Started Guide – Sustainable Materials](#)
- Quantis [2018 Environmental Impact of the Global Apparel and Footwear Industries Study](#)

#### How this will be verified

Documentation required

If you answered 'yes' to this question, your company should provide the following:

- A documented inventory of the environmentally preferred materials, or inventory of materials with environmentally preferred attributes.
- Basis or source information that was used to determine that these materials or material attributes have reduced impacts. Examples include materials from the Higg MSI and Textile Exchange's preferred materials list.
- Companies that use Higg MSI can show the customs materials library.

Interview questions to ask:

- Please describe the process used to determine or verify that the materials or material attributes have reduced environmental impacts.

#### 5. Does your company track the percentage of its materials that have environmentally preferred attributes or certifications? Answer options: Yes/Partial/No/Unknown (brenvprodmatkpi)

5.1 If you answered yes, please select the applicable environmental attribute for your materials:

In this example, you will be asked to complete the information pertaining to the materials that you have selected in the previous questions.

* Certification Percents	Baseline %	Baseline Year	Target %	Target Year	Last Calendar Year %	Additional Comments
Cotton - Better Cotton Initiative	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Cotton - Organic Cotton	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Cotton - Recycled Cotton	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

### Intent of the question

This question intends to ensure that companies are confirming and tracking the materials used which have environmentally preferred attributes/certifications. Developing a progressive sustainable materials strategy will only be possible if a company understands and has visibility of their entire materials portfolio and knows whether environmentally preferred attributes or certifications have been used.

Companies may track sustainable materials as a percentage of that material's conventional counterpart or as a percentage of the entire materials portfolio.

### Technical Guidance

This question focuses on your individual materials, not on your products.

For each environmentally preferred material selected in the previous question, you will be asked to specify which environmentally preferred attribute or certification has been used within the table format.

On the next page you will find a brief explanation on the terms used within the table.

<b>Type of certification / attribute</b>	<p>Certifications such as but not limited to:</p> <ul style="list-style-type: none"> <li>• <a href="#">GOTS</a></li> <li>• <a href="#">Forest Stewardship Council (FSC)</a></li> <li>• <a href="#">Programme for the Endorsement of Forest Certification (PEFC)</a></li> <li>• <a href="#">Textile Exchange range of standards such as Organic Content Standard, Global Recycled Standard, Responsible Down/Wool</a></li> </ul> <p>Companies can also use the Higg MSI dyeing and coloration information to choose lower impact dyeing process e.g. solution (dope) dyeing.</p>
<b>Baseline %</b>	<p>In order to demonstrate improvements or reductions, it's important to know what your starting point is.</p> <p>A "baseline %" is a starting point of the initial reporting</p>

	percentage. This percentage will enable your company to track over time whether you are on track to make progress against your set target(s).
<b>Baseline year</b>	The initial reporting year, which you are measuring targets against, is also known as the baseline year (which the above “baseline %” is based on).
<b>Target %</b>	<p>A target is a particular goal to be delivered by a company for a specific period. The Target % is an indicator of where you want to be from the baseline %.</p> <p>Target types that are most commonly used are either absolute or normalized.</p> <p><u>Absolute target</u> addresses the total amount/quantity per year or per month. In the materials context this could be total amount of water used by materials supplier in a year or total amount of kg of recycled polyester use.</p> <p><u>Normalized target</u> is a comparison of totals or usage against a predefined variable. An example is the amount of water used to produce 100 yards of fabric at a material supplier. In the materials context this could be the quantity per meter of fabric, quantity per unit, quantity per dollar of revenue. Or percent of total polyester usage that is recycled content.</p> <p>It is recommended to use normalized targets when setting materials targets.</p>
<b>Target year</b>	The year in which the “target %” has to be achieved.
<b>Reporting Period %</b>	The percentage of products which carry end-of-use certifications and/or attributes in the last calendar year.
<b>Additional comments</b>	Any notes or comments to provide clarity to the information you have submitted.

**Comment [60]:** new

- **Attributes:** Refers to material types with verifiable and credible claims that improve environmental sustainability. For example, organic cotton and recycled polyester are attributes.
- **Certification:** A third party certification program confirm the integrity of the environmentally preferred attributes within the material. Third-party certification programs support a systemic approach to integrate environmental performance in the raw materials. Examples of certification programs include but is not limited to: GOTS, Textile Exchange and Forest Stewardship Council.

Answer options

- To answer 'yes' to this question, your company has tracked more than 75% of your entire materials portfolio for environmental attributes or certifications.
- To answer 'partial yes' to this question, your company has tracked 25-75% of your entire materials portfolio for environmental attributes or certifications.
- When answering "no" to this question, your company has tracked less than 25% of your entire materials portfolio for environmental attributes or certifications.

#### Helpful Resources

- Guidance on setting baselines and targets can be found [here](#)
- If helpful, a baseline and targets template can be downloaded from [this page](#) as well
- Explanation of Scope and Transaction Certificates:
- [GOTS](#)
- Textile Exchange
  - [Policy For Scope Certificates, V2.0](#)
  - [Policy For Transaction Certificates, V2.0](#)

## How this will be verified

### Documentation required

If you answered 'yes' or 'partial yes' to this question, your company should provide the following:

- Completed the information as requested within the table.
- A documented inventory of the environmentally preferred materials used in the reporting year.
- When certifications have been used, please share the related scope and transaction certificates of the material suppliers.

Comment [61]: new

### Interview questions to ask:

- Please describe the process used to determine or verify that the materials have environmentally preferred attributes or certification.
- Please describe the process used to collect certificates along the value chain of the sourced materials.

## 6. Does your company assess the environmental impacts of the use of its products? Answer options: Yes/No (brenvprodimpact)

### 6.1 Please describe your assessment methods or provide supporting documentation

#### Intent of the question

This question is intended to ensure companies have a robust understanding of the environmental impacts associated with the use of their products so that they can set strategies and targets accordingly to improve on these identified impacts. This question also intends to support your internal process to identify and prioritize the key environmental risks and impacts holistically across your product portfolio.

#### Technical Guidance

To answer 'yes' to this question, your company must have carried out a product life cycle assessment, life cycle inventory, or analysis / study in the last five years that includes one or more of the following:

- Analysis of environmental risks and impacts based on the manufacturing through to use phase of key product categories.
- Description of the percentage of production or sales the above analysis covers.
- Documentation of materials until processes, which can be collected through bill of materials and production records. Documentation related to the materials used and the finished goods production processes — which can be collected through bill of materials and production records.
- Analysis of specific opportunities within the stages of product design & development and consumer use phase to address environmental risks or impacts.

**Note:** Any analysis, assessment, or study should be backed up by credible data or verified by an accredited third party.

#### Helpful Resources

- SAC has released the first edition of the [Higg Product Module](#) in September 2020. This tool will enable companies to assess environmental impacts from materials to products and will help companies develop more sustainable products consistently



across the industry. The second edition of the Higg Product Module, which covers the use and end-of-use phase, will be released in 2021.

- [European Clothing Action Plan - Mapping Clothing Impacts](#)

#### How this will be verified

Documentation required

- Copy of the analysis, assessment, or report (carried out in the last five years) that identifies the key environmental risks, impacts, and opportunities associated with the products you sell.
- Analysis through Product Life Cycle Assessment or other credible tools.

#### 7. Does your company track the percentage of its products that have environmental attributes?

Answer options: Yes/Partial/No/Unknown (brenvprodpi)

Percentage of Products with Environmental Certifications/Attributes

Type of Certification/Attribute	Baseline %	Baseline Year	Target %	Target Year	Last Calendar Year %	Additional Comments
Certification 1						
Certification 2						
Certification 3						
Certification 4						
Certification 5						
Certification 6						
Certification 7						

#### Intent of the question

This question intends to ensure companies are confirming and tracking the percentage of products that have environmentally preferred attributes/certifications. Developing a progressive sustainable products strategy will only be possible if a company understands and has visibility of its entire product portfolio and knows whether environmentally preferred attributes or certifications have been used by their finished goods/products suppliers.

#### Technical Guidance

- If you have answered “yes” to this question, your company has tracked the environmental attributes of more than 75% of your entire product portfolio.
- If you have answered “partial yes” to this question, your company has tracked the environmental attributes for 25-75% of your entire product portfolio.
- If you have answered “no” to this question, your company has tracked the environmental attributes for less than 25% of your entire product portfolio.

#### Guidance related to the table format

Please refer to the guidance as part of question 5.

#### How this will be verified

Documentation required

If you answered 'yes' to this question, your company should provide the following:

- A documented inventory of the products that have environmentally preferred attributes/certifications that your company has used in the reporting period.
- When certifications have been used please share the related scope and transaction certificates of the finished goods/products (tier 1) suppliers.

Comment [62]: new

## 8. Does your company have a quality assurance (QA) program? Answer options: Yes/Partial/No (brenvprodqa)

### 8.1 What does your QA program include for enhancing product duration of service (lifetime)?

- Durability criteria for products and materials to ensure longevity in the products' intended use.
- Lab and/or field-testing program to ensure products and materials meet durability criteria.
- An active feedback system to assess the condition of products throughout their duration of service (including returns) and to upgrade durability criteria accordingly.
- Educate consumers about the intended life cycle/duration of use of product(s).
- Formal inclusion of QA data into the product design process.

#### Intent of the question

This question is intended to a) encourage companies to make more durable products and b) to assess whether your company has a quality assurance program aimed at enhancing the durability of your products. Product durability is an important determinant of a product's duration of service, a key contributor to the product's impact over its life.

The longer a product's duration of service, the longer the period of time over which the product's environmental impacts are amortized. If a product's user buys fewer new products due to using a more durable product, this also reduces the environmental impact associated with the manufacture of the new products.

#### Technical Guidance

##### Answer options

- To answer 'yes' to this question, your company must have a formal quality assurance program in place aimed at understanding and enhancing the durability and longevity of your company's products.
- To answer 'partial yes' to this question, your company does not have a formal quality assurance program but has taken actions to enhance the product lifetime (duration of service).

Components to consider as part of your quality assurance program are:

- An active system of feedback to continuously assess worn products (including returns) and upgrade durability criteria accordingly. For example, this may include documenting and reporting product return rates with reason codes that reference "failure due to materials, assembly, etc."
- Formal inclusion of quality assurance data into the product design process.
- Lab and/or field-testing program to ensure products and materials meet durability criteria.

- Product- and material-level durability criteria to ensure longevity in the product's intended use.
- Communication to consumers about the intended life cycle/duration of use of product(s).
- A clear definition and technical guidance on what is meant by 'durability' within fabric and garment processes. For example, is it defined by: the overall length of time a garment or fabric can function? Or by ensuring the product remains serviceable for the expected lifetime of the garment? These definitions should include testing protocols and quality standards to support this definition.
- Documentation of ASTM testing results on materials from a validated testing laboratory (i.e., tear strength, abrasion resistance, etc.) and relevant field trial experiments.

### Helpful Resources

- [Design for Longevity](#)
- [Ellen MacArthur Foundation](#)
- [Mistra Future Fashion](#)
- [WRAP – Clothing Longevity Protocol](#)

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### How this will be verified

#### Documentation required

- Documented quality assurance program shared with internal and external partners.
- In order to select any of the answer options, you should ensure that there are a) explicit and formal policies available to all relevant team members and b) clear processes in place to ensure alignment with those policies, including embedding criteria or decision points/priorities into protocols and internal systems.
- Verification of lab and/or field-testing program
- Documentation of ASTM, ISO, AATCC, or JIS testing results on materials from a validated testing laboratory (i.e., appearance after washing; physical test such as tear strength, abrasion resistance, snagging, etc.)
- Relevant reports of field trial experiments which may include information related to the contracted testing person or team, time requirement for field testing (i.e., hours or days, etc.)
- Relevant information about the intended life cycle/duration of use of product(s) is shared with consumers (e.g. through company's corporate website, hangtags, or in-store information).

**9. Does your company actively engage and collaborate with communities of practice, NGOs, and/or governments to share information, knowledge, and best practices that accelerate the adoption and development of environmentally sustainable materials or products?** Answer

options: Yes/No (brenvprodcollaborate)

9.1 Please list these efforts and provide relevant URLs that describe them in detail.

**Intent of the question**

This question is intended to assess whether and how your company engages with other stakeholders and accelerates the adoption and development of sustainable materials or products. In particular, Small and Medium- sized Enterprises (SME) are encouraged to take part in multi-stakeholder initiatives that drive collective impact to bring programs to scale, but are not expected to create a new initiative if their resources are not sufficient.

**Technical Guidance**

To answer 'yes' to this question, your company must be able to demonstrate that you have contributed to one or more of the following initiatives:

- Contributing financial resources to research, or to innovation funds, or partnering with innovation institutions or organizations to address key industry-wide emerging issues such as land use & deforestation, animal welfare, or microfiber pollution; or to address known challenges in new and innovative ways. For example, funding a report exploring opportunities to address microfiber shedding through collaboration between companies, washing machine manufacturers, research institutions, and municipal waste or water treatment facilities; or analyzing how companies can play a role in scaling up sustainable cellulosics.
- Active engagement and collaboration with producers, technical organizations, communities, NGOs and/or governments to develop, test and share information, knowledge and best practices that accelerate the adoption and development of more sustainable materials.
- For example, directly working with organizations such as IDH, Solidaridad, Textile Exchange or WWF on addressing on-the-ground impact with cotton farmers, local agricultural departments, and ginners to support better cultivation practices for cotton in key production regions; or collaborating with companies, technical organizations, NGOs and beef producers to create deforestation-free and high-welfare leather stocks and to gradually make better practices the norm in the cattle supply chain.
- Supporting credible programs to improve on-the-ground practices in materials production, accelerate the improvement of regional and national production methods, or scale up global systems for more sustainable materials.
- For example, supporting the expansion of a more sustainable material certification scheme to new countries or strengthening the certification standards.
- Active engagement with relevant regional/national/international government organizations to encourage uptake and preferential policy for better practices.
- For example, working with other stakeholders to advocate for embedding better practices in national agricultural or forestry standards in key production regions; engaging with regional organizations like the EU to support increased sustainability requirements for materials imports; working with the UNFCCC to support measurable carbon credits for sustainable materials.

- Engagement with policy and governance should always be done in an appropriate manner to avoid undue influence or company policy capture - it is recommended to work with a coalition of other companies and stakeholders, or with a credible and neutral 3rd party broker, when doing any policy engagement in a context where a company holds significant trade or other forms of power/influence, or where counterparts are potentially under-resourced such as in a developing country context with challenges around governance resources.
- Supporting the creation (or seeding) of financial or trade solutions to systemic materials challenges. For example, working with financial organizations, development organizations, or governments to create systematic and supportive financial mechanisms that will give materials producers access to a) technical investments and upgrades, b) technical capacity and skills, c) certification or verification resources, or d) preferential sales price or trade finance mechanisms.

### Helpful Resources

- Cellulose - [Canopy](#)
- Initiatives that support cotton farmers
  - [Better Cotton Initiative](#)
  - [Cotton Connect](#)
  - [IDH The Sustainable Trade Initiative](#)
  - [Solidaridad](#)
- [Textile Exchange](#)
  - <https://textileexchange.org/materials/>
  - <https://textileexchange.org/sustainable-cotton-initiatives-matrix/>
- [WWF](#)
- Other initiatives
  - [European Outdoor Group Microfibre Consortium](#)
  - [Outdoor Industry Association Sustainability Working Group](#)

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The above is not an exhaustive list of initiatives that companies can reach out to. The SAC intends to update the Brand & Retail Module - How to Higg Guide on a regular basis with user feedback.

### How this will be verified

#### Documentation required

- Relevant links/URLs to these multi-stakeholder initiatives/platforms.
- A signed partnership or collaboration agreement with the relevant stakeholder(s).
- Evidence of participation and engagement in shared platforms, including multi-stakeholder events.
- Evidence of direct engagement with community groups.
- Describe the results achieved through these multi-stakeholder initiatives/platforms.

## Supply Chain: Product & Textiles

**10. Does your company know the physical addresses or GPS coordinates of the factories that produce its materials and products?** Answer options: Yes/Partial Yes/No/Unknown (brenvscaddresses)

Comment [66]: new

**10.1 For which supply chain segment(s) are the physical addresses known?**

*You will be asked to complete the information for each tier in the table. More information on definition of each tier is found in below sections.*

10.1 For which supply chain segment(s) are the physical addresses known?	
Tier 1: Supplier/Company/Manufacturer	Yes/Partial Yes/No/Unknown
Tier 2: First Product Manufacturing site (assembly or Product/Brand Production)	Yes/Partial Yes/No/Unknown
Tier 3: Material Component	Yes/Partial Yes/No/Unknown
Tier 4: Material or Product Component Manufacturing	Yes/Partial Yes/No/Unknown
Tier 5: Raw Material Processing	Yes/Partial Yes/No/Unknown
Tier 6: Agriculture and Extraction	Yes/Partial Yes/No/Unknown
Chemical Supplier	Yes/Partial Yes/No/Unknown
Other	Yes/Partial Yes/No/Unknown

### Intent of the question

Comment [67]: new

Knowing the specific address where production processes occur is the first step in understanding the environmental risks and impacts of your materials and products.

It is important to know the specific location of each facility that produces or processes materials and products, and the locations where the raw material inputs originate, as this is where some of the largest impacts occur.

In addition, knowing the geographical location would help you understand the sensitivity to harm or adverse environmental impacts that is linked to the sourcing region so that you can create action plans to mitigate these key impacts. For example, knowing what energy sources (coal, wind, solar or nuclear power) that are available in the region, whether the region has water risk or scarcity or if any important protected areas (such as ancient forests or areas of rich biodiversity) are part of your supply chain are all important regional information in order to determine the risk level.

## Technical Guidance

### Why does it matter?

The further down your supply chain, the more challenging it can be to obtain the exact locations of production facilities or areas where raw materials are grown or extracted. Typical reasons for these challenges include:

- Lack of direct contractual relationships with these entities.
- Many raw materials such as cotton, wool, and metals are commodities that are sold through brokers or traders on the open market.
- The supplier subcontracts work to other suppliers.

Understanding these relationships will help you know your supply chain, and will enable you to uncover risks and inefficiencies as well as opportunities. As an example, subcontractors used by your suppliers may operate in a manner that does not meet your standards and exposes your company to higher risks.

Keep in mind that the address or location you have for a supplier often does not identify the location of the facility producing the material or product. The address may be the location of the company's headquarters or sales office, or an agent's address. The supplier often produces the same product or material at various locations.

### Getting started

The process of obtaining the addresses in the supply chain starts with listing all the suppliers that produce products and materials for your company. Work with your sourcing managers, sourcing agents, facilities managers, field staff, and buyers to build this list. Continue to work with these same people to reach out to the suppliers to obtain the addresses of all their production facilities that produce products or materials for you. Continue to work with the first layer of suppliers to identify their list of suppliers and so on.

Continue this work until you are able to identify the location of the supplier that produces the raw materials, such as the farm or mining operation.

Start the process by focusing on the suppliers that produce your high-volume products and materials. For each product, trace the flow of materials through the supply chain. Keep cascading along the chain until you reach the end: your raw material suppliers.

It is important to identify the address(es) of the actual facility(ies) that produces the product and material, and each of the suppliers down the supply chain, as this is the first step in determining the specific impacts of the materials and products you purchase. By knowing these locations you will then investigate the various impacts such as:

- Types, sources, and amounts of power used.
- Sources and amounts of water used.
- Wastewater treatment systems on site.
- Types and amounts of contaminants in the wastewater discharged.

- Types and amounts of air emissions.
- Environmentally sensitive areas near the facilities.
- Impacts to local communities.
- Local and county regulations that apply, etc.

The above information for each facility location can be obtained by using the [Higg Facility Environmental Module \(Higg FEM\)](#)

The descriptions of supplier tiers:

- **Tier 1** Final product manufacturing and assembly (or finished goods production)
- **Tier 2** Material manufacturing (or finished materials production)
- **Tier 3** Raw material processing
- **Tier 4** Agriculture and extraction
- **Other tiers:** E.g. wholesale/third party brands, chemical supplier

To better understand the supply chain tiers please review [Supplier Network Diagram version 6.1](#). This work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License.

Definitions:

- **Finished Component Manufacturing:** This refers to manufacturers that supply trims/accessories comprising the finishing components of an apparel, footwear and hard goods products. Examples are zippers, buckles, snaps, buttons, etc.
- **Material Converter:** An organization that coordinates between Tier 2, 3, 4 suppliers to develop finished materials to be used in the final products.

Guidance for Small and Medium sized Enterprise

(SME)

From the perspective of conducting due diligence, all companies irrespective of size must know their supply chain in order to identify risks that prevent them from having full visibility and being able to assure customers of their responsible business conduct.

Due to their relatively small order quantities and minimal leverage in the supply chain, SMEs may oftentimes rely on business partners (sourcing agents) for the management of their supply chain. This kind of indirect sourcing is an information gap that poses significant risk (because most impacts occur in the manufacturing of products) and must be addressed. At the same time, the strength of SMEs also lies in their size. These companies tend to be more nimble/agile and can quickly react to any changes compared to larger corporations.

At the start of this journey of mapping your supply chain you will uncover many questions and uncertainties. You will also find that cascading down your raw material supply chain will take considerable time and effort. This is normal and to be expected. Having supply chain transparency is a long-term goal which requires support of key- stakeholders involved. To this point we encourage SMEs to engage in industry/sector initiatives such as the Sustainable Apparel Coalition to help implement collaborative solutions to this complex topic that one company



alone cannot solve.

The following SMEs have publicly shared their insights on supply chain mapping and providing transparency:

- [Bergans](#)
- [Everlane](#)
- [Veja](#)

#### Answer options

- To answer 'yes' for each supplier segment, your company must know the production locations for >75% of suppliers in the relevant tier.
- To answer 'partial yes' for each supplier segment, your company must know the production locations for 25 - 75% of suppliers in the relevant tier.
- When answering "no" for each supplier segment, this would mean that your company knows the production locations for less than 25% of suppliers in the relevant supplier tier.

#### **Helpful Resources**

- Explanation on supply chain tiers: [Supplier Network Diagram version 6.1](#)
- More information on [Higg Facility Environmental Module](#)
- [Data Collection Sheet \(Supply Chain\)](#) could be used to start listing your suppliers.
- The Outdoor Industry Association has helpful resources on understanding the subject of supply chain mapping. You will be able to access these through [this page](#). In particular we would recommend reviewing the Getting Started Guide - Supply Chain Mapping and Textile & Textile Chemistry Supply Network.
- [Agreement on Sustainable Garments and Textile: A Collaborative Approach to Supply Chain Mapping](#)

#### **How this will be verified**

##### Documentation required

For each segment of the supply chain that was selected, your company should provide:

- A documented list of the addresses for each supplier segment that you have selected.
- If applicable, a link to your corporate website where your supplier list/supply chain has been publicly disclosed.

##### Interview questions to ask:

- What aspects of the supply chain were included? What was excluded?
- Please describe the process for obtaining the addresses for the supply chain.
- Who was involved in the process?

**11. Does your company publicly disclose its supplier lists? Answer options: Yes, Partial yes, No, Unknown (brenvscpubdisclose)**

##### **11.1 For which supply chain segment(s) does your company disclose supplier lists?**

- Agents/Trading Company/Licensees
- **Tier 1:** Final product manufacturing and assembly (or Finished Goods Production).
- Material Converters
- **Tier 2:** Material or Finished Component Manufacturing

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- **Tier 3:** Raw material processing
- **Tier 4:** Agriculture and extraction
- Chemical suppliers
- Other tiers: please specify segment type e.g., dyeing auxiliaries, centralized/public wastewater treatment plants, hazardous waste treatment facilities

11.2 Where can this information be found? Please list the URL.

11.3 How often does your company update these lists?

- Quarterly
- Every six months
- Every year
- Less frequent than once a year

11.4 When disclosing supplier lists, do you also link to each supplier's environmental performance data? Answer options: Yes, Partial yes, No

Comment [71]: new

### Intent of the question

This question intends to encourage companies to publicly disclose their supplier list for the purpose of increased supply chain transparency. When companies publicly communicate about their supply chain, it ensures transparency and accountability to meet with key-stakeholders' expectations, and gives consumers the option to access information on where the product is made, to help them make an informed purchasing choice.

Transparency also holds companies accountable to ensure that human rights are respected, and that working conditions and the environment are safeguarded.

### Technical Guidance

~~In 2019, the SAC and global research consultancy GlobeScan released the [Empowering Consumers Through Transparency](#) report. The report is designed to contribute to thinking and debate within the industry and to stimulate greater collaboration among brands, retailers, and manufacturers to engage consumers globally. [More information here.](#)~~

~~In 2016, nine labor and human rights organizations formed a coalition to advocate for transparency in apparel supply chains. They developed the [Transparency Pledge](#), and are campaigning for all brands and companies to adopt this. The pledge criteria, to be included within supplier lists, are as follows:~~

- ~~● The full name of all authorized production units and processing facilities (*Processing factories include printing, embroidery, laundry, and so on*)~~
- ~~● The site addresses~~
- ~~● The parent company of the business at the site~~
- ~~● Type of products made (*apparel, footwear, home textile, accessories*)~~
- ~~● Worker numbers at each site (*by category: less than 1000, 1001 to 5000, 5001 to 10000, more than 10000*)~~

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Since the founding of the Sustainable Apparel Coalition, a core part of our vision has been to provide trusted and relevant information to all decision-makers, including consumers, so that they can decide how best to manage their impacts through what they purchase. SAC encourages companies to commit to the fashion transparency pledge.

To answer this question:

- Review the [Supplier Network Diagram version 6.1](#) to better understand the supply chain tiers. SAC aligns with the definitions
- Please select the supplier segments/tiers that you have publicly disclosed and share the link to where the information can be found. In addition, you are requested to share how often you update the supplier lists and whether a link to the supplier's environmental performance data has been shared (in addition to their location).
- In this current version it is not possible to choose between Agents, Trading Company or Licensees. When this supplier segment has been selected you may provide additional explanation of your answer through; the aforementioned public link to where the information can be found or share supporting documentation during verification.

#### Answer options

- To answer 'yes' your company must know the production locations for >75% of suppliers in both Tier 1 and 2.
- To answer 'partial yes', your company must know the production locations for at least 25 - 75% of suppliers in both Tier 1 and 2.
- Answering "no" means that your company knows the production locations for less than 25% of suppliers in either Tier 1 or Tier 2.
- 

Comment [73]: new

#### **Helpful Resources**

- [Alliance for Corporate Transparency](#) - the largest publicly available study on companies' sustainability disclosures to date.
- [Fashion Revolution](#)
  - Why Transparency Matters: <https://www.fashionrevolution.org/about/transparency/>
  - A list of companies (including SAC members) that publicly disclose their supplier list <https://www.fashionrevolution.org/transparency-is-trending/>
- Open Apparel Registry (OAR) is an open-source map and database of global apparel facilities and their affiliation.

Comment [74]: new

#### **How this will be verified**

Documentation required

- Provide information on how this data is managed and updated.
- Provide relevant links/URLs of the supplier list(s) and indicate what segments and tiers are included in the supplier lists that your company has publicly disclosed.
- If applicable, share the link to each supplier's environmental performance data that you have shared as part of your supplier list.
- Supporting Documents: A brief report or process document, capturing the metric used to calculate the % (e.g. number of sites, volume of specified product, etc.) and the means by which supplier data is gathered and managed per tier.

**12. Has your company established a program aimed at improving environmental performance in the supply chain?** Answer options: Yes/Partial Yes/No (brenvscprogram)

#### 12.1 Which supply chain segment(s) does this program address?

- Agents/Trading Company/Licensees
- **Tier 1:** Final product manufacturing and assembly (or Finished Goods Production).
- Material Converters
- **Tier 2:** Material or Finished Component Manufacturing
- **Tier 3:** Raw material processing
- **Tier 4:** Agriculture and extraction
- Chemical suppliers
- Other tiers: please specify segment type e.g., dyeing auxiliaries, centralized/public wastewater treatment plants, hazardous waste treatment facilities

#### 12.2 What is included in your program?

- A corporate policy, approved by your company's executive team and/or Board that underpins the commitment to the success of this program.
- Compliance with all applicable regulation or international norms (whichever is higher).
- Specific minimum requirements and best practices that go above and beyond applicable regulations.
- Requirements in manufacturer contracts that require their suppliers and subcontractors to meet the goals of the program.
- Public disclosure, including: a description of your impact, effectiveness of managing impacts, and details pertaining to your program.
- Other

### 12.3 How does your company implement the program?

- Action plans are designed to address the differences in manufacturers' priorities based on local context.
- Personalized and custom training or workshops.
- Company facilitates/provides support to manufacturers by providing trained/qualified specialists.
- Collaborative projects which match manufacturers' environmental roadmap and priorities.
- Company provides support to manufacturers to develop internal environmental performance competencies.
- Company provides support to manufacturers to engage with stakeholders around environmental performance issues.
- Supporting innovation.
- Other (If other, please describe)

#### Intent of this question

This question builds on the questions 1-3 in the Management System section by evaluating how your company is addressing the environmental risks that were identified as part of your risk assessment process.

While it is possible to make progress in advancing sustainability without a formal program in place, establishing such a program enables a company to coordinate its efforts more effectively and to realize continuous improvement over an extended period of time.

#### Technical Guidance

**Supply Chain segments:** The definition of tiers has been explained in the guidance of the previous question.

**Environmental Performance Program** – Includes formal policies, strategies, manufacturer contracts, or action plans to improve the environmental performance of the company's supply chain.

#### Answer options

- To answer 'yes' to this question, >75% of your suppliers are enrolled in your company's environmental program.
- To answer 'partial yes' to this question, 25% to 75% of your suppliers are enrolled in your company's environmental program.
- To answer 'no' to this question, less than 25% of your suppliers are enrolled in your company's environmental program.

#### Helpful Resources

- To better understand the supply chain tiers please review [Supplier Network Diagram version 6.1](#). This work is licensed under a Creative Commons Attribution-Share Alike 4.0 International License.

Programs that support improvements in environmental performance

- Apparel Impact Institute
- Higg Index Facility Environmental Module (Higg FEM)

#### How this will be verified

##### Documentation required

- In order to consider a supply chain segment included in the program, your company must have documentation in place wherein the supplier segment is specifically addressed and you have described how it is being supported as part of your environmental performance program.
- Internal or external materials related to the environmental performance program, laying out the approach to improving the environmental performance of supply chain partners, including at least the following information:
  - The description of the policies, goals, and targets that have been approved by your company's executive team and/or board that commits resources to the environmental program.
  - The environmental resources (Energy, Water, Waste, Chemistry, etc.) that were identified as priorities for the company as part of the risk assessment process, and which supply chain segments will be engaged or included.
  - How the program will be implemented, including the staff resources and financial investment needed.
  - Supplier requirements that are captured in business contracts in which is described how suppliers and subcontractors can meet the goals of the program.
  - Roles and responsibilities of responsible staff/team/department
  - Internal or external (third party) best practices, tools, or expertise that will be leveraged to help implement this program.
- Public disclosure — including a description of your impact, effectiveness of managing impacts, and details pertaining to your program.

**13. Does your company have a means to confirm that suppliers at each tier of its value chain identify, manage, and meet compliance with all applicable environmental regulations in their country/region?** Answer options: Yes/Partial Yes/No (brenvsccomp)

**13.1 In which supply chain segments can you confirm that environmental compliance regulations are met?**

- Agents/Trading Company/Licensees
- **Tier 1:** Final product manufacturing and assembly (or Finished Goods Production).
- Material Converters
- **Tier 2:** Material or Finished Component Manufacturing
- **Tier 3:** Raw material processing
- **Tier 4:** Agriculture and extraction
- Chemical suppliers
- Other tiers: E.g. dyeing auxiliaries, centralized/public wastewater treatment plants, hazardous waste treatment facilities

#### **Intent of this question**

This question is designed to determine if the company has monitoring systems to verify suppliers involved in the production of goods are operating in compliance with local law. This does not refer to the product or materials outputs themselves, but to the facilities, equipment, and processes which make them.

#### **Technical Guidance**

Value Chain definition: All activities involved in the creation, sale, and servicing of products to the end customer. This includes product development, manufacturing, logistics (inbound and outbound), company operations, distribution and customer support services (example repair programs).

Verifying compliance with your standards and local law at all tier levels within your supply chain requires a company to know all suppliers at each tier level and have established monitoring processes. It also requires your company to understand and manage the different legal requirements by geography within your supply chain.

Thus, this question may be favorably answered “yes” by multiple means, including a company’s oversight of a supplier’s internal means to manage such information, a company managing the information themselves or the use of third-party services.

Examples of different approaches that can be used:

- Companies can monitor their suppliers means to manage this activity by reviewing the facility responses to the following questions in the Higg Facility Environmental Module - Site Info & Permits section:
  - Does your facility have a valid operating license, if required by law?
  - Did your facility receive any government-issued environmental violation records for this reporting year?
  - Please complete the following questions to provide details on your facility’s environmental permits requirements and compliance status.

- Verified Higg FEM scores should be more valuable than non-verified ones for this compliance aspect.
- Alternatively, companies may elect to use third-party organizations that understand and ensure supply chain legal compliance in addition to a deeper view into Environmental Health & Safety in tier 2 & 3.
- For managing the process for suppliers of finished products (tier 1), companies could utilize a qualified Environmental Health & Safety third party, provided that the supplier does not have chemical intensive processes such as laundry, garment dyeing, printing, etc. where a specialized third party (with Chemical specialty) should be used.

**Note:** Depending on the risk level and resources a company may have, third-party experts or organizations can offer on-the-ground support when evaluating supplier's data. Having said that, enlisting the support of a third party should not be substituting a brand's own efforts to continuously support the performance improvement of supply chain partners.

#### Answer options

- To answer 'yes' for each supplier segment, your company has confirmed the compliance for >75% of your suppliers in the relevant tier.
- To answer 'partial yes' for each supplier segment, your company has confirmed the compliance for 25 - 75% of suppliers in the relevant tier.
- When answering "no" for each supplier segment, this would mean that your company has confirmed the compliance for less than 25% of suppliers in the relevant tier.

#### **Helpful Resource**

- German Partnership for Sustainable Textiles - [Setting up an effective monitoring system for your company's supply chain](#)

#### **How this will be verified**

##### Documentation required

A company's total answer to this question may contain strategies that are exclusively contained within, or are combinations of, the following aspects.

- If a company monitors this responsibility on their own: records showing the applicable regulations as mapped against the complete view of their supply chain, including the process to update such records and showing latest version of said records.
- If the appropriate questions of the Higg FEM are utilized: review of the company's records for Higg FEM coverage (verified) against their supply chain.
- If a third party is utilized: documentation that shows the chosen third-party participation and extent of the supply chain covered by the services.



**14. Were your manufacturers consulted when creating the environmental performance program?** Answer options: Yes/No (brenvscmanufactureconsult)

**14.1 Please select all that apply**

- Agents/Trading Company/Licensees
- **Tier 1:** Final product manufacturing and assembly (or Finished Goods Production).
- Material Converters
- **Tier 2:** Material or Finished Component Manufacturing
- **Tier 3:** Raw material processing
- **Tier 4:** Agriculture and extraction
- Chemical suppliers
- Other tiers: E.g. dyeing auxiliaries, centralized/public wastewater treatment plants, hazardous waste treatment facilities

**14.2 How were they engaged?**

- Feedback survey
- Interviews
- Direct engagement as part of business performance meetings
- Their priorities and action plans were direct inputs into the development of these programs.
- Feedback included in representative engagement (e.g., through industry associations or other collaborations they are participating in).
- Other

**14.3 How often do you request feedback?**

- Annually
- When programs are updated
- Other

**14.4 Please provide specific examples of how feedback was incorporated.**

**14.5 How frequently do you update your program(s) utilizing this feedback?**

- Annually (or more frequently)
- Every 2 years
- >2 years

**Intent of the question**

When designing supply chain strategies, a collaborative and inclusive relationship should be established between brands/retailers and their manufacturers. Engaged manufacturers will be more likely to be active participants within your supply chain initiatives and are also more likely to showcase enhanced performance. Such communication is also essential to allow for problems and grievances to be raised, discussed, and resolved as early as possible in the decision-making and target-setting process.

**Technical Guidance**

There are multiple ways to engage manufacturers as part of your company's strategy development; whether through formal methods like business performance and/or stakeholder engagement meetings, or via supplier summits or supplier surveys.

**Helpful Resources**

- Business for Social Responsibility - Maximizing Benefits from a Sustainable Supply Chain:  
[https://www.bsr.org/reports/BSR\\_Maximizing\\_Benefits\\_From\\_A\\_Sustainable\\_Supply\\_Chain.pdf](https://www.bsr.org/reports/BSR_Maximizing_Benefits_From_A_Sustainable_Supply_Chain.pdf)
- Corporate Citizenship - Embedding sustainability into supply chain management:  
<https://corporate-citizenship.com/wp-content/uploads/CC-SUPPLY-CHAIN.pdf>

### How this will be verified

#### Documentation required

If you answered 'yes', you should have one or more of the following:

- Provide interviews, feedback surveys, documents, or other evidence of supplier consultation and engagement, that are included in the program development process, showing at least 3 of the following:
  - How suppliers were selected/identified for consultation. (e.g., identify how many of the suppliers that were engaged have long term business relationship with the company).
  - Which types and tiers of suppliers were included.
  - How suppliers were consulted and for which environmental risk/impact.
  - How many suppliers were consulted.
  - How often suppliers were consulted.
  - How feedback was captured and shared internally within the decision-making teams.
  - How the feedback was included in the decision-making processes of the company and any changes that were made to strategies or plans due to supply chain feedback.
  - Evidence that supplier(s) roadmaps were used as direct input into the development of your company's formal approach or strategy.

#### Interview questions to ask

- Please describe the process of how suppliers were engaged and consulted.
- Please share the outcome of the supplier engagement/consultation that has been proven to create impact on-the-ground for supply chain partners.

### 15. Has your company implemented practices to reduce resource consumption in key impact areas in its supply chain? Answer options: Yes/Partial Yes/No (brenvscresourcereduction)

In this question we will focus on the practices your company has implemented, to reduce or improve Energy and Water resource consumption that are affecting your supply chain partners.

#### Energy

- 16.1 Have practices been implemented to reduce energy use and Greenhouse gas (GHG) emissions in your company's supply chain?
- 16.1.1 In which supply chain segments is action being taken? Specify percentage of each supply chain segment included.
- 16.1.2 What is included in your energy and GHG reduction program for your suppliers?

#### Renewable Energy

- 16.2 Has your company established programs to promote the use, installation, or purchase of renewable energy (wind or solar) by your suppliers?

16.2.1 In which supply chain segments does this program apply? Specify percentage of each supply chain segment included.

16.2.2 Select all that apply

#### Water

16.3 Have practices been implemented to reduce water consumption in your company's supply chain? Answer options: Yes/Partial Yes/No

16.3.1 In which supply chain segments is action being taken? Specify percentage of each supply chain segment included.

16.3.2 What is included in your water reduction program for your suppliers? Please specify all that apply

16.3.3 Has your company established programs to promote the installation of new equipment or processes to reuse or recycle water by your suppliers? Answer options: Yes/Partial Yes/No

16.3.3.1 In which supply chain segments is action being taken? Specify percentage of each supply chain segment included.

16.3.3.2 Please specify all that apply

#### Other impacts

16.4 Have practices been implemented to reduce or improve other impacts in your company's supply chain?

16.4.1 Please describe these practices (open text)

#### Intent of this question

This question intends to confirm the practices or actions your company has taken to reduce resource consumption within your supply chain. For this question the Sustainable Apparel Coalition has identified key impact areas to be: Energy, Renewable Energy, and Water. There is an opportunity for companies to expand from this and explain other impact areas they have prioritized.

#### Technical Guidance

Companies should start by reviewing the [Addressing Supply Chain Impacts guide](#) which we have created to address each of the above key impacts, the document will outline the processes and options that are generally useful for brands and retailers to implement in partnership with their suppliers.

- In order to answer 'yes' to this question, the company can demonstrate actions have been taken to reduce resource consumption in all 3 key impact areas: renewable energy, energy and water.
- In order to answer 'partial yes' to this question, the company can demonstrate that actions have been taken to reduce resource consumption in one of the key areas of renewable energy, energy or water.

#### Helpful resources

##### Energy and Greenhouse Gas Emissions related to the supply chain

- [Best practices in Scope 3 GHG Management](#)

*Supply chain related Greenhouse Gas emissions are categorized by the World Resource Institute (WRI) in their Greenhouse Gas Protocol as Scope 3 emissions*

- Higg Facility Environmental Module – Energy Use & GHG section
- Companies setting emission reduction targets in line with climate science
- Common Objective - Energy

#### **Renewable Energy**

- Higg Facility Environmental Module - Water Use section

#### **Water**

- Common Objective - Water
- WWF Water Risk Reports

#### **Other resources**

- Apparel Impact Institute
- Clean By Design: 10 Best Practices
- Science Based Targets Guidance – Apparel and Footwear Sector
- UNFCCC Playbook for Climate Action

#### **How this will be verified**

##### **Documentation required**

To answer this question, please ensure you have the following evidence:

- Copy of the action plan or program related to resource efficiency and/or reduction (related to Energy, Renewable Energy, and/or Water) where the following elements are included:
  - Explanation of which supplier segments were prioritized, engaged and why.
  - The description of the practices or actions the program includes.
  - Details on the implementation approach, with the help of internal and/or external issue experts.
- Description of the outcomes/achievements, and the impact that the program has had on the supply chain.

**Comment [75]:** now Q15 previous Q16

**16. Has your company implemented practices to mitigate risks in key impact areas in its supply chain?** Answer options: Yes/Partial/No (brenvscriskredux)

**Comment [76]:** new

**Note:** In this question we will focus on the practices your company has implemented to mitigate chemicals and wastewater risks that are affecting your supply chain partners.

**Note 2:** Content highlighted in blue represents sub-question(s).

#### How this will be verified

##### Documentation required

To answer this question, please ensure you have the following evidence:

By having any affirmative response with chemical integrity (as in all the chemical questions below), should allow a company to--at a minimum--to answer Partial Yes to this question. The difference between a "Yes" and "Partial Yes", for this specific question is somewhat subjective because it can't simply be reduced to a number. Any reasonable response should include magnitude and quality as well as quantity. However, as a guide, if 50% or more of the core questions (level 1 & Level 2) are answered "Yes", then a "Yes" on this question may be warranted. Otherwise, other than no action at all, only a "Partial Yes" is legitimate.

## Chemicals Supply Chain

17.1 Have practices been implemented to reduce or mitigate chemical risk in its supply chain? Answer Options: Yes/Partial/No

**Comment [77]:** This would be 16.1 and so on for every 17.x that follows

### What is the intent of the question?

This is a broad qualifying question to determine if the company being assessed follows any chemical integrity action whatsoever. Most all brands/retailers should be able to respond, at a minimum, a Partial Yes to this question. If they can't, it is really time for them to get to work.

### Technical Guidance

Chemical Risk is present all through the supply chain as well as in the final, finished product. The two major classes are risk to Human Health as well as Environmental risk.

In Human Health, a risk assessment is calculated by a combination of Hazard Identification, Dose-Response Assessment, Exposure Assessment, and a Risk Characterization. Health hazards are classified by the Global Harmonized Standard (GHS) into 13 specific 'building block' endpoints of human toxicity.

In Environmental, hazards are classified by the Global Harmonized Standard (GHS) into specific building blocks such as acute and chronic aquatic toxicity, degradation, bio-accumulation, terrestrial toxicity, soil adsorption, and hazard to ozone layer.

Because the risks exist throughout the supply network, actions taken by brands and retailers to reduce risk can span the entire spectrum of the product lifecycle--from the creation, through use, and disposal of products and materials. The actions taken furthest upstream, closest to the source of the problems tend to be the most effective.

By having any affirmative response with chemical integrity (as in all the chemical questions below), should allow a company to--at a minimum--to answer Partial Yes to this question. The difference between a "Yes" and "Partial Yes", for this specific question is somewhat subjective because it can't simply be reduced to a number. Any reasonable response should include magnitude and quality as well as quantity. However, as a guide, if 50% or more of the core questions (level 1 & Level 2) are answered "Yes", then a "Yes" on this question may be warranted.

Otherwise, other than no action at all, only a "Partial Yes" is legitimate.

### Improvement Opportunities

Focus on the primary, basic actions which build a foundation of chemical action. These include knowing your supply chain, knowing (all) of your materials, knowing the substances which present the most risk for your specific business (a function of materials, processes, supplier integrity, geographic regions, etc.).

## Helpful Resources

- [Zero Discharge of Hazardous Chemicals \(ZDHC\) MRSL](#)
- [OIA's Getting Started Guide for Brands: Chemicals Management](#)

17.1.1 Have your company's chemicals management expectations been communicated to your manufacturers/suppliers in the reporting period? Answer options: Yes/No/Unknown

Comment [78]: new

## What is the intent of the question?

A chemical management program is a comprehensive system that includes many elements and expectations of internal and external partners. This question is designed to determine if the program is appropriately designed, robust and regularly communicated to supply network partners. Good communications provide the expectations of the brand/retailer regarding how their suppliers address the challenges of chemical management.

## Technical Guidance

To answer 'yes' to this question, the formal chemicals management program should encompass the following:

- Documented policies that are communicated to impacted stakeholders and shared publicly
- A means to stay up to date with legal requirements concerning chemical use
- A system to ensure RSL and regulatory compliance for your products and across your supply chain
- A record (inventory) of all chemicals (including dyestuffs, auxiliaries, and other agents) used in the production
- Documentation of Material Safety Data Sheets (MSDS) for every chemical inventory
- A training program for employees on chemical handling and storage
- A program to implement the use of an input stream
- An updated and assessed positive list of chemical products when sourcing for chemicals
- A system for sourcing materials that ensures appropriate chemicals management practices are in place
- Proactive steps to innovate and use "positive" chemistries, and synchronizing them with product performance needs (this a more advanced step)
- Examples of free resources for brands and retailers to begin the process of establishing a chemicals management program include:
  - Higg Index Facility Environmental Module (FEM) – Section #8 – Chemical Management – This may be one of the best readily available collection of elements which make up a chemical management system. A company could simply base their expectations on what is provided in this resource: <https://howtohigg.org/fem-landing/chemical-management-2020/>
  - Outdoor Industry Association's (OIA) Getting Started Guide for Chemicals Management: <https://outdoorindustry.org/sustainable-business/chemicals-management/>
  - Zero Discharge of Hazardous Chemicals (ZDHC) Chemicals Management System: (CMS) [Guidance Manual](#)
  - Higg Index Facility Environmental Module (FEM) – Section #8 – Chemical Management – This may be one of the best readily available collection of elements which make up a chemical management system. A company could simply base their

expectations on what is provided in this resource: <https://howtohigg.org/fem-landing/chemical-management-2020/>

- [Outdoor Industry Association's \(OIA\) Getting Started Guide for Chemicals Management](#)

### Improvement opportunity

Formally incorporating the FEM (section #8) into the company's chemicals management expectations would provide a solid, comprehensive, and industry consistent background for the company's chemical management program.

#### 17.1.1.1 In which supply chain segment(s) has your company communicated chemicals management expectations with suppliers?

- Agents/Trading Company/Licensees
- **Tier 1:** Final product manufacturing and assembly (or Finished Goods Production).
- Material Converters
- **Tier 2:** Material or Finished Component Manufacturing
- **Tier 3:** Raw material processing
- **Tier 4:** Agriculture and extraction
- Chemical suppliers
- Other tiers: E.g. dyeing auxiliaries, centralized/public wastewater treatment plants, hazardous waste treatment facilities

### Intent of the question

This is to provide clarity on the where (in the supply chain) this specific action of your chemical management program is being directed. Some brands remain focused only at the closest layer (T1) of their supply network, however some have a much deeper engagement in their supply chain on these topics. This sub-question is meant to determine exactly where the brand is engaged on this particular issue.

### Technical Guidance

The desired outcome of this question is to better understand and document the degree of coverage for your supply network. However, before that can be stated, it must be determined how engaged the brand is in actually knowing and interacting with its supply network.

In most cases (but not all) the predominant relationships exist between a brand and their Tier 1 (finished goods manufacturing) which should be relatively straight forward--however, things get quickly complicated from there. In some cases, a trading company or agent, or licensee may exist between the brand and the Tier 1 manufacturer which presents additional challenges in knowledge and transparency in a brand's supply chain.

With respect to material producers--often found at Tier 2 (T2), your brand/company may or may not have a direct relationship with these suppliers. With some brands, the T1 manufacturer specifies a considerable amount (if not most all) the actual materials from their own network of T2 suppliers. Even for brands that choose (called 'nominate') materials



for their products directly from a T2 material producer, many T2 suppliers outsource some of their processes.

Further, in some examples, the T2 supplier is not a manufacturer per se, but a converter. A converter is someone who develops materials on your behalf but really doesn't own/manage the material facilities.

### Improvement Opportunities

Learn your supply chain! Most brands are sub-optimal on this point. This includes not only the primary manufacturer of materials and product, but also who they subcontract work to. Many of the most chemically intense processes happen at subcontractors.

Knowing as many of your supply chain partners--by specific role in the network--is a core competency for any brand. Making an extra effort for supply chain information management is a practice of the best performing brands. Additionally, having a clear scorecard of suppliers' performance, including an indication of agreed receipt and compliance with brand requirements is an important practice.

#### 17.1.1.2 Which of the following supplier requirements are communicated to your company's suppliers?

- Suppliers track and adhere to a reliable way of ensuring local regulations regarding chemicals in use at manufacturing facilities
- Suppliers have a process to verify compliance with regulatory requirements regarding all emissions (air, water, waste)
- Suppliers have a record and inventory of all chemicals used in manufacturing processes (including chemicals in production, spot cleaners, and effluent treatment plant chemicals where applicable)
- Suppliers have a record and inventory of all chemicals used in tooling/equipment, and to operate and maintain the facility
- None of the above

### Intent of the question

To provide a short list of options for which clear expectations should be explicitly communicated to the suppliers.

### Technical Guidance

There are a number of potential points which could be communicated to suppliers, these four are actually two important (foundational) expectations split into two parts each. The first one addresses the requirement that the supplier has a way to understand and comply with all applicable local chemical regulations:

- Suppliers track and adhere to a reliable way of ensuring local regulations regarding chemicals in use at manufacturing facilities
- Suppliers have a process to verify compliance with regulatory requirements regarding all emissions (air, water, waste)
- The second one addresses the basic requirement of knowing all chemistry stored and used at the facility:

- Suppliers have a record and inventory of all chemicals used in manufacturing processes (including chemicals in production, spot cleaners, and effluent treatment plant chemicals where applicable)
- Suppliers have a record and inventory of all chemicals used in tooling/equipment, and to operate and maintain the facility

### Helpful Resources

The Higg Index Facility Environmental Module (FEM) – Section #8 – Chemical Management – may be one of the best readily available collection of elements which make up a chemical management system. It includes these basic ones as well as others.

17.1.2 Has your company established a program aimed at improving chemicals management in the supply chain? Answer Options: Yes/Partial/Unknown

17.1.2.1 Which supply chain segment(s) does this program address?

- Agents/Trading Company/Licensees
- **Tier 1:** Final product manufacturing and assembly (or Finished Goods Production).
- Material Converters
- **Tier 2:** Material or Finished Component Manufacturing
- **Tier 3:** Raw material processing
- **Tier 4:** Agriculture and extraction
- Chemical suppliers
- Other tiers: E.g. dyeing auxiliaries, centralized/public wastewater treatment plants, hazardous waste treatment facilities

### Intent of the question

To establish a clear indication of purpose and mission for the brand regarding chemical integrity. This question is an internal facing check on the robustness of the brand's chemical management program (by a measure of what is or is not present), combined with a few key external expectations regarding supplier contractual expectations.

### Technical Guidance

This question provides the foundation of the company's commitment to a chemical integrity program. Its critical elements are:

- A corporate policy, approved by your company's executive team and/or Board that underpins the commitment to the success of this program.
- Compliance with all applicable regulations or international norms (whichever is higher).
- Specific minimum requirements and best practices that go above and beyond applicable regulations.
- Requirements in manufacturer contracts that requires their suppliers and subcontractors to meet the goals of the program.
- Public disclosure including a description of your impact, effectiveness of managing impacts, and details pertaining to your program.

Much like the question “Have practices been implemented to reduce or mitigate chemical risk in its supply chain?”, this question cannot be measured simply in quantity, without considering quality and magnitude. A “Yes” response would be representative of ALL the critical elements in the Technical Guidance of this question--done adequately. Anything less would elicit at best a “Partial Yes” response. A “No” is essentially none of these, or none done well.

Specifically, the response should be assessed by:

#### 17.1.2.2. What features does your program include?

- A corporate policy, approved by your company’s executive team and/or Board that underpins the commitment to the success of this program.
- Compliance with all applicable regulations or international norms (whichever is higher).
- Specific minimum requirements and best practices that go above and beyond applicable regulations.
- Requirements in manufacturer contracts that requires their suppliers and subcontractors to meet the goals of the program.
- Public disclosure including a description of your impact, effectiveness of managing impacts, and details pertaining to your program.
- Other (If other, please describe)
- None of the above

#### Intent of the question

It is easy to say yes, that the company has a broad and robust program, however the proof is in the details. These options are some of the most important elements--although still high level--which make up a total chemical integrity strategy in a brand.

#### Technical Guidance

Some of the most important elements of a program should include:

- A corporate policy, approved by your company’s executive team and/or Board that underpins the commitment to the success of this program.
- Compliance with all applicable regulations or international norms (whichever is higher).
- Specific minimum requirements and best practices that go above and beyond applicable regulations.
- Requirements in manufacturer contracts that requires their suppliers and subcontractors to meet the goals of the program.
- Public disclosure including a description of your impact, effectiveness of managing impacts, and details pertaining to your program.

A visual check of the features of the program (including program documentation itself) should be used as the guide on whether the requirements have been met. All elements of the Technical Guidance above should serve as evidence that the program is robust and deserving of a “yes” response. However--although these are key elements--the definition of a strong program need not be limited to this list.

### Helpful Resources

- [OIA Getting Started Guide - Chemicals Management](#)
- [ZDHC Chemical Management System Guidance](#)

#### 17.1.2.3 How does your company implement the program?

- Action plans are designed to address the differences in manufacturers priorities based on local context
- Personalized and custom training or workshops
- Company facilitates/provides support to manufacturers by providing trained/qualified specialists
- Collaborative projects which match manufacturers' environmental roadmap and priorities
- Company provides support to manufacturers to develop internal environmental performance competencies
- Company provides support to manufacturers to engage with stakeholders around environmental performance issues
- Supporting innovation
- Other (If other, please describe)

### Intent of the question

To provide a set of mechanisms of engagement with suppliers on important chemical integrity action that promotes strong partnerships with the organizations who are a critical link in the chain of getting product concepts into materials and ultimately market ready products.

### Technical Guidance

The bulleted list of high value touchpoints and actions from brand to suppliers, and further guidance provided in (paragraphs). A strong brand program will contain many of these options:

- Action plans are designed to address the differences in manufacturers priorities based on local context (an attempt to engage and understand the nuances--business, geographic and/or market--that suppliers face in their efforts to attain and maintain high chemical integrity)
- Personalized and custom training or workshops (Direct engagement, where possible, to provide personalized or smaller group settings to enable two way communication on the important subjects)
- Company facilitates/provides support to manufacturers by providing trained/qualified specialists (People with direct experience in addressing the subject and serve as consultants and coaches for improvement)
- Collaborative projects which match manufacturers' environmental roadmap and priorities (An opportunity for all--supplier and supplied--to learn first hand what works and what needs refinements)
- Company provides support to manufacturers to develop internal environmental performance competencies (Capacity building on specific and relevant topics)
- Company provides support to manufacturers to engage with stakeholders around environmental performance issues (to serve as a convener of multiple stakeholders)

who may not necessarily collaborate on their own, however can each contribute important perspective on creating and implementing improvements)

- Supporting innovation (Innovation requires a willingness to exist in a less than clear and structured environment--with even possibility of failures. A brand holds the key to creating an atmosphere where this can thrive, or die)
- Other (Something relevant not mentioned here)

#### 17.1.3 Were your manufacturers consulted when creating the chemicals management program? Answer options: Yes/No/Unknown

##### 17.1.3.1 Which tiers were consulted? Please select all that apply

- Agents/Trading Company/Licensees
- **Tier 1:** Final product manufacturing and assembly (or Finished Goods Production).
- Material Converters
- **Tier 2:** Material or Finished Component Manufacturing
- **Tier 3:** Raw material processing
- **Tier 4:** Agriculture and extraction
- Chemical suppliers
- Other tiers: E.g. dyeing auxiliaries, centralized/public wastewater treatment plants, hazardous waste treatment facilities

##### 17.1.3.2 How were they engaged?

- Feedback survey
- Interviews
- Direct engagement as part of business performance meetings
- Their roadmaps were direct inputs into the development of these programs
- Feedback included in representative engagement (e.g. through industry associations or other collaborations that they are participating in)
- Other

##### 17.1.3.3 How often do you request feedback?

- Annually
- When programs are updated
- Other

##### 17.1.3.4 Please provide specific examples of how feedback was incorporated

##### 17.1.3.5 How frequently do you use this feedback to update your program(s)?

- Annually (or more frequently)
- Every 2 years
- >2 years

#### Intent of the question

Since a brand's manufacturing suppliers are a key stakeholder because of duties assigned by a brand's chemical management program, it makes great sense that they should be given an opportunity to review and comment on your program as it is being developed and implemented. They often will have very relevant and valuable perspective on the execution, management and improvement of the program.

## Technical Guidance

Important considerations when planning for feedback are captured in the sub-questions:

- Which Tiers were consulted? (There are reasons why many levels of your supply chain may have a unique and valuable perspective... from T1 to T2 to Material Converters, to Trading Companies. The more diverse the feedback as well as closest to the place where chemistry is applied--generally the more accurate the results)
- How were they engaged (some of the more logical and appropriate ways to gather feedback are listed. There is no one 'best' way, however methods that provide an opportunity for clear, honest and without fear of retaliation or 'uncomfortable' situations--tend to be the best.)
- How often do you request feedback? (Does it simply reflect the wishes of an individual, or has it become a part of the formal chemicals development? These are important considerations because programs change. In a robust brand organization, the level of outreach reflects natural events such as a planned program update.)
- How frequently do you use this feedback to update your program(s)? (Good feedback should be incorporated each and every time)

If a company cannot accurately and completely answer the four sub-questions, in particular the first two, then it is unlikely that a rigorous feedback process for gathering feedback from the supply chain, was conducted.

**17.1.4** Does your company have a means to confirm that suppliers at each tier of its value chain identify, manage and meet compliance with all applicable chemical use and chemical environmental regulations in their country/region? Answer options: Yes/Partial/Unknown

**17.1.4.1** In which supply chain segments can you confirm that chemical compliance regulations are met?

- Agents/Trading Company/Licensees
- **Tier 1:** Final product manufacturing and assembly (or Finished Goods Production).
- Material Converters
- **Tier 2:** Material or Finished Component Manufacturing
- **Tier 3:** Raw material processing
- **Tier 4:** Agriculture and extraction
- Chemical suppliers
- Other tiers: E.g. dyeing auxiliaries, centralized/public wastewater treatment plants, hazardous waste treatment facilities

## Intent of the question

This question is designed to determine if the company has the system in place to maintain continual oversight on the appropriate local, regional and national regulations which are applicable to the facilities who manufacture their materials and finished products. This does not refer to the regulatory compliance of product or materials outputs themselves--often geographically distant from the place of manufacture. This requirement is focused on the facilities, equipment, and processes which make the materials and products.

## Technical Guidance

Understanding and managing the legal requirements of your suppliers is understandably a big ask of any company because identifying and tracking local laws in countries/regions where their supply chain exists can be a time consuming, difficult process. To be realistic, this question may be appropriately answered “yes” by multiple means. This includes having a direct oversight of their supplier’s internal SOPs to manage such information, the use of third-party services to provide the check, or a company (brand) managing the regulatory information themselves and using this as a basis for checking compliance.

Most importantly, companies can monitor their supplier’s means to manage this action by utilizing—where available and verified—responses to the following questions in the Higg Facility Environmental Module: (*Facility demonstrates possession of:*)

- Permits, Question 3 (table): Are permits required for specific chemical use and management? If yes, upload.
- EMS, Question 4: Does your site have a program or system in place to review and monitor environmental permit status and renewal (where appropriate) and ensure compliance?
- EMS, Question 5: Does your facility maintain a documented system to identify, monitor and periodically verify all laws, regulations, standards, codes, and other legislative and regulatory requirements for your significant environmental impacts?

Alternatively, companies may elect to use third-party organizations to satisfy this requirement. These service companies will most likely document and ensure supply chain legal compliance as an added benefit to the primary service of managing a broad set of EHS requirements for tier 2 & 3 facilities. Examples such as the bluesign system and OEKO-TEX STeP certification, or a highly qualified EHS audit firm with experience and expertise in materials manufacturing processes and the primary issues, are suggested options.

Brands should educate themselves on the scope and magnitude of the methodology for each 3rd party they are considering to determine the robustness of the option(s).

Depending upon how a company accomplishes the task, the answer may include strategies that have combinations of the following aspects. In all examples, the ability for a company to understand and manage this process is predicated on a high level of achievement in knowing their supply chain (see question #10 in Brand/Environment section on knowing supply chain):

- If a company monitors the required regulations on their own, records showing the applicable regulations as mapped against the complete view of their supply chain including the process to update such records and showing latest version of said records.
- If the appropriate questions of the FEM are utilized, review of the companies records for FEM coverage (verified) against their supply chain.
- If a third party is utilized, documentation that shows the chosen third-party participation and extent of the supply chain covered by the services would suffice.

#### Answer Options

All the above, at all Tier 1 facilities AND Tier 2 facilities would earn the ability to answer "Yes", anything less than this (e.g., only T1 and sporadic T2), but greater than None of this, would qualify as "Partial Yes".

**17.1.5 Does your company have an action plan to improve the performance of its supply chain?** Answer options:  
Yes/Partial/Unknown.

**17.1.5.1** If answered yes, please describe or upload a copy of the action plan

**17.1.5.2** In which supply chain segments is action being taken?

- Agents/Trading Company/Licensees
- **Tier 1:** Final product manufacturing and assembly (or Finished Goods Production).
- Material Converters
- **Tier 2:** Material or Finished Component Manufacturing
- **Tier 3:** Raw material processing
- **Tier 4:** Agriculture and extraction
- Chemical suppliers
- Other tiers: E.g. dyeing auxiliaries, centralized/public wastewater treatment plants, hazardous waste treatment facilities

#### Intent of the question

Only after a supplier has assessed (likely by a third party) the state of their facility's chemicals management program can they pinpoint opportunities for suppliers to improve. Leading brands in this space embark on actions and interactions with suppliers that are beyond simply issuing demands for compliance along with purchase orders (POs), but they operate as collaborative partners to help suppliers to overcome obstacles in replacing chemistry.

This question is intended to assess how proactive and collaborative the brand is in relationship to its suppliers and how it specifically supports suppliers' chemicals management programs.

#### Technical Guidance

How brands/retailers choose to support their suppliers will differ from company to company based on strategy, resources, and relationships. Companies may assess if the business model in place provides incentives for know-how exchange and resource efficiency, or rather stimulates resource overconsumption and chemicals' misuse.

Some brands may choose to implement innovative business models while others provide organizational support to ensure the supplier has proper systems in place.

#### Answer Options

To answer "Yes" to this question, the company must be able to provide documentation of this support, including initial proposal, plan documents and any applicable SOPs, Who was consulted/included with the drafting of the Action Plan, and what measurements are to be tracked and reported upon to gauge the effectiveness of the program. Anything less



than this (e.g., a plan without clear evidence of intent to measure year over year improvements), but greater than None of this, shall be considered "Partial Yes".

### Helpful Resources

Examples of resources to companies that aim at supporting suppliers' chemicals management improvement programs include:

- [AFIRM Supplier Toolkit](#)
- [CHEMSEC Textile Guide](#)
- [Outdoor Industry Association \(OIA\) Chemicals Management Guide & Training for Manufacturers](#)
- [ZDHC Chemical Management System Guidance](#)

**17.1.6** Does your company measure the effectiveness of its chemicals management programs? Answer options: Yes/Partial/Unknown

**17.1.6.1** How does your company measure the effectiveness of its chemicals management systems?

**17.1.7** Does your company have an escalation process for working with manufacturers that do not meet its programmatic goals? Answer options: Yes/No/Unknown

**17.1.7.1** Select all that apply:

- Engage senior management within the brand and manufacturer to confirm there is mutual commitment to improvement, a necessary requirement of continued business
- Create a performance improvement plan
- Monitor performance in sufficient increments of time for required performance improvement (timelines will vary according to severity)
- Plan for sourcing alternatives
- Give a warning/ create follow up plan for performance improvement and required timeline when immediate improvement is not achieved
- Consider brand/ retailer tolerance for lack of improvement
- Engage other brands/retailers that are also sourcing from the factory
- Consider exiting the sourcing relationship if the above criteria does not yield required improvements
- If improvement is not made, evaluate the cost to business, supplier, and rights-holders of leaving the sourcing relationship
- If decision is made to cease business with the supplier, ensure workers are given adequate notice and payment

### Intent of the question

This question is intended to determine the amount which the brand captures data and turns it into information which illustrates the current state and effectiveness of its chemicals management program-- as it is executed across its supply network. Having a program with clear actions and accountability is

important, however measuring the effectiveness of the program is what will facilitate continuous improvement.

#### 17.1.6.1 How does your company measure the effectiveness of its chemicals management systems?

This question is intended to determine the amount which the brand captures data and turns it into information which illustrates the current state and effectiveness of its chemicals management program--as it is executed across its supply network. Having a program with clear actions and accountability is important, however measuring the effectiveness of the program is what will facilitate continuous improvement.

In order to determine the overall effectiveness of the program, clear, measurable, repeatable metrics should be developed, and a reliable means to capture them--at consistent intervals--should be established. As by means of example, some of the items which could be a part of your program could include degrees to which your supply network, by tier, successfully:

- keeps a complete inventory of chemicals on site at their facility
- manages the process of keeping SDS complete, available and current
- trains all applicable employees on appropriate chemical hazards, risks and proper handling and spill management
- records all chemical spills and accidents and the trend at the facility
- selects chemicals based upon their documented hazards and manages their inventory towards verified safer chemistry
- selects and uses chemistry that meets your brand RSL (for materials), and/or MRSL (for formulations)
- manages the overall EHS and OHS program as it relates to chemicals management
- manages all the subcontracting (if applicable) with respect to how THEY perform chemicals management

These, and more, may make up your KPIs which are then recorded, analyzed and improved upon.

#### 17.1.7: Does your company have an escalation process for working with manufacturers that do not meet its programmatic goals

To ensure that the company makes--and keeps--lower performing suppliers accountable for progress in meeting its chemical management objectives and goals.

##### Technical Guidance

An escalation process is dependent upon having clear expectations which are adequately communicated to your supply network and mechanisms in place to measure progress (the basis for this and the previous two questions). Escalation is employed when suppliers miss expectations and fail to fulfill their obligations as indicated in your program documents and communications.

An adequate escalation process details out consequences based upon specific sub-par performance. It should stress encouragement and incentives for 'getting on track' as well as clear consequences for continual missed expectations.

Escalation processes have been utilized in all sorts of buyer-seller relationships--not just in environmental sustainability performance. There are examples in social responsibility, quality and compliance and other logistics and sourcing categories.

In a well-designed escalation strategy there is enough granularity to address varying degrees of severity for program deficiencies.

#### Answer Options

To answer "Yes" to this question, all of the key elements mentioned in Technical Guidance should be present and demonstrable for at least Tier 1 and Tier 2 suppliers. Further clear KPIs which definitively measure progress are to be established and regularly reported upon--at a minimum on an annual basis. Anything less than this (e.g., not all the elements, and/or not for both T1 & T2), but greater than None of this, would earn a "Partial Yes".

#### Helpful Resources

The Higg FEM, Chemical Section, has a very robust set of requirements for facilities and should be referenced to determine which of these are applicable to the chemicals management expectations you have of your supply network. In addition, these tools may also provide guidance:

- [AFIRM Supplier Toolkit](#)
- [CHEMSEC Textile Guide](#)
- [Outdoor Industry Association \(OIA\) Chemicals Management Guide & Training for Manufacturers](#)
- [ZDHC Chemical Management System Guidance](#)

17.1.8 If people are harmed by your company's actions or decisions relating to its chemical management processes, is there a system in place for addressing the problem or complaint?  
Answer options: Yes/No/Unknown

#### 17.1.8.1 Please describe how these impacts are addressed

##### Intent of the question

To ensure that there is an expedient and effective remediation capability within the organization if problems are discovered and/or reported.

##### Technical Guidance

Realistically, although the premise is based on human harm, this question can apply to not only people but also environmental degradation due to a chemical management failure--on a brand's behalf. Further, the human harm problem can be one of consumer harm (found in final product) or that of worker harm (process chemistry used to make products). The reality is that although consumer safety is most visible to the brand's reputation, the latter may be the most relevant and hold the greatest risk of human harm.

A robust product safety process includes a thorough and adequate investigation of the matter--ensuring the proper staff are included in the investigation, a root-cause analysis, and recommended course of action.

Truthfully, although organizations should be prepared to be able to adapt and deal with failure, the bulk of the company's energy should be dedicated to preventative measures.

If answered yes, this simply should be able to be demonstrated by process management documents, and some variant of a log for discovery, discussion, decision and remediation.

It is quite possible that the process has not been deployed, or deployed infrequently--if strong preventative measures are in place. If a company has an adequate process, but no relevant incidents, this is an indicator of proactivity--not deficiency.

#### **Improvement Opportunities**

There are numerous models for establishing a "product safety" process and culture within an organization. Some of the key steps would/may include:

- Obtain full support from the company's top management.
- Centralize authority and responsibility for product safety.
- Involve all company units in product safety.
- Develop an extensive safety database.
- Construct a company-wide safety policy.
- Develop a product safety committee.
- Make operating units responsible for safety performance.
- Develop a capacity to measure and monitor safety performance.

## **The following questions relate to your company's Product Restricted Substance List (RSL)**

17.1.9 Has your company adopted and implemented a Product Restricted Substance List (Product RSL) or other lists of restricted chemicals for its products and the materials contained within them?

Answer options: Yes/No/Unknown

### **Intent of the question**

Establishing a Product RSL (*This is often referred to simply as an RSL*) is a very foundational action that establishes a set of restrictions or outright bans on substances which should not be found in finished materials or finished products. An RSL by itself does not constitute a chemical management program, however is an important step every company should take as part of their chemical integrity strategy.

This question establishes an initial platform from which a total RSL program may be further defined. The process of "adopting" an RSL is a first step. A complete RSL program a brand must go further than simply establishing a common document. A robust RSL program includes: a communication plan, a risk matrix to determine where such substances might be found in their range of products, a testing program, a remediation program (when problems are found), and other aspects in order to make the entire program more effective.

### **Technical Guidance**

A company may adopt an established universal, global industry standard RSL, adopt one developed by another company, or develop their own version. It is highly recommended and a best practice to use an industry standard RSL to improve the tool's completeness, relevance and drive overall supply chain efficiency. Examples of existing, widely-adopted, and industry-relevant RSLs include:

- AAFA RSL (American Apparel & Footwear Association):
- AFIRM RSL
- Bluesign RSL (minimum)
- (Note: the BSSL--also found here--is an RSL of sorts, however covers many substances not likely found in finished products)
- OEKO-TEX Standard 100 RSL

### **If answered yes or partial yes**

- A copy of the current RSL shall be provided (if an industry standard one is utilized, simply a reference can be provided which indicates where the RSL can be found and acknowledgement that the company has in fact adopted it)
- For percent product coverage, the company should demonstrate the relevance of the RSL to the products and materials which are part of the company's range. A reference to the Product Development questions 3 and 4, whereby the company must be able to indicate a YES or at least a PARTIAL YES to indicate that they understand all the materials and therefore which products are covered by the RSL.
- For percent of suppliers who are covered by RSL (9.1.2) a company must be able to first demonstrate that they have a view of their suppliers for each tier (Yes or Partial Yes to question 2 in this section for each of the respective tiers)
- Then the company should be able to demonstrate that the supplier has been informed of the RSL requirement, has acknowledged receipt, and agrees to comply with the requirement.

Note: In the case that the company is not in direct contact with a number of its tier 2+ and the tier 1 operates on behalf of the company for purposes of RSL compliance, a clear record of the communication to the tier 1 communicating the expectation should be provided to indicate any compliance above tier 1.

### Improvement opportunities

- Best practice is to use an industry standard RSL where upkeep, maintenance, and communication is centrally managed instead of the brand/company taking on this responsibility itself.
- Best practice is to manage the chemistry on the input to the manufacturing facility (MRSI) instead of the output (RSL).

#### 17.1.9.1 Which of the following statements apply to your Product RSL?

- Company's Product RSL is maintained/updated on at least an annual basis.
- Company's Product RSL specifies the most stringent regulatory limits for restricted substances as found in applicable global regulations
- Company's Product RSL goes beyond applicable regulatory requirements in order to proactively address potential chemicals risks that are relevant to your company's products
- Company includes Product RSL compliance in supplier contracts and specifies that suppliers must in turn require their suppliers and subcontractors to have a means of ensuring compliance with the Product RSL
- Company's Product RSL is aligned to a widely-adopted Product RSL administered by a credible third-party organization (include this list in guidance: AAFA RSL (American Apparel & Footwear Association, AFIRM RSL, bluesign RSL, OEKO-TEX Standard 100 RSL)
- None of the above

### Intent of the question

The development of and RSL is only the first step in a multi-step process. This question is intended to provide the respondent the ability to indicate which key aspects and attributes of a company's RSL are true. The list contains actions/attributes which improve its utility, accuracy, and relevance. All of these choices are elements of a strong RSL.

### Technical Guidance

Because chemical regulations and general hazard knowledge/understanding changes regularly across the world, in order to remain relevant, it must be managed/updated regularly — at a minimum, annually. Since meeting the consumer regulations wherever your product is to be sold is a fundamental requirement of all brands, the RSL must, at minimum, cover the most stringent legal requirements on your products. Better RSLs go beyond the most stringent regulations to include chemistry which is restricted for precautionary reasons. 'Precautionary reasons' are where there is mounting evidence that the substance is of enough hazard to warrant a precautionary restriction or outright ban.

In order to give your RSL strength, it is important to specify that compliance with these requirements has purchase order backing. If compliance is written into contracts, then it elevates the consequences of and hopefully lessens the potential for non-compliance. Lastly, for overall organization and supply chain efficiency sake, the proliferation of individual company lists should be avoided. It is a best practice to, instead of specifying a unique brand RSL, adopt an industry accepted one. Some of the most prevalent ones are:

- The AAFA RSL which is maintained annually and reflects the lowest regulatory limits, yet it is NOT a precautionary list.

- The AFIRM RSL which is maintained annually, reflects the lowest regulatory limits and IS a precautionary list.
- The bluesign RSL which is maintained annually, reflects the lowest regulatory limits and IS a strongly precautionary list
- The bluesign BSSL which is maintained annually, reflects the lowest regulatory limits and IS a strongly precautionary list (900+ substances)
- The Oeko-Tex 100 RSL which is maintained annually, reflects the lowest regulatory limits and IS a precautionary list
- Individual Company's RSLs may or may not be updated annually, may or may not reflect lowest regulatory limits, and may or may not be precautionary – Must show evidence that these aspects are true

#### Improvement Opportunities

- American Apparel & Footwear Association RSL
- AFIRM RSL
- Bluesign
- Oekotex

17.1.9.2 Does your company have a documented program to ensure compliance with its

Product RSL? The program should include monitoring, verification (testing), tracking and corrective actions when nonconformities are found. Answer options:

Yes/No/Unknown

#### Intent of the question

This question is intended to convey that alongside establishing, maintaining, and communicating your Product RSL to your supply chain, the critical work of documenting and ensuring compliance to the RSL is also accomplished.

Additionally, because differing risks are present in various processes, which may be found spread across many tiers of the supply chain, demonstrating the degree to which the RSL verification is applied at each applicable tier will indicate the overall program effectiveness.

#### Technical Guidance

Companies may establish and manage a Product RSL compliance program within their own organization or through the use of a specialized third-party organization to perform these duties on their behalf.

In either case, to answer 'yes' to this question the brand must be able to confirm their program addresses these specific aspects:

- Includes staff with appropriate educational background, experience, certifications and/or training
- Contains clearly outlined policies that identify monitoring procedures
- Identified verification/testing procedures executed by brand or specified third-party organization
- Contains a detailed corrective action plan process for when supplier/material noncompliance has been detected
- Has an annual review process which assesses program effectiveness, use cases, & new strategies
- Best practices utilized, recognized, and credibly-verified "positive" chemistry list as indicators of compliance.

17.1.9.3 In which supply chain segments is action being taken?

- Agents/Trading Company/Licensees
- **Tier 1:** Final product manufacturing and assembly (or Finished Goods Production).
- Material Converters
- **Tier 2:** Material or Finished Component Manufacturing
- **Tier 3:** Raw material processing
- **Tier 4:** Agriculture and extraction
- Chemical suppliers
- Other tiers: E.g. dyeing auxiliaries, centralized/public wastewater treatment plants, hazardous waste treatment facilities

17.1.9.4 Can your company provide evidence of corrective action(s) taken as a result of finding products or materials that are out of compliance with its Product RSL? Answer options: Yes/No

17.1.9.4.1 Please describe or upload supporting materials

#### Intent of the question

This question is a follow-up on ensuring the process of compliance by confirming that a company can produce records which indicate evidence of compliance performance. Any company that claims to have verification of compliance should be able to produce records that show a history of their testing, including cases of non-compliance and how the findings were taken to an appropriate resolution.

#### Technical Guidance

To answer "yes" to this question, a company should be able to demonstrate their means of tracking Product RSL compliance and be able to provide compliance records over the history of their Product RSL program that include:

- Percentages of total materials which are certified by credible chemical integrity scheme.
- Testing records showing test plan (risk analysis and methodology), materials tested, substance tested for, results, corrective actions, etc.
- Records of audit/examination of supplier test strategies and plans (for better suppliers who are trusted to test for themselves)
- Corrective actions when nonconformities/RSL failures are found

17.1.9.4 Is your company's Product RSL publicly available? Answer Options: Yes/No

#### What is the intent of the question?

The current minimum standard of transparency for a company is that it shares with the general public the substances that it restricts or bans (per its RSL) meaning that this RSL is publicly available. It is intended so that any interested stakeholder is aware of what substances should not be found in the company's products.

#### Technical Guidance

To answer 'yes' to this question, a company should publish its RSL to a public location, such as its own website, and include such things as revision number and revision date.



In the case the company uses a universal, already publicly available RSL and does not have a unique one of its own (a best practice), the company may indicate on its own website the facts about its use and a direct link to the common RSL in its shared space.

#### How this will be verified

This is simply verified by checking online for the presence of the RSL (or link) in the location specified by the company.

**17.1.9.6** Does your chemicals management program ensure RSL compliance by managing the chemical inputs to all material and production processes throughout its supply chain? Answer options: Yes/No

**17.1.9.6.1** Please specify the name of your company's chemical management program text

**17.1.9.6.2** What percentage of your company's value chain partners have been enrolled in this program and been deemed compliant?

**17.1.9.6.3** This question refers to materials that are certifiably produced using ONLY chemistry that adheres to strict input assessment protocols and that ALSO are used and disposed of by the manufacturer using processes that are reviewed and deemed compliant with strict EHS guidelines (with materials measured by volume, area or mass of materials). What percentage of your materials meet these criteria?

#### Intent of the question

This question is designed to incentivize and reward companies towards employing a proactive strategy of preventing chemical issues at an early point of material creation, instead of finding them late in production--or even after final product assembly. This question improves on the RSL concept by rewarding companies for moving away from employing a 'quality control' (testing) strategy, and towards a 'quality assurance' (input management, process control, etc.) approach.

#### Technical Guidance

An "input stream" approach for managing chemical integrity is progressive and effective, however, it is critical that a company who makes such claims is also clear on how much of the materials found in its product range is covered by such a scheme, to be able to quantify its total effectiveness.

Unless 100% of a company's suppliers and materials are covered by such a program, and this is verified, exposure and risk from materials that do not fall under such a proactive program will remain. Therefore, it is critical for a company to be clear about how much of its products and materials are covered by such programs.

**In order to answer yes to this question:**

- At the supplier level (question 10), a company must be able to demonstrate that they are aware of who their material suppliers (Tier 2) are and have correlated what percent of this list meets the criteria of the specified input scheme.
- At the material level (question 1), a company must be able to demonstrate that it is tracking and aware of all the materials chosen for their products (nominated and factory supplied) and what number is certified, and therefore calculated as a percentage of total. This may be recorded as an appropriate unit of volume (area of material, number of units).

**Improvement Opportunities**

- Know your supply chain, as deep as possible. At a minimum down to tier 2 (material manufacturer)
- Know the capabilities (including chemical management strategies and certifications) for each and every one of your suppliers

**The following questions relate to your company's Manufacturing Restricted Substance List (MRSL)**

17.1.10 Has your company adopted and implemented a Manufacturing Restricted Substance List (MRSL) for its suppliers? Answer options: Yes/Partial/Unknown

**Intent of the question**

This question is intended to first determine if an MRSL has been established for the company, then assess the scope in which the company's MRSL has been formally applied to the company's supply network.

Unlike a Product RSL, which is targeted at chemistry contained within or on a finished material or product, an MRSL is intended to restrict or ban specific substances before they enter places of materials or finished product manufacturing. The theory is that if the restricted or banned substance never enters a facility, or the input of substances is managed down to acceptable levels, it will never leave the facility on, or in a material, or by way of an emission such as water, air, or waste.

**Technical Guidance**

To answer 'yes' to this question, the company must have documentation of their MRSL, the MRSL process and requirements across their supply chain, explicitly identifying the specific levels of the supply chain (tiers) covered by the protocol.

A company should be prepared to demonstrate coverage by showing documentation of formal outreach and sharing of expectations. This documentation could be included in a clearly defined management system protocol (likely a chemical management program), a Vendor Guide, individual product and/or policies, or all of the above. Records for statements of compliance (from suppliers) returned, including percentages of supply network who have responded, shall be reviewed.

Further, it should be recognized that some 3rd party certification schemes that screen chemical inputs to the manufacturing facilities who use chemistry, may also be considered as satisfying the requirements of a brand requiring MRSL. The specific certification body's banned or restricted substances requirements for formulations, and the method of screening, should be closely reviewed to determine if they align with the company's chosen MRSL (most frequently the ZDHC MRSL).

If all the above is in place and clearly applied to the Tier 1 & Tier 2 suppliers, then a company may answer "Yes" to this question. Anything less than this, and short of None of this, qualifies as a "Partial Yes".

#### 17.1.10.1 Please select all statements that are true of your MRSL?

- It is maintained/updated at least on an annual basis
- It meets all applicable local chemical use regulations in the respective country of production
- It goes beyond applicable regulatory requirements in order to proactively address potential chemicals risks that are relevant to your company's products and the processes involved
- Compliance is specified in in supplier contracts and purchasing requirements
- It is required of all sub-suppliers & sub-contractors
- It is a widely-adopted, public MRSL, administered and maintained by a credible third-party organization

#### 17.1.10.2 Which supply chain segment(s) have been informed about and formally agree to comply with your company's MRSL?

- Agents/Trading Company/Licensees
- **Tier 1:** Final product manufacturing and assembly (or Finished Goods Production).
- Material Converters
- **Tier 2:** Material or Finished Component Manufacturing
- **Tier 3:** Raw material processing
- **Tier 4:** Agriculture and extraction
- Chemical suppliers
- Other tiers: E.g. dyeing auxiliaries, centralized/public wastewater treatment plants, hazardous waste treatment facilities

(The guidance for this sub-question is the same as question 17.1.1 on "Have your company's chemicals management expectations been communicated to your manufacturers/suppliers in the last calendar year?")

#### Intent of the question

The development of and MRSL is only the first step in a multi-step process. This question is intended to provide the respondent the ability to indicate which key aspects and attributes of a company's MRSL are true. The list contains actions/attributes which improve its utility, accuracy, and relevance. All of these choices are elements of a strong MRSL.

#### Technical Guidance

Because chemical regulations and general hazard knowledge/understanding changes regularly across the world, in order to remain relevant, it must be managed/updated regularly — at a minimum, annually. Since meeting the local regulations wherever your product or materials are made, the MRSL must, at minimum, cover the most stringent legal requirements for your suppliers use of chemistry. Better MRSLs go beyond the most stringent regulations to include chemistry which is restricted for precautionary reasons. 'Precautionary reasons' are where there is mounting evidence that the substance is of enough hazard to warrant a precautionary restriction or outright ban.

In order to give your MRSL strength, it is important to specify that compliance with these requirements has purchase order backing. If compliance is written into contracts, then it elevates the consequences of and hopefully lessens the potential for non-compliance.

Lastly, for overall organization and supply chain efficiency sake, the proliferation of individual company lists should be avoided. It is a best practice to, instead of specifying a unique brand MRSL, adopt an industry accepted one. The most widely accepted and used MRSL is the regularly maintained ZDHC MRSL.

In answer to answer yes: all of the attributes of this question should be readily and easily verified through company documentation indicating the presence and type of MRSL (is it aligned to a shared industry standard), the update schedule (including last update/revision), examples of verbiage in supplier contracts (if applicable)

#### Improvement Opportunities

If your organization has/is using an MRSL, using an industry standard such as the ZDHC MRSL is a best practice.

#### Helpful Resource

- Go to: <https://www.roadmaptozero.com/> to download the latest ZDHC MRSL

#### 17.1.10.3 How does your company define compliance to its MRSL?

- Specified in suppliers contracts
- Documented in chemical purchasing requirements
- Required of all sub-suppliers & sub-contractors
- Use of company-nominated chemical products (where applicable)
- None of the above

#### Intent of the question

The question is intended to demonstrate the commitment of the company by putting contractual "muscle" behind their stated requirements for MRSL compliance. Further, it provides incentive for the company's direct suppliers to extend the requirements of the company deeper into the supply chain (suppliers-suppliers and subcontractors).

#### Technical Guidance

To answer 'yes' to this question, the company must be able to provide evidence that requirements are clearly spelled out in any legal contractual document(s) such as supplier contracts, vendor letters (signed) confirmation of compliance, purchase orders (POs), or any combination of the above.

#### 17.1.10.4 Does your company have a means to accurately evaluate MRSL compliance for the chemicals associated with its products and materials? Answer options:

Yes/Partial/Unknown

#### 17.1.10.4.1 What percentage of your company's suppliers at each tier of the value chain have been informed about, and formally agree to comply with, the MRSL?

**17.1.10.4.2:** Chemicals come from chemical suppliers who have self-declared that their chemistry is MRSL compliant (ZDHC Conformance Level 0)

**17.1.10.4.3:** Items in previous Checkbox + Chemicals come from positive lists created via third-party testing and/or recipe review of provided formulation (ZDHC Conformance Level 1)"

**17.1.10.4.4:** Items in previous Checkbox + The product stewardship of chemical suppliers has been reviewed by a competent expert and deemed satisfactory (ZDHC Conformance Level 2)

**17.1.10.4.5:** Items in previous Checkbox + The chemical supplier has been visited and audited for all relevant EHS issues and product stewardship (by a competent expert) and deemed satisfactory (ZDHC Conformance Level 3)

**17.1.10.4.6:** Items in previous Checkbox + Chemical supplier provides full disclosure of recipes and known impurities to a trusted third party.

#### Intent of the question

A MRSL is a powerful and important specification of a company or brand. The acknowledgement of receipt and agreement for compliance to the MRSL by suppliers are important procedural steps to ensure your company's expectations have been communicated. However, without a means to verify HOW your suppliers are verifying their compliance, the process would have little validity. This question outlines the methods by which the brand develops confidence that the requirements of the MRSL have been met.

#### Technical Guidance

There are acknowledged and significant variances in confidence for the various methods for MRSL compliance verification. Some of the methods are little more than a self-declaration by chemical companies (low to no confidence of compliance) all the way up to comprehensive 3rd party verification of every aspect of the chemical company's operations and products (high confidence of compliance). The ZDHC guidance provides a range from very basic (Level 0), to high confidence (Level 3) and this question attempts to establish what level(s) from which the brand's chemistry is derived.

Further, it is highly likely that chemistry may be found at all ranges from unclassified to level 3, the question also attempts to tabulate the distribution across these ranges.

This question is understandably very hard for brands who are not deeply engaged with their supply chain, suppliers who make materials and the chemistry that they use, however when a brand uses tools that manage "input streams" that guarantee level 3 chemistry and materials are certified to these schemes, it is generally much easier and reliable to know more about the integrity of the chemicals used in products.

#### If answered yes to this question:

In order to answer this question with a high degree of confidence, a company must be able to respond affirmatively, or at least partial yes, to the questions which determine how well the brand knows/manages their supply chain as well as the materials used in their products.

With this knowledge in place, then the company must be able to show through their records that their materials/product suppliers are choosing chemistry based upon any/all of these levels. Further they must demonstrate through clear and repeatable methods that they specifically and regularly account for the chemistry across all of their suppliers.

A "Yes" response means that the brand has all the documentation which supports knowledge of the chemical inventories at its suppliers, and the conformance levels. This applies to--at a minimum Tier 1 and Tier 2. Anything short of that (i.e., tier levels, chemical inventories, etc.) then at best a "Partial Yes" may be awarded.

Companies that do not have the ability to answer any of the level questions are demonstrating that they do not confirm MRSL compliance and no points shall be awarded.

Lastly, companies that use 3rd parties for their chemical management who manage the input stream of chemistry at suppliers--resulting in chemicals used in and on their products from legitimate 'positive lists', may use these as surrogates for knowing specific chemical inventories. The conformance level(s) (ie., 1 - 3) may be properly assumed and assigned based upon the materials provided and the accredited capabilities of the 3rd party (i.e., Level 1, Level 2 and/or Level 3 conformance).

#### **Helpful Resource**

- [ZDHC Conformance Guidance](#)

#### **Standard chemicals management sequence questions**

17.1.11 Does your company have a means of tracking identified critical chemical substances found in its products and manufacturing processes associated with its products? Answer options: Yes/Partial/No

17.1.11.1 Please describe your means of tracking

#### **Intent of the question**

Progressive organizations move from simply restricting substances to actively seeking alternatives that are better. This process is called Alternatives Assessment. This activity starts with a reliable way of identifying which chemicals should be targeted for study. The intent of this question is to determine how robust the first step in Alternatives Assessment is within your company.

#### **Technical Guidance**

In order to be effective, in addition to having clear procedures and documentation to find and record substances of concern, a company must be able to at least answer 'yes' or a strong 'partial yes' to questions about knowing its materials and supply chain. Without this key knowledge trying to discover chemicals of concern is a very imprecise and ineffective activity--at best.

Further, the company should have a means by which to correlate substances of concern with the materials where they are likely found. Lastly, a process should be in place to

reach out to suppliers and investigate substances actually present in finish and process chemistry, thereby improving the overall effectiveness of the study.

Lastly one should familiarize themselves with general practices of Alternatives Assessment, a multi-step process which starts with risk identification.

#### **In order to answer yes:**

To determine plausibility, If a company cannot reliably answer at least a partial yes to knowing >50% of its materials OR a partial yes to knowing > 50% of its suppliers at a Tier 2 level , then it is unlikely that it can accomplish this basic task of knowing the substances of greatest concern.

Therefore, a "Yes" answer to this question is more complex than simply having a process to understand substances in a generic way. Proficiency in knowing suppliers and materials is a pre-requisite. If this base supplier/material requirement is met, then further, a "Yes" requires that a clear process to connect substances to the company's portfolio of products should be evident.

Acceptable outputs may include a clear list (for example, top 10, chemical risks and where they are found) including date of inclusion, and other indicators of the data being up-to-date should be shareable.

Anything less than all the above is--at best--to be considered a "Partial Yes".

#### **Improvement Opportunities**

Because of the nature of this activity is investigative, can be uncertain, and outside the realm of normal product and materials development interactions, successfully implementing such a process will require strong collaboration with your suppliers. As such, being prepared for being able to articulate your intent, goals, guidelines, etc. with your supplier(s) should be expected. Further, patience should be exercised as it may take time to build the appropriate level of trust and cooperation.

#### **Helpful Resource**

- [Outdoor Industry Association's Getting Started Guide for Brands: Chemicals Management](#)

17.1.12 Does your company work with its value chain partners to replace substances with social/environmental health risks with preferred alternatives, starting by identifying the risks?

Answer options: Yes/Partial/Unknown

17.1.12.1 Do you collaborate with upstream suppliers? Yes/No

17.1.12.2 Do you collaborate with downstream customers? Yes, No, N/A

17.1.12.2.1 Describe how you collaborate, being sure to include all collaborations with upstream partners to identify, investigate and conduct a thorough Alternatives Assessment

#### **Intent of the question**

Comment [79]: new

Value Chain definition : All activities involved in the creation, sale, and servicing of products to the end customer. This includes product development, manufacturing, logistics (inbound and outbound), company operations, distribution and customer support services (example repair programs).

This question advances the company beyond the activity of identifying chemicals of concern, bringing action towards finding viable options to replace the unwanted chemistry. This is the process named "Alternatives Assessment" (AA) where alternatives are considered using multi-variable analysis to determine not just reduced risk from toxicants but maintaining the best performance, cost, availability/viability, and a number of other relevant measures of success.

### Technical Guidance

Results of successful action to this question would be evidence of targeted substances which are not already identified to be of concern—for example: those which are proposed for or awaiting regulation are already identified and not what this question rewards. The intent is to identify substances which warrant deeper analysis.

Further, and as indicated in the sub-questions; it is imperative that the brand collaborate with both upstream (away from end consumer) suppliers as well as downstream (toward end consumer) customers. These are straightforward sub questions that should be interpreted as indicated.

To answer a full "Yes" this question, your company must be able to provide specific examples of formal, documented Alternatives Assessments (AA), which demonstrate a program of collaboration and research towards identifying chemical hazards and risks, performance requirements, and market conditions.

Company should show evidence of where products, materials or specific substances have been addressed; who was involved in the analysis (supply chain partners); and the outcomes of the research (e.g., substance added to the "of concern list, eliminated from materials or processes, impact realized, etc). Where AAs have been conducted, these will serve as examples of a fully functional program.

All the above must be in place, including documentation to support it, to effectively answer "Yes". Short of that, if parts of the process exist, then at best it can be answered as "Partial Yes".

### Helpful Resource

The AA aspect of this question should be answered in relation to standard industry protocols. OECD lists several industry frameworks for alternative assessments [here](#)

17.1.13 Does your company have demonstrated evidence of substances which have been targeted, reduced and eliminated from its products as a result of alternatives assessment? Answer options: Yes/Partial/Unknown

17.1.13.1 Please list as many examples as possible (at least one)

### Intent of the question

This is step three of the Chemical Alternatives Assessment (AA) process. Once substances have been identified, assessed and prioritized, the objective of this question is to determine how robust the company's AA process is at solving problems and actually reducing impact. If a company has effectively assessed their product and supply chain for chemical risk, they will be able to identify opportunities for action including chemicals to phase out and preferred alternatives to adopt. As a result, the company should be able to provide documentation of measurable targets and achieved reductions of substances which were identified for priority reduction or phase-out.



### Technical Guidance

To answer 'yes' to this question, a company should be able to provide specific documentation of a completed Chemical Alternatives Assessment. Further, specific reduction goals of targeted substances and demonstrated results against the goals (or at least a planned reduction if still early in the transition) should be available. At a minimum, companies should be able to provide the following:

- Name of chemical identified
- Description of formal Alternatives Assessment process
- Outcome of the Alternatives Assessment
- Description of appropriate metrics:
- Baseline date
- Time interval (annual, season, etc.)
- Baseline use (volume)
- Baseline methodology and verification
- Target date
- Target (absolute or normalized)
- Target metric achieved

At least one relevant example should be provided to answer "Yes" to this question, absent of that--even if the AA process to study and innovate to remove substances exists within the company, but no specific examples may be provided--a company may only claim "Partial Yes".

### Helpful Resources

Alternative Assessments are an emerging discipline. There are a number of frameworks which can be used as a guide. To see a comprehensive list, go to:

- The Right Tools for the Job: Evaluating Frameworks for Chemical Alternatives Assessment (<https://ehp.niehs.nih.gov/124-a58/>)
- Alternatives Assessment Frameworks: Research Needs for the Informed Substitution of Hazardous Chemicals (<https://ehp.niehs.nih.gov/1409581/>)

17.1.14 Does your company incentivize supply chain partners who have demonstrated improvement in chemicals management? Answer options: Yes/No/Unknown

17.1.14.1 What kind of incentives does this include?

- Increased order volume
- Multi-year order contracts
- Premium pricing
- A more favorable mix of products
- Consistent month-to-month volume
- Option to set a higher minimum order level
- Other business incentives (please describe)
- None of the above

17.1.14.2 Is supplier performance and progress towards receiving incentives regularly reviewed and discussed with manufacturers? Yes/No

### Intent of the question

As a brand there is only so much that you can do alone to improve the chemical management programs of your suppliers by way of demands and compliance. Ultimately some of the most impactful changes will come about from more of a "carrot", than a "stick" approach to improvement.

This question is meant to determine how you incentivize and reward your supply chain partners to make improvements in their chemicals management in a positive, win-win fashion.

### Technical Guidance

Manufacturers can be particularly averse to making significant changes in their operations, processes and inputs when they have already painstakingly optimized a particular line or whole facility for efficiency, efficacy, speed, quality and/or cost. Asking for, or requiring change (e.g., for chemical substitutions) can be quite disruptive to an operation that has already been highly optimized. It is for this reason that a company (brand) should consider options that are more incentive based rather than purely compliance.

The most obvious incentives are increased business, however others may include limited cost sharing when significant investments need to be made, time based price concessions on materials that use advanced sustainable practice that need time to bring to scale, to simple but clear recognition for best suppliers in a public setting (sometimes this is the biggest incentive/reward).

The concept of incentives can be applied to all aspects of improving chemical management and not just in the use of undesirable chemicals. For example, how they manage chemical inventories--and possibly share it with their brand partners, how they train, protect and guard against human health issues in their own operations, how they interact with their chemical suppliers making sure that they are extending the expectations that their suppliers are of high chemical integrity as well, how they ensure that the chemicals that they purchase and use are of the best appropriate quality--covering both performance and hazard elimination, etc.

In order to answer yes to this question, please evaluate the answers to these subquestions:

- What kind of incentives does this include?
- Has it, and if so, how has it made positive change?
- Is supplier performance and progress towards receiving incentives regularly reviewed and discussed with manufacturers?

### Improvement Opportunities

- The [AFIRM Supplier Toolkit](#) provides a number of ideas in better chemical management. As a brand, how you incentivize rather than simply mandate, is the consideration.
- The [OIA Chemical Guide](#) also has useful information to consider.

17.1.15 Does your company have business goals and processes, with documented actions and results, that demonstrate its commitment to advancing sustainable chemical innovation? Answer options: Yes/Partial/No

#### 17.1.15.1 Give one or more examples of advancing sustainable chemical innovation

### Intent of the question

The intent of this question is to assess if the company has formal mechanisms in place to go beyond compliance and drive sustainable or "green" chemistry through their business practices.

### Technical Guidance

To answer 'yes' to this question, the company's documented business goals, processes, actions and results must adhere to the 12 Principles of Green Chemistry:

Examples include:

- Working with supply chain (chemical companies and materials manufacturers) to develop and implement material options using less or less harmful solvents.

- Incentivizing choices of better quality chemistry that is inherently more efficient at its task, but also in the use of other resources such as water and energy.
- Collaboration with suppliers (chemical companies and materials manufacturers) in the use of renewable chemical feedstocks that have a demonstrably lower overall environmental footprint.

#### **In order to answer yes:**

The company needs to be able to clearly demonstrate, through programs and goals that it looks at the chemistry in products and supply chain with a holistic approach to sustainability and not just hazard reduction.

It must be able to demonstrate action and results from specific actions towards improving chemistry and all the processes that it supports. The company shall demonstrate that they have been able to make tangible progress by selecting and implementing chemistry in their product and/or supply chain which satisfies at least one, or more, of the other 11 principles (aside from principle #4 "designing safer chemicals").

All other responses that are based upon reducing toxics in chemistry only--whereas an important goal--it still is only a "Partial Yes" as green chemistry goes much beyond this single objective. Any efforts that don't even address the reduction of toxics does not even qualify as a partial yes.

#### **Improvement Opportunities**

Improvement in this space will be extremely challenging because no one company can likely move the meter all by themselves. It will take collaboration on a grand scale—both up and down the supply chain to and including chemical companies; but also horizontally with other direct competitors in order to gain the leverage needed to commercialize new chemistry at scale.

#### **Helpful Resources**

- [Green Chemistry & Commerce Council](#)
- [Green Science Policy Institute](#)
- [OIA's Chemicals Management Community of Practice](#)
- [Green Chemistry & Chemical Stewardship Online Certificate Program](#)
- [ACS - 12 principles of Green Chemistry](#)
- [EPA - 12 principles of Green Chemistry](#)

17.1.16 Does your company collaborate with retailers and suppliers to regularly select product(s) for detailed data collection and analysis of chemical substances? Answer options: Yes/Partial/No

17.1.16.1 Give one or more examples of this collaboration

#### **Intent of the question**

In the context of sustainable chemistry, to determine the degree to which a company engages with up and down stream stakeholders to better understand where their biggest opportunities lie.

#### **Technical Guidance**

A designer/creator of product -- as part of a brand -- has a somewhat limited view of what chemical substances might present the biggest chemical risk, or the biggest chemical opportunity for improvement through sustainable chemistry. Therefore, this question is designed to encourage and reward engagement with both suppliers (upstream) as well as customers (downstream) to collaborate on identifying biggest opportunities for improvement.

Some of the biggest opportunity improvements in chemistry are found where it is applied (e.g., to make a textile), however there may also be very impactful aspects of chemistry where the chemical molecules are actually being created. All this, however, does matter when considering 'green chemistry'

It is important to note that--although the reduction of toxic hazards is a critical action--a comprehensive approach to sustainable chemistry includes other dimensions of lessened impact in the creation and use of the chemistry. This can include things such as better chemistry that: produces less waste, synthesizes much more efficiently, improves resource efficiency where it is applied, reduces the need for solvents (especially very toxic ones) in the chemical creation and use phases, etc.

Understandably, these points are often very far from a designer, materials developer, sourcing manager's, etc. view because these individuals are very far removed from where molecules are actually created. This is why this question is aspirational. In order to make progress, it absolutely necessitates engagement with the supply network, and others with different expertise, to ensure the investigation is complete and accurate.

#### **In order to answer yes:**

The connection with upstream/downstream supply chain colleagues is not necessarily the hard part--what is hard is to investigate the chemical options and determine which ones present significant improvement opportunities.

What would be positive evidence leading to a "Yes" answer would be a clear process that defines when/how the company reaches up and/or downstream in order to find the significant opportunities--and how the company evaluates the options for their potential for impact reduction. If the company can clearly demonstrate how it systematically has performed an investigation of impact--including impacts associated with the creation of the chemistry itself (as opposed to just the use of the chemistry), and can demonstrate that this has led to specific substances which have been elevated to a higher risk or opportunity status, then a "Yes" is warranted.

Otherwise, all other actions can at best be considered only "Partial Yes". For example, having a process to find materials/substances of higher risk--but no substances yet identified--illustrates good intent, but not yet progressive behavior.

#### **Helpful Resources**

[ACS - 12 principles of Green Chemistry](#)

[EPA - 12 principles of Green Chemistry](#)

17.1.17 Does your company actively engage with communities of practice to share information, knowledge, and best practices that accelerate the adoption of sustainable or green chemistry? Answer

option: Yes/No

Give one or more examples of this engagement

#### **Intent of the question**

The advancement of better chemistry and truly sustainable, or "green chemistry" is an aspirational endeavor that rarely happens in a vacuum. To accelerate the ideation, creation, testing, implementation and scaling of green chemistry requires collaboration all the way through the supply network.

This question attempts to determine how active, engaged and collaborative the company is in participating in broader communities of practice that advance the creation and use of green chemistry.

#### **Technical Guidance**

The goal of this question is not simply one of participation in groups, it seeks to determine how and where the brand is engaged and participating in collaborative efforts that produce real results. Because much of what happens in innovation requires tremendous trial and error and sometimes tangible progress and results can be incremental and/or far between, what is most important is that a company invest time and resources wisely.

Further, it necessitates that a company step outside its own direct supply network and work with groups that advance broader solutions. Or, develop solutions in a tighter group—but quickly and appropriately share innovation with a wider set of stakeholders to accelerate scale. For some organizations who are hyper competitive this may not come naturally—or not at all.

Even still, because chemistry is most likely used in processes that can vary tremendously, the need for collaboration by a diverse set of stakeholders is more critical than almost any other impact. From organizations that make chemistry, to those who make materials, to those who specify it—all are critical in the success of such collaboration.

There is not yet one best way to move towards greener chemistry because the science is still comparatively new—however where companies can demonstrate leadership for the good of the larger industry is what this question seeks to ask and promote.

#### **In order to answer yes:**

This is a highly subjective question, but has been included because what it is trying to incentivize is radical transparency, collaboration and cooperation for the better of the industry and planet. It is not easy to achieve, nor should it be.

In order to say "Yes" to this question, a company should be able to demonstrate through whatever documentation that is available and appropriate, that it has been exceptionally engaged with a wide and diverse set of stakeholders to advance the creation and use of green/sustainable chemistry.

#### **Improvement Opportunity**

Improvement in this space will be extremely challenging because no one company can likely move the meter all by themselves. It will take collaboration on a grand scale—both up and down the supply chain to and including chemical companies; but also horizontally with other direct competitors in order to gain the leverage needed to commercialize new chemistry at scale.

#### **Helpful Resources**

- [Green Chemistry & Commerce Council](#)
- [Green Science Policy Institute](#)

#### **Wastewater**

**17.2 Have practices been implemented to reduce or mitigate wastewater in your company's supply chain?** Answer options: Yes/Partial Yes/No

#### **Answer options**

- In order to answer 'yes' to this question, the company can demonstrate that practices have been implemented to reduce or mitigate wastewater in the company's supply chain tier 2 segment.
- In order to answer 'partial yes' to this question, the company can demonstrate that practices have been implemented to reduce or mitigate wastewater in the company's supply chain tier 1 segment.
- When answered 'no' to this question, no practices have been implemented yet.

17.2.1 In which supply chain segments does this program apply? Specify percentage of each supply chain segment included.

- Agents/Trading Company/Licensees
- **Tier 1:** Final product manufacturing and assembly (or Finished Goods Production).
- Material Converters
- **Tier 2:** Material or Finished Component Manufacturing
- **Tier 3:** Raw material processing
- **Tier 4:** Agriculture and extraction
- Chemical suppliers
- Other tiers: E.g. dyeing auxiliaries, centralized/public wastewater treatment plants, hazardous waste treatment facilities

17.2.2 Please indicate whether the expectations communicated to suppliers include the following supplier requirements.

- A reliable way of ensuring regulations regarding wastewater discharge are tracked and adhered to
- Wastewater testing requirements

17.2.3 Which of the following statements applies to your Wastewater Program?

17.2.3.1 Select all that apply

- Company's Wastewater Program is maintained/updated on at least an annual basis
- Company's Wastewater Program specifies the lowest regulatory limits for wastewater discharge that reflect the lowest limits found in applicable global regulations (note: lowest limits = most stringent legal limits)
- Company's Wastewater Program goes beyond applicable regulatory requirements in order to proactively address potential risks that are relevant to your company
- Company includes Wastewater Program compliance in supplier contracts and specifies that suppliers must in turn require their suppliers and subcontractors to have a means of ensuring compliance with the Wastewater Program
- Company's Wastewater Program is aligned to a widely-adopted Wastewater Program administered by a credible third-party organization.

17.2.4 Does your company have a documented program to ensure compliance with your Wastewater Program? The program should include monitoring, verification (testing), tracking, and corrective actions when nonconformities are found. Answer Options: Yes/Partial Yes/No

### Technical Guidance

These programs that could be considered are ZDHC, Bluesign, OEKO-TEX SteP or other equivalent programs.

#### Answer options

- In order to answer 'yes' to this question, the company is using one of the programs listed above.
- In order to answer 'partial yes' to this question, the company has implemented some parts of a program (as listed in the question) but not all.
- When answered 'no' to this question, no program has been implemented yet.

17.2.4.1 In which supply chain segments does this program apply? Specify percentage of each supply chain segment included.

- Agents/Trading Company/Licensees
- **Tier 1:** Final product manufacturing and assembly (or Finished Goods Production).
- Material Converters

- **Tier 2:** Material or Finished Component Manufacturing
- **Tier 3:** Raw material processing
- **Tier 4:** Agriculture and extraction
- Chemical suppliers
- Other tiers: E.g. dyeing auxiliaries, centralized/public wastewater treatment plants, hazardous waste treatment facilities

**17.2.4.2 Can your company provide evidence of corrective action(s) taken as a result of wastewater discharge being found to be out of compliance with your Wastewater Program?** Answer options:

Yes/Partial/No

**Answer options**

- In order to answer 'yes' to this question, the company can demonstrate that you are working with your supply chain partners on the corrective action(s).
- In order to answer 'partial yes' to this question, the company has hired a third party to implement the corrective action(s) with your supply chain partner(s).
- When answered 'no' to this question, no corrective actions have been taken or no non-compliance has been found.

**17.2.5 Is your company's Wastewater Program publicly available?** Answer options: Yes/Partial/No

**Answer options**

- In order to answer 'yes' to this question, your company can provide the relevant link/URL to the publicly available wastewater program.
- In order to answer 'partial yes' to this question, your company has the program available on your intranet and can be provided upon request.
- When answered 'no' to this question, your company does not have a wastewater program or it is not publicly available.

**17.2.6 Does your company have a means to confirm that suppliers at each tier of your supply chain identify, manage, and meet compliance with all applicable wastewater discharge regulations in their country/region through appropriate documentation?** Answer options: Yes/Partial/No

**Answer options**

- In order to answer 'yes' to this question, your company has implemented a monitoring system to ensure supplier compliance with local law.
- In order to answer 'partial yes' to this question, your company has hired a third party to implement monitoring audits to ensure supplier compliance with local law.
- When answered 'no' to this question, your company does not have a monitoring system to ensure supplier compliance with local law.

**17.2.6.1 In which supply chain segments does this program apply? Specify percentage of each supply chain segment included.**

- Agents/Trading Company/Licensees
- **Tier 1:** Final product manufacturing and assembly (or Finished Goods Production).
- Material Converters
- **Tier 2:** Material or Finished Component Manufacturing
- **Tier 3:** Raw material processing
- **Tier 4:** Agriculture and extraction
- Chemical suppliers

- Other tiers: E.g. dyeing auxiliaries, centralized/public wastewater treatment plants, hazardous waste treatment facilities

**17.2.7 Does your company have documented business goals and processes, along with recorded specific actions and results, which demonstrate its commitment to advancing innovations in reducing wastewater and improving wastewater treatment?** Answer options: Yes/Partial Yes/No

**17.2.7.1 If answered yes, please describe**

**Answer options**

- In order to answer 'yes' to this question, your company has a formal commitment (which includes business goals, metrics/targets and processes) to advancing innovations in reducing wastewater and improving wastewater treatment.
- In order to answer 'partial yes' to this question, your company does not have a formal commitment, but actions have been taken / resources have been invested to advancing innovations in reducing wastewater and improving wastewater treatment
- When answered 'no' to this question, your company does not have a formal commitment and/or taken actions to advance in the reduction of wastewater or wastewater treatment.

**17.2.7.8 Does your company support its suppliers in reducing wastewater and improving wastewater treatment?**

- Providing access to – or funding suppliers' involvement in – training or capacity building programs
- Supporting suppliers – via funding or organizations support – in developing internal targets and performance teams that include worker representatives
- Initiating or joining collaborative improvement projects with other companies
- Ensuring suppliers' voices are included in industry-wide capacity building efforts to spread best practices related to management systems or to address industry-wide wastewater management issues
- Making long-term commitments (for a term greater than 1 year) to suppliers that make investments to improve wastewater management practices
- Providing financial support or pricing incentives for suppliers to improve wastewater management practices (e.g. grants, loans, cost-sharing structures, etc.
- None

**Answer options**

- In order to answer 'yes' to this question, the company has taken part in 2 or more of the supporting activities listed in the question.
- In order to answer 'partial yes' to this question, the company has taken part in one of the supporting activities listed in the question.
- When answered 'no' to this question, no support has been provided to suppliers.

**17.2.7.8.1 Select all that apply:**

- Providing access to – or funding suppliers' involvement in - training or capacity building programs
- Supporting suppliers - via funding or organizational support - in developing internal targets and performance teams that include worker representatives
- Initiating or joining collaborative improvement projects with other companies
- Ensuring suppliers' voices are included in industry-wide capacity building efforts to spread best practices related to management systems or to address industry-wide wastewater management issues.



- Making long-term commitments (for a term greater than 1 year) to suppliers that make investments to improve wastewater management practices
- Providing financial support or pricing incentives for suppliers to improve wastewater management practices (e.g. grants, loans, cost-sharing structures, etc.)
- None

**17.2.9** Does your company actively engage with communities of practice to share information, knowledge, and best practices that accelerate the adoption of best in class wastewater reduction and treatment processes, practices, and equipment? Answer options: Yes/Partial/No

**17.2.9.1** If yes, please describe:

#### Answer Options

- In order to answer 'yes' to this question, your company is part of a multi-stakeholder initiative that addresses wastewater reduction as an industry.
- In order to answer 'partial yes' to this question, your company is part of a trade/industry association to address environmental challenges as an industry.
- When answered 'no' to this question, your company does not participate or engage in industry initiatives.

#### Other risk(s)

**17.3** Have practices been implemented to reduce or mitigate other risks in its supply chain? Answer options: Yes/Partial Yes/No

**16.4.2** Please describe (open text)

#### Intent of this question

This question intends to confirm the practices or actions your company has taken to mitigate the risks associated with Chemicals Use and Wastewater Discharge within your supply chain. There is an opportunity for companies to expand from this and explain the actions implemented to mitigate other risks.

#### Technical Guidance

Companies should start by reviewing the [Addressing Supply Chain Impacts guide](#) which we have created to the above key impacts, the document will outline the processes and options that are generally useful for brands and retailers to implement in partnership with their suppliers.

In order to answer yes to this question, the company can demonstrate reduction or mitigation of both chemical and wastewater risks has been achieved.

In order to answer 'partial yes' to this question, the company can demonstrate that actions have been taken to reduce or mitigate chemical and/or wastewater risks.

**17. Does your company measure the effectiveness of its environmental programs?**

Answer options: Yes/No/Unknown (brenvscmeasureeffect)

**17.1** Select all that apply:

- Internal audit or reviews
- Audits or review implemented by third parties

**Comment [80]:** now Q16 previous Q17 the numbers of the subquestions needs to be changed. Instead of 17.x needs to be 16.x  
I'm not able to change all of them in an efficient way because they belong to a numbered list that keeps changing as I go.

- Collaborative assessments through the Higg Facilities Environmental Module (FEM) or equivalent, which evaluates supplier performance
- Engagement with directly affected stakeholders (e.g., workers)
- Improved environmental benefits
- Improved business performance for factories and for brand/retailer

#### Intent of the question

This question intends to confirm that companies understand the impact their measures have on their supply chain partners' environmental performance.

#### Technical Guidance

In order to make lasting impact, during the program's implementation phase companies must be able to make changes or revisions to the program, strategy, and tactics when they have determined that their efforts to address risks in the supply chain are not effective.

During the implementation phase, companies and suppliers should measure and evaluate the effectiveness of the measures and the program through regular evaluation & monitoring meetings.

Questions that a company should consider when evaluating supplier engagement:

- Have suppliers shared concerns or complaints related to the environmental program or measures resulting from it?
- Do suppliers feel able and empowered to raise concerns or complaints to the company?
- What is the process for integrating supplier feedback to adjust the implementation approach (program, strategy, and tactics)?

#### How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- Demonstrated evidence of adverse impacts that were eliminated, or risks mitigated, as a result of your environmental program. Together with a description of the solutions that the company has provided.
- Relevant documentation that describes the trends and patterns that have been identified — through joint conversations with the supplier(s) — and what lessons the company has drawn from this to improve the effectiveness and efficiency of its environmental program.

**Comment [81]:** now Q17 previous Q18

**18. Does your company have an escalation process for working with manufacturers who do not meet your programmatic goals?** Answer options: Yes/No (brenvscescalation)

#### 18.1 Select all that apply:

- Engage senior management within the brand and manufacturer to confirm there is mutual commitment to improvement, as a necessary requirement of continued business.
- Create a performance improvement plan.

- Monitor performance in sufficient increments of time for required performance improvement (timelines will vary according to severity).
- Plan for sourcing alternatives.
- Give a warning/create follow up plan for performance improvement and required timeline when immediate improvement is not achieved.
- Consider brand/retailer tolerance for lack of improvement.
- Engage other brands/retailers who are also sourcing from the factory.
- Consider exiting the sourcing relationship if the above criteria do not yield required improvements.
- If improvement is not made, evaluate the cost (to business, supplier, and rights-holders) of leaving the sourcing relationship.
- If decision is made to cease business with the supplier, ensure workers are given adequate notice and payment.

### Intent of the question

Companies should have defined escalation processes to review and address concerns of potential manufacturer non-compliance and address and remediate confirmed supplier policy violations.

### Technical Guidance

An escalation process defines how a company will monitor and manage potential and confirmed policy non-compliance within its supply chain. Communicating a defined process helps supply chain manufacturers understand customer expectations and requirements as a condition of business.

If companies are not able to resolve a non-compliance identified through the escalation process, can be an important tool to assist all stakeholders in resolving the dispute. The OECD Due Diligence Guidelines define the role of the mediator as an active but neutral role in helping the parties identify and evaluate options for resolution and settlement. Mediation may be triggered on an ad-hoc basis, for example when both parties request mediation, or it may act as a form of escalation when parties cannot reach an agreement or where complainants are not satisfied with the resolution of their grievances. Mediation should be mutually acceptable by both parties, legitimate, independent and confidential. It is important that the members of the bodies entrusted with such functions are impartial and are seen as impartial.

All governments adhering to the OECD Guidelines have established a National Contact Point (NCP) that are tasked with contributing to the resolution of issues that arise from the alleged non-observance of the Guidelines in specific instances. These national contact points can be engaged to support in mediation. [Click here for more information](#)

### Helpful Resources

- [Fairwear Foundation - Responsible Exit Strategy](#)

### How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- Documentation of the escalation processes (including responsible exit strategy) that the company has put in place for supply chain manufacturers.
- Description of how, and at what stage, this was shared and communicated to supply chain manufacturers.

Interview questions to ask

- Examples, if any, in the last calendar year where the escalation process was used and the outcome of this.
- Identify if there are any instances where the business relationship had to be ended as a result of the escalation process. Share how the actions related to the responsible exit strategy were implemented and the outcome.

**Comment [82]:** now Q18 previous Q19

**19. Does your company have an integrated scorecard that helps factor environmental criteria into purchasing decisions?** Answer options: Yes/Partial/No (brenvscscorecard)

**19.1 If you answered yes/partial yes, select all criteria that are included:**

- Regulatory Compliance
- Animal Welfare
- Biodiversity/Land Use/Habitat Loss
- Deforestation
- Energy/Fuel Use (or Fossil Fuel Depletion)
- Greenhouse Gas (GHG) Emissions
- Air Emissions / Air Pollution (non GHG)
- Solid Waste
- Hazardous Waste
- Chemical / Hazard / Management
- Water Use / Water Scarcity
- Wastewater / Water Pollution / Eutrophication
- Other (If other, please describe)

#### Intent of the question

The intent of this question is to assess whether your company includes environmental criteria in the traditional sourcing decision criteria of price, delivery, performance, and quality.

This question is designed to identify whether your company has an internal process for assessing and making decisions which includes environmental criteria and performance.

#### Technical Guidance

Developing and using integrated scorecards, also referred to as balanced scorecards, ensures that environmental criteria are a factor in the decision-making process for evaluating new and existing suppliers, products, materials, and packaging. An integrated scorecard enables decision makers to consider sustainability attributes in business decisions. Integrated scorecards that compare the environmental performance of

materials, products, packaging, and suppliers are effective at motivating people to act as the scorecard creates competition and motivation to improve.

The integrated scorecard should meet the following requirements:

- Put your company's commitments into action by making environmental criteria part of the decision-making process.
- Include relevant environmental criteria and be used in regular departmental meetings, for sourcing decisions and supplier selection, and in products, materials, and packaging decisions.
- Include environmental criteria as well as the traditional purchasing criteria of price, performance, delivery, and quality. The environmental criteria should be given similar weighting to the traditional criteria when making business decisions.
- Included in internal discussions and used when choosing new suppliers and evaluating existing suppliers. The integrated scorecards for suppliers should be updated regularly and included in internal discussions and decision-making. It should also be included in check-ins and meetings with suppliers in order to ensure progress is being made over time.

When developing the scorecard, it is important to consider the following:

- The criteria and elements are included within the scorecard.
- The use of the scorecard in meetings and business decisions.
- The weighting, if any, for each criteria.
- How tradeoffs are addressed and whether there are any minimum thresholds applied to criteria.
- The departments and people responsible and accountable.

An example of how to use a scorecard is in choosing new suppliers and evaluating existing suppliers.

Examples of relevant environmental criteria for a supplier integrated scorecard are in the list below. These would appear along with traditional supplier evaluation criteria such as price, performance, and quality.

- Higg Facility Environmental Module (FEM) scores
- Third-party environmental certifications
- Low or no-water processes
- On-site water recycling
- Wastewater treatment facility meeting industry standards such as [Zero Discharge of Hazardous Chemicals](#)
- Percent of energy from solar or wind
- Availability of environmentally preferred materials

Answer options

- To answer 'yes' to this question, over 75% of your company's purchasing orders have factored environmental criteria into purchasing decisions.
- To answer 'partial yes' to this question, 25% to 75% of your company's purchasing orders have factored environmental criteria into purchasing decisions.
- To answer 'no' to this question, less than 25% of your company's purchasing orders have factored environmental criteria into its purchasing decisions.

**Helpful Resources**

- Build CSR Metrics into your balanced scorecard

#### How this will be verified

##### Documentation required

To answer this question, please ensure you have the following evidence:

- Internal communication/policies/procedures on the integrated scorecard (this includes both business and sustainability criteria).
- Sample score cards.
- Supporting documents that demonstrate that both business and sustainability criteria are included in purchasing decisions.
- Business agreements with suppliers that include the integrated scorecard as criteria for doing/maintaining business.
- Percent of your supply chain included within the scope of your company's scorecard.
- Demonstrating that goals related to responsible sourcing practices are incorporated into annual performance targets for individuals with sourcing/purchasing responsibilities, and are also incorporated into sourcing/purchasing staff individual goals.

##### Interview questions to ask

- Which criteria and elements were included within the scorecard? What was excluded?
- What weighting, if any, is given to each criteria?
- Are any minimum thresholds applied to criteria?
- Who is responsible and accountable for various criteria in the scorecard?
- How is the scorecard used in business decisions?
- Are there examples of suppliers being selected or rewarded on the basis of the sustainability criteria?

**Comment [83]:** now Q19 previous Q20

#### 20. Does your company support its manufacturers in improving their environmental management performance? Answer options: Yes/No (brenvscmanufactureimplement)

##### 20.1 Select all that apply

- Providing access to – or funding suppliers' involvement in training or capacity building programs.
- Supporting suppliers, via funding or organizational support, in developing internal targets and performance teams that include worker representatives,
- Initiating or joining collaborative improvement projects with other companies (customers within the facility).
- Ensuring suppliers' voices are included in industry-wide capacity building efforts to spread best practices related to management systems or to address industry-wide environmental management issues.
- Making long-term commitments (for a term greater than 1 year) to suppliers who make investments to improve environmental management practices.
- Providing financial support or pricing incentives for suppliers to improve environmental management practices (e.g., grants, loans, cost-sharing structures, etc.).

##### 20.2 Which tiers are supported? Please select all that apply:

- Agents/Trading Company/Licensees
- **Tier 1:** Final product manufacturing and assembly (or Finished Goods Production).
- Material Converters
- **Tier 2:** Material or Finished Component Manufacturing

- **Tier 3:** Raw material processing
- **Tier 4:** Agriculture and extraction
- Chemical suppliers
- Other tiers: E.g. dyeing auxiliaries, centralized/public wastewater treatment plants, hazardous waste treatment facilities

### Intent of the question

This question is designed to encourage companies to support their manufacturers in the implementation of environmental action plans, as this makes a big difference in the outcomes of those plans and in the responsiveness of suppliers to continued requests for improved performance. Furthermore, building capacity with your manufacturing partner can encourage innovation and collaboration which drives further value in the supply chain.

### Technical Guidance

In the Higg BRM the term “suppliers” are used interchangeably with manufacturers.

In order to answer ‘yes’ to this question, the company should be able to respond to at least one of the activities listed in the question.

### Helpful Resources

Examples of multi stakeholder initiatives are:

- [Sustainable Apparel Coalition](#)
- [Dutch Agreement on Sustainable Garment and Textile](#)
- [German Partnership for Sustainable Textiles](#)
- [ZDHC Academy](#)

### How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- Documentation of processes/internal guidelines/interviews, demonstrating how action plans are set with suppliers (taking contextual issues into account) OR, how support and guidance is given to suppliers in collaboration with other companies.
- Demonstrations of training materials/tools or documentation/minutes of training given to suppliers – either online, through workshops or 1 to 1; and in collaboration with other organizations if applicable.
- Demonstration of how suppliers’ voices are included in industry-wide capacity building efforts.
- Evidence of financial support given to suppliers such as loans, grants, cost-sharing structure, etc.
- Evidence of technical support given to suppliers through contracts with 3rd parties or documentation of investments made through site visits and the outcomes thereof.
- Evidence of long-term commitments made to reward suppliers for improving on their environmental management.

**Comment [84]:** now Q20 previous Q21

**21. Does your company incentivize supply chain partners who have demonstrated strong environmental performance?** Answer options: Yes/No (brenvscincentivize)

21.1 What does this include?

- Increased order volume
- Multi-year order contracts
- Premium pricing
- A more favorable mix of products
- Consistent month-to-month volume
- Option to set a higher minimum order level
- Other business incentives (If other business incentives, please describe)

Is supplier performance and progress towards receiving incentives regularly reviewed and discussed with manufacturers? Answer options: Yes/No

### Intent of the question

By creating incentives for manufacturer performance, companies can provide an important business case for action at supplier level, as well as building strong long-term relationships with supply chain partners that have demonstrated an improvement on their environmental performance.

### Technical Guidance

Manufacturer recognition programs are used by companies to incentivize and reward positive environmental performance. Rewards and incentives may include increased order volume, longer contracts, etc.

In order to answer 'yes' to this question companies should have at least 1 of the following:

- A clear process by which to track supplier performance beyond compliance, with criteria that capture more ambitious supplier activities or standards - with official recognition for those suppliers achieving a high level of performance. This recognition can include specific status or categorization within the supplier management systems of the brand.
- Non-commercial recognition of leadership performance by suppliers, such as in-house or public articles or case studies explaining how best practices were carried out, as well as prizes/awards with no monetary value.
- Semi-commercial rewards for suppliers with strong sustainability performance, such as membership in a specific level of supplier status (e.g., preferred supplier, gold supplier, strategic supplier, etc.) which includes sustainability performance alongside other business criteria (this type of status usually comes with higher order volumes, or likely more frequent orders, without a specific underlying agreement) OR, access to specific useful resources such as improvement programs, technical expertise.
- Commercial rewards for suppliers with strong sustainability performance, such as: explicit commitments of higher orders, signing longer-term sourcing agreements, facilitating or making investments at supplier sites.

### Helpful Resources

- [Puma incentivises suppliers to be sustainable](#)
- [Levi Strauss & Co reward suppliers for doing the right thing](#)
- [Walmart - Supplier Recognition](#)

### How this will be verified



### Documentation required

To answer this question, please ensure you have the following evidence, such as :

- Links to external materials highlighting your activities (e.g., corporate social responsibility reports, press releases or information posted on your website or another website).
- Program materials and/or communication developed for your suppliers to explain the program (e.g., supplier performance criteria, data collection, verification, and evaluation processes).
- Share terms and conditions related to supplier incentives or any other related documentation outlining the specific contexts in which suppliers are given incentives, and explain how these incentives align with the broader business and sustainability goals of your company.
- List of manufacturers enrolled in the program.
- Outcome of these manufacturer recognition programs.
- Connection with the supplier scorecard system.

**Comment [85]:** now Q21 previous Q22

**22. Does your company host or share environmental training programs, resources, and knowledge for manufacturers in collaboration with other companies?** Answer options: Yes/Partial Yes/No (brenvscommunityshare)

### Intent of the question

Participation and investment in collaboration with other stakeholders is critical for addressing shared, systemic challenges, and working on the root cause of those challenges to drive real change. In particular, building collaborations with locally relevant actors can be crucial for building up long term solutions to challenges in your sourcing regions.

### Technical Guidance

Example of initiatives:

- Organizing joint training and capacity building sessions on the Higg Facility Modules for supply chain manufacturers in collaboration with other SAC members.
- Join international capacity building initiatives for supply chain manufacturers through collaboration with the German Partnership for Sustainable Textiles or Agreement on Sustainable Textiles & Garments.
- Leverage the industry expertise and resources provided by the Apparel Impact Institute.

To answer “yes” to this question, you must demonstrate that you can:

- Identify and describe what stakeholder activities your company is participating in and the purpose of the activities.
- Identify which stakeholders are associated with the activities and in which targeted geographic regions these activities are occurring.
- Share the outcome of the participation and how it has helped improve the social/human rights performance of participating manufacturers.

To answer “partial yes” to this question, you must demonstrate that you can:

- Identify and describe what stakeholder activities your company is participating in and the purpose of the activities.

- Identify which stakeholders are associated with the activities and in which targeted geographic regions these activities are occurring.

#### Helpful Resources

- [German Partnership for Sustainable Textiles](#)
- [Dutch Agreement on Sustainable Garment and Textile](#)

How this will be verified

Documentation required

To answer this question with “yes” or “partial yes”, please ensure you have the following evidence, such as :

- Proof of participation, such as: links to external materials highlighting your activities, outcome of these activities, meeting agendas, invitations, etc.
- Description of the outcome and results from the company’s participation that has improved the environmental performance of participating manufacturers.
- External materials may include: corporate social responsibility reports, press releases, or information posted on your website or another website.

**Comment [86]:** now Q22 previous Q23

**23. Does your company coordinate and fund environmental performance improvement projects for manufacturers in collaboration with other companies?** Answer options: Yes/Partial Yes/No (brenvsccommunitycoordinate)

#### Intent of the question

This question is intended to encourage collaboration amongst companies, to join forces and tackle the most challenging environmental issues together, by funding environmental improvement projects for manufacturers.

#### Technical Guidance

Contributions to shared solutions by brands and retailers collectively can add credibility and influence to processes; provide resources to allow for action; and directly contribute to the knowledge and best practices available in that location.

Companies are encouraged to:

- Engage within relevant local supplier contexts, as it is crucial to drive change and address contextual (local) risks and challenges.

- Make joint investments in innovation and in innovative models that create value for manufacturers and drive systemic change.

#### Answer options

- To answer “yes” to this question, your company can demonstrate that more than 75% of your suppliers has received funding to access one of the environmental improvement projects.
- To answer “partial yes” to this question, your company can demonstrate that 25-75% of your suppliers has received funding to access one of the environmental improvement projects.

#### Helpful Resources

- [Fashion for Good](#)
- [Sustainable Apparel Coalition](#)
- [United Nations Fashion Industry Charter for Climate Action](#)
- [VF Green Bonds](#) Green bonds are used to support projects that reduce environmental impacts and advance sustainability initiatives.

#### How this will be verified

##### Documentation required

To answer this question with “yes” or “partial yes”, please ensure you have the following evidence, such as:

- Links to external materials highlighting your activities, such as: corporate social responsibility reports, press releases, or information posted on your website or another website
- Sample resources and materials developed and shared externally (i.e., with suppliers, stakeholders).
- Documentation of coordinated processes where stakeholders have identified and share new operational processes that reduce resource consumption for manufacturers and protect natural resources.
- Documentation of events, best practices, training materials, or datasets provided by your organization, with information on who they were provided to and the outcomes of that provision including which manufacturers have access to them. E.g. agendas and invitations from events, workshops, training events, webinars, etc.
- Evidence of funding, research, or other supported activities for the benefit of manufacturers that are carried out in collaboration with other stakeholders.

**Comment [87]:** now Q23 previous Q24

## Packaging

**24. Does your company have an inventory of the primary materials used in its consumer packaging (e.g., on product packaging and labels, retail packaging, etc.)?** Answer options: Yes/Partial Yes/No (brenvpkginventoryconsumer)

**24.1 Which of the following primary material categories are used in your consumer packaging? (Multi-select possible)**

- Foam
- Insulation Materials (natural or synthetic)
- Leather
- Metals
- Plastics (synthetic or bio-based)
- Synthetic Leather
- Textiles (natural, synthetic, man-made cellulosic)
- Wood-Based Materials (e.g. cardboard, cork, wood)

### Intent of the question

This question is intended to assess whether your company has a way of tracking at least the primary materials (by volume) used in its consumer packaging. This information is needed to build an understanding of the potential environmental risks and impacts associated with these materials. This question is also intended to ensure that your company has an accurate accounting of the packaging materials of the products you sell.

### Technical Guidance

#### Definitions

- Primary materials are defined as the key materials used to make the final product. Primary materials are all the materials that, when totalled, represent at least 80% of the total material usage.
- Consumer packaging is defined as on-product packaging, labels, and retail packaging.
- On-product packaging: everything that is on a product and taken off before a consumer wears it (hangtags, fasteners).
- In-store Packaging: packaging for use in-store (e.g., including shopping bags, hangers, alarms, etc.) This excludes hangtags since that is part of the on-product packaging.
- Retail/e-Commerce Packaging: packaging that is designed specifically for e-commerce (poly bags, boxes, etc.)
- Definition of Foam: A solid “open cell” or “closed cell” foam material commonly used in packaging and footwear. Includes EVA, PE, and PU foam. More information can be found through Higg MSI on Higg.org platform

#### Answer options

- To answer 'yes' to this question, >75% of your total volume of primary materials (used in its consumer packaging) has been recorded in an inventory.
- To answer 'partial yes' to this question, 25-75% of your total volume of primary materials (used in its consumer packaging) has been recorded in an inventory.

- To answer 'no' to this question, less than 25% of your total volume of primary materials (used in its consumer packaging) has been recorded in the inventory.

#### Helpful Resource

- A template has been created to support your company in tracking these materials. Please download the data collection sheet (packaging tab) from [here](#).

#### How this will be verified

##### Documentation required

To answer this question with "yes" or "partial yes", please ensure you have the following evidence:

- A documented inventory of the types and volumes of materials used in its consumer packaging. Records from the accounting system may be used.
- An explanation of how this calculation was made, including an explanation of the methodology.

**Comment [88]:** now Q24 previous Q25

**25. Does your company have an inventory of the primary materials used in its transport packaging (e.g. polybags, boxes, shipping bags, etc.)?** Answer options: Yes/Partial Yes/No/Unknown (brenvpkginventorytransport)

25.1 Which of the following primary material categories are used in your consumer packaging? (Multi-select possible)

- Foam
- Insulation Materials (natural or synthetic)
- Leather
- Metals
- Plastics (synthetic or bio-based)
- Synthetic Leather
- Textiles (natural, synthetic, man-made cellulosic)
- Wood-Based Materials (e.g. cardboard, cork, wood)

#### Intent of the question

Similar to the previous question. This question intends to assess whether your company has a way of tracking at least the primary materials (by volume) used in its transport packaging as well as to ensure that there is an accurate accounting of the packaging materials associated with the transport packaging.

#### Technical Guidance

Transport packaging refers to all packaging items used to transport products (e.g., corrugated boxes, poly bags, pallets, shrink wrap, adhesive labels, etc.)

##### Answer options

- To answer 'yes' to this question, more than 75% of your total volume of primary materials (used in its transport packaging) has been recorded in an inventory.
- To answer 'partial yes' to this question, 25%-75% of your total volume of primary materials (used in its transport packaging) has been recorded in an inventory.

- To answer 'no' to this question, less than 25% of your total volume of primary materials (used in its transport packaging) has been recorded in the inventory.

### Helpful Resource

A template has been created to support your company in tracking the packaging materials. Please download the [data collection sheet \(packaging tab\)](#) from here.

### How this will be verified

#### Documentation required

To answer this question, please ensure you have the following evidence:

- A documented inventory of the types and volumes of materials used in its transport packaging. Records from the accounting system may be used.
- An explanation of how this calculation was made, including an explanation of the methodology.

#### Interview questions to ask:

- Please describe the process for creating the material inventory.
- Please describe the internal employees and suppliers involved in the process of creating the material inventory.

**Comment [89]:** now Q25 previous Q26

**26. Has your company adopted and implemented any consumer packaging reduction programs (e.g. reducing product packaging, retail packaging, etc.)?** Answer options: Yes/Partial/No (brenvpkgprogramconsumer)

#### 26.1 Select all that apply:

- Eliminating packaging
- Lightweighting materials
- Reducing size or volume of packaging
- Packaging Redesign
- Eliminating labels, foils, inks, colorants, fasteners, seals, liners, laminates, waxes, coatings, etc.
- Other

### Intent of the question

This question is intended to understand whether your company has eliminated or reducing packaging materials in any of your channels or for any of your consumer packaging in the last calendar year.

### Technical Guidance

**Lightweighting** is a concept about using materials that are less heavy as a way to achieve better efficiency and handling.

#### Answer options

- To answer 'yes' to this question, your company can demonstrate that the company's reduction program has helped eliminate or reduce consumer packaging materials.
- To answer 'partial yes' to this question, your company has included requirements for the elimination or reduction of consumer packaging materials in procurement contracts.

#### Helpful Resources

- EUROOPEN is an EU packaging supply chain organization. The below report shares insights from their member companies on how they have started to improve on their packaging use.
- [REI's Sustainable Packaging Guidelines](#)
- [Designing a Sustainable Packaging Program by Massachusetts Institute of Technology](#)
- [The Consumer Goods Forum Global Protocol on Packaging](#) - pages 22-26 describes the calculation of environmental metrics for environmentally sustainable packaging

#### How this will be verified

##### Documentation required

To answer this question, please ensure you have the following evidence:

- Related documentation or supporting materials that demonstrate your company has eliminated or reduced packaging materials for its consumer packaging.
- The aforementioned documentation/materials should also provide information on how the new packaging has a lower environmental impact than the one it replaced.
- An explanation of how this calculation (eliminating or reducing packaging materials) was made.
- If answered 'partial yes', a copy of the procurement contract can be provided.

**Comment [90]:** now Q26 previous Q27

**27.Has your company adopted and implemented any transport packaging reduction programs (e.g. reducing polybags, boxes, etc.)?** Answer options: Yes/Partial/No (brenvpkgprogramtransport)

##### 27.1 Select all that apply:

- Eliminating packaging
- Lightweighting materials
- Reducing size or volume of packaging
- Packaging Redesign (e.g. using bags instead of boxes for e-commerce shipments)
- Reusing packaging
- Increasing packaging efficiencies
- Changing process to eliminate repacking at the distribution center (e.g. cross docking, pre-packs at the factory, etc.)
- Eliminating labels, foils, inks, colorants, fasteners, seals, liners, laminates, waxes, coatings, etc.
- Other

#### Intent of the question

This question is intended to understand whether your company has eliminated or reduced packaging materials in any of your channels or for any of your consumer packaging in the last calendar year.

#### Technical Guidance

**Lightweighting** is a concept about using materials that are less heavy as a way to achieve better efficiency and handling.

**Cross-docking** is a practice in logistics where products from a supplier or manufacturing plant are distributed directly to a customer or retail chain with marginal to no handling or storage time in between.

Answer options

- To answer 'yes' to this question, your company can demonstrate that the company's reduction program has helped eliminate or reduce transport packaging materials.
- To answer 'partial yes' to this question, your company has included requirements for the elimination or reduction of transport packaging materials in procurement contracts.

How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- Related documentation or supporting materials that demonstrate your company has eliminated or reduced packaging materials for its transport packaging.
- The aforementioned documentation/materials should also provide information on how the new packaging has a lower environmental impact than the one it replaced.
- An explanation of how this calculation (eliminating or reducing packaging materials) was made.
- If answered 'partial yes', a copy of the procurement contract can be provided.

Comment [91]: now Q27 previous Q28

28. Does your company track the percentage of consumer packaging materials that have environmental attributes or certifications? Answer options: Yes/Partial/No (brenvpkgsubconskpi)

Packaging Product Environmental Certification/Attribute Percents							
	Type of Certification/Attribute	Baseline %	Baseline Year	Target %	Target Year	Last Calendar Year %	Additional Comments
Certification 1							
Certification 2							
Certification 3							
Certification 4							
Certification 5							
Certification 6							
Certification 7							



### Intent of the question

This question is intended to encourage companies to increase the percentage of packaging materials which have environmental attributes or certification program(s).

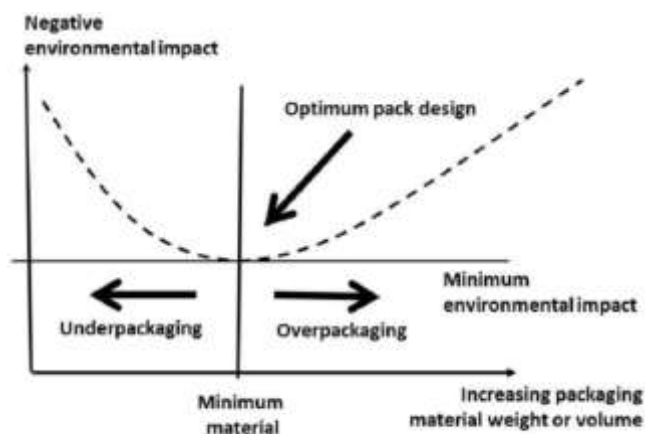
### Technical Guidance

#### Definitions

- Consumer packaging has been defined in the guidance of the question 24 of this section.
- Sustainable packaging is defined as packaging that delivers products in the condition expected by consumers, and does so with minimum economic, environmental, and social costs. Source: [American Institute for Packaging and the Environment](#)
- The sustainable packaging definition according to the [Sustainable Packaging Coalition](#):
  - Is beneficial, safe & healthy for individuals and communities throughout its life cycle.
  - Meets market criteria for performance and cost.
  - Is sourced, manufactured, transported, and recycled using renewable energy.
  - Optimizes the use of renewable or recycled source materials.
  - Is manufactured using clean production technologies and best practices.
  - Is made from materials healthy throughout the life cycle.
  - Is physically designed to optimize materials and energy.
  - Is effectively recovered and utilized in biological and/or industrial closed loop cycle.

**Comment [92]:** now Q28 previous Q29

The below illustration by The Consumer Goods Forum presents the optimum between protection of the product (to minimize losses due to damaging) and reducing the amount of material used (weight and volume) to reduce environmental impact.



Optimal packaging Source: The Consumer Goods Forum Sustainability Pillar [5].

Besides switching from conventional to more environmentally preferred materials it is important for companies to first consider how to reduce or reuse its current consumer packaging materials.

#### Answer options

- To answer 'yes' to this question, your company has tracked over 75% of your entire packaging materials portfolio for environmental attributes or certifications.
- To answer 'partial yes' to this question, your company has tracked 25-75% of your entire packaging materials portfolio for environmental attributes or certifications.
- When answering "no" to this question, your company has tracked less than 25% of your entire packaging materials portfolio for environmental attributes or certifications.

It is the expectation that when you answer 'yes' or 'partial yes' to this question that you will also complete information requested within the table.

On the next page you will find a brief explanation on the terms used:

<b>Type of certification / attribute</b>	<p>Certifications such as but not limited to:</p> <p><b>Paper</b></p> <ul style="list-style-type: none"> <li>The <a href="#">Forest Stewardship Council (FSC)</a> or <a href="#">Programme for the Endorsement of Forest Certification (PEFC)</a></li> </ul> <p><b>Plastic</b></p> <ul style="list-style-type: none"> <li>Replace the use of plastic with <a href="#">bio-plastics</a> (Note: this may alleviate the plastic problem, but will not solve it).</li> <li>Replace the use of plastic with recycled paper (such as <a href="#">FSC Recycled</a>).</li> </ul> <p>Attributes: Reduction of material waste, water efficiency, energy efficiency, and CO2 emissions reductions, amongst others.</p>
<b>Baseline %</b>	<p>In order to demonstrate improvements or reductions, it's important to know what your starting point is.</p> <p>A "baseline %" is a starting point of the initial reporting percentage.</p> <p>This percentage will enable your company to track over time whether you are on track to make progress against your set target(s).</p>
<b>Baseline year</b>	<p>The initial reporting year, which you are measuring targets against, is also known as the baseline year (which the above "baseline %" is based on).</p>
<b>Target %</b>	<p>A target is a particular goal to be delivered by a company for a specific period. The Target % is an indicator of where you want to be from the baseline %.</p> <p>Targets could be related to:</p> <p><b>Percentage of total packaging used:</b> Percentage is calculated by what percent the specific material type represents of the total packaging materials used in the previous calendar year.</p> <p><b>Percentage of material coming from a more sustainable source:</b> This percentage is calculated on the basis of the weight that the sustainable packaging materials represent within the total packaging weight.</p> <p>Companies are encouraged to set targets that grow the percentage of consumer packaging materials with environmental attributes and/or certification.</p>

<b>Target year</b>	The year in which the “target %” has to be achieved.
<b>Reporting Period %</b>	The percentage of products which carry end-of-use certifications and/or attributes in the last calendar year.
<b>Additional comments</b>	Any notes or comments to provide clarity to the information you have submitted.

**Comment [93]:** new

### Helpful Resources

- [Seven tips for creating sustainable packaging](#)
- [Design for recycled content in packaging](#)
- [Whitepaper on polybags used in the fashion industry](#)

How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- Description of how the packaging certifications/attributes and metrics (baseline and target) were determined.
- Documentation that shows the baseline matches purchasing/sales records for the year the baseline was set.
- Completed the information as requested within the table.

Interview question to ask:

- Discussion with the team responsible for managing the metrics.
- The team must clearly explain and demonstrate:
  - How baseline data was validated (e.g., use of verified data, used internal validation process, external audit, etc.)
  - How targets were set (following the SMART criteria) and met/progressed.

**Comment [94]:** now Q28 previous Q29

**29. Does your company track the percentage of transport packaging materials that have sustainable attributes or certifications?** Answer Options: Yes/Partial/No (brenvpkgsubconskpi)

Packaging Product Environmental Certification/Attribute Percents

	Type of Certification/Attribute	Baseline %	Baseline Year	Target %	Target Year	Last Calendar Year %	Additional Comments
Certification 1							
Certification 2							
Certification 3							
Certification 4							
Certification 5							
Certification 6							
Certification 7							

### Technical Guidance

The guidance for this question is exactly the same as previous question, with the exception that the scope of this question focuses specifically on **transport packaging** materials.

**Transport Packaging** includes all industrial packaging (e.g. outer boxes) and the shipping containers for consumer products.

How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- Description of how the packaging certifications/attributes and metrics (baseline and target) were determined.
- Documentation that shows the baseline matches purchasing/sales records for the year the baseline was set.
- Completed the information as requested within the table.

Interview question to ask:

- Discussion with the team responsible for managing the metrics.
- The team must clearly explain and demonstrate:
  - How baseline data was validated (e.g., use of verified data, used internal validation process, external audit, etc.)
  - How targets were set (following the SMART criteria) and met/progressed.

**Comment [95]:** now Q29 previous Q30

**30. Does your company formally incorporate circular design considerations into its packaging materials development and/or selection process?** Answer options: Yes/No (brenvpkgcircular)

Intent of the question

This question is intended to encourage companies to adopt circular approaches and strategies to packaging material sourcing. Circular approaches integrate elements that are restorative and regenerative by design, while minimizing impacts. Formally incorporating circularity in your company's design and selections process for materials can be an effective way to ensure that the use of raw materials can be seamlessly integrated into a sustainable circular economy.

### Technical Guidance

Circular design considerations can include:

- Selecting materials that are produced from pre- or post- consumer waste, or from by-products from other processes.
- Selecting materials based on their ability to become part of a circular process.
- Creating or encouraging circular processes.

Companies will need to consider possible trade-offs in order to understand whether circular options are also more sustainable. For example, analysis may be required to understand the relative impacts of:

- Chemical use, energy, and transportation impacts created through product recycling approaches.
- Trade-offs between using a mixed fiber with better longevity vs. using a non-mixed fiber that can be more easily recycled.

### Answer options

- To answer 'yes' to this question, your company has tracked over 75% of your entire materials portfolio for environmental attributes or certifications.
- To answer 'partial yes' to this question, your company has tracked 25-75% of your entire materials portfolio for environmental attributes or certifications.
- When answering "no" to this question, your company has tracked less than 25% of your entire materials portfolio for environmental attributes or certifications.

### Helpful Resources

- [Design for recycled content in packaging](#) by Sustainable Packaging Coalition
- [Greenbiz - Circular Packaging State of Play](#)

### How this will be verified

### Documentation required

To answer this question, please ensure you have the following evidence::

- A copy of the packaging materials development and selection process.
- A clear definition of what is in scope for their 'circular design' considerations, and formal procedures for including that circular design into the selection process as well as into decision making.
- A process to integrate the circularity strategy, in order to identify whether specific circular solutions are lower impact. Where they are not, the company should be clear about how this can be resolved, or how additional solutions can be identified. This will also help provide an evidence base, to ensure that accurate communications of the sustainability credentials of

proposed new solutions are made — thereby reducing the likelihood of misinformation, or 'greenwashing.'

**Comment [96]:** now Q30 previous Q31

**31. Has your company adopted and implemented a Packaging Restricted Substance List for your company and its suppliers?** Answer options: Yes/No (brenvpkgrsl)

31.1 Please attach relevant document.

#### Intent of the question

This question is intended to first determine if a Packaging Restricted Substance List (PRSL) has been established for the company, and then to assess the extent to which the company's PRSL has been formally applied within the company's supply network. Unlike a Product RSL which is targeted at chemistry contained within or on a product, a Packaging RSL is intended to restrict or ban specific substances before they enter a materials or finished packaging manufacturing facility. The theory is that if the restricted or banned substance never enters a facility, or the input of substances is managed down to acceptable levels, it will never leave the facility on, or in, a material, or by way of an emission such as water, air, or waste.

#### Technical Guidance

To answer 'yes' to this question, the company must have documentation of their PRSL and the PRSL process and requirements across their supply chain, explicitly identifying the specific levels of the supply chain (tiers) covered by the protocol. A company should be prepared to demonstrate coverage by showing documentation that shows formal outreach and sharing of expectations. This documentation could be included in a clearly defined management system protocol (likely a chemical management program), a Vendor Guide, individual product and/or policies, or all of the above.

The AFIRM group has published a [harmonized Packaging Restricted Substance List](#) in May 2018.

#### Helpful Resources

- [AFIRM Group: Packaging Restricted Substance List](#)
- [AFIRM - the Apparel and Footwear International RSL Management \(AFIRM\) Working Group:](#)
- [Restriction of Hazardous Substances in Packaging Materials](#)
- [Sustainable Packaging Coalition - Material Health and Sustainable Packaging](#)

How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence::

- Review of documentation supporting the process, including the PRSL itself, how the PRSL is implemented, expectation of suppliers, and all other supporting materials.
- Review of records for statements of compliance returned by suppliers, including percentages of supply network who have responded.

**Comment [97]:** now Q30 previous Q31

**32. Has your company adopted and implemented a preferred and restricted packaging materials list? (e.g. virgin fibers must be from FSC-certified forests, no fibers from old growth or endangered forests, minimum percentage post-consumer recycled content for plastics, no PVC plastic, etc.)? Answer options: Yes/No (brenvpkgrsllist)**

32.1 f answered yes, please attach relevant document

#### Intent of the question

Companies are encouraged to develop and implement a preferred and restricted packaging materials list similar to the sustainable materials used in your finished good/end-products.

Communicating these clear expectations and requirements to internal stakeholders and suppliers will support everyone in meeting and achieving the organization's sustainable packaging goals.

#### Helpful Resources

- [Walmart - Sustainable Packaging Playbook](#)

How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- A copy of the preferred and restricted packaging materials list.
- Description of the process of selecting the preferred and restricted packaging materials.
- Any claims should be backed up by credible data or verified by an accredited third party.
- Explanation of how this list will be integrated by the responsible person for the sourcing of packaging (materials) and communicated to packaging suppliers.

**Comment [98]:** now Q32 previous Q33

**33. Does your company educate its customers about the environmentally preferred packaging materials it has used or its initiatives to reduce packaging? Answer options: Yes/No (brenvpkgedu)**

33.1 Describe 1-3 ways you have done this.

#### Intent of the question

This question is intended to ensure the company is communicating and educating their customers on their environmentally preferred packaging materials, as well as on how to recycle packaging material to reduce the environmental impact associated with the use of their product(s).



### Technical Guidance

To answer 'Yes' to this question, your company must have guidance for customers on how to recycle the packaging, thereby reducing the environmental footprint of your products.

One option of how to communicate to customers could be through on-product communication such as the How2Recycle labelling system. For more information please refer to <http://www.how2recycle.info>

### Helpful Resources

- [Zalando on their sustainable packaging principles](#)
- [Initiative from Zappos that encourages consumers to reuse packaging boxes in new, inventive ways](#)
- [Repack](#) - Example of a reusable packaging service

How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- Public URL or link to documentation where customers can learn about your company's use of environmentally preferred packaging materials.
- Related documentation/instructions to customers on how to recycle the packaging material associated with your consumer packaging.
- Calculation of the percentage of total consumer packaging used that is accompanied with "How to Recycle" guidance.

**Comment [99]:** now Q33 previous Q34

**34. Does your company actively engage and collaborate with communities of practice, NGOs, and/or governments to share information, knowledge, and best practices that accelerate the adoption and development of environmentally sustainable packaging or the reduction of packaging?** Answer options: Yes/No ((brenvpkgcollaboratelist)

34.1 Please list these efforts and provide relevant URLs that describe them in detail

### Intent of the question

Participation and investment in collaboration with other stakeholders is critical for addressing shared, systemic challenges and working on the root cause of those challenges to drive real change. In particular, building collaborations with locally relevant actors can be crucial for building up long-term solutions to challenges.

## Technical Guidance

Examples of these initiatives could be:

- [American institute for Packaging and the Environment](#)
- [European Organization for Packaging and the Environment](#)
- [Packaging Upcyclable Materials Accelerator](#)
- [Sustainable Packaging Coalition](#)
- [Sustainable Packaging Initiative for Cosmetics](#)
- Global Protocol on Packaging Sustainability - A partnership between the major retailers in Europe and North America and global consumer goods manufacturers. The protocol aims to optimize the packaging supply chain by providing a common framework and measurement system addressing sustainability in a comprehensive suite of metrics.

The above is not an exhaustive list of initiatives that companies can reach out to. The SAC intends to update this Brand & Retail Module - How to Higg Guide on an annual basis with member and user feedback.

## Helpful Resources

Refer to the above example of initiatives described under the Technical Guidance.

How this will be verified

### Documentation required

To answer this question, please ensure you have the following evidence:

- A signed partnership or collaboration agreement with the relevant stakeholder(s).
- Evidence of active participation and engagement in shared platforms, including multi-stakeholder events.
- Evidence of direct engagement with community groups - for example, consultation through a credible third party or direct dialogue with community groups in response to their request
- Outcome of the collaboration with other stakeholders to improve the environmental performance of your packaging (materials).
- Provide relevant URL or links to your participation in, or contribution to, these initiatives,

**Comment [100]:** now Q34 previous Q35

## Use & End of Use

### Introduction

**Use phase:** The use of products by consumers split in 4 processes; washing (excluding detergent use), detergent use during washing (including emissions to water), tumble drying, and ironing.

In Europe: Consumer behaviour during the use phase accounts for at least a third of the carbon impacts of clothing in the EU, mainly from laundry impacts. As a comparison production of clothing also accounts for nearly a third of CO<sub>2</sub>e emissions. Laundry methods and clothing care affect the carbon footprint of clothing. High frequencies of machine drying and higher wash temperatures both increase the energy consumption from laundry and impact on the carbon footprint of clothing in the use phase.<sup>3</sup>

In the United States: in 2018, residents were estimated to have purchased over 22 billion garments and over two billion shoes, while discarding over 12 million tons of apparel. Clothing and footwear accounted for around 4% of consumer spending and over 4% of the total municipal solid waste stream.<sup>4</sup> Clothing that is not discarded is often over-washed or otherwise cared for improperly, leading to further environmental impacts and the shortening of garments' useful lives. The average US household will use around 12,300 gallons of water annually for laundry alone; clothes dryers account for around 6% of every American household's annual electricity expenditure.

**End of use phase:** When a consumer decides that they no longer want to keep the product, it will likely go through one of two paths: either the product is donated to an organization to be further reused or recycled, or it is disposed of by landfilling or incineration. According to the Ellen MacArthur Foundation, every second, the equivalent of one garbage truck of textiles is landfilled or burned. An estimated USD 500 billion value is lost every year due to clothing that's barely worn and rarely recycled. Circle Economy estimates that 20 million tonnes of textiles are being landfilled or incinerated annually in the EU and US alone and an estimated 95% of all these textiles, could be re-worn or recycled.

<sup>3</sup> <http://www.ecap.eu.com/wp-content/uploads/2018/07/Mapping-clothing-impacts-in-Europe.pdf>

<sup>4</sup> Sources: AAFA industry stats: [AAFA industry stats](#), [US EPA MSW data and https://www.nps.gov/articles/laundry.htm](#)

**35. Does your company assess the environmental impacts of its products during customer use and at end-of-use?** Answer options: Yes/No (brenveouimpact)

35.1 Please describe or provide supporting documentation:

#### Intent of the question

This question is intended to ensure that companies have a robust understanding of the environmental impacts associated with the use and end-of-use phase of their products so they can set strategies and targets accordingly to improve on these identified impacts. Furthermore, this question supports your internal process to identify and prioritize the key impacts based on your current product portfolio.

#### Technical Guidance

Examples of common environmental impact categories (which are also included in the Higg Materials Sustainability Index) are:

- Global Warming
- Eutrophication
- Abiotic resource depletion (fossil fuel)
- Water resource depletion/scarcity
- Chemistry

#### Answer options

- In order to answer 'yes' to this question, more than 75% of the company's products should be covered by such analysis, assessment or study.
- In order to answer 'partial yes' to this question, 25-75% of the company's products should be covered by such analysis, assessment or study.
- When answered 'no' to this question, less than 25% of the company's products should be covered by such analysis, assessment or study.

#### Helpful Resources

- European Environment Agency's Resources
- Textiles in Europe's Circular Economy outlines the environmental and climate pressures from textile production
- [Sustainable Products in a Circular Economy](#)
- [Textiles and the environment in a circular economy](#)
- [Circular Economy Concept by EMF](#)
- [Circular Economy - 7 Key Elements by Circle Economy](#)
- For a more extensive list of environmental impact categories used in life cycle assessments please visit: <https://www.rivm.nl/en/life-cycle-assessment-lca/recipe>

#### How this will be verified

#### Documentation required

To answer this question, please ensure you have the following evidence:

- Copy of analysis, assessment, or study (carried out in the last five years) that identifies the key environmental risk and impacts associated with the use and end-of-use of your products.
- Description of the percentage of production or sales the above analysis covers.
- Description of the environmental risks and impacts based on key product types, respective care instructions and end-of-use destinations.
- Documentation of known assumptions including product longevity, length of customer use phase, average customer wear & tear, garment care appliances, etc.
- Documentation of actual consumer behavior in relation to garment care, use, and end-of-use across key product types.
- Clarification if products that are recycled or re-sold are excluded from the end-of-use impact analysis.
- Any analysis, assessment, or report should be backed up by credible data or verified by an accredited third party.

**Comment [101]:** now Q35 previous Q36

**36. Does your company track the environmental impacts of its products during customer use and at end-of-use?** Answer options: Yes/Partial Yes/Unknown (brenveoukpi)

Percentage of Products with EDU Certification/Attributes

	Type of Certification/Attribute	Baseline %	Baseline Year	Target %	Target Year	Last Calendar Year %	Additional Comments
Certification 1							
Certification 2							
Certification 3							
Certification 4							
Certification 5							
Certification 6							
Certification 7							

#### Intent of the question

This question intends to ensure that your company is confirming and tracking whether the risk of adverse environmental impacts (as identified in the previous question) is being reduced through the products you sell.

Having visibility of the entire product portfolio and how environmental sustainability are being advanced (through certifications and attributes) helps companies measure progress against set targets and enables them to achieve the goals outlined in their company's strategy.

#### Technical Guidance

##### Answer options

- To answer 'yes' to this question, more than 75% of your company's sourced products have an environmental certification or attribute(s)
- To answer 'partial yes' to this question, 25- 75% of your company's sourced products have an environmental certification or attribute(s)
- When answering "no" to this question, less than 25% of your company's sourced products have an environmental certification or attribute(s)

If answered 'yes' or 'partial yes' to this question, the company can complete the table and list out the products that have been tracked with end of use attributes or certifications.

<b>Type of certification / attribute</b>	<p>End-of-use certifications that can be considered are, for example: Textile Exchange's Recycled Claim Standard, Global Recycled Standard.</p> <p>End-of-use attributes that can be considered are products that have been reused, repurposed/upcycled, or recycled.</p> <ul style="list-style-type: none"> <li>• <b>Reuse:</b> donate, swap or sell products with the intention of reuse in the same form.</li> <li>• <b>Repurpose:</b> (refurbishing, upcycling, downcycling) Donate, swap or sell products with the intention of repurpose for use in a new form, where the original value/properties of a material are maintained             <ol style="list-style-type: none"> <li>1. Refurbishing: taking an old product and transforming it into like-new condition for resale.</li> <li>2. Upcycling: taking something that would otherwise be thrown out or recycled, and turning it into something more valuable (e.g. remanufacturing used clothing into new collections).</li> <li>3. Downcycling: taking something that would otherwise be thrown out or recycled and converting it to a secondary use where the value/properties of a material is degraded (e.g. wiper rags or insulation).</li> </ol> </li> <li>• <b>Recycling</b> (closed loop or open loop).</li> <li>• Closed Loop Recycling: is a strategy where the recycled materials keep their original material properties, providing the same material performance through many recycling loops, ideally endlessly, as part of a circular economy process.</li> <li>• Open Loop Recycling: is a strategy to extend material utilization for more than one product lifecycle, where the recycled material properties degrade with every recycling loop to finally end up as waste. Typically, an open loop recycled material must be blended with other materials for full performance, or used in products where demands on material properties are lower for each recycling loop. Open loop recycling can include both physical and chemical recycling processes. Open loop recycling can be considered as a linear process.</li> </ul>
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<b>Baseline %</b>	<p>In order to demonstrate improvements or reductions, it's important to know what your starting point is.</p> <p>A "baseline %" is a starting point of the initial reporting percentage.</p> <p>This percentage will enable your company to track over time whether you are on track to make progress against your set target(s).</p>
<b>Baseline year</b>	The initial reporting year, which you are measuring targets against, is also known as the baseline year (which the above "baseline %" is based on).
<b>Target %</b>	<p>A target is a particular goal to be delivered by a company for a specific period. The Target % is an indicator of where you want to be from the baseline %.</p> <ul style="list-style-type: none"> <li>• <b>Absolute target</b> addresses the total amount/quantity per year or per month. In this context this could be total number of returned products that were repaired in a year.</li> <li>• <b>Normalized target</b> is a comparison of totals or usage against a predefined variable. An example here could also be the percent of total products sold with recycled content.</li> </ul>
<b>Target year</b>	The year in which the "target %" has to be achieved.
<b>Reporting Period %</b>	The percentage of products which have end-of-use certifications and/or attributes in the last calendar year.
<b>Additional comments</b>	Any notes or comments to provide clarity to the information you have submitted.

Comment [102]: new



## Helpful Resources

- Learn more about setting baselines and targets through [this resource](#).
- [Cradle 2 Cradle - Safe, circular material choices](#).
- [Fashion for Good - C2C Certified How to Guide](#)
- [Global Fashion Agenda 2020 Circular Fashion System Commitment](#). On this website you will find helpful guidance and resources on 4 action points that can accelerate the industry's transition to a circular fashion system. In particular, please look at the target matrix which includes brands' commitments and targets (including textile recycling).
- It all starts from the design phase. Learn more about the methods to achieve circular design by reading [this guide](#).
- This helpful [guide](#) from the Ellen MacArthur Foundation provides further insights into how your company can identify additional circular value from your products and materials, and mitigate risks from material price volatility and material supply.
- [WRAP - Sustainable Clothing Guide](#) - This useful resource shares best practices on how to design, produce and sell sustainable clothing that lasts longer and that can be easily re-used and recycled.

How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- Description for how the end-of-use certifications/attributes and metrics (baseline and target) as reported in the table were determined.
- Documentation that shows the baseline matches production/sales records for the year the baseline was set.
- Explanation of whether an adequate recycling infrastructure is provided in the country/countries where the products are being sold.

**Comment [103]:** now Q36 previous Q37

**37. Has your company set up a program to manage faulty/damaged products and unsold inventory in a manner that minimizes environmental impact?** (brenveoudamage)

- Yes: 50 Percent or more of faulty damaged products or unsold inventory
- Yes: 1-49 Percent of faulty damaged products or unsold inventory
- No

37.1 If you answered yes, please describe this program

## Intent of the question

This question is intended to understand whether the company has set up a solution or system to responsibly deal with faulty, damaged, unsellable or returned products and unsold inventory.

## Technical Guidance

Companies are encouraged to put in place a reverse logistics system or systematic decision-making process to deal with faulty, damaged, unsellable or returned products and unsold inventory.

Companies should identify methods with the least environmental impact by avoiding the increase of waste to landfills, and air pollution caused by incineration.

Inventory should be distinguished between:

- Unsold or returned but in good condition.
- Inventory that is faulty or damaged but safe to reuse/recycle.
- Inventory that is unsellable, damaged, or contaminated in a way that makes it unfit for sale or recycling (for example, if chemical levels are non-compliant with company quality controls or legal limits, or contaminated with specific molds that make it unsafe to reuse or recycle).

The most preferred options, as long as they are environmentally responsible, are for companies to:

- Reuse/repurpose undamaged but unsold or returned inventory and materials.
- Non-contaminated but damaged stock should be repurposed or recycled wherever possible.
- Faulty or damaged goods that are not safe for reuse or recycling should be decontaminated wherever possible to facilitate recycling, or disposed of responsibly if necessary.

By prioritizing solutions for unsold and damaged inventory, and aiming for maximum reuse or recycling, this approach supports the transition to a circular economy and moves away from the linear approach of make, use, and dispose.

#### Helpful resources

- [Ellen MacArthur Foundation – A New Textiles Economy](#)
- [Arc'teryx Birds Nest Project 2012](#)
- [The Renewal Workshop](#)

#### Examples of third-party service providers

Deadstock materials, findings, trim, or unusable scraps

- [Queen of Raw](#)
- [Excess Materials Exchange](#)

Unsold inventory/good-quality returns

- Responsible excess inventory resale – charity model: [TRAID \(UK only\)](#)
- Responsible excess inventory resale – upcycling model: [Looptworks](#)
- Custom reverse logistics and excess inventory separation/placement: [Parker Lane Group](#)
- Returns optimization and excess inventory AI: [Optoro](#)

How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- Calculation of the percentage of products that were faulty/damaged or unsold.
- Description of the program to manage faulty/damaged products and unsold inventory
- Analysis, assessment, or study that the company has carried out to define their solution and/or system to deal responsibly with faulty, damaged, unsellable or returned products and unsold inventory and materials.
- Explanation of solution and/or system and how it contributes to the most environmentally responsible method.

**Comment [104]:** now Q37 previous Q38

**38. Does your company provide guidance to customers on how to care for products in a way that extends product life (beyond what is required by regulation)?** Answer option: Yes/No (brenveoucareedu)

**38.1 If you answered yes, what does this guidance include? (multi-select possible)**

- Best practices for storing product in a manner that extends product life.
- Cleaning or washing products only as frequently as is necessary.
- Guidance on re-treating or re-finishing products to enhance and prolong applicable performance or aesthetic characteristics that are likely to extend product life.
- Low-impact dry cleaning or no dry cleaning.
- Low-impact product care guidance (e.g., where appropriate — washing garments at a lower temperature, line-drying or hang drying, using non-toxic detergents, avoiding bleach, etc.).
- Other

#### Intent of the question

This question is intended to assess whether your company provides guidance to customers on how they can care for products in a responsible manner. Customers may not be aware of the environmental impacts associated with caring for their products, so offering information can be an effective way of encouraging them to reduce any associated impacts. Providing this guidance can also help customers derive the maximum value from products by extending the life of the product. In some instances, responsible product care requires that customers have access to specific resources, such as cleaning kits, laundry bags, product treatments/finishes, etc.

#### Technical Guidance

To answer “yes” to this question, product care guidance must be made publicly available and easily accessible for consumers (e.g., through website, phone customer service, in-store printed materials, on-product labeling and/or trained staff).

Companies are encouraged to have an on-product care label for washing at lower temperatures where it makes the most sense and has the greatest environmental impact (example: environmental impact is higher for jeans than for undergarments).

**Non-toxic detergents:** such as those free of phosphate, Linear Alkyl Benzene Sulphonic Acid (LABSA) and Sodium Lauryl Sulphate (SLS).

#### Helpful resources

- [AEG Care Label Project](#)
- [Clevercare](#)
- [ifixit - Right to Repair](#)
- [H&M Take Care](#)
- [Love Your Clothes \(WRAP\)](#)
- [Norrna - DIY](#)
- [Worn Wear & Patagonia](#)
- [REI Care & Repair](#)
- [US NPS Laundry Practices](#)

How this will be verified

#### Documentation required

To answer this question, please ensure you have the following evidence:

- Calculation of the percentage of products that were faulty/damaged or unsold.
- Description of the program to manage faulty/damaged products and unsold inventory
- Analysis, assessment, or study that the company has carried out to define their solution and/or system to deal responsibly with faulty, damaged, unsellable or returned products and unsold inventory and materials.
- Explanation of solution and/or system and how it contributes to the most environmentally responsible method.

**Comment [105]:** now Q38 previous Q39

**39. Does your company provide guidance to customers regarding how they can ensure their products achieve the highest value and lowest impact outcome at the end of their useful life (e.g. donation, resale, take-back program, etc)?** Answer options: Yes/No (brenveoudispedu)

**Comment [106]:** new

#### Intent of the question

This question is intended to assess whether your company provides information to your customers about how they can ensure their products reach the outcome at the end of their useful life that derives maximum value from the products and minimizes environmental impact. In many instances, customers are not aware of their end-of-use options, resulting in products that still have life/value being prematurely sent to landfills.

#### Technical Guidance

To answer 'yes' to this question, product end-of-use guidance must be made publicly available and easily accessible for consumers (e.g., through website, phone customer service, in-store printed materials, and/or trained staff).

#### Helpful Resources

- Returning the product to your company through a prepaid option: [Repack](#)
- [Selling the product to another user](#)
- [H&M : Garment Collecting](#)

How this will be verified

#### Documentation required

To answer this question, please ensure you have the following evidence:

- Relevant links / URLs to product end-of-use guidance that are made publicly available and easily accessible for consumers (e.g., through website, phone customer service, in-store printed materials, and/or trained staff).

**Comment [107]:** now Q39 previous Q40

#### 40. Does your company offer a product repair service for the products it makes and sells?

Answer Options: Yes/No (brenveourepaire)

##### 40.1 If you answered yes, what does this service include:

- An in-house repair offering operated by your company.
- A third-party repair offering operated by a third-party organization.
- Product that includes repair kit offerings so product owner can make repair themselves.
- Other

#### Intent of the question

This question is intended to assess whether your company provides customers with options that enable them to repair the products sold by your company. This can be an effective way of supporting your customers in repairing their products or ensuring the products are repaired by a provider who can conduct a quality repair.

#### Technical Guidance

To answer “yes” to this question, your company must provide customers with access to a product repair offering. This offering can be operated directly by your company or offered to your customers via a partnership with a third- party repair provider.

#### Helpful resources

##### In-house repair offerings

- [Elvis and Kresse repaired for life](#)
- [Bergans](#)
- [Gore Tex](#)
- [Norrone](#)
- [Nudie Jeans](#) Repair kit offering:
- [Nudie Jeans](#) Repair shops, repair partners, mobile repair stations

##### Third-party repair service providers

- [The Renewal Workshop](#) (U.S. only).
- [Nudie Jeans](#) : Repair shops, repair partners, mobile repair stations
- The Outdoor Industry Association has created a list of repair facilities for the outdoor industry: <https://outdoorindustry.org/sustainable-business/circular-economy> (U.S. only).
- At the time of writing the guidance, a similar list of repair facilities for other countries outside of the U.S. could not be found. We advise to perform a Google search to find local third-party repair service providers near you.

How this will be verified

#### Documentation required

To answer this question, please ensure you have the following evidence:

- Proof of the product repair offering by your company or by a third-party organization.

- Records related to tracking the annual portion of the products sold that were covered by in-house repair offering or third-party repair offering.

**Comment [108]:** now Q40 previous Q41

#### 41. Does your company provide customers with a product take-back program/offering?

(brenveoutakeback)

If you answered yes,

**41.1** Do you actively promote the resale, donation and/or recycling of product (through your organization or an accredited third party)?

**41.2** Does your company have visibility to the fate and relative impact of the products and/or materials that are collected via the take-back program to ensure they support positive environmental outcomes?

**41.3** Is collected product ultimately diverted toward positive environmental outcomes and away from landfill, incineration, or energy recovery?

Comment [109]: new

#### Intent of the question

This question is intended to assess whether your company provides your customers with product take-back options that enable them to have their products reused, donated, and/or recycled at the end of their useful life.

#### Technical Guidance

To answer “yes” to this question, your company must have:

- A program in place that allows customers to return products to your company or to a third-party organization to be reused, donated, and/or recycled. This program can be offered to your customers directly by your company (in-store) or via a partnership with a third-party organization.
- Companies should raise awareness/educate their customers on their take-back options and the benefits of extending the life of their products and/or utilizing them for an extended period of time.
- Companies should seek visibility to the destination of the products collected via the take-back program to ensure they support positive environmental outcomes. [This article](#) highlights negative outcome from donation of clothes to the African market.

End-of-use streams companies can consider:

**1) Reuse:** donate or sell products with the intention of reuse in the same form.

Options for product take-back program/offering:

- Company develops partnerships with recognized, credible, and licensed charities or private reuse companies.
- Company supports public collection and/or processing infrastructure.
- Company creates second-hand market for used products or actively supports similar initiatives.

**2) Repurpose:** Donate, swap or sell products with the intention of repurpose for use in a new form, where the value of a product may be maintained, improved, or degraded but the original properties of a material are maintained.

**Refurbishing** used products involves returning them to a condition where they can be sold to another consumer, it can be an effective way of extending the life of products that may have been exhausted by one user, but which can provide



additional value to another user after being refurbished. Examples of refurbishing include cleaning, mending, altering, restuffing, and overdyeing.

**Upcycling** encompasses methods that adapt the form of the original product to increase its value, such as by using it to create a new version of a comparable item (e.g. remaking used clothing into new clothing collections) or by creating a new type of item (e.g. converting used clothing into home textile items). In the 2002 book *Cradle to Cradle: Remaking the Way We Make Things* (William McDonough and Michael Braungart) the authors state that the goal of upcycling is to prevent wasting potentially useful materials by making use of existing ones. This reduces the consumption of new raw materials when creating new products. Reducing the use of new raw materials can result in a reduction of energy usage, pollution, greenhouse gas emissions, etc.

**Downcycling** is taking something that would otherwise be thrown out or recycled and converting it to a secondary use where the value/properties of a material are degraded (e.g. wiper rags or insulation).

#### Options for product take-back program/offering:

- Company develops partnerships with recognized, credible, and licensed second-hand businesses with the intention of repurpose for use in new form.
- Company partners with, or subscribes to, third-party organizations for product take-back service.
- Company supports public collection and/or processing infrastructure.

### **3) Recycling** (closed loop and open loop)

**Closed Loop Recycling:** is a strategy where the recycled materials keep their original material properties, providing the same material performance through many recycling loops, ideally endlessly, as part of a circular economy process.

**Open Loop Recycling:** is a strategy to extend material utilization for more than one product lifecycle, where the recycled material properties degrade with every recycling loop to finally end up as waste. Typically, an open loop recycled material must be blended with other materials for full performance, or used in products where demands on material properties are lower for each recycling loop. Open loop recycling can be considered as a linear process. Open loop recycling can include both physical and chemical recycling processes. Open loop recycling can be considered as a linear process.

#### Options for product take-back program/offering:

- Company develops partnerships with recognized, credible, and licensed charities or private recycling companies.
- Company partners with, or subscribes to, third-party organizations for product take-back service (closed/open loop recycling).
- Company supports development of technologies that enable material recycling.

#### **Helpful resources**

- [Global Fashion Agenda - Design for Longevity: Set up Garment Collection](#)
- [Forbes: A twist on recycling – retailers buying their merchandise for resale](#)

Examples of take back programs:

- [C&A – We Take It Back](#)
- [Ikea - Take Back Program](#)
- [Marks and Spencer - Shwopping](#)
- [REI – Good & Used](#)

Examples of third-party service providers such as:

- [The Renewal Workshop](#)
- [!Collect](#)
- [Yerdle Recommerce](#)
- [Bank and Vogue](#)
- [reGAIN App](#)
- [Yellow Octopus](#)
- [Reflaunt](#)

Example of a company based on resale/circular business model

- [The Real Real](#)
- [ThredUP](#)
- [Vestiaire Collective](#)

How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- Documentation provided to customers related to the take-back program
- Documentation of the take-back program's logistics from the point of collection (in-store, by mail, or through third-party service providers), through processing, to end of process; must provide visibility into how collected items are diverted from landfill/incineration and incorporated into a secondary stream. If possible, provide documentation of the secondary stream geography/market.
- Documentation of the types and volumes of products collected via the take-back program

**Comment [110]:** now Q41 previous Q42

**42. Does your company have a prioritization process in place to determine the lowest-impact methods of servicing products with performance or quality issues that are in need of repair or replacement? Answer options: Yes/No** (brenveourepairpriority)

**42.1 If you answered yes, Please indicate how you handled products that were returned during the reporting period?**

**Comment [111]:** new

- Products were repaired for that customer.
- Products were not repaired and were replaced with a new product.

- Products were replaced with a new product, but the original was collected for repair and recirculation.
- For products that could not be repaired, our company offered an alternative option (reusing, refurbishing, donating, or recycling).
- Other

### Intent of the question

This question is intended to assess whether your company prioritizes product repair before offering product replacement when servicing customers who have a performance or quality issue.

Repairing a product is typically an environmentally preferable option as compared to replacing the product with a new one, since the manufacture of a new product requires the use of additional resources and materials.

### Technical Guidance

To answer “yes” to this question, your company must have a policy or standard operating procedure (SOP) that prioritizes product repair over replacement when servicing customers who have a performance or quality issue with a product and want to repair or replace it.

### Helpful resources

- [WWD: The Repair Economy Gains Momentum](#) (examples of how companies decide what type of repair is best)
- Examples of companies that prioritize repair of returned goods and provide explanations to consumers:
- [Osprey](#)
- [Red Wing Shoes \(theory of repair\) / \(guidance for customers on repair\)](#)
- [Patagonia](#)

How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- Policy and/or Standard Operating Procedure (SOP) that prioritizes product repair over replacement when customers return products due to a performance or quality issue.
- Records of tracking returned products offered through in-house and/or third-party repair offering.
- Relevant links/URLs of your company offering alternative options (such as reusing, refurbishing, donating, or recycling) to customers for products that could not be repaired.

**Comment [112]:** now Q42 previous Q43

**43. Does your company participate or invest in technical research, development, and innovation in order to extend the life of its products?** Answer options: Yes/No (brenveouinnovation)

### Intent of the question

This question is intended to encourage companies to investigate opportunities to rethink the linear business model (make, use, and dispose) by participating or investing in technical R&D and innovation focused on extending the life of their products. Business model innovation occurs when a company implements systematic changes and adapts the way a business earns profits in order to remain relevant and competitive.

### Technical Guidance

To answer “yes” to this question, your company must have a program in place that enables your company to participate or invest in technical research and development and innovation to extend the life of your products.

### Helpful resources

#### Harvard Business Review

- [The transformative business model](#)
- [Four paths to business model innovation](#)

#### Innovation: Programs, Awards, Incubators encouraging R&D

- [Fashion For Good - Accelerator Programme](#)
- [H&M Foundation - Global Change Award](#)
- [C&A Foundation – Bridging the Gap](#)
- [Kering x Plug and Play Sustainable Innovation Award](#)

#### Innovation: Company-specific R&D

- [Filippa K x Mistra Future Fashion: Circular Design Speeds](#)
- [Marks and Spencer: Stay New](#)
- [Tretorn Eco Essentials](#)

How this will be verified

#### Documentation required

To answer this question, please ensure you have the following evidence:

- Provide relevant links/URLs of your participation and/or investments in R&D for extending the life of your products.
- Supporting document(s) to showcase the results achieved through your company's participation and/or investment.

**Comment [113]:** now Q43 previous Q44

**44. Are your products made exclusively with materials that can be recycled using collection and recycling infrastructure where the product is sold? (Infrastructure should be available to at least 60 percent of users or communities)** (brenveourecmaterial)

- Yes, 50 percent or more of products
- Yes, 1-49 percent of products
- No

#### 44.1 What kind of recycling collection and infrastructure can customers use? Please describe.

##### Intent of the question

This question is intended to encourage your company to increasingly provide products made of materials that can be recycled by a majority of users and communities, so as to reduce the product's environmental impact.

##### Technical Guidance

To answer “yes” to this question, your company should be able to substantiate its recyclable claims by demonstrating that recycling facilities are made available to at least 60 percent of consumers or communities where a recyclable product is sold. The calculation should be based on the percentage of products that in their reporting period were made exclusively with materials that can be recycled.

Comment [114]: new

The US Federal Trade Commission provides the following guidance:

- [16 CFR 260.12 - Recyclable Claims](#)

Recyclable includes the reuse, reconditioning, and remanufacturing of products or parts in another product.

- A) It is deceptive to misrepresent, directly or by implication, that a product or package is recyclable. A product or package should not be marketed as recyclable unless it can be collected, separated, or otherwise recovered from the waste stream through an established recycling program for reuse or use in manufacturing or assembling another item.
- B) Marketers should clearly and prominently qualify recyclable claims to the extent necessary to avoid deception about the availability of recycling programs and collection sites to consumers.

When recycling facilities are available to a substantial majority of consumers or communities where the item is sold, marketers can make unqualified recyclable claims. The term “substantial majority” as used in this context, means at least 60 percent. When recycling facilities are not available to at least 60 percent of the consumers or communities where a product is sold, qualified recyclable claims must be included. Marketers may always qualify recyclable claims by stating the percentage of consumers or communities that have access to facilities that recycle the item.

##### When Using Environmental Marketing Claims

- [Summary](#)
- [Full Guide](#)

Examples of recycling collection and infrastructure:

- Return to the store
- Collection through a third-party organization

- Donation or collection through a charity
- Collection through municipal waste or recycling programs

### Helpful resources

### Legislation

- [U.S. Federal Trade Commission Environmental Claims - Summary of the Guides - Page 3](#)
- [European Commission – revised circular economy package](#)

### Examples of recycling communications to consumers:

- [nyc.gov/textiles](#): map of over 1,100 locations throughout New York City where textiles can be taken back, with specific filter for textile recycling. This map was created for the Ellen MacArthur Foundation's #WearNext campaign, jointly supported by several fashion brands and the City of New York, but is still updated regularly to reflect access to textile recycling.
- [Better Packaging Co](#) (works with several smaller apparel/lifestyle brands): [resources for composting their certified compostable mailers](#)

### Other resource

- [Mistra Future Fashion - Developments in global markets for used textiles and implications for reuse and recycling](#)

### How this will be verified

#### Documentation required

To answer this question, please ensure you have the following evidence:

- Supporting documents that can substantiate how recycling facilities and/or collection are available to at least 60 percent of the consumers or communities where the recyclable products are being sold.
- Documentation of your communications to consumers regarding recycling/collection infrastructure in their area.

**Comment [115]:** now Q44 previous Q45

**45. Does your company have an action plan to keep reducing the environmental impacts of its products, both during customer use and at end-of-use?** Answer options: Yes/Partial Yes/No (brenveourecmaterialhow)

45.1 Please describe and upload a copy of the action plan

### Intent of the question

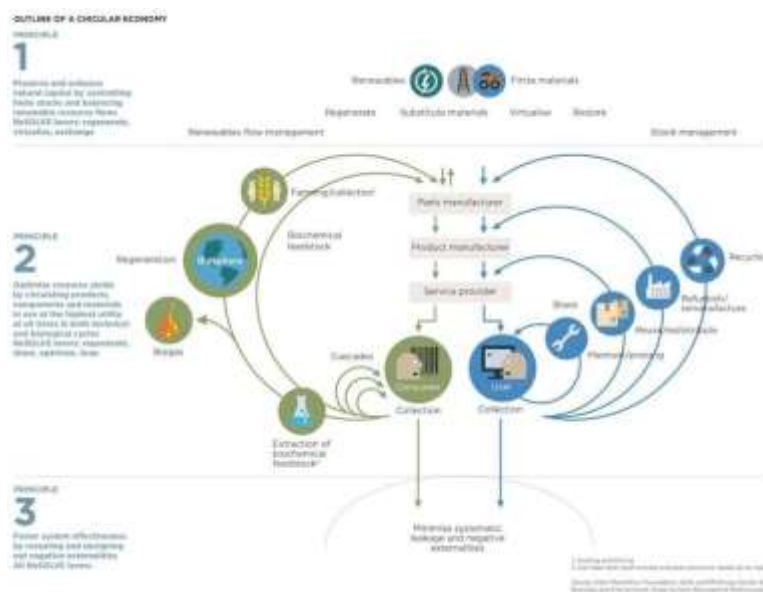
This question intends to confirm that your company has a plan in place to accelerate the transition to a circular economy.

### Technical Guidance

This entire section intention is to encourage companies to rethink their existing business model by transitioning from a linear (take-make-dispose) to a circular (make-use-return) economy.

Circular economy is defined as an industrial system that is restorative or regenerative by intention and design. It replaces the end-of-life concept with restoration, shifts towards the use of renewable energy, eliminates the use of toxic chemicals, which impair reuse and return to the biosphere, and aims for the elimination of waste through the superior design of materials, products, systems, and business models.

The below infographic created by the Ellen MacArthur Foundation illustrates the concept of a circular economy very well.



Source: <https://www.ellenmacarthurfoundation.org/circular-economy/concept/infographic>

### Answer Options

- In order to answer 'yes' to this question, your company can upload a copy of the action plan.
- In order to answer 'partial yes' to this question, your company does not have a formal action plan but can demonstrate actions have been taken to reduce environmental impacts of its products during customer use and end-of-use phase.
- When answered 'no' to this question, your company has not started

### Helpful resources

- Higg FEM [implementation plan](#) template which may also function as an action plan.

- The [Policy Hub's](#) recommendations. Although the Hub's purpose is to inform policymakers, it is an excellent resource for companies that are starting to look into circular economy.
- Think outside the box through Fashion for Good's report on the [viability of circular business models](#).
- [Global Fashion Agenda 2020 Circular Fashion System Commitment](#). On this site you will find helpful guidance and resources on 4 actions points that can accelerate the industry's transition to a circular fashion system. In particular be sure to look at the [target matrix](#) that includes brands' commitments and targets (including textile recycling).

### Harvard Business Review

- [The transformative business model](#)
- [Four paths to business model innovation](#)
- [Circular by Design: A model for engaging fashion / textile SME's with strategies for designed reuse](#)
- [Eco-innovate! A guide to eco-innovation for SMEs and business coaches](#)
- [INNEON Project toolbox for designing eco-innovation business plan](#)
- [Nordic Innovation — Green Business Model Innovation](#)

### How this will be verified

#### Documentation required

To answer this question, please ensure you have the following evidence:

- A copy of the action plan which details the necessary actions, the responsible persons, and the timeline for implementation.
- Description of the process that has informed the company on which actions to prioritize in order to reduce (negative) environmental impact.
- Explanation of the responsible staff tasked with implementing the action plan and the resources to support their efforts.
- If answered 'partial yes': please provide a description/explanation of the actions taken that have resulted in reduction of environmental impacts of its products during customer use and end-of-use phase.

#### Interview question to ask

- Responsible staff will be asked to explain the process behind:
  - Implementing the actions;
  - Developing the action plan and the results in the past calendar year.

**Comment [116]:** now Q45 previous Q46

### 46. Does your company offer options to lease or rent products? (brenveouleasing)

- Yes, 50 percent or more of products
- Yes, 1-49 percent of products
- No

### Intent of the question

This question is intended to understand whether your company provides your customers with options for accessing the products sold by your company beyond the traditional model of selling new products to customers. Examples of alternate product access models include product rentals, used product sales, product sharing, product leasing, etc.



Transferring products from consumer to consumer can be a highly effective way to extend product life and ensure maximum value is derived from the product. Another benefit is the reduction of environmental impact (transportation emissions) by avoiding products to be returned to distribution centers.

### Technical Guidance

To answer “yes” to this question, your company must provide your customers with product lease or rental access options. This program can be offered to your customers directly by your company or via a partnership with a third- party organization.

### Helpful resources

#### Examples of brands creating their own rental programs

- [Forbes: A twist on recycling – retailers buying their merchandise for resale](#)
- [GANNI Repeat](#)
- [H&M - Clothing Rental Trial](#)
- [Houdini – Rental and subscription](#)

#### Example of third-party service providers allowing brands to create rental programs

- [CaaStle](#)

#### Examples of brands contracting with a third-party multi-brand rental provider

- [Rent the Runway](#)
- [Circes](#)
- [Gwynnie Bee](#)

How this will be verified

#### Documentation required

To answer this question, please ensure you have the following evidence:

- Supporting documents that show your company is providing and tracking the product lease or rental.
- Calculation of the percentage of products being offered as part of product lease or rental.
- Process to identify whether specific lease or rental of product access options are in fact lower impact, in particular by using life cycle assessment or a similar credible approach to model the environmental impacts.

**Comment [117]:** now Q46 previous Q47

**47. Does your company participate or invest in activities with other stakeholders to jointly address systemic challenges in order to extend the longevity of your products and enable them to be reused and recycled? Answer options: Yes/No** (brenveoucollab)

**47.1** If answered yes, what stakeholders do you engage with?

- Local communities
- Governments
- NGOs

- Multi-stakeholder initiatives
- Other

#### 47.1 Please describe these initiatives

#### Intent of the question

This question is intended to encourage companies to collaborate with other stakeholders to jointly address industry-wide systemic challenges such as extending the longevity of products and enabling them to be reused and recycled. In particular, Small and Medium-sized Enterprises (SME) are encouraged to work collaboratively to jointly address issues in order to overcome resource and scaling constraints.

#### Technical Guidance

In order to answer “yes” to this question, your company has participated in one or more of the following initiatives to extend longevity or enable reuse and recycling of your products:

#### Participating and sharing resources on extending product longevity

- [Design for Longevity](#)
- [Global Fashion Agenda—Circular Design Toolbox](#)
- [Ellen MacArthur Foundation & IDEO - Circular Design Guide](#)
- [Nike Circular Design](#)

#### Participating in initiatives to enable reuse or recycling of products

- Scaling up innovations in the sorting and recycling of textiles.
  - [HKRITA x H&M Foundation](#)
  - [Fibersort](#)
- Supporting research and development into systemic challenges and potential trade-offs around recycling solutions.
- Engaging with systems issues such as municipal recycling infrastructure.
- Participating through a collective platform/research with other stakeholders to address systems challenges.
- Supporting uptake of new technologies and enabling improved financial/legal frameworks and capacity.
- Collaborating with governments to advocate for incentives and policies that support end-of-use programs (e.g., reducing tariffs on recycled content, removing legal barriers for second-hand markets, etc.)

#### Helpful resources

- [Fashion Positive](#)
- [Ellen MacArthur Foundation](#)
- [European Outdoor Group Microfibre Consortium](#)
- [Fashion for Good](#)
- [Outdoor Industry Association Sustainability Working Group](#)
- [Policy Hub](#)
- [European Outdoor Group Microfibre Consortium](#)
- [Outdoor Industry Association Sustainability Working Group](#)

How this will be verified

#### Documentation required

To answer this question, please ensure you have the following evidence:

- A signed partnership or collaboration agreement with the relevant stakeholder(s).
- Evidence of participation and engagement in shared platforms, including multi-stakeholder events.
- Evidence of direct engagement with community groups - for example consultation through a credible 3rd party or in direct response to a request by community groups.
- Provide relevant URLs or links to your participation or contribution to these initiatives.
- Records of outcome and feedback from stakeholder consultation/engagement.

**Comment [118]:** now Q47 previous Q48

## BRAND (SOCIAL & LABOR)

This section should be completed by companies that are responsible for product creation which includes design & development, manufacture and distribution of their own/private label brands.

### **Licensees:**

Companies that are licensees (holder of a license to use a trademark) and are responsible for product creation as per the previous paragraph may also complete this section to evaluate their own sustainability practices and performance.

### **Licensors:**

Companies that make product creation decision for licensees to execute should include those licensee business streams in their own Brand section reporting.

Companies that request their licensees to complete their own Higg BRMs should exclude those licensee businesses from their own Brand section reporting to avoid double counting.

### **Steps in the OECD due diligence process that are addressed in the Brand - Social & Labor section**

Step 1. **Embed Responsible Business Conduct** into policies & management systems

Step 2. **Identify & Assess** Adverse Impacts in Operations, Supply Chains and Business Relationships. Step 3. **Cease, prevent or mitigate** adverse impacts

Step 4. **Track** Implementation and Results

Step 6. **Provide for or cooperate** in remediation when appropriate

## Product

**1. Does your company assess the social/human rights impacts of its materials? Answer options: Yes/No** (brslprodmatimpact)

### 1.1 Please describe or provide documentation of this assessment

Social/human rights assessment tools or methodologies (e.g. Social Life Cycle Assessment, geographical or commodity risk analysis, analysis through stakeholder consultation) could support your company's efforts to identify and assess these impacts. Please note that this question focuses on your individual raw materials, not on your products.

#### Intent of the question

This question intends to ensure that the company has a robust understanding of the salient social/human rights impacts that are associated with the raw materials supply chain.

#### Technical Guidance

This question builds on the Management System section wherein you have identified your salient social risk(s) related to materials manufacturing (please review the risk(s) you have identified in Management System section question 2 and 3).

For companies at the start of the journey, there are 4 steps they can take to begin assessing social/human rights impacts in the raw materials supply chain.

For companies that are further along in the assessment of human rights impacts in the raw materials supply chain, they may prefer to update parts of their assessment (outlined as part of the 4 steps) if/when new information is brought to their attention that would change their evaluation of impacts and risks.

#### Step 1: Identify & track materials by volume.

Identify all your raw materials by volume, country of origin and use [this tracking sheet](#) if helpful.

#### Step 2: Identify the salient risks of adverse human rights impacts associated with the materials.

The result of step 1 is a list of raw materials by volume and country of origin. This list will serve as a basis for the second step activity on identifying the salient risk(s) of adverse human rights impacts associated with your raw materials use.

Companies do not need to start from scratch, when identifying the salient human rights risks, and can rely on publicly available information such as:

- **OECD has identified the following common risks for the garment and footwear sector:**
  - Child Labor
  - Discrimination
  - Sexual Harassment and sexual and gender-based violence
  - Forced Labor
  - Non-compliance with minimum wage laws
  - Occupational health and safety (e.g., work-related injury and ill health)
  - Violations of the rights of workers to establish or join a trade union and to bargain collectively
  - Wages do not meet basic needs of workers and their families
- ~~Apparel and Footwear specific resource: Textile Exchange has created this helpful resource which includes the identified risk(s) for the material types: cotton, down, wool, man-made cellulosic fibers, polyester, nylon (please go the table of contents and click on the header "risk management" for each of the aforementioned materials).~~
- We have created a [guide](#) companies can consult which describes the social risks identified in the Higg BRM assessment and where they may occur.
- As a reminder, you can review the guidance on how to determine salient risks (as explained in the management system section) from [here](#)

### **Step 3: Evaluate the human rights risk for each material on the basis of where your material is manufactured.**

Now that you have identified the salient human rights risks for your company to focus its efforts on, it is time to evaluate these risks in the context of the materials you have used.

Companies can evaluate the risk on the basis of:

- Material type: How much risk to adverse social/human rights impact could be reduced through your material procurement.
- Manufacturer/Supply Chain: Understand and measure the social/labor conditions of your manufacturer (specific impacts against the risks) by using the Higg Facility Social & Labor Module (FSLM)
- Sourcing country/location - The geographical and commodity risk that are involved where the material is grown/produced and manufactured.
- The leverage your company has to reduce the risk (does it require an industry approach or can an individual company make the change).

### **Step 4: Develop an action plan and set targets to track progress**

- Engage internal and/or external stakeholders to identify how your company can mitigate and/or reduce the adverse social/human rights impacts on the material and supplier level through a sustainable materials strategy. Key internal stakeholders are for example senior management, product designers and developers, Research & Development and staff responsible for sourcing / procurement.
- Based on the discussions, develop an action plan and SMART targets that specifies how the company and respective staff will source more sustainable materials (in order to reduce or mitigate their adverse impacts) in the next 1-3 years.

**Important Note:** All companies, regardless of their company size or degree of leverage with their suppliers, have a responsibility to know the environmental impacts of its materials use. However, the specific steps that a company would take may vary based on their leverage. For example, a company could collaborate with other companies through a multi-stakeholder initiative to increase their leverage with suppliers.

### Helpful resources

- Evaluating commodity risk: [Responsible Sourcing Tool](#)
- Evaluating country risk: MVO Risk Checker (this comprehensive database managed by CSR Netherlands is particularly worthwhile for Small to Medium Enterprise to review).
- <https://www.mvorisicochecker.nl/en/home> (homepage)
- <https://www.mvorisicochecker.nl/en/start-check> (risk checker based on product/service and country of origin)
- Evaluating garment and footwear sector risks: [OECD Responsible Supply Chains in the Garment and Footwear Sector](#)
- OECD has shared guidance (pages 105 - 152) on the process of identifying, preventing and mitigating key sector social/human rights risk.
- [Global Compact - Assessing Human Rights Risks and Impacts](#)
- [Solidaridad - Developing Sustainable Materials Strategy](#)
- Social Life Cycle Assessment - A social life cycle assessment (S-LCA) is described as a social impact (and potential impact) assessment technique that aims to assess the social and socio-economic aspects of products and their potential positive and negative impacts along their life cycle.
- European Commission: [Social assessment of raw material supply chains](#)
- PRé-sustainability: [Handbook for Product Social Impact Assessment](#) (can be applicable to material stage as well)
- [S-LCA methodological sheets](#)
- [UN Environmental Program](#) (From page 22 onwards)

How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- A list of any standards, industry tools, resources, or documents used by company to guide the identification of risks, impacts, and opportunities.
- Copies of documents produced in determination of salient risks, impacts, and opportunities. Any documentation should use credible data sources, or data that has been verified by an accredited third party.
  - Examples of documents: Social Life Cycle Analysis (S-LCA) data; geographical or commodity risk analysis using credible third-party tools or datasets; analysis, benchmarks or recommendations from expert organizations.
- Stakeholder consultation (including external expert participants) to map out the likely risks and impacts for your material types.

Interview question to ask:

- Please describe the process or methodology that led to an appropriate understanding of the salient risks, impacts, and opportunities for the raw materials supply chain.

Suggested document upload for this question: Documentation of the social/human rights impacts assessment of materials (e.g. Social Life Cycle Assessment, geographical or commodity risk analysis, analysis through stakeholder consultation)

**2. Does your company source materials that have social/human rights certifications from a credible third party?** Answer options: Yes/Partial Yes/No/Unknown (brslprodmatpreferred)



### Intent of the question

This question is intended to assess whether your company sources raw materials that advance ethical standards and practices in your supply chain.

### Technical Guidance

Ethical sourcing is the process of ensuring the products being sourced are obtained in a responsible way, that the workers involved in making them are safe and treated fairly, and that social impacts are taken into consideration during the sourcing process.

Companies implementing ethical sourcing must ensure social/human rights are protected across its full supply chain, regardless of whether they have direct or indirect relationships with the material suppliers.

Assurance can be provided on whether you are sourcing from responsible material producers/suppliers through third party certification.

- **Certification:** A third party certification program that ensures the protection of human rights and/or improvement of the well-being and livelihood of raw material producers and manufacturers. Examples of certification programs include, but are not limited to: Fairtrade International, SA8000. A complete overview of sustainability standards can be found through the International Trade Centre's [Sustainability Map](#)
- **Credible third party:** Companies that are accredited and qualified to certify materials and/or companies.

### Answer options

- To answer 'yes' to this question, your company has social/human rights certification for over 75% of your materials.
- To answer 'partial yes' to this question, your company has social/human rights certification for 25-75% of your materials.
- When answering "no" to this question, your company has social/human rights certification for less than 25% of your materials.

### Helpful Resources

- A complete overview of sustainability standards can be found through the International Trade Centre's [Sustainability Map](#)

How this will be verified

Documentation required

To answer “yes” or “partial yes” to this question, please ensure you have the following evidence:

- A documented inventory of the materials with social/human rights certifications and/or ethical attributes sourced in the reporting period.
- Basis or source information that was used to determine that these certifications and/or attributes have advanced ethical practices or led to improvements in the well-being and livelihood of raw material producers and manufacturers.

Comment [119]: new

Interview questions to ask:

- Please describe the process your company used to determine or verify that the social/human rights certifications are driving improvements of social/human rights.

### 3. Does your company track the percentage of materials with social/human rights attributes?

Answer options: Yes/Partial Yes/No/Unknown (brslprodmatkpi)

Percentage of Materials with Social/Human Rights Certification/Attributes							
	Type of Certification/Attribute	Baseline %	Baseline Year	Target %	Target Year	Last Calendar Year %	Additional Comments
Certification 1							
Certification 2							
Certification 3							
Certification 4							
Certification 5							
Certification 6							
Certification 7							

#### Intent of the question

This question intends to ensure that companies are confirming and tracking whether they are reducing the risk of adverse social/human rights impact (or rather contributing to positive social impact) through their raw material sourcing activities.

Having visibility of the entire materials portfolio and how social/human rights are being advanced (through certifications and attributes) helps companies measure progress against set targets, and enables them to achieve the goals outlined in the company's strategy.

### Technical Guidance

- **Attributes:** Refers to material types and/or products that have a verifiable and credible claim of contributing to positive social/human rights impact(s) or ethical practices.
- **Certification:** A third party certification program confirms the integrity of the ethical attributes within the material. Third-party certification programs support a systemic approach to integrate environmental performance in the raw materials.
- **Example:** Paying fair prices to producers is an attribute whilst Fair Trade Certification could be the corresponding certification.

As part of this question, you will be asked to complete a table to share details related to the certification and/or attribute. Below you will find a brief explanation on the terms used within the table.

<b>Type of certification / attribute</b>	Certifications that can be considered are: Fairtrade International or SA8000.  A full overview of social/human rights standards can be reviewed <a href="#">here</a>
<b>Baseline %</b>	In order to demonstrate improvements or reductions, it's important to know what your starting point is.  A "baseline %" is a starting point of the initial reporting percentage. This percentage will enable your company to track over time whether you are on track to make progress against your set target(s).
<b>Baseline year</b>	The initial reporting year, which you are measuring targets against, is also known as the baseline year (which the above "baseline %" is based on).

<b>Target %</b>	<p>A target is a particular goal to be delivered by a company for a specific period. The Target % is an indicator of where you want to be from the baseline %.</p> <p>Target types that are most commonly used are either absolute or normalized.</p> <p><u>Absolute target</u> addresses the total amount/quantity per year or per month. In the materials context this could be total amount in kilograms of Fair Trade cotton in a year.</p> <p><u>Normalized target</u> is a comparison of totals or usage against a predefined variable. An example here could also be the percent of total cotton usage with Fair Trade Certification.</p>
<b>Target year</b>	The year in which the “target %” has to be achieved.
<b>Reporting Period %</b>	The percentage of products that have social/human rights attributes or certifications in the last calendar year.
<b>Additional comments</b>	Any notes or comments to provide clarity to the information you have submitted.

Comment [120]: new

#### Answer options

- To answer ‘yes’ to this question, your company has tracked the social/human rights attributes for over 75% of your total volume of materials.
- To answer ‘partial yes’ to this question, your company has tracked the social/human rights attributes for 25 - 75% of your total volume of materials.
- When answering “no” to this question, your company has tracked the social/human rights attributes for less than 25% of your total volume of materials.

#### Helpful resources

- Higg BRM Guidance: [Setting Baselines and Targets](#)
- [This template](#) can be used by companies to set and track their targets
- German Partnership for Sustainable Textiles
- [How to go organic – Organic Cotton Sourcing Guide](#)
- [Sustainable Cotton Ranking - H&M Interview](#)
- [Sustainable Cotton Ranking - M&S Interview](#)

How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

If you answered 'yes' to this question, your company should provide the following:

- A documented inventory of the materials with social/human rights attributes.
- When certifications have been used: share related copies of certificates of the material suppliers/producers.

Interview questions to ask:

- Please describe the process your company used to determine or verify that the materials have advanced ethical practices or improved the well-being and livelihood of suppliers.
- Please describe the process your company used to collect certificates along the value chain of the sourced materials.

**4. Does your company assess the social/human rights impacts of its products?** Answer options: Yes/No (brslprodprodimpact)

4.1 Please describe or provide documentation of this assessment

#### **Intent of the question**

This question is intended to ensure companies have a robust understanding of the social/human rights impacts associated with the manufacturing and use of their products, so they can set strategies and targets accordingly, to improve on these identified impacts. This question also intends to support your internal process to identify and prioritize the salient social/human rights risks and impacts holistically across your product portfolio.

#### **Technical Guidance**

Social/human rights assessment tools or methodologies (e.g. Social Life Cycle Assessment, geographical or commodity risk analysis, analysis through stakeholder consultation) could support your company's efforts to identify and assess these impacts.

Please review your answer to question 1 in this section and include the finished goods manufacturing as well as the use phase of the products within the scope.

To answer 'yes' to this question, your company must have an analysis, assessment, or study (carried out in the last five years) over a single product, that includes one or more of the following:

- Social/human rights risks and impacts based on the manufacturing and the use phase of key product categories. Any analysis, assessment or study should be backed up by credible data or verified by an accredited third party.
- Documentation of materials and finished goods production processes collected through production records.
- Specific opportunities to address social risks or impacts within the stages of product design and development.

### Helpful resources

- PRé-sustainability: Handbook for Product Social Impact Assessment (can be applicable to material stage as well)

How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- Copy of analysis, assessment, or report (carried out in the last three years) that identifies the salient social/human rights risks, impacts, and opportunities associated with the manufacturing and use of one single product. The analysis can be done through Social Life Cycle Assessment or other credible tools.

### Interview questions to ask

- Describe the process of conducting the analysis, assessment, or study as well as the selection of the product.
- What were the outcomes of that process, and how has this informed or adjusted your strategy on improving social/human rights impacts?

### **5. Does your company source products that have social/human rights certifications from a credible third party?** Answer options: Yes/Partial Yes/No/Unknown (brslprodprodpreferred)

### Intent of the question

This question intends to ensure that companies are confirming the total products that they source with social/human rights certifications.

### Technical Guidance

The previous questions were focused on the materials stage, whilst this question covers the manufacturing — from materials through to the product.

Developing a progressive sustainable products strategy will only be possible if a company understands and has visibility of the entire product portfolio; this includes knowledge of whether attributes or certifications have been used by their finished goods/products suppliers.

### Answer options

- To answer 'yes' to this question, more than 75% of your company's sourced products have a social/human rights certification.
- To answer 'partial yes' to this question, 25 - 75% of your company's sourced products have a social/human rights certification.
- When answering "no" to this question, less than 25% of your company's sourced products have a social/human rights certification.

How this will be verified

#### Documentation required

To answer “yes” or “partial yes” this question, please ensure you have the following evidence:

- A documented inventory of the materials with social/human rights certifications and/or ethical attributes sourced in the **reporting period**.
- Basis or source information that was used to determine that these certifications and/or attributes have advanced ethical practices or led to improvements in the well-being and livelihood of raw material producers and manufacturers

Comment [121]: new

#### Interview questions to ask:

- Please describe the process your company used to determine or verify that the social/human rights certifications are driving improvements of social/human rights.

#### 6. Does your company track the percentage of products with social/human rights attributes?

Answer options: Yes/Partial Yes/No/Unknown (brslprodprodki)

Percentage of Materials with Social/Human Rights Certifications/Attributes							
	Type of Certification/Attribute	Baseline %	Baseline Year	Target %	Target Year	Last Reported Year %	Notes
Certification 1							
Certification 2							

#### Intent of the question

This question intends to ensure that companies are confirming and tracking the social/human rights attributes through to the finished goods manufacturing of their products.

#### Technical Guidance

**Attributes:** Refers to material types and/or products that have a verifiable and credible claim of contributing to positive social/human rights impact(s) or ethical practices.

#### Answer options

- To answer ‘yes’ to this question, your company has tracked more than 75% of your entire product portfolio.
- To answer ‘partial yes’ to this question, your company has tracked 25-75% of your entire product portfolio.
- When answering “no” to this question, your company has tracked less than 25% of your entire product portfolio.

When “yes” and “partial yes” has been selected a table will appear.

It is the expectation that you can complete the table by listing the information of products that you have tracked with social/human rights attributes. Please refer to the guidance as part of question 3 on how to interpret this table.

## Helpful Resources

For companies that are new to tracking percentages of products for social/human rights attributes:

- Please download [the template that companies can use to track percentages of products with social/human rights attributes](#).

How this will be verified

Documentation required

To answer “yes” or “partial yes” this question, please ensure you have the following evidence:

- Completed the information that is known to you as requested within the table.
- A documented inventory of the products that have been tracked with social/human rights attributes/certifications for the [reporting period](#).
- Basis or source information that was used to determine that these attributes/certifications have advanced ethical practices or have led to improvements in the well-being and livelihood of raw material producers and manufacturers.

Comment [122]: new

Interview question to ask:

Please describe the process your company used to determine or verify that the social/human rights attributes or certifications are driving improvements of social/human rights.

**7. Does your company actively engage and collaborate with communities of practice, NGOs, and/or governments to share information, knowledge, and best practices that accelerate the adoption and development of materials or products that promote social responsibility/human rights?** Answer options: Yes/No/Unknown (brslprodcollaborate)

7.1 If you answered yes, please list these efforts and provide relevant URLs that describe them in detail.

### Intent of the question

This question is intended to assess whether and how your company collaborates with other stakeholders and contributes to knowledge-sharing and the development of solutions with the intent to improve the social responsibility/human rights of materials or products.

Industry collaboration is an important means of bringing new, more socially responsible/ethical materials to market and contributing to a larger shift in the industry.

In particular, Small and Medium-sized Enterprises (SMEs) are encouraged to take part in multi-stakeholder initiatives that drive collective impact to bring programs to scale.

## Technical Guidance



Scope of this question is limited to how your company engages and collaborates with stakeholders to share information, knowledge, and best practices and other innovative solutions to accelerate the adoption and development of ethical materials and/or ethical production methods.

Examples of some social issues that prohibit raw materials and/or products from being ethically produced are: interfering with democracy, preventing prosperity, financing criminal activity or violating human rights. In human rights, numerous circumstances are included, e.g., low salaries, harmful conditions, forced labor or child labor.

**Below are some examples of initiatives that companies can participate in:**

- Investing in pilots that bring more ethical production of raw materials and products to market.
- Assigning internal innovation teams that bring more ethical production of raw materials and products to market.
- Example: [JOYN Bags](#) operates in marginalized communities and offers a variety of programs to help improve the lives of its workers and the community it operates in as part of its production processes.
- Contributing financial resources to research, innovation funds, or partnering with innovation institutions or organizations to address key industry-wide issues such as forced labor, child labor, or pesticide or chemical exposure to workers and local communities.
- Example: [The Life and Building Safety initiative](#) is a multi-stakeholder initiative to address systemic issues in key countries around building and fire safety.
- Building case studies of driving ethical standards in raw material supply chains.
- Example: [Fair Labor Association's Fair Cotton Project](#) addresses three challenges presently facing the producers of cotton goods. It published a case study based on its learnings.
- Actively engaging and collaborating with producers, technical organizations, communities, NGOs and/or governments to develop, test and share information, knowledge and best practices that accelerate the adoption and development of ethical production of raw materials and products.
- Example: [Better Cotton Initiative](#), [Fairtrade for producers](#)
- Supporting credible programs to improve on-ground practices in raw materials production, accelerating the improvement of regional and national production methods to protect worker health and safety, or scaling up global systems for ethical production of raw materials.
- Example: [Fair Labor Association's Fair Cotton project](#)
- Actively engaging with relevant regional/national/international government organizations to encourage uptake and preferential policy for better, ethical practices (e.g., embedding ethical practices in national agricultural standards, mandating third-party certification at national level or international level to advance social responsibility in production factories).

**Note:** The above is not an exhaustive list of initiatives that companies can reach out to. The SAC intends to update this Brand & Retail Module - How to Higg Guide on a regular basis with user feedback. Various initiatives can be joined through contacting your national industry trade associations and industry specific associations such as the European Outdoor Group or Outdoor Industry Association.

**Helpful resources**

- [Ethical Corp - Raw materials collaborating ethical supply chains](#)
- Sustainable Cotton Initiatives
  - [Better Cotton Initiative](#)
  - [Fair Trade Cotton](#)
  - [Textile Exchange—Organic Cotton](#)
  - [Sustainable Cotton Ranking](#)

How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- In your description, please summarize your activities and indicate whether your company conducts these activities in-house, via an external organization, or both.
- Provide relevant links/URLs to these multi-stakeholder initiatives/platforms.
- A signed partnership or collaboration agreement with the relevant stakeholder(s).
- Evidence of participation and engagement in shared platforms, including multi-stakeholder events.
- Evidence of direct engagement with community groups.
- Describe the results achieved through these multi-stakeholder initiatives/platforms that accelerate the adoption and development of materials or products that promote social responsibility/human rights.

## Supply Chain: Product & Textiles

8. Have your company's social/human rights policies been shared with its manufacturers in the reporting period? Answer options: Yes/No/Unknown (brslscmanufacturecom)

Comment [123]: new

8.1 Which segments of your supply chain have received your social/human rights policies?

- Agents/Trading Company/Licensees
- **Tier 1:** Final product manufacturing and assembly (or Finished Goods Production).
- Material Converters
- **Tier 2:** Material or Finished Component Manufacturing
- **Tier 3:** Raw material processing
- **Tier 4:** Agriculture and extraction
- Chemical suppliers
- Other tiers: please specify segment type e.g., dyeing auxiliaries, centralized/public wastewater treatment plants, hazardous waste treatment facilities

### Intent of the question

It is essential for companies to share their social/human rights policies before entering into a business relationship with any manufacturer. By doing so, a manufacturer will have a clear understanding of the expectations and requirements of doing business with you. This also fosters a collaborative business relationship built on transparency and trust from the beginning.

### Technical Guidance

Please refer to [this resource](#) which explains the steps to define and embed social/human rights policies within your company.

A policy is a written commitment that outlines the expectations and requirements your company has on a certain topic. A policy standardizes the step-by-step approach in the company's ways of working and of its staff.

Companies often have policies in place for topics such as product quality, payment.

A policy statement should:

- Provide clarity to staff and external stakeholders about what the company expects regarding human rights.
- Be tailored to the company's business model, industry and human rights risks.
- Be developed in consultation with relevant experts and stakeholders.
- Be approved at the most senior level of the business.
- Be communicated to internal and external stakeholders.
- Be made publicly available.
- Policy statements once finalized should be embedded within the organization to ensure internal processes and procedures align with the policy. Companies should take the following actions to embed commitments throughout ways of working:
  - Define roles and responsibility for the policy within the company

- Develop procedures to support implementation of the policies, including revising existing procedures if necessary
- Create accountability throughout all senior levels of the company and functions
- Conduct training within the company to help everyone understand expectations
- Conduct specialized training with key roles responsible for implementing the policy
- Integrate into the company's rewards and incentives programs to prevent the company from incentivizing the wrong behavior

#### Communication between brand and manufacturing partner(s)

The company's social/human rights policies should be shared with suppliers prior to entering into a business relationship and should be re-communicated to them at minimum once a year.

When new information about emerging social/human rights risks are brought to the company's attention, this should prompt the company to consider how this will impact its understanding of risks, as well as how it will impact policies and strategies going forward — e.g. increases in migrant labor, changes in labor laws, entering new sourcing markets and countries.

Communication to suppliers may take a number of forms: through in-person supplier meetings/summits, corporate website, email. However, in all cases, information should be maintained and communicated in a way that is relevant, accurate, current, clear, and user-friendly and that enables intended users to access more information.

Not only should companies share the policy with their manufacturers, but they should also publicly communicate this to any stakeholders who would like to know more.

#### **Helpful resources**

##### Examples

- [G-Star Social & Labour Guideline](#)
- [H&M Human Rights Policy](#)
- [Business & Human Rights Resource Centre - Overview on Company Policy and Statements](#)
- [Shift, Oxfam and Global Compact Network Netherlands—Doing Business with Respect for Human Rights: A Guidance Tool for Companies](#)
- Designed to equip companies with practical advice and real-life examples that help to translate the UNGPs into action
  - [United Nations Global Compact—A guide for business: Guide on How to Develop a Human Rights Policy](#)

How this will be verified

##### Documentation required

To answer this question, please ensure you have the following evidence:

- A copy of the social/human rights policies for manufacturing partners.
- Explanation of how this policy was developed and which rights were ensured.

- A description of the process of how this policy was shared with manufacturing partners, the coverage of supply chain segments and how the company ensures the understanding on these requirements.
- What is the process for adjusting/revising these policies based on new information or changing conditions?

Interview questions to ask:

- Are relevant staff able to explain the process and ensure the manufacturer's understanding of the company's policies?

**9. Has your company established a program aimed at mitigating harm and improving social/human rights performance in the supply chain?** Answer options: Yes/Partial Yes/No/Unknown (brslscriskprogram)

#### 9.1 In which supply chain segments does this program apply?

- Agents/Trading Company/Licensees
- **Tier 1:** Final product manufacturing and assembly (or Finished Goods Production).
- Material Converters
- **Tier 2:** Material or Finished Component Manufacturing
- **Tier 3:** Raw material processing
- **Tier 4:** Agriculture and extraction
- Chemical suppliers
- Other tiers: e.g., dyeing auxiliaries, centralized/public wastewater treatment plants, hazardous waste treatment facilities

#### 9.2 What is included in your program?

- A corporate policy, approved by your company's executive team and/or Board that underpins the commitment to the success of this program.
- Compliance with all applicable regulations or international norms (whichever is higher).
- Specific minimum requirements and best practices that go above and beyond applicable regulations.
- Requirements in manufacturer contracts that requires their suppliers and subcontractors to meet the goals of the program.
- Public disclosure including a description of your impact, effectiveness of managing impacts, and details pertaining to your program.
- Other

#### 9.3 How does your company implement the program?

- Action plans are designed to address the differences in manufacturers priorities based on local context
- Personalized and custom training or workshops
- Company facilitates/provides support to manufacturers by providing trained/qualified specialists
- Collaborative projects which match manufacturers' rights and labor roadmap and priorities
- Company provides support to manufacturers to develop internal social/human rights performance competencies
- Company provides support to manufacturers to engage with stakeholders around social/human rights performance issues
- Supporting innovation
- Other

### Intent of the question

This question builds on the questions in the Management System section by evaluating how your company is addressing the social/human rights risks that were identified as part of your due diligence process.

While it is possible to make progress in advancing sustainability without a formal program in place, establishing such a program enables a company to coordinate its efforts more effectively and to realize continuous improvement over an extended period of time.

### Technical Guidance

As a first step, many companies establish a policy defining its social/labor expectations for suppliers and a process to monitor and remediate identified non-compliances. The scope of your supply chain program may be limited to Tier 1 suppliers but ideally extend to your full supply chain depending on your company's leverage, number of suppliers and supply chain visibility.

In addition, your company may have identified risk areas where additional action is needed to prevent or mitigate potential impacts as part of your human rights due diligence risk assessment. Companies are expected to act on identified risks and track efforts to assess the effectiveness and measure improvements.

### Answer options

- To answer 'yes' to this question, over 75% of all your suppliers are in-scope of your company's social/human rights program.
- To answer 'partial yes' to this question, 25-75% of all your suppliers are in-scope of your company's social/human rights program.
- To answer 'no' to this question, less than 25% of all your suppliers are enrolled in your company's social/human rights program.

### Helpful Resources

- Higg BRM Guidance: [Understanding Human Rights Due Diligence](#)
- Higg BRM Guidance: [Conducting Human Rights Risk Assessments](#). This overview defines what salient risks are, the different types of risks assessments you can conduct as part of your company's human rights due diligence and guidance for conducting an assessment.
- Higg BRM Guidance: [Track & Communicate Progress](#): This document explains what best practice is for tracking and communicating progress based on the UN Guiding Principles and OECD Due Diligence guidance.
- Higg BRM Guidance: [Setting Baselines and Targets](#): This document explains amongst others how to define targets and track social performance commitments as part of your management systems.

How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- Documentation defining the supplier scope of your responsible sourcing program and requirements for all applicable supplier segments. If this is part of a public statement, such as a Modern Slavery Act statement or a sustainability report, please share that documentation as relevant for any of the verification criteria defined.
- A description of how your program is reviewed and updated to address identified social/human rights risks.
- Internal or external materials related to the social/human rights performance program, laying out the approach to implement the program and improving the performance of supply chain partners, including at minimum, the following information below.
  - The description of the policies, plans, goals, and targets that have been approved by your company's executive team and/or board that commits resources to the program.
  - Policies should specify minimum requirements and best practices that go above and beyond applicable regulations.
  - Targets should be linked to social impacts.
  - The social issues that were identified as priorities for the company, and which supply chain segments will be engaged or included.
  - How the program will be implemented, including the staff resources and financial investment needed.
  - Supplier requirements that are captured in business contracts, in which it is described how suppliers and subcontractors can meet the goals of the program.
  - Team/department responsibilities.
  - Internal or external (third party) best practices, tools, or expertise that will be leveraged to help implement these approaches.

Interview questions to ask:

- Are relevant staff able to explain the process for implementing the program to improve social/human rights performance in its supply chain and which segment it covers.
- If applicable, how were violations to social/human rights policies resolved and remediated?

#### 10. Were your manufacturers consulted when creating the social-human rights program?

Answer options: Yes/No/Unknown (brslscmanufactureconsult)

10.1 Which tiers were consulted. Please select all that apply:

- Agents/Trading Company/Licensees
- **Tier 1:** Final product manufacturing and assembly (or Finished Goods Production).
- Material Converters
- **Tier 2:** Material or Finished Component Manufacturing
- **Tier 3:** Raw material processing
- **Tier 4:** Agriculture and extraction
- Chemical suppliers
- Other tiers: e.g., dyeing auxiliaries, centralized/public wastewater treatment plants, hazardous waste treatment facilities

10.2 How were they engaged?

10.3 How often do you request feedback? Please select all that apply:

- Annually
- When programs are updated
- Other

10.4 Please provide specific examples of how feedback was incorporated

10.5 How frequently do you update your programs utilizing this feedback?

- Annually (or more frequently)
- Every 2 years
- >2 years

### Intent of the question

When designing supply chain strategies, a collaborative and inclusive relationship should be established between brands/retailers and their manufacturing partners. These partners will then be more likely to be active participants within your supply chain initiatives and will be more likely to demonstrate enhanced performance through that.

Such collaborative and inclusive communication is also essential to allow for problems and grievances to be raised, discussed, and resolved as early as possible in the decision making and target setting process.

### Technical Guidance

There are multiple ways to engage suppliers and/or manufacturers as part of your company's strategy development, whether through formal approaches like business performance and/or stakeholder engagement meetings or supplier summits, or through methods such as supplier surveys.

### Helpful Resources

- [Business for Social Responsibility - Maximizing Benefits from a Sustainable Supply Chain](#)
- [Corporate Citizenship - Embedding sustainability into supply chain management](#)

How this will be verified

Documentation required

To answer this question, please ensure you have one or more of the following evidence:

- Provide interviews, feedback surveys, documents, or other evidence of supplier consultation and engagement, that are included in the program development process, showing at least 3 of the following:
  - How suppliers were selected/identified for consultation (e.g. identify how many of the suppliers who were engaged have a long term business relationship with the company).
  - Which types and tiers of suppliers were included.
  - How suppliers were consulted and for which social risk/impact.



- How many suppliers were consulted?
- How often were suppliers consulted?
- How often feedback is requested?
- How was feedback captured and shared internally within the decision-making teams?
- How was the feedback included in the decision-making processes of the company and how often, if any, were changes made to strategies or plans due to supply chain feedback?
- Evidence that supplier(s) roadmaps were used as direct input into the development of your company's formal approach or strategy.

Interview questions to ask:

- Please describe the process of how suppliers were engaged and consulted.
- Please share the outcome of the supplier engagement/consultation and how it has created impact on-the-ground for supply chain partners.

**11. Does your company have a means to confirm that suppliers at each tier of its value chain identify, manage, and meet compliance with all applicable local regulations and/or international norms?** Answer options: Yes/Partial Yes/No/Unknown (brslscomp)

**11.1 In which supply chain segments can you confirm that social/human rights compliance regulations are met?**

- Agents/Trading Company/Licensees
- **Tier 1:** Final product manufacturing and assembly (or Finished Goods Production).
- Material Converters
- **Tier 2:** Material or Finished Component Manufacturing
- **Tier 3:** Raw material processing
- **Tier 4:** Agriculture and extraction
- Chemical suppliers
- Other tiers: e.g., dyeing auxiliaries, centralized/public wastewater treatment plants, hazardous waste treatment facilities

**Intent of this question**

This question is designed to determine if the company has monitoring systems to verify suppliers involved in the production of goods are operating in compliance with local law. This does not refer to the product or materials outputs themselves, but to the facilities, equipment, and processes which make them.

**Technical Guidance**

Value Chain definition : All activities involved in the creation, sale, and servicing of products to the end customer. This includes product development, manufacturing, logistics (inbound and outbound), company operations, distribution and customer support services (example repair programs).

Verifying compliance with your standards and local law at all tier levels within your supply chain requires a company to know all suppliers at each tier level and have established monitoring processes. It also requires your company to understand and manage the different legal requirements by geography within your supply chain.

Thus, this question may be favorably answered “yes” by multiple means, including a company’s oversight of a supplier’s internal means to manage such information, a company managing the information themselves or the use of third-party services.

Examples of different approaches that can be used:

- Using the Higg Facility Social & Labor Module (FSLM) to internally review what management systems the facility has in place to maintain compliance with local law. These are defined in the Facility Profile section in the Operating License question.
- Using verified Higg FSLM data.
- Using third-party organizations to review supplier’s compliance with local regulations and/or international norms.

**Note:** Depending on the risk level and resources a company may have, third-party experts or organizations can offer on-the-ground support when evaluating supplier’s data. Having said that, enlisting the support of a third party should not be substituting a brand’s own efforts to continuously support the performance improvement of supply chain partners.

#### Answer options

- To answer ‘yes’ for each supplier segment, your company has confirmed the compliance for over 75% of your suppliers in the relevant tier.
- To answer ‘partial yes’ for each supplier segment, your company has confirmed the compliance for 25 - 75% of suppliers in the relevant tier.
- When answering “no” for each supplier segment, this would mean that your company has confirmed the compliance for less than 25% of suppliers in the relevant tier.

#### **Helpful Resources**

- German Partnership for Sustainable Textiles - [Setting up an effective monitoring system for your company’s supply chain](#)

How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- A company’s total answer to this question may contain strategies that are exclusively contained within, or are combinations of, the following aspects.
- If a company monitors this responsibility on their own: records showing the applicable regulations as mapped against the complete view of their supply chain, including the process to update such records and showing the latest version of said records.
- If the appropriate questions of the Higg FSLM are utilized: review of the company’s records for Higg FSLM coverage (verified) against their supply chain.
- If a third party is utilized: documentation that shows the chosen third-party qualification, participation and extent of the supply chain covered by the services.

**12. Does your company have an action plan to mitigate harm and improve the social/human rights performance of its supply chain?** Answer options: Yes/Partial Yes/No/Unknown (brslscaction)

12.1 Please describe or upload the action plan

## 12.2 In which supply chain segments is action being taken?

- Agents/Trading Company/Licensees
- **Tier 1:** Final product manufacturing and assembly (or Finished Goods Production).
- Material Converters
- **Tier 2:** Material or Finished Component Manufacturing
- **Tier 3:** Raw material processing
- **Tier 4:** Agriculture and extraction
- Chemical suppliers
- Other tiers: e.g., dyeing auxiliaries, centralized/public wastewater treatment plants, hazardous waste treatment facilities

### Intent of the question

Brands and retailers are expected to take action on prioritized human rights risks identified during risk assessment. Part of these activities should include building the capacity of suppliers within their supply chain to improve their social/ human rights performance.

### Technical Guidance

Companies can take a variety of actions to mitigate harm and improve the social/human rights performance of its supply chain. As a company develops its plan, it should consider the number of its suppliers and related tiers related to the risks identified (e.g. geographic-specific, isolated to a specific production tier). This will help the company determine how to target specific suppliers to help build their capacity to improve their performance. Companies are strongly encouraged to partner with their suppliers and other subject matter experts to develop action plans and/or related capacity building efforts prior to implementation to avoid unintended negative impacts, as well as get supplier buy-in for greater supplier engagement. We highly recommend companies have, at minimum, collaborative projects which match the manufacturer's social/human rights roadmap and priorities (rather than taking a top-down approach).

### Answer options

- In order to answer "yes" to this question, the company has uploaded the action plan to this question and can demonstrate the actions that were taken to build capacity amongst its supply chain partners.
- In order to answer "partial yes" to this question, the company does not have an action plan but can demonstrate that actions were taken to build capacity amongst its supply chain partners.

### Helpful resources

- [GAP Inc. and BetterWork collaborate to improve industrial relations in Gap Inc.'s supply chain](#)
- [IOM-Fast Retailing project to map supply chain and develop approaches to uphold migrant workers' rights](#)
- [Life and Building Safety initiative is designed to improve building safety and empower factory management and workers to play an active role in making their working conditions safer.](#)

How this will be verified

#### Documentation required

To answer this question, please ensure you have one or more of the following evidence:

- The action plan to support suppliers in improving their social/human rights performance and/or relevant capacity building plan.
- Documentation of processes/internal guidelines/interviews that demonstrate how action plans are defined with suppliers and take contextual issues into account, OR how support and guidance is given to suppliers.
- Demonstrations of training materials/tools or documentation/minutes of training given to suppliers through eLearning modules, in-person workshops or one-to-one engagements.
- Evidence of financial or technical support given to suppliers, such as transfers, internal budgets/accounting systems, contracts with third-parties or documentation of outcomes/site visits/investments made by suppliers.
- The results/outcome of the company's actions or action plan and how it has supported the supply chain partners in improving their social/human rights performance and/or build capacity.

#### 13. Does your company measure the effectiveness of its social/ human rights programs?

Answer options: Yes/No/Unknown (brslscmeasureeffect)

##### 13.1 Select all that apply:

- Internal audit or reviews
- Audits or review implemented by third parties
- Collaborative assessments through the Social Labor Convergence Program (Higg FSLM or equivalent, which evaluates supplier performance)
- Engagement with directly affected stakeholders and affected workers
- Review of grievances raised, resolved, and/or remedy provided
- Improved factory compliance /reduced frequency of compliance violations
- Increased use of worker grievance mechanisms
- Improved social/ labor benefits for workers
- Improved business performance for factories and for brand/retailer

#### Intent of the question

This question intends to confirm that companies identify and understand the impact/effectiveness their social/human right program activities have on their supply chain partners' social/human rights performance.

#### Technical Guidance

Companies are expected to evaluate their efforts to mitigate and prevent social/human rights risks. This allows them to evaluate the effectiveness of efforts and identify if activities need to be updated to better address the risks. Companies can assess if their plan is helping reduce risks through monitoring, verification and validation.

- Monitoring: Developing and tracking indicators to measure how far the plan is from its intended goal.
  - Quantitative indicators are numerical values used to measure if the activities and actions are happening as defined in the plan.

- Qualitative indicators measure if the desired behavior change occurred as intended and are typically expressed as a percentage.
- Verification: Confirming all actions are completed as committed.
- Validation: Evaluating if actions taken have adequately stopped or reduced the risk and/or impact as intended. The insights gained during verification and monitoring should be used to evaluate the effectiveness of actions taken.

Learnings from these three steps should identify if additional activities are needed to more effectively address risks.

Brands and retailers should also consider engaging suppliers to get their feedback and incorporate it into evaluating the effectiveness of their plan. Questions that a company should consider asking suppliers as part of their evaluation activities include:

- Have suppliers shared concerns or complaints related to the social/human rights program or measures resulting from it?
- Do suppliers feel able and empowered to raise concerns or complaints to the company?
- What is the process for integrating the supplier feedback to adjust the implementation approach (program, strategy and tactics)?

### Helpful Resources

- Higg BRM Guidance: Track & Communicate Progress: This document explains what best practice is for tracking and communicating progress based on the UN Guiding Principles and OECD Due Diligence guidance.
- Higg BRM Guidance: Setting Targets: This document explains how to define targets and track social performance commitments as part of your management systems.
- Higg BRM Guidance: Setting Baselines: This document explains how to establish a baseline to measure progress against your targets as part of tracking on social commitments.

How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- Demonstrated evidence of adverse impacts that were eliminated, or risks mitigated as a result of your social/human rights program. If so, please share a description of the solutions that the company has provided.
- Relevant documentation that describes the trends and patterns that have been identified through joint conversations with the supplier(s), and what lessons could the company draw from this to improve the effectiveness and efficiency of its social/human rights program.

Interview questions to ask:

- Did the company provide or enable remedy for any impacts related to a salient issue and, if so, what are typical or significant examples?
- How has the supplier feedback influenced/adjusted the implementation of the program?

**14. Does your company have an escalation process for manufacturers that do not meet your policy requirements or programmatic goals?** Answer options: Yes/No/Unknown (brslscescalation)

14.1 If answered yes, select all that apply:

- Engage senior management within the brand and manufacturer to confirm there is mutual commitment to improvement, a necessary requirement of continued business
- Create a corrective action and/or remediation plan
- Monitor performance in sufficient increments of time for required remediation (timelines will vary according to severity)
- Plan for sourcing alternatives
- Give a warning/create follow up plan for remediation and required timeline when immediate improvement is not achieved
- Consider brand/retailer tolerance for lack of improvement
- Engage other brands/retailers that are also sourcing from the factory
- Consider exiting the sourcing relationship if the above criteria does not yield required improvements
- If improvement is not made, evaluate the cost to business, supplier, and rights-holders of ending the sourcing relationship
- If decision is made to cease business with the supplier, ensure workers are given adequate notice and payment

**Intent of the question**

Companies should have defined escalation processes to review and address concerns of potential supplier non-compliance and address and remediate confirmed supplier policy violations.

**Technical Guidance**

An escalation process defines how a company will monitor and manage potential and confirmed policy non-compliance within its supply chain. Communicating a defined process helps supply chain manufacturers understand customer expectations and requirements as a condition of business.

If companies are not able to resolve a non-compliance identified through the escalation process, can be an important tool to assist all stakeholders in resolving the dispute. The OECD Due Diligence Guidelines define the role of the mediator as an active but neutral role in helping the parties identify and evaluate options for resolution and settlement. Mediation may be triggered on an ad-hoc basis, for example when both parties request mediation, or it may act as a form of escalation when parties cannot reach an agreement or where complainants are not satisfied with the resolution of their grievances. Mediation should be mutually acceptable by both parties, legitimate, independent and confidential. It is important that the members of the bodies entrusted with such functions are impartial and are seen as impartial.

All governments adhering to the OECD Guidelines have established a National Contact Point (NCP) that are tasked with contributing to the resolution of issues that arise from the

alleged non-observance of the Guidelines in specific instances. These national contact points can be engaged to support in mediation. [Click here for more information](#)

#### Helpful Resources

- [Fairwear Foundation - Responsible Exit Strategy](#)
- [Patagonia Fair Labor Association - Approved Responsible Factory Exit Policy](#)

How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- Documentation of the escalation processes (including responsible exit strategy) that the company has put in place for supply chain manufacturers.
- Description of how, and at what stage, this was shared and communicated to supply chain manufacturers.

#### Interview questions to ask

- Examples, if any, in the last calendar year where the escalation process was used and the outcome of this.
- Identify if there are any instances where the business relationship had to be ended as a result of the escalation process. Share how the actions related to the responsible exit strategy were

**15. If people are harmed by your company's actions or decisions relating to social/human rights management, is there a system in place for redressing the problem/complaint?** Answer options: Yes/No/Unknown (brslscgrievanceremedy)

15.1 Does your company assess the effectiveness of its system and its outcomes? Answer options: Yes/No

15.2 Please list the social/humans rights impacts you have addressed in the reporting period, describing the action you took to redress/resolve the complaint.

Comment [124]: new

15.3 In the last calendar year, were you able to improve the rate of resolution of complaints? Answer options: Yes/No

Comment [125]: new 15.3

#### **Intent of the question**

This question intends to confirm that the company has a system or complaint mechanism in place where any affected stakeholder could raise their questions and concerns directly to the organization.

#### **Technical Guidance**

The core purpose of conducting due diligence is to avoid harm from occurring in the company's proprietary business operations and supply chain. When a company has identified that they have caused or contributed to adverse human rights impacts. They should also provide for, or cooperate in legitimate processes towards, the remediation of these impacts. The mechanism to support companies to come to that understanding, and to receive information on whether they have caused or contributed to adverse human rights impacts, is a grievance mechanism.

The OECD Due Diligence Guidance encourages companies to "commit to hearing and addressing complaints that are raised through legitimate processes regarding activities in their supply chain." There is a wide range of legitimate processes that companies may choose to participate in, for example, companies may:

- Establish a grievance mechanism by which trade unions, civil society, and impacted parties can raise a complaint with the company itself regarding its actions in its supply chain.



- Engage in multi-stakeholder initiatives (MSIs) that provide supply chain grievance mechanisms (e.g., as a member) or agree to enter into mediation with any MSI that raises a legitimate complaint against the company.
- Enter into agreements with trade unions, for example through global framework agreements, to establish a process by which trade unions can raise complaints to the company that its practices have caused or contributed to harm in its supply chain, for the purpose of providing remedy.
- Agree to enter into mediation with the OECD National Contact Points (NCPs) when the NCP has determined that the issue is bona fide under the procedures of the OECD Guidelines, see below for more information. Refer to page 101 of the [guidance](#).

**Definition of Grievance Mechanism:** a formal, legal or non-legal (or 'judicial/non-judicial') complaint process that can be used by individuals, workers, communities and/or civil society organizations that are being negatively affected by certain business activities and operations.

Complaints submitted through the grievance mechanism should be material and substantiated and assert that the company has caused or contributed to an impact in its supply chain.

A safe, effective grievance mechanism should be designed according to the eight criteria of an effective grievance mechanism (as outlined by the United Nations Guiding Principles on Business and Human Rights (UNGPs))

Criteria	Definition
1. Legitimate	Enables trust from the stakeholder groups for whose use they are intended, and being accountable for the fair conduct of grievance processes
2. Accessible	Known to all stakeholder groups for whose use they are intended, and providing adequate assistance for those who may face barriers to access
3. Predictable	Provides a clear and known procedure with an indicative time frame for each stage, and clarity on the types of process and outcome available and means of monitoring implementation

4. Equitable	Seeks to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms
5. Transparent	Keeps parties to a grievance informed about its progress, and providing enough information about the mechanism's performance to build confidence in its effectiveness and meet any public interest at stake
6. Rights Compatible	Ensures that outcomes and remedies accord with internationally recognized human rights
7. A source of continuous learning	Draws on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms
8. Based on engagement and dialogue	Consults the stakeholder groups for whose use they are intended on their design and performance, and focusing on dialogue as the means to address and resolve grievances

Best practices of how a company can receive grievances, concerns, and complaints:

- Establishing an email or worker hotline to provide an opportunity for workers to raise concerns and/or complaints
- Establishing a worker feedback system that enables vendor employees to share concerns in a confidential manner. Example : Puma's collaboration with Microbenefits on the Worker Voice program : [Sections of PUMA's 2018 Sustainability Performance](#)
- Engagement and dialogue are at the core of an effective operational-level grievance mechanism. An effective grievance mechanism complements other ongoing methods of engagement and dialogue and is not meant to substitute for other efforts such as stakeholder engagement, supplier summits and surveys.
- 

Comment [126]: new

#### Answer options

- If you have answered “yes” to this question, your company has implemented a formal complaint system or grievance mechanism where any affected stakeholder could raise their questions and concerns directly to the organization and that meets all 8 UNGP criteria listed above in the design of your grievance mechanism.
- If you have answered “partial yes” to this question, your company has implemented a complaint systems that meets some but not all of the listed UNGP criteria in the design of your grievance mechanism or relies on a multi-stakeholder initiative or trade union agreement that will raise supply chain grievance directly to the company.
- If you have answered “no” to this question, your company has not met any of the UNGP criteria listed above or does not currently have a grievance mechanism.
- 

Comment [127]: new

#### Helpful resources

- German Partnership for Sustainable Textiles - [Ensure and support access to remedies and grievance mechanisms](#)
- The [OECD Guidance](#) on grievance mechanism (Pages 94-101)
- A brief explanation on grievance mechanism can also be reviewed on page 5 of [this guide](#) as well as the guidance as part of Management System section, questions 8 and 11.
- [CSR Europe: Effectiveness of Company Grievance Mechanisms](#)

How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- Copies of relevant documents pertaining to the company’s complaint system or grievance mechanism either organized themselves or through multi-stakeholder initiative or trade union.
- Description of the company’s process, wherein the effectiveness of its system/mechanism is assessed as well as its outcomes
- Description of how key performance indicators or measures of effectiveness were identified and selected to determine the effectiveness.
- A list of the social/humans rights impacts you have addressed in the last calendar year, describing the complaint/grievance and the action you took to redress/resolve the complaint.
- Any documentation that can substantiate how your company, in the last calendar year, was able to improve the rate of resolution of complaints.

#### 16. Does your company ensure that supply chain partners have credible grievance mechanisms in place? Answer options: Yes/Partial Yes/No (brslscgrievance)

16.1 If answered yes or partial yes, which supply chain segment(s) have credible grievance mechanisms in place?

- Agents/Trading Company/Licensees
- **Tier 1:** Final product manufacturing and assembly (or Finished Goods Production).
- Material Converters
- **Tier 2:** Material or Finished Component Manufacturing
- **Tier 3:** Raw material processing
- **Tier 4:** Agriculture and extraction

- Chemical suppliers
- Other tiers: e.g., dyeing auxiliaries, centralized/public wastewater treatment plants, hazardous waste treatment facilities

## 16.2 How are social/human rights grievances monitored?

Comment [128]: new

- Complaints received
- Complaints received broken down by supplier
- Type of complaint received
- Rate of resolution of complaints
- Categorization of complaints by type and severity, broken down by supplier
- Other (If other, please describe)
- None of the above

### Intent of the question

This question is intended to increase your company's visibility and awareness of the effectiveness of your suppliers' grievance mechanisms. This information can be a valuable input to your company's due diligence process and assist in understanding the living and working conditions for workers at their factory sites.

### Technical Guidance

A credible and effective grievance procedure operated by any type of entity should ensure that any worker, acting individually or with other workers, can submit a grievance without suffering prejudice or retaliation of any kind.

To validate whether a supply chain partner has a credible and effective grievance mechanism implemented, the mechanism has to meet the 8 effectiveness criteria as outlined by the UN Guiding Principles.

The mechanism should be legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue.

More information can be found within the [Higg BRM : Conducting Human Rights Due Diligence](#).

In the context of this question, companies should prioritize and segment their supply chain partners based on high actual/potential risk and business volume.

#### Answer options:

- To answer 'yes' to this question, your company has verified that >75% of your suppliers have implemented a credible grievance mechanism.
- To answer 'partial yes' to this question, your company has verified that 25-75% of your suppliers have implemented a credible grievance mechanism.
- To answer 'no' to this question, your company has verified that less than 25% your suppliers have implemented a credible grievance mechanism.

### Helpful Resources

- Understanding Grievance Mechanisms: United Nations Global Compact and Verite
- Assessing the Effectiveness of Grievance Mechanisms: Shift Project and Verite Case Study
- CSR Europe - Assessing effectiveness of Company Grievance Mechanisms

How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- Your company must have documentation for each supplier segment describing the percentage of supply chain coverage.
- Explanation of how the UNGP effectiveness criteria and implementation approach has been used to evaluate the credibility of grievance mechanisms.
- Identify any guidance or support provided to suppliers to help them improve the credibility of their grievance mechanisms and internal processes.
- Description of any type of monitoring or audit activities required to verify grievance mechanisms are in place.
- Explanation of how supplier segmentation has been used to prioritize supply chain partners based on risk, which may include any additional grievance mechanisms and/or programs that you and/or your suppliers have established to address high risk issues within your supply chain.
- Documentation/communication from supply chain partners explaining their grievance mechanisms.

**17. Does your company have an integrated scorecard that factors social/human rights criteria into purchasing decisions?** Answer options: Yes/Partial Yes/No/Unknown (brslscscorecard)

17.1 If answered yes/partial yes, select all criteria that are included:

- Forced Labor or Human Trafficking
- Child Labor
- Wages and Benefits
- Working Hours
- Freedom of Association and Collective Bargaining
- Health and Safety
- Access to Water and Sanitation
- Decent Work
- Discrimination, Harassment and Abuse
- Sexual Harassment and Gender-Based Violence
- Bribery and Corruption
- Right to Health
- Right to Privacy
- Right to Security of the Person
- Minorities' and Communities' Rights
- Land Rights

#### Intent of the question

The intent of this question is to assess whether your company incorporates social/human rights criteria into the traditional sourcing decision criteria of price, delivery, performance, and quality. In addition, this question intends to determine whether your company has an internal process for assessing and making decisions that includes social/human rights criteria and performance.

## Technical Guidance

Developing and using integrated scorecards, also referred to as balanced scorecards, ensures that social/human rights criteria are a factor in the decision-making process for evaluating new and existing suppliers, products, materials, and packaging. An integrated scorecard enables decision makers to consider social/human rights attributes in business decisions. Integrated scorecards that include the social/human rights performance of suppliers incentivize social/human rights performance improvement because it directly links performance with purchasing decisions.

The integrated scorecard should:

- Reflect your company's commitments by making social/human rights criteria part of the decision-making process.
- Include relevant social/human rights criteria, as well as the traditional purchasing criteria (e.g. price, performance, delivery, and quality). The social/human rights criteria should be given similar weighting to the traditional criteria when making business decisions.
- Be updated regularly and reviewed as part of regular departmental meetings to manage the health of the entire supply chain.
- Be used to evaluate new and existing suppliers. This includes reviewing score cards with suppliers to ensure progress is being made to improve performance.
- Be used to make sourcing decisions and supplier selection (e.g. products, materials, and packaging).

When developing the scorecard it is important to consider the following:

- The criteria and elements are included within the scorecard.
- The use of the scorecard in meetings and business decisions.
- The weighting, if any, for each criteria.
- How tradeoffs are addressed and whether there are any minimum thresholds applied to criteria.
- The departments and people responsible and accountable.

An example of how to use a scorecard in choosing new suppliers and evaluating existing suppliers is to include relevant social/human rights criteria for a supplier in the list below. These would appear along with traditional supplier evaluation criteria such as price, performance, and quality in the integrated scorecard.

- Higg Facility Social & Module (FSLM) results
- Third-party social/human rights certifications
- % of non-compliances identified in third-party audits
- Number of overtime hours worked based on previous audits
- % of workers who are paid a living wage
- % of workers who have a collective bargaining agreement

### Answer options:

- To answer 'yes' to this question, over 75% of your company's purchasing orders have factored social/human rights criteria into purchasing decisions.
- To answer 'partial yes' to this question, 25% - 75% of your company's purchasing orders have factored social/human rights criteria into purchasing decisions.
- To answer 'no' to this question, less than 25% of your company's purchasing orders have factored social/human rights criteria into its purchasing decisions.

## Helpful Resources

- [Build CSR Metrics into your balanced scorecard](#)
- [Chartered Institute of Purchasing and Supply – Ethical and Sustainable Procurement](#)
- [Scorecard Whitepaper](#)

## How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- Internal communication/policies/procedures on the integrated scorecard (this includes both business and social/human rights criteria) or another approach if used to include social/human rights as part of purchasing decisions.
- Sample score cards.
- Supporting documents that demonstrate that both business and sustainability criteria are included in purchasing decisions.
- Business agreements with suppliers that include the integrated scorecard as criteria for doing/maintaining business.
- Percent of your supply chain included within the scope of your company's scorecard.
- Demonstrating that goals related to responsible sourcing practices are incorporated into annual performance targets for individuals with sourcing/purchasing responsibilities

## Interview questions to ask

- Are there examples of suppliers being selected or rewarded on the basis of the social/human rights criteria?
- Which criteria and elements were included within the scorecard? What was excluded?
- What weighting, if any, is given to each criteria?
- Are any minimum thresholds applied to criteria?
- Who is responsible and accountable for various criteria in the scorecard?
- How is the scorecard used in business decisions?
- Are there examples of suppliers being selected or rewarded on the basis of the social/human rights criteria?
- 

**18. Does your company support its manufacturers in implementing programmes to improve social/human rights impacts in the value chain? (brslscmanufactureimplementvc)** Answer  
options: Yes/No/Unknown

### 18.1 If answered yes, select all that apply:

- Providing access to – or funding suppliers' involvement in training or capacity building programs
- Supporting suppliers - via funding or organizational support - in developing internal targets and performance teams that include worker representatives
- Initiating or joining collaborative improvement projects with other companies (customers within the facility)
- Ensuring suppliers' voices are included in industry-wide capacity building efforts to spread best practices related to management systems or to address industry-wide social/human rights management issues.
- Making long-term commitments (for a term greater than 1 year) to suppliers that make investments to improve environmental management practices

Comment [129]: new refid

Comment [130]: new

Comment [131]: new

Comment [132]: new

- Providing financial support or pricing incentives for suppliers to improve social/human rights management practices (e.g. grants, loans, cost-sharing structures, etc.)

#### 18.2 Which tiers are supported? Please select all that apply:

- Agents/Trading Company/Licensees
- **Tier 1:** Final product manufacturing and assembly (or Finished Goods Production).
- Material Converters
- **Tier 2:** Material or Finished Component Manufacturing
- **Tier 3:** Raw material processing
- **Tier 4:** Agriculture and extraction
- Chemical suppliers
- Other tiers: e.g., dyeing auxiliaries, centralized/public wastewater treatment plants, hazardous waste treatment facilities

#### Intent of the question

This question is designed to encourage companies to support their manufacturers in the implementation of action plans to improve on social/human rights performance; this kind of support makes a big difference in the outcomes of those plans and the responsiveness of suppliers to continued requests for improved performance. Furthermore, building capacity with your manufacturing partner can encourage innovation and collaboration which drives further value in the supply chain.

#### Technical Guidance

In order to answer “yes” to this question, the company should be able to respond to at least one of the activities listed within the question.

#### Helpful Resources

Examples of multi stakeholder initiatives are:

- [Sustainable Apparel Coalition](#)
- [Social & Labor Convergence Program](#)
- [German Partnership for Sustainable Textiles](#)
- [Dutch Agreement on Sustainable Garment and Textile](#)

#### How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

Please ensure you have the following evidence, if applicable, to the answer(s) you have selected:

- Documentation of processes/internal guidelines/interviews, demonstrating how action plans are set with suppliers, taking contextual issues into account, OR, how support and guidance is given to suppliers in collaboration with other companies.
- Demonstrations of training materials/tools or documentation/minutes of training given to suppliers - online, through workshops or 1 to 1, and in collaboration with other organizations, if applicable.
- Demonstration of how suppliers’ voices are included in industry-wide capacity building efforts.
- Evidence of financial support given to suppliers such as loans, grants, cost-sharing structure, etc.



- Evidence of technical support given to suppliers through contracts with 3rd parties or documentation of investments made through site visits, and the outcomes thereof.
- Evidence of long-term commitments made to reward suppliers for improving on their social/human rights management.

**19. Did your company host or share social/human rights training programs, resources and knowledge for manufacturers in collaboration with other companies during the reporting period?** Answer options: Yes/Partial Yes/No (brslsccommunityshare)

**Comment [133]:** new

#### What is the intent of the question?

The intent of this question is to identify what stakeholder activities and programs your company is contributing to or participating in, as part of your efforts to improve social/human rights conditions within your supply chain.

#### Technical Guidance

Industry and multi-brand initiatives can be examples of collaborative stakeholder activities to jointly address system challenges to improving social/human rights conditions within high-risk sourcing regions.

To answer “yes” to this question, you must demonstrate that you can:

- Identify and describe what stakeholder activities your company is participating in and the purpose of the activities.
- Identify which stakeholders are associated with the activities and in which targeted geographic regions these activities are occurring.
- Share the outcome of the participation and how it has helped improve the social/human rights performance of participating manufacturers.

To answer “partial yes” to this question, you must demonstrate that you can:

- Identify and describe what stakeholder activities your company is participating in and the purpose of the activities.
- Identify which stakeholders are associated with the activities and in which targeted geographic regions these activities are occurring.

#### How this will be verified

##### Documentation required

To answer this question, please ensure you have the following evidence:

- Providing proof of participation, such as: links to external materials highlighting your activities, outcome of these activities, meeting agendas, invitations, etc.
- Description of the outcome and results from the company's participation that has improved the social/human rights performance of participating manufacturers.
- External materials may include: corporate social responsibility reports, press releases, or information posted on your website or another website.

**Comment [134]:** now Q19 previous 20

**20. Did your company coordinate and fund social/human rights performance improvement projects for manufacturers in collaboration with other companies during the reporting period?** Answer options: Yes/Partial Yes/No

Comment [135]: new

#### **What is the intent of the question?**

The intent of this question is to identify what type of industry contribution your company is providing to improve social/human rights conditions within your supply chain through innovative and/or collaborative solutions.

#### **Technical Guidance:**

Companies could participate in the following activities:

- We host and share training programs, resources & learnings for suppliers in collaboration with other companies.
- Examples: Shared supply chain roll-out, supply chain overlap analysis with the intent to reduce assessment burden for suppliers, joining in the Sustainable Apparel Coalition or the Social & Labor Convergence Program.
- We work within a group of stakeholders, including NGOs, government, academia and communities, to understand and take action to address local social issues together.
- Examples: Joint social dialogue program, community service, conservation efforts or educational outreach to improve sustainability curriculum.
- We initiate and pro-actively contribute in a group of external stakeholders to collaboratively address key emerging issues to improve social conditions in the industry.
- Examples: AMCO, Better Buying™ Initiative, UNHRC+Oxfam, Living good standard – USAID, Better than Cash Alliance.
- We engage and contribute knowledge to address relevant social regulations, standards & issues with local, national, and regional governance bodies.

Examples: ACT initiative on living wages, Agreement on Sustainable Garment and Textile, German Textiles Partnership, OECD Due Diligence Guidance, Better Work, ETI-FLA Turkey Refugee, Global Deal.

- If none of the activities above accurately reflect how your company is engaging with other companies, to improve social/human rights performance, please share a description.

#### **Answer options**

- To answer “yes” to this question, your company can demonstrate that more than 75% of your suppliers has received funding to access one of the social/human rights improvement projects.
- To answer “partial yes” to this question, your company can demonstrate that 25-75% of your suppliers has received funding to access one of the social/human rights improvement projects.
- To answer “no” to this question, your company has less than 25% of your suppliers that has received funding to access one of the social/human rights improvement projects

#### Helpful Resources

- [ACT on Living Wages](#)
- [Better Buying™ Initiative](#)
- [Better than Cash Alliance](#)
- [Better Work](#)
- [Dutch Agreement on Sustainable Garment and Textile German Partnership for Sustainable Textiles](#)
- [German Partnership for Sustainable Textiles](#)
- [Global Deal](#)
- [Social & Labor Convergence Program](#)
- [Sustainable Apparel Coalition](#)
- [Workers Rights Consortium](#)

**Note:** The above is not an exhaustive list of initiatives that companies can reach out to. The SAC intends to update this Brand & Retail Module - How to Higg Guide on a regular basis with user feedback. Various initiatives can be joined through contacting your national industry trade associations and industry specific associations such as the European Outdoor Group or Outdoor Industry Association.

#### How this will be verified

##### Documentation required

To answer this question, please ensure you have the following evidence:

- Links to external materials highlighting your activities, such as: corporate social responsibility reports, press releases, or information posted on your website or another website
- Sample resources and materials developed and shared externally (i.e., with suppliers, stakeholders).
- Documentation of coordinated processes where stakeholders have identified and share new operational processes that has improved the social/human rights performance of manufacturers.
- Documentation of events, best practices, training materials, or datasets provided by your organization, with information on who they were provided to and the outcomes of that provision including which manufacturers have access to them. E.g. agendas and invitations from events, workshops, training events, webinars, etc.
- Evidence of funding, research, or other supported activities for the benefit of manufacturers that are carried out in collaboration with other stakeholders.

**Comment [136]:** now Q20 previous Q21

## Purchasing Practices

This subsection is designed to encourage and urge companies to integrate responsible purchasing practices into their business relations and agreements with their supply chain partners, so that these partners will not experience a negative effect from the buyer's behavior on their production process and the working conditions of their workers.

Conventional purchasing practices such as last-minute changes to orders, cancelled orders, and short lead times can contribute to excessive overtime, increased use of casual labor, and unauthorized subcontracting. Additional pressure from brands and retailers to reduce prices can make it difficult for suppliers to pay their workers a living wage.

As part of the social/human rights impact assessment, companies are expected to have considered the potential impact of their purchasing decisions on suppliers' ability to comply with labor rights standards by contributing to adverse human rights impact. Through the integration of responsible purchasing practices, companies/buyers can help protect workers from poor working conditions, labor abuses, and low pay.

This infographic (taken from the Ethical Trading Initiative's [Guide to Buying Responsibly](#)) illustrates the impact conventional purchasing practices have on the manufacturer and its workers.



## Purchasing Practices – Flow chart



Source: Solidaridad & Ethical Trading Initiative Norway

### When sourcing indirectly

Companies that are sourcing indirectly (through intermediaries such as agents and importers) should implement control measures to evaluate the capability of their sourcing partners in implementing responsible purchasing practices by providing visibility in the pre-qualification process of suppliers.

For more information please review the [OECD Due Diligence Guidance for Garment & Footwear](#) on pages 76 and 77.

Before you continue on to complete answers to the below questions, please learn more about Responsible Purchasing Practices through the helpful resources listed below:

### Helpful Resources

- [Action Collaboration Transformation](#)
- Better Buying™ Initiative
  - [2018 Fall - Index Report](#)
  - [2019 Index Report](#)
  - [2020 Index Report](#)
  - [Deep Dive Report \(Design, Development, and Calendar Management\)](#)
- Ethical Trade Initiative
  - [Guide to Buying Responsibly](#)
  - [Importance of living wages for workers](#)
- [Fair Wear Foundation Report on Living Wage Approach](#)
- ILO [Global Survey Results](#) on Purchasing practices and working conditions in global supply chains
- [OECD Due Diligence Guidance for Garment & Footwear](#)
- Responsible purchasing practices (page 73-82)

- [Platform Living Wage Financials – 2019 Assessment Results](#)
- UN Human Rights Watch [report](#) on responsible purchasing practices

#### 21. Does your company have standard payment terms for manufacturers? (brslscppayment)

- Yes: 0-30 days
- Yes: 31-60 days
- Yes: 61 days or greater
- No
- Unknown

#### Intent of the question

This question intends to confirm the company's standard payment term for manufacturing partners.

#### Technical Guidance

Payment terms should be mutually agreed between manufacturer and customer and indicate when payments should be made and how. These terms are included in the purchasing agreements/contracts, invoices.

#### Helpful Resources

- Better Buying™ Company Reports provides industry benchmark on payment terms. (Links have been shared above as part of the introduction to this sub-section)

#### How this will be verified

##### Documentation required

To answer this question, please ensure you have the following evidence:

- Information related to the company's payment policy/process. Companies can also provide Better Buying™ Company Reports if available.
- The standard payment term included within purchasing agreements/contracts and invoices between company and manufacturer.
- A description of how the standard payment term was agreed upon between company and manufacturer.

**Comment [137]:** now Q21 previous 22

#### 22. During the reporting period were all suppliers invoices paid on time, according to their contract? Answer options: Yes/Partial Yes/No (brslscppinvoices)

**Comment [138]:** new

#### Intent of the question

This question intends to confirm that the company made payment in line with the contract.

#### Technical Guidance

##### Answer options:

- To answer 'yes' to this question, more than 75% of your supplier invoices have been paid on time according to their contract.

- To answer 'partial yes' to this question, 25% to 75% of the suppliers have been paid on time according to their contract.
- To answer 'no' to this question, less than 25% of the have been paid on time according to their contract.

Late payments and extended terms (outside of the contractual agreement) will cause adverse impact on the livelihoods of workers and their families. To prevent and mitigate this risk from occurring, organizations should establish the following measures:

- Establish a company policy or commitment to ensure that standard payment terms are always honored, and that suppliers and manufacturers are reimbursed and paid in a timely manner to help them remain financially secure.
- Requirements in the company policy or commitment have been incorporated into the standard operating procedure or work process for relevant employees.
- Employees that are responsible for purchasing from, and making payments to, supplier should ensure that it is known who is responsible for making the payment, and keeps oversight on that all payments will be made on time.
- Include this policy or commitment within your business contracts with your suppliers.
- Establish internal processes and monitoring mechanisms to track: terms of payment, on-time payments, as well as penalties issued and their root causes.

#### How this will be verified

##### Documentation required

To answer this question, please ensure you have the following evidence:

- The Higg BRM will be aligning with the below fair terms of payment requirements of [ACT](#). Companies that are part of the initiative can provide information related to the Purchasing Practices Self-Assessment (PPSA) as part of the verification:
- A commitment / policy from the brand, where the brand commits to fair terms of payments.
- Provide related internal/external materials that can prove the following measures were implemented, and answer to the measurement of progress/compliance listed below:
  - Payment to suppliers is in line with agreed upon timeframe.
    - % of orders with on-time payment to suppliers.
    - % of orders where the amount paid is in line with agreed payment terms.
  - Retrospective changes may only be made where it is mutually agreed and is not to the detriment of the supplier
    - % of retrospective changes of payment terms which were not mutually agreed.
    - % of retrospective changes of payment terms which were mutually agreed and to the detriment of the supplier.
  - Implement an internal monitoring mechanism to track: terms of payment, on-time payments, as well as penalties issued and their root causes.
    - Internal monitoring mechanism to track: terms of payment, on-time payments, as well as penalties issued and their root causes.
- If available, companies can also provide the Better Buying™ Initiative report on Payment and Terms to validate the above points.

##### Interview questions to ask

- Relevant and responsible staff (purchasing, finance/accounts) are able to explain the process to meet the requirements in the payment terms.

**Comment [139]:** now Q22 previous Q23

**23. Does your company provide favorable financial terms to manufacturers?** Answer options: Yes/Partial Yes/No (brslscppfavorable)

#### Intent of the question

The purpose of this question is to understand the process your company has in place to reduce and eliminate any financial pressures placed on the manufacturer as a result of your purchasing practices.

#### Technical Guidance

Generally, favorable financial terms would be one or more of the following:

- Payment for sampling costs at or before shipment
- Early payment or deposit payments on volume orders
- Issued letters of credit for volume orders
- Payment volume orders in full on or before shipment
- Vendor finance system/early payment option

There may be other types of favorable financial terms not listed above and may be considered acceptable if they meet the intent of reducing the financial pressures on a supplier generally through a type of pre-payment or extension of credit.

Comment [140]: new

#### Answer Options

- To answer 'yes' to this question, more than 75% of the manufacturers have received favorable financial terms.
- To answer 'partial yes' to this question, 25% to 75% of the manufacturers have received favorable financial terms.
- To answer 'no' to this question, less than 25% of the manufacturers have received favorable financial terms.

#### Helpful Resources:

- [ACT: Info Brief Purchasing Practices](#)
- [Better Buying™ Initiative](#)

#### How this will be verified

##### Documentation required

To answer this question, please ensure you have the following evidence:

- Identification and description of processes and controls your company utilizes to minimize any negative impact associated with its purchasing practices.
- Training and communication materials to educate buyers about responsible purchasing practices.
- Description of internal alignment of buyer staff on corporate social compliance goals and the buyer's contribution to improving purchasing practices.
- Evaluation and monitoring processes your company follows to assess, and address impacts caused by its purchasing practices.
- If your company nominates fabric supplier(s), does the payment terms of the nominated supplier match the cut and sew supplier?
- Purchase order terms that are deemed favorable for suppliers.



- If the Better Buying™ Initiative has reviewed your company's purchasing practices through the Payment & Terms and Management of the Purchasing Process section, a copy of that analysis can be provided as proof.

**Comment [141]:** now Q23 previous Q24

**24. Are buyers trained on the cost of production models?** Answer options: Yes/No  
(brslscppprodmod)

#### **Intent of the question**

Companies are encouraged to provide training to their buyers in order to raise awareness of potential problems in costing that could interfere with compliant production. The goal of raising awareness of responsible staff is to ensure the price paid to suppliers allows for the payment of wages and all other labor costs.

#### **Technical Guidance**

Negotiation strategies may put suppliers under financial pressure to offer prices that reduce or eliminate their financial margins and at times do not cover the direct costs of production.

Companies should develop costing/pricing models that account for full production costs which may include; upfront material purchases if the upstream suppliers are nominated by the company, the true labor costs which are adjusted for inflation, as necessary. The aforementioned considerations should be reflected in freight on board (FOB) prices used by companies to establish overall pricing. There are several other practices outside of costing that impacts prices paid to supplier.

Before negotiating a price, buyers should ask suppliers to provide the "real" cost of addressing these labor issues and factor these costs into their calculations. Buyers can refer to the buyer's checklist of labor-related costs (the green checklist on the right), which was developed by the joint ethical trading initiatives as part of the [Guide to Buying Responsibly](#).



In addition, please review the [info brief](#) (refer to page 4 as shared by ACT on Living Wages, on how to include labor costing in purchasing prices)

### Helpful resources

- [Asket – Full Transparency](#)
- [Everlane - Cost Breakdown](#)
- [Veja - How are sneakers made](#)

### How this will be verified

#### Documentation required

To answer this question, please ensure you have the following evidence:

- Description of the process on the following topics:
  - Which methodology for calculating the cost of production models was used. Did this include wages and other labor costs, including wage increases?
  - How buyers were trained on the cost production models.
  - How many buyers have been trained to date and what the training process looks like
  - Were any internal/external issue experts consulted, and/or who provided the training e.g., through ACT on Living Wages, Better Buying Initiative, Fairwear Foundation or Solidaridad.
- Sharing of the relevant training or communication materials.
- Better Buying™ Initiative Company Report (Cost & Cost Negotiation section) – as evidence that the training has been successful.

**Comment [142]:** now Q24 previous Q25

**25. Do sourcing/purchasing staff request minute values when placing orders?** Answer options: Yes/Partial Yes/No

#### Intent of the question

This question is intended to understand whether sourcing/purchasing staff know the minute values of products, so they can estimate if the cost negotiated is enough to cover the direct and indirect labor costs.

#### Technical Guidance

##### Definition Standard Allowed Minutes or SAMs or Standard Minute Values

**(SMVs):** is a universal method for factories to determine the cost required to make a product as well as the factory efficiency.

##### Answer Options

- To answer 'yes' to this question, your company has the minute values for more than 75% of the percent of products ordered
- To answer 'partial yes' to this question, your company has the minute values for 25-75% of the percent of products ordered
- To answer 'no' to this question, your company has the minute values for less than 25% of the percent of products ordered

~~There are two initiatives that we would like to reference here as part of this guidance to understand why knowing about minutes values is important.~~

##### ~~Action Collaboration Transformation on Living Wages~~

~~On page 4 of their [info brief](#), ACT has explained how to calculate labor cost component and labor minute value.~~

##### ~~Fair Wear Foundation~~

~~The Fair Wear Foundation has created the methodology "[Labour Minutes Costing](#)" (refer to pages 7-12) which clearly explains how minute values can be used to calculate labor minutes cost, which can be included in the purchasing price.~~

~~Furthermore, Fair Wear Foundation has created a calculator for specific sourcing countries to help companies determine the cost of one minute of labor in a factory (taking into account factory-specific variables such as workforce composition, bonuses and insurance, and actual overtime hours).~~

#### Helpful Resources

Resources are listed within the technical guidance.

##### How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- Documentation in relation to the minute values from manufacturers.
- The percent of products ordered the aforementioned covers.
- Training and communication materials, you have used for educating sourcing/purchasing staff about evaluating production capacity and for establishing better order forecasting.
- Explanation or description of how the company has used this information. E.g. the actions the company has taken to adjust prices paid to suppliers accordingly.

**Comment [143]:** now Q25 previous Q26

**26. Are manufacturers updated regularly and in a timely fashion, on changes to seasonal ordering forecasts?** (brslscppseasonalpartial) Answer options: Yes, Partial yes, No

**Comment [144]:** new

**Comment [145]:** new

### Intent of the question

The intent of this question is to understand what your company has done to keep your manufacturer updated in a timely (at a minimum on a monthly or more frequent as necessary basis) manner on possible changes to upcoming orders.

Regular information updates on changes to seasonal ordering forecast are important for manufacturers, so they can build this into their production planning and prevent negative impact on manufacturers and their workers.

### Technical Guidance

Buyers who provide visibility on order planning and forecasting enable manufacturers to anticipate and make adjustments in their production planning including releasing capacity reserved for other customers, and/or finding other customers to fill capacity that will be unused. This also provides a measure of accuracy to evaluate the buyer's planned production, as compared with the orders they actually place.

When orders are changed or cancelled at the last minute or are significantly greater than the forecast and thereby exceed the factory's reserved or planned capacity, this creates additional pressure for factories to successfully deliver. This pressure can lead to overtime and other non-compliances with social and labor requirements.

The OECD Due Diligence Guidance (page 74) defines additional control measures companies may implement to ensure responsible purchasing practices are shared internally and with their manufacturers.

- Set final order placement dates with the manufacturer
- Communicate the deadlines to everyone in the purchasing teams
- Share the purchasing plan with manufacturers and communicate updates in a timely manner.
- Ensure manufacturers confirms whether changes or updates to orders can still be incorporated within the production planning.
- Improve forecasting alignment, which involves coordination across geographies, categories, and product designs to get the right information and ensure decisions are made at the right time

- Optimize the sourcing base to handle fluctuations in capacity and to adopt and implement the technologies needed to respond to the demand for emerging styles and products
- Companies should develop internal procedures for purchasing teams to follow, for instances in which practices could contribute to harm. For example, in instances in which orders are changed after order placement or orders are placed late, the company may mitigate risks by:
  - paying for rushed order delivery
  - changing the delivery date
  - providing a list of prequalified subcontractors to fill a portion of the order

#### Answer Options

- To answer 'yes' to this question, more than 75% of the changes to forecasts were updated and communicated to manufacturers on a regular basis, at a minimum monthly
- To answer 'partial yes' to this question, 25% to 75% of the changes to forecasts were updated and communicated to manufacturers on a regular basis, at a minimum monthly
- To answer 'no' to this question, less than 25% of the changes to forecasts were updated and communicated to manufacturers on a regular basis, at a minimum monthly

**Comment [146]:** now Q26 previous Q27

**Comment [147]:** now Q27 previous Q28

**Comment [148]:** new

#### How this will be verified

##### Documentation required

To answer this question, please ensure you have the following evidence:

- The processes and controls your company regularly follow to communicate forecast changes to your suppliers.
- Description of how training and communication materials were created with the help of internal/external issue experts.
- If the Better Buying™ Initiative has reviewed your company's purchasing practices (in particular whether the factory capacity is reserved and the accuracy of the forecasting against that), a copy of the analysis can be provided as proof.

**Comment [149]:** now Q26 previous Q27

**27. Are these forecasts reviewed against available factory capacity and agreed to by the manufacturers?** Answer options: Yes/Partial Yes/No (brslscppforecast)

#### Intent of the question

The intent of this question is to understand the process your company has in place to ensure the manufacturer has the capacity to produce an order without adverse impacts.

#### Technical Guidance

Reviewing order forecasts against a factory's available production capacity is an important component in improving forecast accuracy, and also in helping suppliers reduce potential impacts on social and labor requirements to fulfil orders. Unless the buyer is the only customer of the factory, the buyer's planned forecast is used to reserve a percentage of the factory's total production capacity. Some companies include capacity verification as part of their quality assurance audits to prevent order volumes from exceeding a facility's capacity.

#### Answer Options

- To answer 'yes' to this question, more than 75% of your order forecasts have been reviewed against available factory capacity
- To answer 'partial yes' to this question, for 25% to 75% of your order forecasts have been reviewed against available factory capacity
- To answer 'no' to this question, for less than 25% of the order forecasts have been reviewed against available factory capacity

#### How this will be verified

##### Documentation required

To answer this question, please ensure you have the following evidence:

- Identification and description of processes and controls your company follows to identify a facility's production capacity and to ensure order volumes do not exceed it.
- Training and communication materials, your company has used to educate the appropriate staff on evaluating production capacity.
- Forecasting and production capacity verification procedures and practices.

In addition to the above, the Higg BRM will be aligning with the below better planning and forecasting requirements of [ACT](#). Companies that are part of the initiative can provide information related to the Purchasing Practices Self-Assessment (PPSA) as part of the verification:

- Identification and description of processes in relation to order planning and forecasting, which includes:
  - dates and frequency for adjustments are mutually determined and agreed upon.
  - excess capacity is released in a timely, mutually agreed upon manner.
  - % of suppliers who report that forecast updates are in line with the agreed upon timeline.
    - capacity booking (covering at least your key manufacturers in terms of production volume)
- Share internal/external materials with regards to the following measures of progress:
  - % of volume covered by order planning and forecasting systems, including capacity booking
  - % deviation (measured in pieces) from forecast, on-average, on supplier level.
  - % increase of overall volume covered by forecasting.
  - % of suppliers who report positively on communication regarding mutually agreed upon critical path deadlines.
  - % of suppliers your company is engaged with in critical path communication.
  - % of suppliers who report positively on communication regarding management of peaks and troughs.

**Comment [150]:** now Q27 previous Q28

**28. Are lead times discussed and agreed upon with manufacturers in advance of placing orders?** Answer options: Yes/Partial Yes/No (brslscpplead)

#### Intent of the question

This question intends to confirm that lead times are agreed between brand and manufacturer prior to order placement.

#### Technical Guidance

Lead time is the time between a confirmed order and its scheduled pick up or delivery date that was agreed between a brand and their manufacturer.

- Sufficient lead-times enable suppliers to accurately plan and manage their production capacity.
- Insufficient lead-times, due to last minute changes to orders without changing the delivery date, could force a manufacturer into using excessive overtime or unauthorized sub-contractors who may not meet the brand's social and environmental standards.

It is important that both brands and manufacturers clearly communicate and agree about the critical path deadlines, as well as its consequences, when these are not met. A critical path is a production plan that contains a list of all of the necessary activities that are required to be done within a particular time frame. This ensures that production orders are shipped successfully within the agreed time of delivery.

#### Answer options

- To answer 'yes' to this question, the brand and the manufacturer discussed and agreed upon lead times in advance for more than 75% of orders.
- To answer 'partial yes' to this question, the brand and the manufacturer discussed and agreed upon lead times in advance for 25-75% of orders.
- When answered 'no' to this question, the brand and the manufacturer discussed and agreed upon lead times in advance for less than 25% of orders.

#### How this will be verified

##### Documentation required

To answer "yes" or "partial yes" to this question, please ensure you have the following evidence:

- Communication materials between brand and supplier on critical path deadlines
- Proof of measures your company has taken to ensure accuracy of order placement and meeting critical path deadlines.
- Suppliers feedback on order placements being in line with the agreed timeline or if the time and action calendar provided
- If the Better Buying™ Initiative has reviewed your company's purchasing practices in the Management of the Purchasing Process section, a copy of the analysis can be provided as proof.

##### Interview questions to ask:

- How does the brand ensure that the time and action calendar provided enough time for the manufacturer to complete all processes?
- If the brand missed key milestones what were the steps taken / process to ensure manufacturers are not negatively impacted?

**Comment [151]:** now Q28 previous Q29

#### 29. Does your company spread order volume out over more months to reduce variability?

Answer options: Yes/Partial Yes/No (brslscppvolume)

#### Intent of the question

The intent of this question is to understand the process your company has in place to reduce, and/or eliminate, order volume variability which would have adverse impacts on a factory level.

#### Technical Guidance



Monthly order variability impacts a factory's ability to proactively plan capacity needs. As a result, factories may operate above their capacity to fulfil unplanned orders, which then creates additional pressure to deliver, at the expense of social and labor requirements.

- To answer 'yes' to this question, more than 75% of your manufacturers receive consistent monthly orders.
- To answer 'partial yes' to this question, 25% to 75% of your manufacturers receive consistent monthly orders.
- To answer 'no' to this question, less than 25% of your manufacturers receive consistent monthly orders.

### Helpful Resources

- [Level Loading: A Lean Technique for Reducing Production Unevenness \(Getting Started\)](#)

### How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- Proof of measures your company has taken to reduce order volume variability throughout the year.
- If the Better Buying™ Initiative has reviewed your company's purchasing practices in the Sourcing & Order Placement section, a copy of the analysis can be provided as proof.

**Comment [152]:** now Q29 previous Q30

**30. Does your company track the ratio of capacity-booked to capacity-utilized?** Answer options: Yes/Partial Yes/No (brslscppratio)

### Intent of the question

The intent of this question is to understand the process your company utilizes to accurately plan capacity with your manufacturers.

### Technical Guidance

Tracking the ratio of capacity-booked to capacity-utilized provides valuable insights into trends with respect to hours planned versus hours actually needed. This information can inform or adjust existing order planning and forecasting systems, to plan manufacturer capacity more accurately.

### Answer options

- To answer 'yes' to this question, more than 75% of manufacturers' orders are within 20% of capacity booked
- To answer 'partial yes' to this question, for 25-75% of manufacturers' orders are within 20% of capacity booked
- To answer 'no' to this question, less than 25% of manufacturers' orders are within 20% of capacity booked

### How this will be verified

Documentation required

To answer this question, please ensure you have the following evidence:

- Identification and description of processes in relation to track the ratio of capacity-booked to capacity-utilized, which includes:
  - % of volume covered by order planning and forecasting systems, including capacity utilization.
  - % deviation (measured in pieces) from forecast, on-average, on supplier level.
  - excess capacity that is released in a timely, mutually agreed upon manner.
  - % of suppliers who report that shipping deadlines have been extended against mutually agreed upon timeline.
- If the Better Buying™ Initiative has reviewed and tracked your company's ratio of capacity booked to capacity utilized, a copy of the analysis can be provided as proof.

**Comment [153]:** now Q30 previous Q31

**31. Does your company work with suppliers to determine whether shipping deadlines need to be extended when orders are changed?** Answer options: Yes/Partial Yes/No (brslscppextend)

#### Intent of the question

This question is intended to encourage companies to extend shipping deadlines when changing orders, so that suppliers can meet social and labor requirements and do not have to resort to overtime, casual labor, or outsourcing of production in order to meet deadlines.

#### Technical Guidance

#### Answer Options

- To answer 'yes' to this question, more than 75% of orders involving changes, potential extensions to lead times and shipping deadlines have been discussed with suppliers
- To answer 'partial yes' to this question, for 25-75% of orders involving changes, potential extensions to lead times and shipping deadlines have been discussed with suppliers
- To answer 'no' to this question, less than 25% of orders involving changes, potential extensions to lead times and shipping deadlines have been discussed with suppliers

#### Helpful Resources

- Better Buying Deep Dive Report (Design, Development, and Calendar Management

#### How this will be verified

##### Documentation required

To answer this question, please ensure you have the following evidence:

- Identification and description of processes in relation to adjusting the lead-times/shipping deadlines when orders are changed (covering at least your key manufacturers in terms of production volume).
- Identification and description of processes in relation to order planning and forecasting, which includes:
  - Dates and frequency for adjustments are mutually determined and agreed upon.
  - % of suppliers that report the buyer is accountable for delays, extending as needed. The Management of the Purchasing Process section of Better Buying™ Company Reports can be used to verify this point.

- Share internal/external materials when changes to orders have been made, which includes the following measures of progress:
  - Number of days between the last change and shipment.
  - % of suppliers reporting the buyer was flexible/accountable for adjusting shipping deadlines, if needed. The Better Buying™ Company Report can be used to verify this point.
  - % of suppliers your company is engaged with in critical path communication.

**Comment [154]:** now Q31 previous Q32

**32. Does your company monitor changes and cancellations made by the company after order placement?** Answer options: Yes/No (brslscppmonitor)

#### Intent of the question

This question intends to confirm that the company has a process in place to track and monitor any changes and cancellations made by the company after order placement. By having this data in hand companies can establish a process, and/or action plan, to prevent or reduce the occurrence of these situations in the future.

#### Technical Guidance

- To answer 'yes' to this question, your company has monitored changes and cancellations after order placement
- To answer 'no' to this question, your company has not monitored changes and cancellations after order placement

#### How this will be verified

##### Documentation required

To answer this question, please ensure you have the following evidence:

- Description of the system the company has in place to monitor and track order changes and cancellations after order placement.
- Analysis of the results gathered from the system.

**Comment [155]:** now Q32 previous Q33

**33. Is capacity discussed and agreed upon with manufacturers in advance of placing chase orders?** Answer options: Yes/Partial Yes/No (brslcppcapacity)

#### Intent of the question

The purpose of this question is to understand which practices or process your company has in place to reduce chase orders.

#### Technical Guidance

**Chase orders definition:** A chase order refers to an unexpected addition to an original purchase order, generally made as a result of high consumer sales not accounted for in a product's original forecast.

Chase orders often surpass a factory's production capacity, significantly cut production lead times, and can result in social and labor violations including excessive overtime.

Some companies have procedures in place to ensure buyers use accurate forecasts to book within a factory's capacity; so they do not exceed reserved capacity, and to prevent chase orders.

Chase orders may also occur if a company is using the Open-to-Buy ordering practice. This is the practice of waiting until the last minute to submit an order that was not forecast, because the company is trying to evaluate which product may sell best.

#### Answer Options

- To answer 'yes' to this question, more than 75% of the chase orders have been discussed with manufacturers and mutually agreed upon
- To answer 'partial yes' to this question, for 25-75% of the chase orders have been discussed with manufacturers and mutually agreed upon
- To answer 'no' to this question, less than 25% of the chase orders have been discussed with manufacturers and mutually agreed upon

#### How this will be verified

##### Documentation required

To answer this question, please ensure you have the following evidence:

- Identification and description of processes and controls your company follows to minimize any negative impact associated with your company's chase orders.
- The absence of chase orders can be demonstrated by
  - Analyze number of days in advance a forecast was provided for an order.
  - Provide other internal review metrics your company uses to monitor the accuracy of forecast orders to control chase orders
- If the Better Buying™ Initiative has reviewed your company on; the number of days in advance of production a forecast was provided and whether capacity for repeat orders was agreed upon, a copy of the analysis of the Better Buying™ Company Report on Planning & Forecasting section can be provided as proof.

**Comment [156]:** now Q33 previous Q34

**34. Does your company collect supplier feedback about the social/human rights impacts of its purchasing practices?** Answer options: Yes/No (brslscppformal)

#### Intent of the question

Companies are encouraged to engage with their suppliers to understand if and how the brand's purchasing practices may contribute to adverse impacts to the factory and their workers.

#### Technical Guidance

Provided by [OECD Due Diligence Guidance for Garment & Footwear](#) :

Recognizing that suppliers may be reluctant to provide such feedback candidly, the company may seek to collect information from its suppliers anonymously (e.g., annual survey) or by partnering with a third party that aggregates the data and presents findings.

SAC edit: For example, through Better Buying™ Initiative.

The company should track relevant indicators of actions that may have lead to harm. Examples include but not limited to: percentage of orders placed late, percentage of orders changed after order is placed, number of days between the last change and shipment. Systems should be established to track such information on an on-going basis.

If the company has identified, through its tracking of the supplier, feedback that above practices (e.g., changes in orders) are common, it should seek to determine why. Team members responsible for the placement of orders should be included in the analysis and be part of the resolution/change to improve on this.

### How this will be verified

#### Documentation required

To answer this question, please ensure you have the following evidence:

- Description of role and responsibilities of the buyer(s) / buying team to achieve the company's social compliance goals.
- Description of to what extent buyers know how they are responsible for achieving the company's goals through integrating responsible purchasing practices.
- Clear description of the main point of contact for supplier(s).
- Documentation related to supplier feedback and the key-insights generated, which should include:
  - Description of the processes used to gather supplier feedback – whether it was anonymous, whether a third party was involved % of suppliers who report positively about the company's purchasing practices
  - % of suppliers who experienced positive impact (e.g., were incentivized) based on the company's purchasing practices
  - % of suppliers who report positively on communication by your company
  - If applicable, share examples of cases where suppliers have reported negatively on company's purchasing practices.
- Description of the subsequent processes and actions that were taken to provide, or cooperate in, remediation.
- If the Better Buying™ Initiative has reviewed your company's purchasing practices a copy of the company report can be provided as proof

**Comment [157]:** now Q34 previous Q35

**35. Has your company analyzed the social/human rights impact of your purchasing practice improvements?** Answer options: Yes/Partial Yes/No (brslscppincent)

### Intent of the question

The purpose of this question is to understand the process your company has in place to analyze the positive social/human rights impacts that have arisen as a result of your purchasing practices.

### Technical Guidance

- To answer 'yes' to this question, your company can demonstrate there is a system in place to analyze the social/human rights impact of your purchasing practice improvements.
- To answer 'partial yes' to this question, your company can demonstrate an analysis has been carried out but not on a systematic/consistent basis
- To answer 'no' to this question, no systems are in place to do this.

### How this will be verified

#### Documentation required

To answer this question, please ensure you have the following evidence:

- Description of processes and controls your company has implemented to collect the information in support of your analysis.
- Supplier survey where suppliers have reported their feedback on the impacts of the company's purchasing practices. This may also be demonstrated through the Better Buying™ Company Reports.
- Purchasing practices analysis through initiatives such as the Purchasing Practices Self-Assessment of ACT and the Better Buying™ Company Reports.
- Any insights and analysis extracted by your company to demonstrate positive social/human rights impact in the supply chain that has arisen as a result of the company's purchasing practices.

**Comment [158]:** now Q35 previous Q36

## STORES (ENVIRONMENT)

This section will be completed by companies that own and operate or lease retail stores. This excludes stores that are not owned and operated by your company such as store-in-store (operated by department store) or franchised stores (operated by franchisees).

**1. Has your company established a program aimed at improving environmental performance within its stores?** Answer options: Yes/Partial Yes/No (stenvprogram)

- A corporate policy approved by your company's executive team and/or Board that underpins the commitment to the success of this program.
- Compliance with all applicable regulations
- Specific minimum requirements and best practices that go above and beyond applicable regulations.
- Requirements in contracts that require suppliers and subcontractors to meet the goals of the program.
- Public disclosure including a description of your impact in this area and details pertaining to your program.

### Intent of the question

This question builds on from question 3 in the Management System section by evaluating how your company is addressing the environmental risks in your store operations that were identified as part of your risk assessment process.

While it is possible to make progress in advancing sustainability without a formal program in place, establishing such a program enables a company to coordinate its efforts more effectively and realize continuous improvement over an extended period of time.

### Technical Guidance

**Environmental Performance Program** – Includes formal policies, strategies, contracts or action plans to improve the environmental performance of the company's owned and operates stores.

**Other stages of store operations** - The stages of store design, construction, remodel/retrofit and closing should be included in the program if it has been determined to be a salient impact as a result of your environmental impact assessment.

Comment [159]: new

### Answer options

- To answer 'yes' to this question, over 75% of stores are enrolled in your company's environmental program
- To answer 'partial yes' to this question, 25% to 75% of stores are enrolled in your company's environmental program

- To answer 'no' to this question, less than 25% of stores are enrolled in your company's environmental program

### Helpful Resource

Best environmental management practices for the retail trade sector are included in [this report](#)

### How this will be verified

Documentation required

- In order to consider a store included in the program, your company must have documentation (policies, strategies, contracts or action plans) in place wherein the store is specially addressed, and described how it is being supported as part of the environmental performance program.
- The program should include an explanation on whether the stages of store design, construction, remodel/retrofit and closing are included in the program.
- Internal or external materials related to the environmental performance program laying out the approach to improving the environmental performance of stores, including at least the following information:
  - The description of the policies, goals and targets that have been approved by your company's executive team and/or board that commits resources to the program.
  - Policies should specify minimum requirements and best practices that go above and beyond applicable regulations.
  - Targets should be linked to environmental impacts.
  - The environmental resources (Energy, Water, Waste etc) that were identified as priorities for the company and which stores will be engaged or included.
  - How the program will be implemented including the staff resources and financial investment needed
  - Requirements that are captured in contracts with the construction companies in which is described how construction or refurbishment of stores should meet the goals of the environmental program
  - Team/department responsibilities
  - Internal or external (third party) best practices, tools or expertise that will be leveraged to help implement these approaches.
  - Public disclosure including a description of your impact, effectiveness of managing impacts, and details pertaining to your program.

## 2. Has your company implemented practices to reduce resource consumption in key impact areas in store? Answer options: Yes/Partial Yes/No (stenvkeyimpact)

### Intent of this question

This question intends to confirm whether your company has implemented efficiency measures to minimize the environmental impact from store operations.

### Energy

*The following questions ask specifically about energy improvements, which is different from how we approach improvements in other sections. The reason this section is different is because the industry lacks quantitative data on the water and energy impacts of retail stores. By guiding Higg BRM users to complete this section with more precise*



*data, we can build up the industry's repository of quantitative data for more accurate analysis and action planning.*

2.1 Have practices been implemented to reduce energy consumption in stores? Answer options: Yes/Partial Yes/No

2.1.1 What practices have you implemented to reduce energy consumption?

- Central Climate System to monitor and manage energy consumption
- Energy efficient lighting (LEDs, etc.)
- Energy efficient HVAC systems
- Monitoring energy consumption systems through sub-metering
- Variable Frequency Drives (VFDs) on all motors
- Speed-controlled escalators
- Motion sensors, daylight sensors or programmed sensors
- Electronically-regulated air curtains help to prevent the entry of cooler or hotter air from outside
- Energy efficient refrigeration systems
- Low and zero carbon technologies that improve the assessed building's energy performance
- Generating renewable energy
- Purchasing renewable energy
- Other

#### Intent of the question

This question is intended to encourage companies to implement best practices to achieve energy efficiency. Energy efficiency is when we are using less energy to accomplish the same amount of work. When we use less energy, the less energy we need to generate at power plants, which reduces greenhouse gas emissions and improves the quality of our air. Getting the most work per unit of energy is often described as a measure of energy intensity.

Common metrics for buildings include energy use per square foot and use per capita.

#### Technical Guidance

- If answered 'yes' to this question, your company has implemented energy efficiency practices or program in over 75% of your stores.
- If answered 'partial yes' to this question, your company has implemented energy efficiency practices or program in 25-75% of your stores.
- If answered 'no' to this question, your company did not implement energy efficiency practices and/or implemented these practices in less than 25% of your stores.

#### Helpful Resources

- [Carbon Trust - Energy Efficiency in Retail Sector](#)
- [Energy Star - Buildings](#)
- [Environmental Protection Agency - Energy Use](#)
- [European Commission - Best Environmental Management Practice in the Retail Trade Sector](#)
- (Pages 362-393 provides an overview of Best Available Techniques in the Retail sector)
- [Inditex Eco-Efficient Store Manual](#) (page 23)
- [Patagonia - Resource Use](#)

- Target - Energy Saving Lights

## Water

*The following questions ask specifically about water improvements, which is different from how we approach improvements in other sections. The reason this section is different is because the industry lacks quantitative data on the water and energy impacts of retail stores. By guiding BRM users to complete this section with more precise data, we can build up the industry's repository of quantitative data for more accurate analysis and action planning.*

2.2 Have practices been implemented to reduce water consumption in your stores? Answer options: Yes/Partial Yes/No

2.2.1 Please indicate what practices you have implemented to reduce water consumption in your stores:

- Low water use fixtures (e.g. low flow, sensors) and toilets (high efficient, dual-flush, waterless urinals, etc.)
- Leak detection system
- On-site wastewater treatment system to enable the recycling of water
- Other

### **Intent of the question**

This question is intended to encourage companies to implement best practices to achieve water efficiency.

Water efficiency is a multi-faceted concept. It means “doing more and better with less”, by reducing the resource consumption and reducing the pollution and environmental impact of water use at every stage of the value chain. Without efficiency gains, global demand for water will outstrip currently accessible supplies by 40 per cent by 2030 (2030 Water Resources Group, 2009).

### **Technical Guidance**

#### Answer Options

- If answered ‘yes’ to this question, your company has implemented water efficiency practices or program in more than 75% of your stores.
- If answered ‘partial yes’ to this question, your company has implemented water efficiency practices or program in 25-75% of your stores.
- If answered ‘no’ to this question, your company did not implement water efficiency practices and/or implemented these practices in less than 25% of your stores.

### **Helpful Resources**

- Energy Star - Save Water
- Environmental Protection Agency - Water Use / Commercial Buildings

- [European Commission - Best Environmental Management Practice in the Retail Trade Sector](#)  
(Pages 362-393 provides an overview of Best Available Techniques in the Retail sector)
- [Inditex Eco-Efficient Store Manual](#) (page 21)

## Other Impacts

### 2.3 Have practices been implemented to reduce or improve other impacts in stores?

Answer options: Yes/Partial Yes/No

## **Technical Guidance**

These other impacts could be related to waste and/or material consumption.

More information: [European Commission - Best Environmental Management Practice in the Retail Trade Sector](#) (Pages 362-393 provides an overview of Best Available Techniques in the Retail sector)

## Answer options

- If answered 'yes' to this question, your company has implemented resource efficiency programs or practices (other than energy and water) in over 75% of your stores.
- If answered 'partial yes' to this question, your company has implemented resource efficiency programs or practices (other than energy and water) in 25-75% of your stores.
- If answered 'no' to this question, your company did not implement any resource efficiency practices nor implemented resource efficiency practices (other than energy and water) in less than 25% of your stores.

## **How this will be verified**

### Documentation required

#### Energy

- A copy of the implementation of resource efficiency practices or program.
- An explanation of why these energy efficiency practices were chosen.
- The process of engaging and training the store personnel / staff in the implementation.
- Evidence that the implementation has resulted in energy efficiency in the retail stores(s).

#### Water

- A copy of the implementation of resource efficiency practices or program.
- An explanation of why these water efficiency practices were chosen.
- The process of engaging and training the store personnel / staff in the implementation.
- Evidence that the implementation has resulted in water efficiency in the retail stores(s).

#### Other impacts

- A copy of the implementation of resource efficiency practices or program
- An explanation of why these impact areas were chosen
- The process of engaging and training the store personnel / staff in the implementation.

**3. Has your company made improvements in store environmental performance over the reporting period?** Answer options: Yes/No (stenvimprove)

3.1 If answered yes, please describe the improvements made over the reporting period.

**Comment [160]:** new rewording

**Intent of this question**

This question intends to determine whether the company's actions has resulted in the improvement of stores' environmental performance.

**Technical Guidance**

Please describe the successes achieved in the last calendar year which have resulted in environmental improvements of your company's store operations. Reflecting on the improvements made, enables staff to measure and report its progress towards achieving the company's goals/commitment.

**Helpful Resources**

- Retailers' Environmental Action Programme – [Sustainability Commitments](#)
- [2013 Report – Best Environmental Management Practice in the Retail Trade Sector](#)

**Comment [161]:** delete in new version

**How this will be verified**

Documentation required

- Company's analysis, summary or report listing the improvements made and the supporting evidence (e.g. objective data or records or through third party verifier)
- Evidence of efficiency improvements that demonstrate that reductions weren't made solely from a decline in sales, or number of employees.
- Description of the process to continuously track and manage store resource consumption as part of the company's environmental action plan.

**Comment [162]:** new Q3 previous Q4

**4. Have your stores received recognized third-party certifications for reduced environmental impact (multi- attribute certifications ONLY)?** Answer options: Yes/Partial Yes/No (stenvcertification)

4.1 Which certifications have they received?

- LEED
- BREEAM
- Other (If other, please describe)

NOTE: Credit is for multi-attribute certifications only. Other single attribute certifications (e.g. ISO 50001 Energy Management Systems) may be noted but are not credited for this question.

**Comment [163]:** new

**What is the intent of the question?**

This question is intended to encourage companies to use third-party, multi-attribute, certification program, to integrate sustainability in building(s) they operate.

### Technical Guidance

The phases of design, construction, operation and maintenance of buildings requires significant amount of energy, water and raw materials. Third-party certification programs support a systemic approach to integrate environmental performance management and resource efficiency into the buildings your stores operate from.

LEED® (Leadership in Energy and Environmental Design) and BREEAM® are examples of third-party verification for international green buildings certifications.

Instead of international green building certificates, many organizations may also follow internal standards or programs. If these standards are as aspirational as international certificates, their programs can be included in the answer of this question.

### Answer options

- To answer 'yes' to this question, more than 75% of your stores have been certified to a multi-attribute certification program.
- To answer 'partial yes' to this question, 25-75% of your stores have been certified to a multi-attribute certification program.
- To answer 'no' to this question, less than 25% of your stores have been certified to a multi-attribute certification program.

### Helpful Resources

- Building Research Establishment Environmental Assessment Method (BREEAM)
- Leadership in Energy and Environmental Design (LEED)

### How this will be verified

#### Documentation required

- A copy of the third-party certification
- Documentation that describes the percentage of stores that have been certified and how they were selected.

Comment [164]: new Q4 previous Q5

**5. Does your company publicly communicate the key environmental impacts, policies and programs associated with store operations?** Answer options: Yes/Partial Yes/No (stenvpublic)

5.1 If answered yes, please describe and provide the relevant URLs

**Intent of the question**

Public communication on the progress of environmental performance associated with the store operations can be a useful way to transparently share approaches with internal and external stakeholders. This not only drives accountability within the organization but also facilitate in knowledge sharing between the company and its important stakeholders.

**Technical Guidance**

Formats for communication can be through:

- Corporate Social Responsibility (CSR) or sustainability reports
- Annual reviews or financial reports
- Online web pages and news stories
- Other communication material

**Answer options**

- To answer 'yes' to this question, your company is able to share the publicly available information on the environmental performance associated with store operations.
- To answer 'partial yes' to this question, this information has been shared through your company's intranet and can be provided upon request.
- To answer 'no' your company does not have this information.

**Helpful Resources**

- [Inditex](#)
- [MEC - Green Buildings](#)
- [OVS](#)
- <http://wecare.ovscorporate.it/en/sustainable-stores/>
- <http://wecare.ovscorporate.it/en/natural-resources>
- [REI](#)
- [Target - Corporate Goals Reporting](#)

**How this will be verified**

Documentation required

- Publicly available links and/or pages
- Information on how frequently progress is being communicated publicly.

**Comment [165]:** new Q5 previous Q6

## **STORES (SOCIAL/LABOR)**

In this section we will measure and evaluate the social & labor performance associated with your retail stores workforce. This excludes employees working in stores that are not owned and operated by your company such as store-in-store (operated by department store) or franchised stores (operated by franchisees).

### Data Collection

The topics covered in this section are specific to your retail stores workforce and involve a broad range of topics related to your company's corporate social responsibility associated with the operations of the retail stores that you own, operate or lease. Staff that should be consulted are responsible for Human Resource and/or managing store operations.

**1. Do all stores have a social/human rights responsibility program in place?** Answer options: Yes/No (stslprogram)

#### **4.1 Please describe the program(s)**

##### **Intent of the question**

This question intends to confirm that your corporate social/human rights responsibility program, that addresses rights and obligations within the employer-employee relationship, also includes the retail workforce.

##### **Technical Guidance**

Corporate social/human rights responsibility program can be understood as a program that outlines steps and actions to protect the employees' rights and promote their [well-being](#).

A responsibility of a company is not only limited to the external environment, but a company is also responsible for its employees. Establishing a social/human rights responsibility program not only fulfills that responsibility but also helps companies in attracting and retaining the best talent globally.

A social / human rights responsibility program should include:

- Assigned staff with responsibility for assessing and managing social/human rights risks within your operations.
- Internal procedures to ensure operations align with your company's social/human rights policy.

##### **Helpful Resources**

- [CSR Europe: Blueprint for Embedding Human Rights in Key Company Functions](#)
- [Shift: Embedding Respect for Human Rights in Key Company Functions](#)
- [The Global Compact Network Germany: Five Steps Towards Managing the Human Rights Impacts of Your Business](#)

##### **How this will be verified**

Documentation required

If you answered 'yes' to this question, your company should provide the following:

- A copy of your company's social/human rights responsibility program.
- Explanation of how the program aligns with the social/human rights policy and/or equivalent policy.
- Identify the individuals within the company responsible for the social/human rights responsibility program.

**Comment [166]:** new Q1 previous Q4

**2. Have internal social/human rights and labor workplace standards been implemented in stores in the last calendar year?** Answer options: Yes/Partial Yes/No (stslstandard)

#### **4.1 If no, please describe your plan to implement these practices**

##### **Intent of this question**



This question is intended to understand if your company's internal social/human rights and labor workplace standard (as described in the Management System section, question 9) has been implemented across your store operations. Full implementation across offices and stores ensures organizational labor workplace standards are consistently applied.

### Technical Guidance

Please refer to the answer provided in the Management System section, question 9.

Internal social & labor workplace standards are tools that provide a consistent set of rules to manage working conditions, workplace behavior, and contributions the company expects from their employees. Work rules protect your business and workers, while creating and maintaining a better work environment for all.

Examples of how companies implement social and labor workplace standards include:

- **Employee Code of Conduct** – Outlines a company's expectations regarding employees behavior towards their colleagues, supervisors and overall organization.
- **Employee Handbook** - An employee handbook applies to all employees and can be considered as an addition to their employment contracts. It outlines key information of a company's culture, policies and procedures. Employers also use the policies in an employee handbook to provide the roadmap to ethical and legal treatment of employees.
- **Internal Code of Ethics and Business Conduct** – Outlines a company's set of rules or standards regarding organizational values, responsibilities and ethical obligations. The code of conduct provides employees with guidance for handling difficult ethical situations related to the business.

### Answer options

- If answered 'yes' to this question, your company has implemented internal social/human rights and labor workplace standards in over 75% of your stores.
- If answered 'partial yes' to this question, your company has implemented internal social/human rights and labor workplace standards across 25-75% of your stores.
- If answered 'no' to this question, your company has implemented internal social/human rights and labor workplace standards in less than 25% of your stores.

### Helpful Resources

- [International Labour Organization – Brief introduction to International Labour Standards](#)
- [Fair Labor - Code of Conduct](#)

### How this will be verified

#### Documentation required

- Documents related to the internal social/human rights & labor workplace standard(s) for retail stores
- Documentation that describes the percentage of stores that have been included and how they were selected.

#### Interview questions to ask

- Management responsible for store operations can clearly articulate the roles and responsibilities of those responsible for coordinating activities around monitoring and advancing internal social/human rights & labor workplace standards.
- Key employee(s) responsible for coordinating internal management activities can demonstrate that they understand and are able to explain their roles.

**Comment [167]:** now Q2 previous Q1

**3. Do all contracts associated with stores include social/human rights compliance terms to which all parties must adhere?** Answer options: Yes/No (stslcompliance/terms)

#### Intent of the question

Integration of social/human rights in the store operations may be a complex process that involves several organizational levels in different parts of the world. This question intends to ensure that social/human rights compliance terms are captured in procurement / business contracts with contractors and/or vendors.

#### Technical Guidance

It is important for companies to align human rights policies with contractual mechanisms to ensure social/human rights compliance of store contractors and/or vendors. A company may provide social/human rights training to strengthen this awareness amongst business partners.

#### Helpful Resources

- Higg BRM – Checklist: Program alignment with UN Guiding Principles
- A guide for integrating human rights into business management
- Target - Social Compliance Operations

#### How this will be verified

##### Documentation required

- A copy of the procurement or business contract for building contractors and/or store vendors that include social/human rights compliance terms
- Description of the process to ensure that contractors and vendors are in compliance of social/human rights terms and how often monitoring is conducted.

**Comment [168]:** now Q3 previous Q2

**4. Does your company have a process to ensure stores (including any employment or labor agencies with which you work) are in compliance with local labor laws?** Answer options: Yes/Partial Yes/No (stslcompliance/process)

#### Intent of the question

This question intends to confirm that your company has a process for integrating human resource management and labor law compliance across all of their store operations (including any contracted employment or labor agencies).

#### Technical Guidance

Staff responsible for human resources (HR) should implement an integrated process to ensure compliance to local labor laws (as part of the Human Resource Policy) is applied consistently across all business operations, including stores.

Process and procedures are needed to ensure alignment with the company's social/human rights policy. A forward-looking process addresses how the company intends to stay up to date on the changing legal landscape and how remediation or preventative efforts will be taken when non-compliance has been found in stores.

- To answer 'yes' to this question, your company has implemented a process to ensure stores are in compliance with local labor law.
- To answer 'partial yes' to this question, we are developing a process to ensure stores are in compliance with local labor law.
- To answer 'no' to this question, your company does not have a process in place to ensure compliance.

#### Helpful Resources

- [Ethical Trading Initiative - Base Code](#)
- [Verite – Screening and Evaluating Labor Recruiters](#) and [Verite - Managing Labor Recruiters](#)
- Government of the United Kingdom: [Use of Labour Providers - Advise on Due Diligence](#)

#### How this will be verified

##### Documentation required

- Organization chart, which outlines how compliance is being managed at the corporate level and in stores and identify the individual(s) tasked with this responsibility.
- A copy of your process and/or procedures that describes how your company is ensuring compliance with local labor law and the remediation efforts when non-compliance has been found.
- Database, system or a third party that is being used to monitor compliance with local labor laws in the different geographies your stores operate.

Optional: When working with third-party labor or employment agencies:

- Policies and/or procedures used to evaluate labor agencies and brokers compliance with local labour law(s)
- Copies of contracts with labor agents if applicable
- A copy of the Supplier Code of Conduct as a condition of business as part of contracts
- Measures that are established by the company to ensure the legal compliance of subcontractors in each jurisdiction in which they operate.

##### Interview questions to ask:

- Staff tasked with the responsibility to ensure local labor law compliance can explain:
  - their roles and responsibilities
  - process for monitoring the compliance of local labor law in stores
  - escalation process for when non-compliance has been found
  - which remediation efforts could be implemented when non-compliance has been found
  - database/system/third party company has been using to stay up to date on the changing legal landscape

Comment [169]: now Q4 previous Q6

**5. Are all stores (including any employment or labor agencies with which you work) in compliance with local labor laws?** Answer options: Yes/No (stslagencycompliance)

**5.1 Please indicate which of the following practices are included:**

- Employees are able to freely access their original identity cards, work permits and travel documents at any time
- Employees' freedom of movement is not restricted
- No employee has paid illegal or excessive recruitment fees and other charges
- Validated the agency/broker operates under legally issued license
- Other (If other, please describe)

**Intent of the question**

This question intends to confirm that your company is monitoring and ensuring that stores operations are in compliance with local labor laws.

**Technical Guidance**

**Employment / Labor agency:** Agencies that are hired by a company to recruit people to fulfil jobs, from temporary to full-time.

Staff responsible for [human resources](#) should be assigned to monitor that retail operations (alongside offices, transportation and distribution centers) and contracted employment/labor agencies are complying with local labor law.

Methods of ensuring this could be by establishing a database/system or hire a third party to monitor labor law compliance based on the different geographical areas where your company operates in.

Answer Options

- To answer 'yes' to this question, your company has selected or described one or more of the practices listed within the question.
- If answered 'no' to this question, your company should upload/provide at minimum the company's corrective action plan to address non-compliance.

**How this will be verified**

Documentation required

If answered 'yes' to this question the company can share:

- Internal/external materials that can explain the company's monitoring program/system to ensure stores and/or contracted employment/labor agencies are meeting local labor laws.
- Identify the individual(s) responsible for ensuring all store operations comply with local labor laws.

If answered 'no' to this question, the company can share:

- Copy of the government-issued violation record(s)
- Explain the issue(s) for non-compliance
- Corrective action plan to address non-compliance

**6. Have stores been free of all labor violations?** Answer options: Yes/No (stslaborviolationfree)

6.1. If answered yes, please describe the violations and what you are doing to support resolving them

#### Intent of the question

This question intends to confirm that your company is in compliance with local labor laws.

#### Technical Guidance

Companies are responsible for ensuring all of their owned and operated sites (including stores) are meeting labor rights compliance. Monitoring of this compliance ensures the store operations reflect jointly shared values and fulfills the commitment of your organization to the store employees.

If you have answered 'no' to this question, please describe the number and nature of the violations and how your company is working to resolve and prevent future violations from occurring.

It is recommended that your company consult with legal counsel(s) in the different geographies you operate in, to ensure compliance with local labor law.

#### How this will be verified

Documentation required

- Description of the labor violations
- Where a citation for non-compliance exists, the company can demonstrate that it has rectified the non-compliance (e.g. corrective action plan).

Comment [170]: now Q6 previous Q3

**7. Does your company have an action plan to improve the social/human rights performance of stores?** Answer options: Yes/Partial Yes/No (stslactionplan)

7.1 If answered yes, or partial yes please upload a copy of the action plan

#### Intent of the question

This question enables companies to elaborate on the actions they have taken to achieve the social/human rights goals of store operations.

#### Technical Guidance

An action plan provides a framework wherein social/human rights goals can be effectively managed by the individuals/team tasked with this responsibility. The plan helps to break larger tasks into smaller parts over a given time period, which makes it easier to execute and manage.

Companies can take a variety of actions to improve the promotion and protection of social/human rights performance of its stores. As a company develops its plan, it should consider the number of its stores and store employees, as well as the risks identified (e.g.

geographic-specific) to help the company determine how to improve working conditions for store employees.

There are various research studies conducted and are publicly available (see helpful resources) highlighting the social/human rights risks in retail stores.

Some of the risks that were identified were:

- Low/ declining wages
- Work schedule instability (just in time scheduling)
- Working hours are often atypical
- Work-life balance needs attention
- Levels of employer-paid training are low
- High levels of exposure to posture- and movement related risks
- Job strain is an issue for workers in large workplaces

Lastly, companies are strongly encouraged to partner with their employees and other subject matter experts to develop action plans and/or related capacity building efforts prior to implementation to avoid unintended negative impacts, as well as get employee buy-in for greater employee engagement.

#### Answer options

- In order to answer “yes” to this question, the company has uploaded the action plan to this question and can demonstrate that the actions taken have resulted in improved working conditions for store employees.
- In order to answer “partial yes” to this question, the company does not have a formal action plan but can demonstrate that actions were taken and resulted in improved conditions for store employees.

#### Helpful Resources

- [Eurofound - Retail Sector: Working conditions and job quality](#)
- [Shift - How Work Schedule Instability Matters](#)
- [Shelved: How Wages and Working Conditions for California’s Food Retail Workers Have Declined as the Industry has Thrived](#)

#### How this will be verified

Documentation required

To answer this question, please ensure you have one or more of the following evidence:

- A copy of the action plan with a description of the goals and targets that has been approved by your company’s executive team and/or board that commits resources to the program.
- Documentation of processes/internal guidelines/interviews that demonstrate how action plans are defined with employees OR how support and guidance is given to employees.
- Demonstrations of training materials/tools or documentation/minutes of training given to employees through eLearning modules, in-person workshops or one-to-one engagements.
- The results/outcome of the company’s actions or action plan and how it has supported the employees in improving their working conditions.

Comment [171]: now Q7 previous Q8

**8. Does your company pay all store employees a living wage?** Answer options: Yes/Partial Yes/No (stslivingwage)

### Intent of the question

The question is determined to evaluate whether retailers are paying their store employees a living wage. A fair living wage is a standard recognized by the International Labor Organization as a basic human right. It is determined as earning enough money to allow a person to support themselves day to day and maintain a small amount of savings. Providing employees with a living wage is not only the right thing to do but in turn will strengthen workers loyalty through increased productivity and quality.

In a study conducted by [MIT](#) in which the minimum wage has been compared to the living wage, it was found that in many places in the United States, it would take a worker two-and-a-half to three minimum wage jobs to make ends meet.

### Technical Guidance

The Higg BRM aligns with the definition set by [Action Collaboration Transformation](#):

*“A living wage is the minimum income necessary for a worker to meet the basic needs of himself/herself and his/her family, including some discretionary income. This should be earned during legal working hours (i.e. without overtime).”*

It is important to first understand the difference between minimum wage and living wage in the country of operation to calculate the wage gap and work towards closing the gap. In order to do so companies should first collect information about the salaries by ranking from the lowest to the highest paid salary. As a second step, this should be compared with living wage estimates that are available in the respective country. We have referred to several publicly available resources that you could leverage in the helpful resources. Feel free to also reach out to local organization or experts to support you in establishing the appropriate living wage.

- To answer 'yes' to this question, all store employees are paid a living wage.
- To answer 'partial yes' to this question, some of the employees have been paid a living wage but not all.
- To answer 'no' to this question, none of the store employees have been paid a living wage.

### Helpful Resources

Stakeholder and industry initiatives your company could reach out to on the topic of living wage:

- [Action Collaboration Transformation on Living Wages](#)
- [Ethical Trading Initiative](#)
- [Fair Wear Foundation](#)
- [Fair Wage Network](#)
- [Fair Labor Association](#)
- [Fairtrade International](#)
- [Global Living Wage Coalition](#)

Living wage data and estimates

- [Asian Floor Wage Alliance](#)
- [Global Living Wage Coalition](#)
- [WageIndicator Foundation](#)
- [Fair Wage Network](#)
- [MIT Living Wage Calculator](#) (US Only)

#### General Resources

- Ethical Trading Initiative has [outlined](#) the importance of living wages for workers.
- [Ikea](#) and their integration of living wage for their employees in the United Kingdom
- [Accredited Living Wage Employers in the United Kingdom](#)
- [World Economic Forum – How to calculate a living wage](#)

#### How this will be verified

##### Documentation required

- Company's living wage policy and how living wage has been calculated for store employees.
- If answered 'partial yes' to this question:
  - an explanation of the percentage of employees with and without living wage payment
  - selection criteria for employees being included (or excluded) in the living wage policy

Comment [172]: now Q8 previous Q7

**9. Does your company participate or invest in activities with other stakeholders to jointly address systemic challenges in order to improve the social/human rights working conditions in stores?** Answer options: Yes/No (stslstakeholders)

9.1 Who do you engage with? Please select all that apply:

- Local communities
- Local governments
- Local NGOs
- International NGOs
- Tri-party agreement (multi stakeholder initiative)
- Labor unions
- Other company or companies that have the same business partners
- Building owners or landlords of store leases
- Other (If Other, please describe)

9.2 Please describe your joint initiatives and/or list the relevant URLs

#### Intent of the question

This question is intended to assess if and how your company participates in and/or invests in activities with other stakeholders to improve working conditions and contribute to a larger shift in the industry. SMEs are encouraged to take part in multi-stakeholder initiatives that drive collective impact to bring programs to scale.



### Technical Guidance

The scope of this question is limited to activities taken to improve the working conditions for employees working in any of the stores owned by your company worldwide.

Activities to improve working conditions for employees can include a variety of activities such as employee engagement, investing in worker wellbeing campaigns, implementing new procedures and policies to enhance scheduling.

Below are examples of initiatives that companies can participate in:

### Europe

The [Retail Forum](#) is a multi-stakeholder platform set up in order to exchange best practices on sustainability in the European retail sector and to identify opportunities and barriers that may further or hinder the achievement of sustainable consumption and production.

### United States of America

[Retail Industry Leaders Association](#) (RILA) is an American trade association headquartered in Arlington, Virginia. RILA promotes consumer choice and economic freedom through public policy and industry operational excellence. It recently also has added a [diversity and inclusion initiative](#).

### How this will be verified

Documentation required

- A signed partnership or collaboration agreement with the relevant stakeholder(s)
- Evidence of participation and engagement in shared platforms, including multi-stakeholder events
- Evidence of direct engagement with community groups - for example consultation through a credible 3rd party or in direct and relevant response to an ask by community groups
- Provide relevant URLs or links to your participation or contribution to these initiatives
- Records of outcome/feedback from stakeholder consultation/engagement

**10. Does your company offer career advancement opportunities to store employees?** Answer options: Yes/Partial Yes/No (stsemployeecareer)

### Intent of the question

This question intends to confirm if the company offers career advancement opportunities to store employees to further develop their careers and skillset.

### Technical Guidance

Many companies have management training programs and specific career paths intended to encourage career advancement for employees working within its operations. Some companies may not have formal programs or career paths for career advancement. However, they do promote from within when employees meet the necessary job qualifications for advancement opportunities.

Regardless of whether career advancement is done through formal or informal channels, it is a great opportunity for companies to identify and build talent within its operations who have frontline experience, while retaining top performers.

#### Answer options

- To answer 'yes' to this question, it means your company promotes store employees internally through either formal career advancement programs.
- To answer 'partial yes' to this question, it means your company promotes store employees internally through informal career advancement programs.
- When answering "no" to this question, this means your company does not promote store employees internally through either formal or informal career advancement programs.

#### **Helpful Resources**

- [Inc: How to Develop a Winning Career Development Program for Your Employees](#)
- [Training: Five Career Development Essentials](#)

#### **How this will be verified**

Documentation required

If you answered 'yes' or 'partial yes' to this question, your company should provide the following:

- A description of your company's formal and informal career advancement program(s).
- The number of store employees who were promoted during your company's last fiscal year. This should also include the number of employees promoted to supervisor roles and from hourly to management positions.

**11. Does your company provide healthcare benefits to store employees?** Answer options: Yes/Partial Yes/No (stsemployeehealth)

#### **Intent of this question**

This question intends to confirm that the company, at a minimum, provides all legally required healthcare benefits to store employees.

#### **Technical Guidance**

All companies are expected to comply with local law and provide all legally required healthcare benefits to its store employees.

It is considered a leading practice when companies offer additional healthcare benefits beyond legal requirements, to retain and attract employees, as part of creating a more competitive benefits package. Company benefits packages may differ based on geography due to legal requirements and market expectations. It is recommended that your company consult with legal counsel(s) in the different geographies you operate in, to identify all required benefits to ensure compliance with local law.

#### Answer options

- To answer 'yes' to this question, your company provides additional healthcare benefits beyond legal requirements.
- To answer 'partial yes' to this question, your company has one of the following:
  - Provides at minimum all legally required healthcare benefits to store employees.
  - Did not provide health care benefits to store employees because local law already provides these benefits.
- When answering "no" to this question, your company does not provide health care benefits to store employees and neither is it provided through local law.

### Helpful Resources

- [Glassdoor for Employers: Five Awesome Job Benefits That Attract Quality Candidates](#)
- [Harvard Business Review: The Most Desirable Employee Benefits](#)
- [ILO: Tools and Resources for Business on Wages and Benefits](#)
- [Society for Human Resources Management: How to Design an Employee Benefits Program Guide](#)
- [WHO: Protecting workers health](#)

### How this will be verified

Documentation required

If you answered 'yes' or 'partial yes' to this question, your company should provide the following:

- Company's employee policy/manual and the description of providing legally required health care benefits to employees.
- Identify the individual(s) responsible for ensuring all store employees within your full operations receive legally required and/or additional (beyond legally required) health care benefits.
- A summary of the process to ensure provided health care benefits comply with local law in the different geographies your company operates.
- If applicable, a description of additional health care benefits offered beyond legal requirements by geography.

### 12. Does your company provide retirement benefits to store employees? Answer options:

Yes/Partial Yes/No (stslemployeeetire)

### Intent of this question

This question intends to confirm that the company, at a minimum, provides all legally required retirement benefits to store employees.

### Technical Guidance

All companies are expected to comply with local law and provide all legally required retirement benefits to their store employees.

It is considered a leading practice when companies offer additional retirement benefits beyond legal requirements to retain and attract employees as part of creating a more competitive benefits package. Company benefits packages may differ based on geography due to legal requirements and market expectations. It is recommended that your company

consult with legal counsel(s) in the different geographies you operate in to identify all required benefits to ensure compliance with local law.

#### Answer options

- To answer 'yes' to this question, your company provided additional retirement benefits beyond legal requirements.
- To answer 'partial yes' to this question, your company has one of the following:
  - Provides at minimum all legally required retirement benefits to store employees.
  - Did not provide retirement benefits to store employees because local law already provides these benefits.
- When answering "no" to this question, your company does not provide retirement benefits to store employees and neither is it provided through local law.

#### **Helpful Resource**

We recommend reviewing the helpful resources of the previous question.

#### **How this will be verified**

Documentation required

If you answered 'yes' or 'partial yes' to this question, your company should provide the following:

- Company's employee policy/manual and the description of providing legally required health care benefits to employees.
- Identify the individual(s) responsible for ensuring all store employees within your full operations receive legally required and/or additional (beyond legally required) health care benefits.
- A summary of the process to ensure provided health care benefits comply with local law in the different geographies your company operates.
- If applicable, a description of additional health care benefits offered beyond legal requirements by geography.

#### **13. Do you publicly communicate your key social/human rights impacts, policies and programs associated with your stores? Answer options: Yes/No (stslpublic)**

13.1 Please describe and provide the relevant URLs:

#### **Intent of the question**

Public communication on the progress of social/human rights performance associated with the store operations can be a useful way to transparently share approaches with internal and external stakeholders. This not only drives accountability within the organization but also facilitate in knowledge sharing between the company and its important stakeholders.

#### **Technical Guidance**

Formats for communication can be through:

- Corporate Social Responsibility (CSR) or sustainability reports
- Annual reviews or financial reports
- Online web pages and news stories
- Other communication material

#### Answer options

- To answer 'yes' to this question, your company is able to share the publicly available information on the social/human rights performance associated with store operations.
- To answer 'partial yes' to this question, this information has been shared through your company's intranet and can be provided upon request.
- To answer 'no' your company does not have this information.

#### **Helpful Resources**

##### Examples of public communication

- Fast Retailing - Support Employee Fulfilment
- Marks and Spencer - People and Human Rights Report
- Target - Empower Teams (pages 16-24) and Our Commitments
- Walmart

#### **How this will be verified**

##### Documentation required

- Publicly available links and/or pages
- Information on how frequently progress is being communicated publicly.

## **OPERATIONS & LOGISTICS: ENVIRONMENT**

### **Scope of this section**

This section will cover the environmental management of business operations: offices, transportation and distribution centers

The Operations & Logistics section is intended to outline the best environmental practices companies can adopt in the operations of their offices, transportation and distribution centers.

We recognize that many companies do not directly own or operate their office buildings, transportation fleets or distribution centers, but rather lease or contract these services through others (landlord and third-party logistics providers). In those situations, these questions in this section still apply as the program can focus on partnering with these stakeholders to meet environmental goals. While you may not directly control the environmental outcomes, your company can still attempt to work with your landlord and logistics providers towards environmental improvements through sustainable procurement.

## Offices

The scope of this section covers both owned and leased offices or buildings.

**1. Has your company established a program aimed at improving the environmental performance within its offices?** Answer options: Yes/Partial Yes/No (olenvofficesprogram)

**1.1 What does your program include? Please select all that apply:**

- A corporate policy, approved by your company's executive team and/or Board that underpins the commitment to the success of this program.
- Compliance with all applicable regulations.
- Specific minimum requirements and best practices that go above and beyond applicable regulations.
- Requirements in contracts that require contractors to meet the goals of the program.
- Public disclosure including a description of your impact in this area and details pertaining to your program.
- None of the above

### Intent of the question

This question builds on from question 3 in the Management System section by evaluating how your company is addressing the environmental risks in your corporate offices that were identified as part of your risk assessment process.

While it is possible to make progress in advancing sustainability without a formal program in place, establishing such a program enables a company to coordinate its efforts more effectively and realize continuous improvement over an extended period of time.

### Technical Guidance

**Environmental Performance Program** – Includes formal policies, strategies, contracts or action plans to improve the environmental performance of the company's office buildings.

**Other stages of office operations** - The stages of office design, construction, remodel/retrofit and closing should be included in the program if it has been determined to be a salient impact as a result of your environmental impact assessment

### Answer options

- To answer 'yes' to this question, more than 75% of corporate offices are enrolled in the company's environmental program
- To answer 'partial yes' to this question, 25% to 75% of corporate offices are enrolled in the company's environmental program
- To answer 'no' to this question, less than 25% of corporate offices are enrolled in the company's environmental program

## How this will be verified

### Documentation required

- In order to consider an office included in the program, your company must have documentation (policies, strategies, contracts or action plans) in place wherein the office is specially addressed, and described how it is being supported as part of the environmental performance program.
- The program should include an explanation on whether the stages of office design, construction, remodel/retrofit and closing are included in the program.
- Internal or external materials related to the environmental performance program laying out the approach to improving the environmental performance of offices including at least the following information:
  - The description of the policies, goals and targets that have been approved by your company's executive team and/or board that commits resources to the program.
  - Policies should specify minimum requirements and best practices that go above and beyond applicable regulations.
  - Targets should be linked to environmental impacts.
  - The environmental resources (Energy, Water, Waste etc) that were identified as priorities for the company and which offices will be engaged or included.
  - How the program will be implemented including the staff resources and financial investment needed
  - Requirements that are captured in contracts with the construction companies in which is described how construction or refurbishment of offices should meet the goals of the environmental program
  - Team/department responsibilities
  - Internal or external (third party) best practices, tools or expertise that will be leveraged to help implement these approaches.
  - Public disclosure including a description of your impact, effectiveness of managing impacts, and details pertaining to your program.

## 2.3 Has your company implemented practices to reduce resource consumption in key impact areas in offices? Answer options: Yes/Partial Yes/No (olenvofficeskeyimpact)

### Energy

*The following questions ask specifically about energy improvements, which is different from how we approach improvements in other sections. The reason this section is different is because the industry lacks quantitative data on the water and energy impacts of corporate offices. By guiding BRM users to complete this section with more precise data we can build up the industry's repository of quantitative data for more accurate analysis and action planning.*

## 2.1 Have practices been implemented to reduce energy consumption in offices?

Answer options: Yes/Partial Yes/No

### 2.1.1 Please indicate what practices you have implemented to reduce energy consumption:

Answer options: Yes/Partial Yes/No

- Central Climate System to monitor and manage energy consumption
- Energy efficient lighting (LEDs, etc.)
- Energy efficient HVAC systems



- Monitoring energy consumption systems through sub-metering
- Variable Frequency Drives (VFDs) on all motors
- Motion sensors, daylight sensors or programmed sensors
- Electronically-regulated air curtains help to prevent the entry of cooler or hotter air from outside
- Energy efficient refrigeration systems
- Low and zero carbon technologies that improve the assessed buildings energy performance
- Generating renewable energy
- Purchasing renewable energy
- Other (If other, please describe)

### Intent of the question

This question is intended to encourage companies to implement best practices to achieve energy efficiency. Energy efficiency is when we are using less energy to accomplish the same amount of work. When we use less energy, the less energy we need to generate at power plants, which reduces greenhouse gas emissions and improves the quality of our air. Getting the most work per unit of energy is often described as a measure of energy intensity.

Common metrics for buildings include energy use per square foot and use per capita.

### Technical Guidance

#### Answer Options

- If answered 'yes' to this question, your company has implemented energy efficiency practices or program in more than 75% of the total number or the square area (e.g. m<sup>2</sup>) of your corporate offices.
- If answered 'partial yes' to this question, your company has implemented energy efficiency practices or program in 25-75% of the total number or the square area (e.g. m<sup>2</sup>) of your corporate offices.
- If answered 'no' to this question, your company did not implement energy efficiency practices and/or implemented these practices in less than 25% of the total number or the square area (e.g. m<sup>2</sup>) of your corporate offices.

Comment [173]: new

### Helpful Resources

- [European Commission: Energy Efficient Office Buildings](#)
- [European Commission: Improving energy efficiency of commercial buildings](#)
- [RILA: Energy Management Resource Library](#)

### Water

#### 2.2 Have practices been implemented to reduce water consumption in offices? Answer options: Yes/Partial Yes/No

*The following questions ask specifically about energy improvements, which is different from how we approach improvements in other sections. The reason this section is different is because the industry lacks quantitative data on the water and energy impacts of corporate offices. By guiding BRM users to complete this section with more precise data we can build up the industry's repository of quantitative data for more accurate analysis and action planning.*

##### 2.2.1 Please indicate what practices you have implemented to reduce water consumption Answer options: Yes/Partial Yes/No

- Low water use fixtures (e.g. low flow, sensors) and toilets (high efficient, dual-flush, waterless urinals, etc.)
- On-site wastewater treatment system to enable the recycling of water
- Leak detection system that is capable of detecting a major water leak on the mains water supply within the site boundary
- Drip feed surface irrigation that incorporates soil moisture sensors
- Reclaimed water from rainwater or greywater systems
- External landscaping and planting that relies solely on precipitation during all season of the year
- Other (If other, please describe)

### Intent of the question

This question is intended to encourage companies to implement best practices to achieve water efficiency.

Water efficiency is a multi-faceted concept. It means “doing more and better with less”, by reducing the resource consumption and reducing the pollution and environmental impact of water use at every stage of the value chain. Without efficiency gains, global demand for water will outstrip currently accessible supplies by 40 per cent by 2030 (2030 Water Resources Group, 2009).

### Technical Guidance

#### Answer Options

- If answered ‘yes’ to this question, your company has implemented water efficiency practices or program in more than 75% of the total number or the square area (e.g. m<sup>2</sup>) of your corporate offices
-

- If answered 'partial yes' to this question, your company has implemented water efficiency practices or program in 25-75% of the total number or the square area (e.g. m<sup>2</sup>) of your corporate offices .
- If answered 'no' to this question, your company did not implement water efficiency practices and/or implemented these practices in less than 25% of the total number or the square area (e.g. m<sup>2</sup>) of your corporate offices.

Comment [174]: new

### Helpful Resources

- [EPA – Saving Water in Office Buildings](#)
- [Sustainable Facilities Tool: Water Efficiency](#)
- [USGBC: How does water efficiency impact a building](#)

### Other impacts

#### 2.4 Have practices been implemented to reduce or improve other impacts in offices?

Answer options: Yes/Partial Yes/No

##### 2.4.1 Please describe

### Technical Guidance

These other impacts could be related to waste and/or material consumption.

#### Answer options

- If answered 'yes' to this question, your company has implemented resource efficiency programs or practices (other than energy and water) in more than 75% of your corporate offices.
- If answered 'partial yes' to this question, your company has implemented resource efficiency programs or practices (other than energy and water) in 25-75% of your corporate offices.
- If answered 'no' to this question, your company did not implement any resource efficiency practices OR implemented resource efficiency practices (other than energy and water) in less than 25% of your corporate offices.

### Helpful Resource

- [WRAP—Green Office: A Guide to Running a More Cost-effective and Environmentally Sustainable Office](#)

### How this will be verified

#### Documentation required

##### Energy

- A copy of the implementation of resource efficiency practices or program.
- An explanation of why these energy efficiency practices were chosen.
- The process of engaging and training the office personnel / staff in the implementation.
- Evidence that the implementation has resulted in energy efficiency in the office(s).

##### Water

- A copy of the implementation of resource efficiency practices or program.
- An explanation of why these water efficiency practices were chosen.
- The process of engaging and training the office personnel / staff in the implementation.

- Evidence that the implementation has resulted in water efficiency in the office(s).

#### Other Impact

- A copy of the implementation of resource efficiency practices or program
- An explanation of why these impact areas were chosen
- The process of engaging and training the office personnel / staff in the implementation.

### 3. Does your company have an action plan to improve the environmental performance of its offices? Answer options: Yes/Partial Yes/No (olenvofficesaction)

#### 3.1 Please describe or upload the action plan

#### Intent of this question

This question enables companies to elaborate on the actions they have taken to achieve the environmental goals of office operations.

#### Technical Guidance

An action plan provides a framework wherein environmental goals can be effectively managed by the individuals/team tasked with this responsibility. The plan helps to break larger tasks into smaller parts over a given time period, which makes it easier to execute and manage.

#### Answer options

- To answer 'yes' to this question, > 75% of the total number or the square area (e.g. m2) of your corporate offices are enrolled in your company's action plan.
- To answer 'partial yes' to this question, 25-75% of the total number or the square area (e.g. m2) of your corporate offices are enrolled in your company's action plan.
- To answer 'no' to this question, you do not have an action plan or less than 25% of the total number or the square area (e.g. m2) of your corporate offices are enrolled in your company's action plan.
- 

Comment [175]: new

#### Helpful Resources

- A **template** of an implementation plan (which can also be used as an action plan)
- Building the Business Case: Health, Wellbeing and Productivity in Green Offices

#### How this will be verified

##### Documentation required

A copy of your action plan which should include the following:

- A description of the goals and targets that has been approved by your company's executive team and/or board that commits resources to the program.
- The environmental resources (Energy, Water, Waste etc) that were identified as priorities for the company and which offices will be engaged or included.
- In order to consider an office included in the action plan, your company must have documentation in place wherein the office is specially addressed and described how it is being supported as part of the action plan.
- How the plan will be implemented including the staff resources and financial investment needed.

- Internal or external (third party) best practices, tools or expertise that will be leveraged to help implement the actions.

**4. Do your offices carry recognized third-party certifications for reduced environmental impact (multi-attribute certifications ONLY)?** Answer options: Yes/Partial Yes/No (olenvofficescert)

**4.1 Which certifications apply?**

- LEED
- BREEAM
- Other

**What is the intent of the question?**

This question is intended to encourage companies to use third-party, multi-attribute, certification program, to integrate sustainability in building(s) they operate.

**Technical Guidance**

The phases of design, construction, operation and maintenance of buildings requires significant amount of energy, water and raw materials. Third-party certification programs support a systemic approach to integrate environmental performance management and resource efficiency into the buildings your offices operate from.

LEED® (Leadership in Energy and Environmental Design) and BREEAM® are examples of third-party verification for international green buildings certifications.

Instead of international green building certificates, many organizations may also follow internal standards or programs. If these standards are as aspirational as international certificates, their programs can be included in the answer of this question.

**Answer options**

- To answer 'yes' to this question, >75% of the total number or the square area (e.g. m<sup>2</sup>) your corporate offices have been certified to a multi-attribute certification program.
- To answer 'partial yes' to this question, 25-75% of the total number or the square area (e.g. m<sup>2</sup>) of your corporate offices have been certified to a multi- attribute certification program.
- To answer 'no' to this question, less than 25% of the total number or the square area (e.g. m<sup>2</sup>) of your corporate offices have been certified to a multi-attribute certification program.

Comment [176]: new

**Helpful Resources**

- Building Research Establishment Environmental Assessment Method (BREEAM)
- Leadership in Energy and Environmental Design (LEED)

**How this will be verified**

**Documentation required**

- A copy of the third-party certification
- Documentation that describes the percentage of offices that have been certified and how they were selected.

**5. Do you publicly communicate your key environmental impacts, policies and programs associated with your offices?** Answer options: Yes/Partial Yes/No (olenvofficespublic)

5.1 Please describe and provide the relevant URLs

**Intent of the question**

Public communication on the progress of environmental performance associated with the office operations can be a useful way to transparently share approaches with internal and external stakeholders. This not only drives accountability within the organization but also facilitate in knowledge sharing between the company and its important stakeholders.

**Technical Guidance**

Formats for communication can be through:

- Corporate Social Responsibility (CSR) or sustainability reports
- Annual reviews or financial reports
- Online web pages and news stories
- Other communication material

Answer options

- To answer 'yes' to this question, your company is able to share the publicly available information on the environmental performance associated with office operations.
- To answer 'partial yes' to this question, this information has been shared through your company's intranet and can be provided upon request.
- To answer 'no' your company does not have this information.

**Examples**

- [Norrøna](#)
- [Marks and Spencer](#)
- [Target](#)

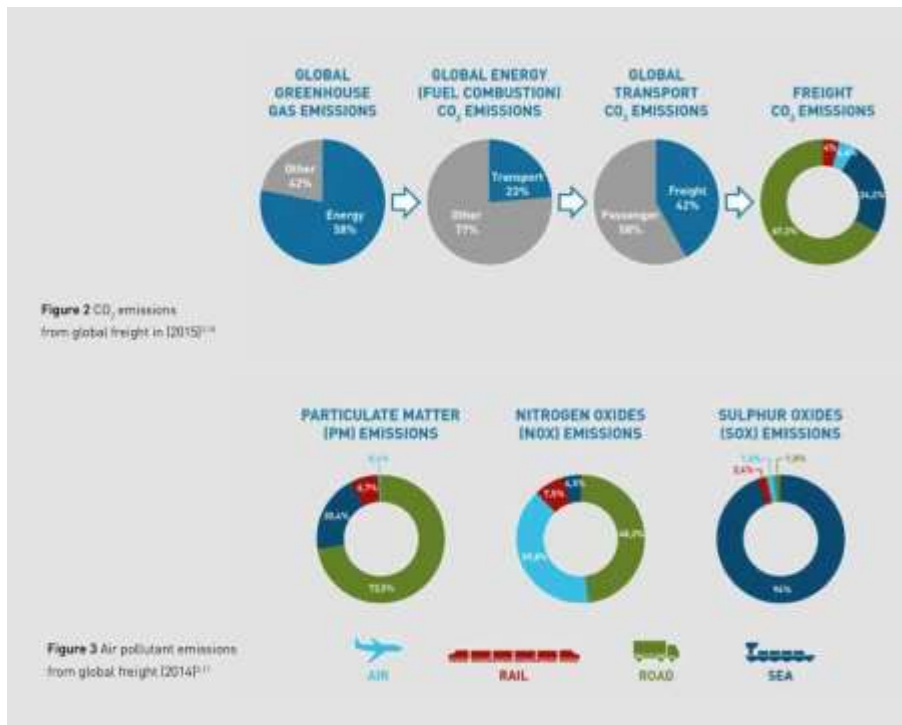
**How this will be verified**

**Documentation required**

- Publicly available links and/or pages
- Information on how frequently progress is being communicated publicly.

## Transportation

The transportation sector is heavily reliant on fossil fuels, the below graph created by the Smart Freight Centre illustrates the importance of gaining insight into transportation flows with a plan to reduce emissions.



### Scope of this section

This section is intended to outline the best practices companies can adopt to start reducing their product transportation emissions.

We recognize that many companies do not directly own or operate their transportation fleets but rather contract these services through third-party logistics providers. In those situations, these questions in this section still apply as the program can focus on partnering with these logistics providers to meet environmental goals. While you may not directly control the environmental outcomes, your company can still attempt to work with these providers towards environmental improvements through sustainable freight procurement.

If the majority of your product transportation emissions is derived from your own transportation fleets you may include this within the scope of your answer as well.

### Supporting Resources



We highly recommend the free resources from two organizations that support companies in transitioning towards sustainable freight procurement:

- [Smart Freight Centre](#) : Comprehensive resource including detailed, actionable steps.
- [Clean Cargo Working Group and BSR](#) : The framework outlines the steps a company can take depending on their stage of maturity in sustainable freight procurement.

Companies can categorize their transportation emissions as per the [GHG Protocol](#):

- Scope 3, category 4 – upstream transportation and distribution
- Scope 3, category 9 – downstream transportation and distribution
- Explanation on these categories can be found through below image

Transportation and distribution activity in the value chain	Scope and scope 3 category
Transportation and distribution in vehicles and facilities owned or controlled by the reporting company	Scope 1 (For fuel use) or scope 2 (For electricity use)
Transportation and distribution in vehicles and facilities leased by and operated by the reporting company (and not already included in scope 1 or scope 2)	Scope 3, category 8 (Upstream leased assets)
Transportation and distribution of purchased products, upstream of the reporting company's tier 1 suppliers (e.g., transportation between a company's tier 2 and tier 1 suppliers)	Scope 3, category 1 (Purchased goods and services), since emissions from transportation are already included in the cradle-to-gate emissions of purchased products. These emissions are not required to be reported separately from category 1.
Production of vehicles (e.g., ships, trucks, planes) purchased or acquired by the reporting company	Account for the upstream (i.e., cradle-to-gate) emissions associated with manufacturing vehicles in Scope 3, category 2 (Capital goods)
Transportation of fuels and energy consumed by the reporting company	Scope 3, category 3 (Fuel- and energy-related emissions not included in scope 1 or scope 2)
Transportation and distribution of products purchased by the reporting company, between a company's tier 1 suppliers and its own operations (in vehicles and facilities not owned or controlled by the reporting company)	Scope 3, category 4 (Upstream transportation and distribution)
Transportation and distribution services purchased by the reporting company in the reporting year (either directly or through an intermediary), including inbound logistics, outbound logistics (e.g., of sold products), and transportation and distribution between a company's own facilities (in vehicles and facilities not owned or controlled by the reporting company)	
Transportation and distribution of products sold by the reporting company between the reporting company's operations and the end consumer (if not paid for by the reporting company), including retail and storage (in vehicles and facilities not owned or controlled by the reporting company)	Scope 3, category 9 (Downstream transportation and distribution)

GHG Protocol - Scope 3 standard:

Table 5.7 Accounting for emissions from transportation and distribution activities in the value chain

**6. Does your company have documentation of its current inbound transportation flows?** Answer option: Yes/Partial/No/NA|(olenvtransindocument)

**Comment [177]:** new refid

**Comment [178]:** new

Please select the percentages of inbound transportation methods that you have documented:

- Air Freight – Yes (>75%), Partial Yes (25-75%), No (<25%), NA
- Rail - Yes (>75%), Partial Yes (25-75%), No (<25%), NA
- Road - Yes (>75%), Partial Yes (25-75%), No (<25%), NA
- Sea - Yes (>75%), Partial Yes (25-75%), No (<25%), NA

**Comment [179]:** new

### Intent of the question

This question is intended to assess whether your company has visibility and control of your inbound transportation flows and subsequently knows the vendors of your products. This information is needed to build an understanding of the potential environmental impacts and risks associated with how the products are being transported. Knowing the transportation flows and identity of your vendors can help you to begin identifying their risks and impacts and building relationships with them to improve their site-level performance.

In [this article](#), the U.S. Environmental Protection Agency has explained why freight matters to supply chain sustainability.

### Technical Guidance

**Inbound transportation** refers to the transport, storage, and delivery of goods coming into a business. The inbound side concerns the relationship between companies and their suppliers. Example: the transportation of commercial products between the factory and distribution centers of the brand and retailer.

#### Definitions of Transportation Modes

- Airfreight - the carriage of goods by aircraft.
- Rail - the carriage of goods by the use of railroads and trains.
- Road - the carriage of goods by the use of roads through motorized and non-motorized carriages and trucks.
- Sea - the carriage of goods by sea, consolidated in containers on ships.

#### Answer options

- To answer 'yes' to this question, over 75% of the inbound product transportation has been documented.
- To answer 'partial yes' to this question, 25% to 75% of the inbound product transportation has been documented.
- To answer 'no' to this question, less than 25% of the inbound product transportation has been documented.
- To answer 'NA' to this question, that specific transportation mode is not used by your company

**Comment [180]:** new

### Helpful Resource

- [Inbound Logistics - Why is it important](#)

#### **How this will be verified**

#### **Documentation required**

- Relevant documentation or IT system that captures your total inbound product transportation flows, either by weight or by volume, in the previous calendar year. Documentation that can be used includes: invoices, online monitoring system provided by transportation vendors, or your own internal documentation through Excel or other systems.
- Description of the process used by your company to document inbound transportation flows.
- Explanation of the relevant staff resources and their roles and responsibilities as part of the aforementioned process.

#### 7. Does your company have documentation of its current outbound transportation flows?

Answer option: Yes/Partial yes/No/NA (olenvtransoutdocument)

Comment [181]: new refid

Comment [182]: new

Please select the percentages of outbound transportation methods that you have documented:

- Air Freight – Yes (>75%), Partial Yes (25-75%), No (<25%), NA
- Rail - Yes (>75%), Partial Yes (25-75%), No (<25%), NA
- Road - Yes (>75%), Partial Yes (25-75%), No (<25%), NA
- Sea - Yes (>75%), Partial Yes (25-75%), No (<25%), NA

Comment [183]: new

#### Intent of the question

The guidance of this question is the same as the previous one, with the exception that it is intended to assess whether your company has visibility and control of your **outbound** transportation flows.

#### Technical Guidance

**Outbound transportation** refers to the transport of goods going out of a business, e-commerce included. The outbound side concerns the relationship between companies and their customers. Example: the transportation of commercial products between the distribution centers to the retail store and/or customers.

#### How this will be verified

##### Documentation required

- Relevant documentation or IT system that captures your total outbound product transportation flows, either by weight or by volume, in the previous calendar year. Documentation that can be used includes: packing lists, invoices, online monitoring system provided by transportation vendors or your own internal documentation through Excel or other systems.
- Description of the process used by your company to document outbound transportation flows.
- Explanation of the relevant staff resources and their roles and responsibilities as part of the aforementioned process.

**8. Does your company work with its suppliers and logistics providers to use the most efficient modes of transportation for your inbound shipments (e.g. ships instead of planes; rail instead of trucks)?** Answer options: Yes/Partial Yes/Unknown (olenvtransineff)

8.1 If answered yes or partial yes, please describe

#### Intent of the question

This question is designed to encourage companies to collaborate with their suppliers and logistics providers (if applicable), and to choose the most efficient transportation modes for their inbound shipments that reduces GHG emissions.

Comment [184]: new

#### Technical Guidance

Inbound transportation flows were explained earlier as part of question 6. How to work with your suppliers and transportation partners

Working on the most environmentally efficient form of shipment not only supports the environment in reducing greenhouse gas emissions, it also makes sense from an economic (cost) perspective.

##### When engaging with suppliers

Companies should build and allow for sufficient shipping timelines to ensure that the most environmentally efficient form of shipment (ocean or rail) is being utilized. This can be standardized through shipping/shipment policy, via business agreements, or through a buying calendar.

- Shipping/shipment policy which specifies important details about how you ship your goods and the transit time associated with it.
- Buying calendar (a calendar that combines buy dates with shipping dates). This calendar can be used to determine delivery schedules by taking into consideration loading, and pick and pack dates, in order for products to be delivered to stores as per agreed upon delivery schedule.

**Note:** The Higg BRM has included guidance in the Brand – Social & Labor section around Responsible Purchasing Practices to ensure that brands do not make last minute changes or order cancellations which could cause or contribute to adverse impacts for their supply chain partners. Please refer to the guidance in that section to ensure you are a collaborative partner to suppliers.

##### When engaging with transportation logistics providers

- Discuss with them your current and future requirements on incorporating sustainability in the evaluation of your transportation activities and logistics providers.
- Gain an understanding from your logistics providers on their current and future ambitions when it comes to embedding sustainability into their transportation activities. For example, questions could include: does the company have a sustainability report; to what extent are they using/planning for alternative fuels for their fleets; are they using environmental certification programs: do they participate in CO<sub>2</sub> compensation schemes; or are they taking part in an industry initiative that helps measure and reduce GHG emissions in the transportation sector?

- Support or invest in logistics providers (either with your time or financially) towards their development and implementation of action plans to improve the environmental sustainability of their transportation activities.

#### Answer options

- To answer 'yes' to this question, your company has collaborated with your suppliers and/or logistics providers on the implementation of action plans (for using the most efficient and environmentally friendly shipment methods).
- To answer 'partial yes' to this question, you can demonstrate that your suppliers and/or logistics providers have provided information to your company on how they have measured their environmental impact (GHG emissions) and subsequently have been able to reduce their GHG emissions through reduction plans and/or compensation for the CO<sub>2</sub> emissions.

Comment [185]: new

#### **Helpful Resources**

- We highly recommend the free resources from two organizations that support companies in transitioning towards sustainable freight procurement:
  - [Smart Freight Centre](#) : Great resource including detailed, actionable steps.
  - [Clean Cargo Working Group and BSR](#) : The framework outlines the steps a company can take depending on their stage of maturity in sustainable freight procurement.
- Companies that have developed online platforms/technology to help companies consolidate and optimize global freight shipments are: [Flexport](#), [Echo Global Logistics](#), [Crane Worldwide Logistics](#). Kindly note that this is not an endorsement of these companies and is only intended to point companies to resources they can research further. The Higg BRM will be updating guidance on an annual basis based on user feedback.

#### **How this will be verified**

##### **Documentation required**

- Share any internal or external materials (e.g., shipping/shipment policy, terms and conditions, buying calendar), that could demonstrate that you or your transportation partner(s) have reduced GHG emissions associated with the inbound shipments.

**9. Does your company work with its distribution centers and logistics providers to use the most efficient modes of transportation for its outbound shipments (e.g trucks instead of planes)?**

Answer options: Yes/No/Unknown (olenvtransouteff)

Comment [186]: new

Comment [187]: new

Comment [188]: new refid

9.1 If answered yes, please describe

**Intent of the question**

This question is designed to encourage companies to collaborate with their distribution centers and logistics providers, and to choose the most efficient transportation modes for their outbound shipments to reduce GHG emissions.

**Technical Guidance**

When engaging with your distribution centers (DCs)

- Ensure that your owned or contracted DC's are informed of your sustainability ambitions or strategy on outbound product transportation and how this relates to shipment policies.
- Ask about the current setup of the DCs to understand level of their optimization concerning GHG emissions reduction.
- Gain an understanding from the DCs of how they could support the optimizing and/or lowering of environmental impact on outbound shipments from the DCs.

When engaging with logistics providers

Please review the guidance of the previous question.

Answer options

- To answer 'yes' to this question, the company must participate in at least one relative initiative and provide evidence in support of participation.

Comment [189]: new

**Helpful Resources**

- Online platforms such as [Qui Cargo](#) and [Transfix](#) are working towards better utilization of empty trucks and minimizing wasted miles. Kindly note that this is not an endorsement for these companies but is intended to point companies to resources they can research further. The Higg BRM will be updating guidance on an annual basis based on user feedback.
- [Future Proof Your Reverse Logistics \(related to the reuse/returns of products and materials\)](#)

**How this will be verified**

**Documentation required**

- Share any internal or external materials (e.g., shipping/shipment policy, terms and conditions, buying calendar), that could demonstrate that you or your transportation partner(s) have reduced GHG emissions associated with the outbound shipments.

**10. Does your company have an integrated scorecard upon which logistics providers are chosen and existing logistics providers are rated?** Answer options: Yes/No (olenvtransscorecard)

#### 10.1 Please select all practices included in your integrated scorecard:

- Equipment utilization
- Fuel efficiency
- Low emission or renewable fuel sources
- Modal efficiency
- Network optimization
- Training program for drivers
- None of the above
- Other (If other, please describe)

#### Intent of the question

This question is designed to identify whether your company has integrated a mechanism (scorecard) when selecting and evaluating logistics providers, which is based on a number of criteria that include sustainability elements. An integrated scorecard is important because there are a number of different factors in the decision-making, and formalizing this process will allow organizations to support employees to make consistent decisions which include the sustainability aspirations of the company whilst acknowledging and addressing trade-offs between criteria.

#### Technical Guidance

When answering yes to this question, your company's integrated scorecard should meet the following requirements:

- Scorecard puts your company's commitments into action by making environmental criteria part of the decision-making process.
- Includes relevant environmental criteria and can be used in regular departmental meetings, sourcing decisions and supplier selection, and products, materials, and packaging decisions.
- Includes environmental criteria as well as the traditional purchasing criteria of cost, performance, delivery, and quality.
- Scorecard is included in internal discussions and used when choosing new logistics providers and evaluating existing logistics providers. The integrated scorecard should be updated regularly and included in all internal discussions and decision-making. It should also be included in check-ins and meetings with logistics providers in order to ensure progress is being made over time.

When developing the scorecard, it is important to consider the following:

- The criteria and elements included within the scorecard.
- The use of the scorecard in meetings and business decisions.
- The weighting, if any, for each criteria.
- How tradeoffs are addressed and whether there are any minimum thresholds applied to criteria.
- The departments and people responsible and accountable.

#### Practices explained

- Options of **equipment utilization** include empty container inventory management to minimize vehicle miles, back-hauling to minimize empty miles, consolidation of shipments & load maximization, transloading to minimize loads moved, etc.

- **Fuel efficiency** – Also known as “fuel economy,” fuel efficiency is a measure how far a vehicle can travel per unit of fuel. Fuel-efficient freight carriages use less oil and thereby emit less pollution.
- **Low emission or renewable fuel sources** - Fuel sources that are emitting low carbon emissions or are from renewable sources (hydropower, geothermal, wind and solar) are cleaner sources of energy and low-carbon alternatives to fossil fuels (coal, crude oil, natural gas). A successful transition to a low-carbon economy will require low-carbon alternatives (such as hydropower, geothermal, wind, and solar) and close coordination between policy, technology, and capital through public and private sector partnership.
- Options for **modal efficiency** include increased utilization of fuel-efficient modes (rail, sea, intermodal), limited/no use of air freight, modified scheduling to enable optimal loading of fuel-efficient modes of transportation, etc.
- **Network optimization** options include optimum warehouse location, optimum store location, use of transportation management software, optimum route planning to reduce miles, optimum reverse logistics, critical density, etc.
- **Training Program for Drivers** options include training responsible staff/drivers and departments through in-person or online training modules covering vehicle specifying, maintenance, operations, driving techniques and other factors that affect fuel consumption.
- **Other practices** including, but not limited to, innovation opportunities, having a holistic sustainability strategy developed/deployed, setting sustainability KPIs/targets.

#### Helpful Resources

- [Fuel Efficiency](#)
- [Renewable Energy Sources](#)
- [Smart Freight Centre](#) & WBCSD: [Smart Freight Procurement Guidelines](#)
- [Roadmap towards zero emissions logistics \(ALICE\)](#)
- We highly recommend the free resources from two organizations that support companies in transitioning towards sustainable freight procurement:
  - [Smart Freight Centre](#) : Great resource including detailed, actionable steps.
  - [Clean Cargo Working Group and BSR](#) : The framework outlines the steps a company can take depending on their stage of maturity in sustainable freight procurement.

#### Sea Freight specific

- Clean Cargo Working Group - [How to calculate and manage co2 emissions](#)
- Clean Cargo Working Group – [2019 Clean Cargo Emissions Factors Report Published](#)
- [The Environmental Ship Index \(ESI\) identifies seagoing ships that perform better in reducing air emissions than required by the current emission standards of the International Maritime Organization.](#)

#### Recommendations when selecting and evaluating logistics providers:

- **Choose partners based on their efficiency measure:** Some efficiency measures through environmental management systems that can be considered for carrier selection are: how the vendor manages its GHG emissions; if the vendor has an ISO 14001, ISO 50001, European Eco-Management and Audit Scheme, or similar third-party certified environmental management systems; if the



carrier belongs to a transport efficiency program, such as EPA SmartWay or the BSR Clean Cargo Working Group.

- **Engagement with partners on increasing the efficiencies of their fleets or availability of sustainable transportation modes:** The aim of this practice is for companies to engage with their carriers to implement efficiencies measures and promote more sustainable modes of transport. For example, evaluating type of transport (e.g., sea vs. road), type of vehicles, option of co-loading, etc.
- **Work with logistics providers to reduce emissions/pollution from transportation:** The aim of this practice is for companies to work together with their logistics providers to reduce transport emissions.

Some examples include: require logistics providers to provide GHG emission reports; award and recognize high performing logistics providers with respect to GHG emissions performance; keep track of strategies implemented by logistics providers to reduce emissions; help vendors to develop and implement reduction strategies for fuel emissions, scrubbers, etc.

#### How this will be verified

##### **Documentation required**

- Evidence of an integrated scorecard for transportation vendors.
- Internal communication with relevant staff and/or teams (e.g., sustainability, production, merchandising, sourcing, and logistics).
- Any relevant material that can demonstrate that both business and sustainability criteria are included in the selection and evaluation of transportation vendors.

#### **11. Have you successfully transitioned to low or no carbon fuels for any portion of your inbound logistics?** Answer option: Yes/Partial/Percents (olenvtransinlowcarbon)

##### 11.1 If answered yes or partial yes, which modes of transportation are using them?

- Air Freight – Yes (>75%), Partial Yes (25-75%), No (<25%), Unknown
- Rail - Yes (>75%), Partial Yes (25-75%), No (<25%), Unknown
- Road - Yes (>75%), Partial Yes (25-75%), No (<25%), Unknown
- Sea - Yes (>75%), Partial Yes (25-75%), No (<25%), Unknown

#### **What is the intent of the question?**

If we continue under a business-as-usual scenario, the Smart Freight Centre estimates that carbon emissions from transport operations will double by 2050. This question intends to encourage companies to start transitioning to low or no carbon fuels for their inbound transportation modes in order to mitigate long-term environmental risks.



## Technical Guidance

The transition to low or no carbon fuels transport relies heavily on the improvements that can be made on engine, vehicle, and fuel efficiency and the increased use of low carbon fuels.

According to the European Commission in their roadmap towards 2050 low-carbon economy (refer to the helpful resources section below), emissions from transport could be reduced to more than 60% below 1990 levels by 2050. The transportation sector could take the following actions:

- In the short term, most progress can be found in petrol and diesel engines that could still be made more fuel-efficient.
- In the mid- to long-term, plug-in hybrid and electric cars will allow for steeper emissions reductions.
- Biofuels will be increasingly used in aviation and road haulage, as not all heavy goods vehicles will run on electricity in future.

### Answer options

- To answer 'yes' to this question, over 75% of inbound transportation (by weight or volume) has been transitioned to low or no carbon fuels.
- To answer 'partial yes' to this question, 25% to 75% of inbound transportation (by weight or volume) has been transitioned to low or no carbon fuels.
- To answer 'no' to this question, less than 25% of inbound transportation (by weight or volume) has been transitioned to low or no carbon fuels.

#### How this will be verified

- Third party verification or certification (e.g., [ISCC](#), [LCFS](#) and [RSB](#)).
- Internal or external materials (e.g., invoices) that explain how the portion, by weight or volume, of no to low carbon fuel has been calculated.

#### Helpful Resources

- [Why Clean Fuel Matters](#)
- [BSR Future of Fuels - Transitioning to Low Carbon Fuel](#)
- [European Commission - 2050 Low-Carbon Economy](#)
- [NRDC - Roadmap to Low Carbon Transportation](#)
- [World Business Council for Sustainable Development](#)
- [Low Carbon Logistics Guidelines for Small Medium Sized Enterprises](#)
- [Low Carbon Technology Partnerships Initiative - Impact Analysis](#)
- [RILA Issue Brief: Sustainability in Retail Logistics & Transportation](#)
- [Vehicle Energy Consumption calculation Tool \(VECTO\) - Europe Only](#)

Examples of third-party certification schemes

- [International Sustainability & Carbon Certification](#)
- [Low Carbon Fuel Standard](#) (*California only*)
- [Roundtable on Sustainable Biomaterials](#)

#### How this will be verified

Documentation required

- Third party verification or certification (e.g., [ISCC](#), [LCFS](#) and [RSB](#)).
- Internal or external materials (e.g., invoices) that explain how the portion, by weight or volume, of no to low carbon fuel has been calculated.

#### 12. Have you successfully transitioned to low or no carbon fuels for any portion of your outbound logistics? Answer option: Yes/Partial/Percents (olenvtransoutlowcarbon)

- Air Freight – Yes (>75%), Partial Yes (25-75%), No (<25%), Unknown
- Rail - Yes (>75%), Partial Yes (25-75%), No (<25%), Unknown
- Road - Yes (>75%), Partial Yes (25-75%), No (<25%), Unknown
- Sea - Yes (>75%), Partial Yes (25-75%), No (<25%), Unknown

#### Guidance

The guidance for this question is exactly the same as the previous question but from the perspective of outbound transportation.

Comment [191]: new

#### How this will be verified

Documentation required

- Third party verification or certification (e.g., [ISCC](#), [LCFS](#) and [RSB](#)).
- Internal or external materials (e.g., invoices) that explain how the portion, by weight or volume, of no to low carbon fuel has been calculated.

**13. Does your company publicly communicate its greenhouse gas emission impacts, policies, and programs associated with its product transportation?** Answer option: Yes/No  
(olenvtranscomms)

13.1 Please describe and provide the relevant URLs:

13.2 Which programs/initiatives have been used to report on emissions associated with inbound/outbound logistics?

- BSR Clean Cargo Working Group
- Carbon Disclosure Project (CDP)
- WRI GHG Protocol
- Other (If other, please describe)

13.3 Which methodology was used to calculate logistics emissions?

- GLEC Framework (carries the built on GHG Protocol mark)
- GHG Protocol
- EN 16258
- Other (If other, please describe)

#### **Intent of the question**

This question is intended to confirm that companies are reporting on their company's greenhouse gas emissions, and impacts associated with inbound and outbound logistics, on an annual basis. In doing so, companies are not only transparent and held accountable for their environmental performance (associated with product transportation), but they also demonstrate their commitment to take action and improve on the reported emissions year over year.

#### **Technical Guidance**

##### Introduction on Greenhouse Gas Emissions

Greenhouse gases refer to the sum of seven gases that have direct effects on climate change: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), chlorofluorocarbons (CFCs), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>). The data are expressed in CO<sub>2</sub> equivalents and refer to gross direct emissions from human activities. CO<sub>2</sub> refers to gross direct emissions from fuel combustion only and data are provided by the International Energy Agency.

Other air emissions include emissions of sulphur oxides (SO<sub>x</sub>) and nitrogen oxides (NO<sub>x</sub>) given as quantities of SO<sub>2</sub> and NO<sub>2</sub>, emissions of carbon monoxide (CO), and emissions of volatile organic compounds (VOC), excluding methane. CO<sub>2</sub> is measured in million tonnes and tonnes per capita.

##### Greenhouse Gas Emissions in relation to product transportation

The majority of Greenhouse Gas (GHG) emissions of transportation activities are from carbon dioxide (CO<sub>2</sub>) emissions. Relatively small amounts of methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) are emitted during fuel combustion. In addition, a small amount of hydrofluorocarbon (HFC) emissions are included in the Transportation sector. These emissions result from the use of mobile air conditioners and refrigerated transport. CO<sub>2</sub>

emissions units for product transportation are calculated in kg or tonnes. More information can be found [here](#).

**Scope** - this question covers the following scope:

- Scope 1: All direct Greenhouse Gas (GHG) emissions from owned and leased vehicles/fleet.
- Scope 2: indirect emissions from the production and distribution of electricity, heat and steam purchased by the reporting company for use in its own logistics sites, electric vehicles or other owned asset requiring electricity.
- Scope 3: Other indirect emissions related to transport-related activities in vehicles not owned or controlled by the company. Source: <http://www.ghgprotocol.org/calculationg-tools-faq>

**Recommendations** of the [GLEC Framework 2.0](#):

In alignment with the Greenhouse Gas Protocol, there is no hard and fast rule for excluding emissions from Scope 1, 2 and 3 activities.<sup>9</sup> Disclosures of emissions should reflect the 'substance and economic reality' of the reporting company and provide sufficient data to enable decision-making on the part of the company, its customers and its stakeholders.

The Greenhouse Gas Protocol states that the reporting company should not set an arbitrary threshold for excluding emissions based on the difficulty of finding information or perceived scale of the impact. Instead, companies should make a good faith effort to account for emissions, and document where emissions have not been estimated or estimated at an insufficient level of quality.

Companies often face the most difficulty accounting for Scope 3 emissions. The Greenhouse Gas Protocol offers the Scope 3 Evaluator to reduce the reporting burden.

**Formats of communication** can be through:

- Corporate Social Responsibility (CSR) or sustainability reports
- Annual reviews or financial reports
- Online web pages and news stories
- Other communication material

## More information

The programs/initiatives listed in the question:

- [BSR Clean Cargo Working Group](#)
- [Carbon Disclosure Project \(CDP\)](#)
- [Global Logistics Emission Council \(GLEC\)](#)
- [World Resource Institute GHG Protocol](#)

The methodology listed in the question:

- [GLEC Framework](#)
- [GHG Protocol](#)
- [EN 16258](#)

### Answer options

To answer 'yes' to this question, you must have proof of:

- Publicly communicating and disclosing your GHG emissions and/or impacts associated with your product transportation.
- Sharing progress and/or challenges to improve the environmental performance associated with your product transportation operations.

## Helpful Resources

- [Carbon Disclosure Project - Shipping Heavyweights Missing Climate Targets](#)
- Smart Freight Centre has shared some company examples in [their guidelines](#) on their company's progress towards reducing GHG emissions (see pages 26-39).

### Other resources

- [Greenhouse Gas Protocol - FAQs](#)
- [OECD – Air and GHG emissions data – Through this webpage, companies can assess air pollution and GHG emissions data per country. The data has been derived from the International Energy Agency \(IEA\) to support the](#) understanding of energy related environmental issues; the IEA's [CO2 Emissions from Fuel Combustion](#) provides a full analysis of emissions stemming from energy use.

## How this will be verified

Documentation required

- Provide relevant links/URLs of this communication.
- Publicly available documents such as corporate social sustainability reports, press releases.
- Copy of, or link to, the report describing the company's product transportation impacts and GHG emissions.

**14. Does your company help consumers make choices that help reduce environmental impact from product transport?** Answer options: Yes/Partial Yes/No (olenvtransconsumer)

- Customers are able to consolidate orders
- Customers are incentivized to use lower impact delivery options (e.g., ground instead of air)
- Other (If other, please describe)

**Intent of the question**

The ease of online retailing has created a booming e-commerce business that totalled [\\$3.46 trillion](#) in 2019. E-commerce makes it easier for customers to order goods from all over the world and to have them delivered to their doorstep. The proliferation of high-speed delivery is not without environmental impact. This question intends to drive companies to educate and encourage end-consumers to choose an environmentally friendly (slower) shipping option with their order(s).

**Technical Guidance**

- Customers are able to consolidate orders: Consolidation is the process of combining multiple orders into a single reference number or delivery so that all packages are shipped together in order to reduce shipping impacts.
- Customers are incentivized to produce lower impact delivery options: Encourage customers to collect product at its own stores (if applicable). By doing so, companies can consolidate the products for e-commerce with the product inventory to be sold in brick-and-mortar stores. By doing so, retailers are reducing the number of shipments needed as well as improving packing density per shipment.
- Other practices including, but not limited to:
  - Opting for green shipping or electric vehicle solutions from transportation vendors.
  - Directing customers to in-store or designated pickup points.

Answer Options

- If you answered yes to this question, your company can demonstrate that customers are incentivized to choose the most environmentally friendly/lower impact delivery options. For example; collection from stores or designated pick-up points, ability to consolidate orders, delivery through electric vehicles, etc.
- If you answered partial yes to this question, your company has taken actions to educate and raise awareness with your customers on the environmental impact of product transportation and how they can contribute to lowering that impact.

**Helpful Resources**

- [Amazon](#)
- [ASOS](#)
- [Bain & Company - How to cut carbon emissions as ecommerce soars](#)
- [Zalando](#)

**How this will be verified**

**Documentation required**

- Shipping terms, policies, or systems that are in place to incentivize customers to choose the most environmentally friendly product transportation.

**15. Does your company participate in or invest in activities with other stakeholders to jointly address systemic challenges in order to improve the environmental conditions of its fleets?**

Answer options: Yes/Partial Yes/No (olenvtransconds)

**15.1 Please describe with whom and how your company engages**

**Intent of the question**

Participation and investment in collaboration with other stakeholders is critical for addressing shared, systemic challenges and working on the root cause of those challenges to drive real change. In particular, building collaborations with locally relevant actors can be crucial for building up long-term solutions to challenges. This question is intended to encourage companies to go beyond their own organization through wider industry collaboration to transition towards a clean energy economy.

**Technical Guidance**

We recognize that the majority of companies do not own the fleets that are used for their product transportation. They do however have the opportunity and responsibility to participate in activities with other industry stakeholders to address how they can improve the accessibility and availability of environmental fleets.

The fleets referenced in this question relates to the transportation services you contract from third party logistic providers.

Examples of these initiatives could be:

- [BSR - Clean Cargo Working Group](#)
- [Carbon Pricing Leadership](#)
- [Clean Shipping Index](#)
- [Environmental Protection Agency - SmartWay](#)
- [Global Logistics Emissions Council](#)
- [Green Freight Asia](#)
- [Low Carbon Technology Partnerships Initiative](#)
- [Sustainable Mobility for All](#)
- [The Pathway Coalition](#)
- [The Dutch Sustainable Growth Coalition](#)

**Answer Options**

- If you answered yes to this question, you should be able to provide evidence of at least two of the materials referenced in the “How this will be verified” section.
- If you answered partial yes to this question, you can demonstrate that your transportation partners are actively participating in or investing in industry initiatives to improve the environmental conditions of their fleets.



### Helpful Resource

- [KMPG - Sustainable Development Goals Matrix for the Transportation Industry](#)  
Pages 10 - 13 lists out the multi-stakeholder partnerships as well as business and industry associations.

### How this will be verified

#### ***Documentation required***

- A signed partnership or collaboration agreement with the relevant stakeholder(s).
- Evidence of active participation and engagement in shared platforms, including multi-stakeholder events.
- Evidence of direct engagement with community groups - for example consultation through a credible 3rd party or in direct and relevant response to an ask by community groups.
- Outcome of the collaboration with other stakeholders to improve the environmental performance of your transportation fleets/vendors.
- Provide relevant URLs or links to your participation in or contribution to these initiatives.
- Commitment or pledge to the initiative which can be found on the initiative's website/annual report.
- Records of outcome/feedback from stakeholder consultation/engagement.

## Distribution Centers

**16. Has your company established a program aimed at improving environmental performance in distribution centers?** Answer options: Yes/Partial Yes/No (olenvdcprogram)

*Many companies do not directly own or operate their distribution centers, but work with third party logistics providers. In those situations, these questions still apply as the program can focus on partnering with these providers to meet environmental goals. It's important to note that while you may not directly control the environmental outcomes in a distribution center owned by the third party provider, your company can still attempt to work with them towards environmental improvements.*

### 16.1 What is included in this program?

#### Intent of the question

This question builds on from question 3 in the Management System section by evaluating how your company is addressing the environmental risks in your distribution center operations that were identified as part of your risk assessment process.

While it is possible to make progress in advancing sustainability without a formal program in place, establishing such a program enables a company to coordinate its efforts more effectively and realize continuous improvement over an extended period of time.

#### Technical Guidance

**Environmental Performance Program** – Includes formal policies, strategies, contracts or action plans to improve the environmental performance of the company's distribution centers.

**Other stages of distribution center operations** - The stages of distribution center design, construction, remodel/retrofit and closing should be included in the program if it has been determined to be a salient impact as a result of your environmental impact assessment.

#### Answer options

- To answer 'yes' to this question, >75% of your distribution centers are enrolled in your company's environmental program
- To answer 'partial yes' to this question, 25-75% of the distribution centers are enrolled in your company's environmental program
- To answer 'no' to this question, less than 25% of the distribution centers are enrolled in your company's environmental program

#### How this will be verified

#### **Documentation required**

- In order to consider an distribution center included in the program, your company must have documentation (policies, strategies, contracts or action plans) in place wherein the distribution center is specially addressed, and described how it is being supported as part of the environmental performance program.
- The program should include an explanation on whether the stages of distribution center design, construction, remodel/retrofit and closing are included in the program.
- Internal or external materials related to the environmental performance program laying out the approach to improving the environmental performance of distribution center including at least the following information:
  - The description of the policies, goals and targets that have been approved by your company's executive team and/or board that commits resources to the program.
  - Policies should specify minimum requirements and best practices that go above and beyond applicable regulations.
  - Targets should be linked to environmental impacts.
  - The environmental resources (Energy, Water, Waste etc) that were identified as priorities for the company and which distribution center will be engaged or included.
  - How the program will be implemented including the staff resources and financial investment needed
  - Requirements that are captured in contracts with the construction companies in which is described how construction or refurbishment of distribution center should meet the goals of the environmental program
  - Team/department responsibilities
  - Internal or external (third party) best practices, tools or expertise that will be leveraged to help implement these approaches.
  - Public disclosure including a description of your impact, effectiveness of managing impacts, and details pertaining to your program.

**17. Has your company implemented practices to reduce resource consumption in key impact areas in distribution centers?** Answer options: Yes/Partial Yes/No (olenvdckeyimpact)

*Many companies do not directly own or operate their distribution centers, but work with third party logistics providers. In those situations, these questions still apply as the program can focus on partnering with these providers to meet environmental goals. It's important to note that while you may not directly control the environmental outcomes in a distribution center owned by the third party provider, your company can still attempt to work with them towards environmental improvements.*

Answer options

- If answered 'yes' to this question, your company has implemented water and energy efficiency practices to reduce resource consumption in distribution centers.
- If answered 'partial yes' to this question, your company has implemented efficiency practices in one key-impact area (water or energy).
- If answered 'no' to this question, your company has not implemented any efficiency practices in your distribution centers.

**17.1 Have practices been implemented to reduce energy consumption in distribution centers?** Answer options: Yes/Partial Yes/No

Energy

**17.1.1 What practices have been implemented to reduce energy consumption?**

- Central Climate System to monitor and manage energy consumption
- Energy efficient lighting (LEDs, etc.)
- Energy efficient HVAC systems
- Monitoring energy consumption systems through sub-metering
- Variable Frequency Drives (VFDs) on all motors
- Motion sensors, daylight sensors or programmed sensors
- Electronically-regulated air curtains help to prevent the entry of cooler or hotter air from outside
- Energy efficient refrigeration systems
- Low and zero carbon technologies that improve the assessed buildings energy performance
- Generating renewable energy
- Purchasing renewable energy
- Other (If other, please describe)

### Intent of the question

This question is intended to encourage companies to implement best practices to achieve energy efficiency. Energy efficiency is when we are using less energy to accomplish the same amount of work. When we use less energy, the less energy we need to generate at power plants, which reduces greenhouse gas emissions and improves the quality of our air. Getting the most work per unit of energy is often described as a measure of energy intensity. Common metrics for buildings include energy use per square foot and use per capita.

### Technical Guidance

- If answered 'yes' to this question, your company has implemented energy efficiency practices or program in > 75% of your distribution centers
- If answered 'partial yes' to this question, your company has implemented energy efficiency practices or program in 25-75% of your distribution centers.
- If answered 'no' to this question, your company did not implement energy efficiency practices and/or implemented these practices in less than 25% of your distribution centers.

### Helpful Resources

- [Better Buildings: Unlocking Energy Savings in Warehouses and Distribution Centers](#)
- [Energy Star: Energy Use in Distribution Centers](#)
- For understanding the best environmental practices around the retrofit/remodel phase of a distribution centre, please consult the [ENERGY STAR Building Upgrade Manual](#)

### Water

17.2 Have practices been implemented to reduce water consumption in distribution centers? Answer options: Yes/Partial Yes/No

*The following questions ask specifically about water improvements, which is different from how we approach improvements in other sections. The reason this section is different is because the industry lacks quantitative data on the water and energy impacts of distribution centers. By guiding BRM users to complete this section with more precise data, we can build up the industry's repository of quantitative data for more accurate analysis and action planning.*

#### 17.2.1 What practices have been implemented to reduce water consumption?

- Low water use fixtures (e.g. low flow, sensors) and toilets (high efficient, dual-flush, waterless urinals, etc.)
- On-site wastewater treatment system to enable the recycling of water
- Leak detection system that is capable of detecting a major water leak on the mains water supply within the site boundary
- Drip feed surface irrigation that incorporates soil moisture sensors
- Reclaimed water from rainwater or greywater systems
- External landscaping and planting that relies solely on precipitation during all season of the year

- Other (If other, please describe)

### Intent of the question

This question is intended to encourage companies to implement best practices to achieve water efficiency.

Water efficiency is a multi-faceted concept. It means “doing more and better with less”, by reducing the resource consumption and reducing the pollution and environmental impact of water use at every stage of the value chain. Without efficiency gains, global demand for water will outstrip currently accessible supplies by 40 per cent by 2030 (2030 Water Resources Group, 2009).

### Technical Guidance

- If answered ‘yes’ to this question, your company has implemented water efficiency practices or program in >75% of your distribution centers.
- If answered ‘partial yes’ to this question, your company has implemented water efficiency practices or program in 25-75% of your distribution centers.
- If answered ‘no’ to this question, your company did not implement water efficiency practices and/or implemented these practices in less than 25% of your distribution centers.

### Other impacts

17.3. Have practices been implemented to reduce or improve [other impacts](#) in distribution centers?  
Answer options: Yes/Partial Yes/No

#### 17.3.1 Please describe

### Technical Guidance

These other impacts could be related to waste and/or material consumption.

#### Answer options

- If answered ‘yes’ to this question, your company has implemented resource efficiency programs or practices (other than energy and water) in more than 75% of your distribution centers.
- If answered ‘partial yes’ to this question, your company has implemented resource efficiency programs or practices (other than energy and water) in 25-75% of your distribution centers.
- If answered ‘no’ to this question, your company did not implement any resource efficiency practices OR implemented resource efficiency practices (other than energy and water) in less than 25% of your distribution centers.

### Helpful Resource

- [Billerudkorsnäs - The Link Between Packaging and DC Efficiency](#)

### How this will be verified

#### Documentation required

#### Energy

- A copy of the implementation of resource efficiency practices or program.

- An explanation of why these energy efficiency practices were chosen.
- The process of engaging and training the office personnel / staff in the implementation.
- Evidence that the implementation has resulted in energy efficiency in the distribution center(s).

#### **Water**

- A copy of the implementation of resource efficiency practices or program.
- An explanation of why these water efficiency practices were chosen.
- The process of engaging and training the office personnel / staff in the implementation.
- Evidence that the implementation has resulted in water efficiency in the distribution center(s).

**18. Does your company have an action plan to improve the environmental performance of distribution centers?** Answer options: Yes/Partial Yes/No (olenvdcaction)

18.1 Please describe or upload the action plan:

#### **Intent of this question**

This question enables companies to elaborate on the actions they have taken to achieve the environmental goals of distribution center operations.

#### **Technical Guidance**

An action plan provides a framework wherein environmental goals can be effectively managed by the individuals/team tasked with this responsibility. The plan helps to break larger tasks into smaller parts over a given time period, which makes it easier to execute and manage.

#### Answer options

- To answer 'yes' to this question, >75% of your distribution centers are enrolled in your company's action plan.
- To answer 'partial yes' to this question, 25-75% of your distribution centers are enrolled in your company's action plan.
- To answer 'no' to this question, you do not have an action plan and less than 25% of your distribution centers are enrolled in your company's action plan.

#### **Helpful Resources**

- A **template** of an implementation plan (which can also be used as an action plan)
- Retailers' Environmental Action Programme – [Sustainability Commitments](#)

#### **How this will be verified**

##### **Documentation required**

A copy of your action plan which should include the following:

- A description of the goals and targets that has been approved by your company's executive team and/or board that commits resources to the program.
- The environmental resources (Energy, Water, Waste etc) that were identified as priorities for the company and which distribution centers will be engaged or included.

- In order to consider a distribution center included in the action plan, your company must have documentation in place wherein the distribution center is specially addressed and described how it is being supported as part of the action plan.
- How the plan will be implemented including the staff resources and financial investment needed.
- Internal or external (third party) best practices, tools or expertise that will be leveraged to help implement the actions.

**19. Has your company made improvements in the environmental performance of distribution centers over the reporting period?** Answer options: Yes/No (olenvdcimprove)

19.1 Describe the improvements made over the reporting period.

Comment [192]: new

#### Intent of this question

This question intends to determine whether the company's actions **have** resulted in the improvement of distribution centers environmental performance.

Comment [193]: new

#### Technical Guidance

Please describe the successes achieved in the last calendar year which have resulted in environmental improvements of your company's distribution centers operations.

Reflecting on the improvements made, enables staff to measure and report its progress towards achieving the company's goals/commitment.

#### How this will be verified

##### Documentation required

- Company's analysis, summary or report listing the improvements made and the supporting evidence (e.g. objective data or records or through third party verifier)
- Evidence of efficiency improvements that demonstrate that reductions weren't made solely from a decline in sales, or number of employees
- Description of the process to continuously track and manage store resource consumption as part of the company's environmental action plan.



**20. Do distribution centers carry recognized third-party certifications for reduced environmental impact (multi-attribute certifications ONLY)?** Answer options: Yes/Partial Yes/No (olenvdcertification)

20.1 Which certifications apply?

- LEED
- BREEAM
- Other

#### What is the intent of the question?

This question is intended to encourage companies to use third-party, multi-attribute, certification program, to integrate sustainability in building(s) they operate.

#### Technical Guidance

The phases of design, construction, operation and maintenance of buildings requires significant amount of energy, water and raw materials. Third-party certification programs support a systemic approach to integrate environmental performance management and resource efficiency to the buildings your distribution centers operate from.

LEED® (Leadership in Energy and Environmental Design) and BREEAM® are examples of third-party verification for international green buildings certifications.

Instead of international green building certificates, many organizations may also follow internal standards or programs. If these standards are as aspirational as international certificates, their programs can be included in the answer of this question.

#### Answer options

- To answer 'yes' to this question, >75% of your distribution centers have been certified to a multi-attribute certification program.
- To answer 'partial yes' to this question, 25-75% of your distribution centers have been certified to a multi-attribute certification program.
- To answer 'no' to this question, less than 25% of your distribution centers have been certified to a multi-attribute certification program.

#### Helpful Resources

- Building Research Establishment Environmental Assessment Method (BREEAM)
- Leadership in Energy and Environmental Design (LEED)

#### How this will be verified

##### Documentation required

- A copy of the third-party certification
- Documentation that describes the percentage of offices that have been certified and how they were selected.

**21. Does your company publically communicate the key environmental impacts, policies and programs associated with its distribution centers?** Answer options: Yes/No (olenvdcpublic)

21.1 Please describe and provide the relevant URLs

**Intent of the question**

Public communication on the progress of environmental performance associated with the distribution centers operations can be a useful way to transparently share approaches with internal and external stakeholders. This not only drives accountability within the organization but also facilitate in knowledge sharing between the company and its important stakeholders.

**Technical Guidance**

Formats for communication can be through:

- Corporate Social Responsibility (CSR) or sustainability reports
- Annual reviews or financial reports
- Online web pages and news stories
- Other communication material

Answer options

- To answer 'yes' to this question, your company is able to share the publicly available information on the environmental performance associated with distribution centers operations.
- To answer 'partial yes' to this question, this information has been shared through your company's intranet and can be provided upon request.
- To answer 'no' your company does not have this information.

**Helpful Resources**

- [REI](#)
- [Walmart](#)

**How this will be verified**

**Documentation required**

- Publicly available links and/or pages
- Information on how frequently progress is being communicated publicly.

## OPERATIONS & LOGISTICS: SOCIAL & LABOR

Employees are a company's most valuable asset; they champion your business and determine the success or failure of it. It is important for you to treat your employees with the value they contribute, as the work they do determines your company's success with customers and partners.

In this section we will be focusing on the working conditions for employees across your offices, transportation and distribution center operations.

### Scope of this section

The Operations & Logistics section is intended to outline the best social & labor practices companies can adopt in the operations of their offices, transportation and distribution centers.

We recognize that many companies contract the services associated with transportation and distribution centers through third-party logistics providers. Questions in this section still apply as the program can focus on partnering with these providers to ensure social/human rights goals are met for their workforce. While you may not directly control the outcomes, your company can still attempt to work with these third-party logistics providers towards social & labor improvements through sustainable procurement.

### Data Collection

The topics covered in this section are specific to your offices, transportation and distribution centers workforce and involve a broad range of topics related to your company's corporate social responsibility associated with the operations of the sites that you own, operate or lease. Staff that should be consulted are responsible for Human Resource and/or managing offices/logistics providers/distribution centers operations.

## Offices

1. Have internal social/human rights and labor workplace standards been implemented in offices in the reporting period? Answer options: Yes/Partial Yes/No (olslofficesstandard)

Comment [194]: new

1.1 If no, please describe your plan to implement these practices

### Intent of this question

This question is intended to understand if your company's internal social/human rights and labor workplace standard (as described in the Management System section, question 9) has been implemented across your corporate office operations. Full implementation across corporate offices ensures organizational labor workplace standards are consistently applied.

### Technical Guidance

Please refer to the answer provided in the Management System section, question 9.

Internal social & labor workplace standards are tools that provide a consistent set of rules to manage working conditions, workplace behavior, and contributions the company expects from their employees. Work rules protect your business and workers, while creating and maintaining a better work environment for all.

Examples of how companies implement social and labor workplace standards include:

- **Employee Code of Conduct** – Outlines a company's expectations regarding employees behavior towards their colleagues, supervisors and overall organization.
- **Employee Handbook** - An employee handbook applies to all employees and can be considered as an addition to their employment contracts. It outlines key information of a company's culture, policies and procedures. Employers also use the policies in an employee handbook to provide the roadmap to ethical and legal treatment of employees.
- **Internal Code of Ethics and Business Conduct** – Outlines a company's set of rules or standards regarding organizational values, responsibilities and ethical obligations. The code of conduct provides employees with guidance for handling difficult ethical situations related to the business.

### Answer options

- If answered 'yes' to this question, your company has implemented internal social/human rights and labor workplace standards in over 75% of your corporate offices.
- If answered 'partial yes' to this question, your company has implemented internal social/human rights and labor workplace standards across 25-75% of your corporate offices.
- If answered 'no' to this question, your company has implemented internal social/human rights and labor workplace standards in less than 25% of your corporate offices.

### Helpful Resources

- [International Labour Organization – Brief introduction to International Labour Standards](#)

- Fair Labor - Code of Conduct

#### How this will be verified

##### **Documentation required**

- Documents related to the internal social/human rights & labor workplace standard(s) for corporate offices.
- Documentation that describes the percentage of corporate offices that have been included and how they were selected.

##### **Interview questions to ask**

- Management responsible for office operations can clearly articulate the roles and responsibilities of those responsible for coordinating activities around monitoring and advancing internal social/human rights & labor workplace standards.
- Key employee(s) responsible for coordinating internal management activities can demonstrate that they understand and are able to explain their roles.

**2. Does your company have a process to ensure offices (including any employment or labor agencies with which you work) are in compliance with local labor laws?** Answer options: Yes/Partial Yes/No (olslofficescomplianceprocess)

#### Intent of the question

This question intends to confirm that your company has a process for integrating human resource management and labor law compliance across all of your office operations (including any contracted employment or labor agencies).

#### Technical Guidance

Companies are responsible for ensuring all of their owned and operated sites (including corporate offices) are meeting labor rights compliance. Monitoring of this compliance ensures the office operations reflect jointly shared values and fulfills the commitment of your organization to the office employees.

Staff responsible for human resources (HR) should implement an integrated process to ensure compliance to local labor laws (as part of the Human Resource Policy) is applied consistently across all business operations, including offices.

Process and procedures are needed to ensure alignment with the company's social/human rights policy. A forward looking process addresses how the company intends to stay up to date on the changing legal landscape and how remediation or preventative efforts will be taken when non-compliance has been found in office operations.

- To answer 'yes' to this question, your company has implemented a process to ensure corporate offices are in compliance with local labor law.
- To answer 'partial yes' to this question, your company is developing a process to ensure corporate offices are in compliance with local labor law.
- To answer 'no' to this question, your company does not have a process in place to ensure corporate offices are in compliance with local labor law.

It is recommended that your company consult with legal counsel(s) in the different geographies you operate in, to ensure your corporate offices are in compliance with local labor law.

#### How this will be verified

##### Documentation required

- Description of the labor violations
- Where a citation for non-compliance exists, the company can demonstrate that it has rectified the non-compliance (e.g. corrective action plan).

Comment [195]: now Q3 previous Q2

### 3. Are all offices (including any employment or labor agencies with which you work) in compliance with local labor laws? Answer options: Yes/No (olslofficescompliance)

#### 3.1 Select all that apply:

- Employees are able to freely access their original identity cards, work permits and travel documents at any time
- Employees' freedom of movement is not restricted
- No employee has paid illegal or excessive recruitment fees and other charges
- Validated the agency/broker operates under legally issued license
- Other

#### Intent of the question

Integration of social/human rights in the office operations may be a complex process that involves several organizational levels in different parts of the world. This question intends to ensure that social/human rights compliance terms are captured in procurement / business contracts with contractors and/or vendors.

#### Technical Guidance

It is important for companies to align human rights policies with contractual mechanisms to ensure contractors and/or vendors are in compliance of local labor laws. A company may provide social/human rights training to strengthen this awareness amongst business partners.

#### Helpful Resources

- Checklist: Program alignment with UN Guiding Principles
- [A guide for integrating human rights into business management](#)

#### How this will be verified

##### Documentation required

- A copy of the procurement or business contract for building contractors and/or vendors of office operations that include social/human rights compliance terms
- Description of the process to ensure that contractors and vendors are in compliance of social/human rights terms and how often monitoring is conducted.

Comment [196]: now Q3 previous Q2

### 4. Does your company have an action plan to improve the social/human rights performance of offices? Answer options: Yes/Partial Yes/No (olslofficesactionplan)

#### 4.1. Please upload a copy of the action plan

### Intent of the question

This question enables companies to elaborate on the actions they have taken to achieve the social/human rights goals of office operations.

### Technical Guidance

An action plan provides a framework wherein social/human rights goals can be effectively managed by the individuals/team tasked with this responsibility. The plan helps to break larger tasks into smaller parts over a given time period, which makes it easier to execute and manage.

Companies can take a variety of actions to improve the promotion and protection of social/human rights performance of its corporate offices. As a company develops its plan, it should consider the number of its offices and office employees, as well as the risks identified (e.g. geographic-specific) to help the company determine how to improve working conditions for office employees.

Companies are strongly encouraged to partner with their employees and other subject matter experts to develop action plans and/or related capacity building efforts prior to implementation to avoid unintended negative impacts, as well as get employee buy-in for greater employee engagement.

### Answer options

- In order to answer “yes” to this question, the company can provide the action plan and can demonstrate that the actions taken have resulted in improved working conditions for office employees.
- In order to answer “partial yes” to this question, the company does not have a formal action plan but can demonstrate that actions were taken and resulted in improved conditions for office employees.

### How this will be verified

#### Documentation required

To answer this question, please ensure you have one or more of the following evidence:

- A copy of the action plan with a description of the goals and targets that has been approved by your company's executive team and/or board that commits resources to the program.
- Documentation of processes/internal guidelines/interviews that demonstrate how action plans are defined with employees OR how support and guidance is given to employees.
- Demonstrations of training materials/tools or documentation/minutes of training given to employees through eLearning modules, in-person workshops or one-to-one engagements.
- The results/outcome of the company's actions or action plan and how it has supported the employees in improving their working conditions.

**5. Has your company made improvements in social/human rights performance in offices over the reporting period?** Answer options: Yes/No (olslofficesimprove)

5.1. Describe the improvements made over the reporting period:

Comment [197]: new

### Intent of this question

This question intends to determine whether the company's actions have resulted in the improvement of working conditions for office employees.

Comment [198]: new

### Technical Guidance

Please describe the successes achieved in the last calendar year which have resulted in social/human rights improvements for your office employees.

Reflecting on the improvements made, enables staff to measure and report its progress towards achieving the company's goals/commitment.

### How this will be verified

#### Documentation required

- Company's analysis, summary or report listing the improvements made and the supporting evidence (e.g. objective data or records or through third party verifier)
- Evidence of improvements that demonstrate that improvements weren't made solely from a decline in sales, or number of employees
- Description of the process to continuously track and manage improvements as part of the company's social/human rights action plan for offices.

### 6. Does your company participate or invest in activities with other stakeholders to jointly address systemic challenges in order to improve the social/human rights working conditions in offices? Answer options: Yes/No (olslofficesstakeholders)

#### 6.1. Who do you engage with:

- Local communities
- Local governments
- Local NGOs
- International NGOs
- Tri-party agreement (multi stakeholder initiative)
- Labor unions
- Other company or companies that have the same business partners
- Building owners, landlords, or third-party logistics providers of distribution centers

#### 6.2 Please describe your joint initiatives and/or list the relevant URLs:

### What is the intent of the question?

This question is intended to assess how your company participates in and/or invests in activities with other stakeholders to improve working conditions and contribute to a larger shift in the industry. SMEs are encouraged to take part in multi stakeholder initiatives that drive collective impact to bring programs to scale.

### Technical Guidance

In order to answer 'yes' your company has participated or invested in activities with at least one of the stakeholders listed within the question.

Activities to improve working conditions for employees can include a variety of activities such as employee empowerment / engagement, investing in worker wellbeing campaigns, implementing new



procedures and policies to enhance scheduling and employee incentives.

### Helpful Resources

- [CECP: Giving in Numbers](#)
- [ETI: Benefits of working with trade unions](#)
- [Forbes: How your office space impacts employee well being](#)
- [Network for Good: Employee Engagement](#)

### How this will be verified

#### Documentation required

When answered 'yes' to this question, you should be able to provide at least two of the following:

- A signed partnership or collaboration agreement with the relevant stakeholder(s).
- Evidence of participation and engagement in shared platforms, including multi-stakeholder events.
- Evidence of direct engagement with community groups - for example consultation through a credible 3rd party or in direct and relevant response to an ask by community groups.
- Provide relevant URLs or links to your participation or contribution to the joint initiative(s).
- Records of outcome / feedback from stakeholder consultation/engagement.

**7. Does your company offer career advancement opportunities to office employees?** Answer options: Yes/Partial Yes/No (olslofficesemployeecareer)

### Intent of this question

This question intends to confirm if the company offers career advancement opportunities to office employees to further develop their careers and skillset.

### Technical Guidance

Many companies have management training programs and specific career paths intended to encourage career advancement for employees working within its operations. Some companies may not have formal programs or career paths for career advancement. However, they do promote from within when employees meet the necessary job qualifications for advancement opportunities.

Regardless of whether career advancement is done through formal or informal channels, it is a great opportunity for companies to identify and build talent within its operations who have frontline experience, while retaining top performers.

#### Answer options

- To answer 'yes' to this question, it means your company promotes office employees internally through either formal career advancement programs.
- To answer 'partial yes' to this question, it means your company promotes office employees internally through informal career advancement programs.
- When answering "no" to this question, this means your company does not promote office employees internally through either formal or informal career advancement programs.

### Helpful Resources

- [Inc: How to Develop a Winning Career Development Program for Your Employees](#)
- [Training: Five Career Development Essentials](#)

### How this will be verified

#### **Documentation required**

- If you answered 'yes' or 'partial yes' to this question, your company should provide the following:
- A description of your company's formal and informal career advancement program(s).
- The number of office employees who were promoted during your company's last fiscal year. This should also include the number of employees promoted to supervisor roles and from hourly to management positions.

### 8. Does your company ensure healthcare benefits are provided to your office employees?

Answer options: Yes/Partial Yes/No (olslofficesemployeehealth)

### Intent of this question

This question intends to confirm that healthcare benefits are provided to office employees.

### Technical Guidance

All companies are expected to comply with local law and provide all legally required healthcare benefits to its office employees.

It is considered a leading practice when companies offer additional healthcare benefits beyond legal requirements, to retain and attract employees, as part of creating a more competitive benefits package. Company benefits packages may differ based on geography due to legal requirements and market expectations. It is recommended that your company consult with legal counsel(s) in the different geographies you operate in, to identify all required benefits to ensure compliance with local law.

#### Answer options

- To answer 'yes' to this question, your company provides additional healthcare benefits beyond legal requirements.
- To answer 'partial yes' to this question, your company has one of the following:
  - Provides at minimum all legally required healthcare benefits to office employees
  - Company does not provide these benefits as it is provided by local law
- When answering "no" to this question, your company does not ensure health care benefits are provided to office employees and neither is it provided through local law.

### Helpful Resources

- [Glassdoor for Employers: Five Awesome Job Benefits That Attract Quality Candidates](#)
- [Harvard Business Review: The Most Desirable Employee Benefits](#)
- [ILO: Tools and Resources for Business on Wages and Benefits](#)
- [Society for Human Resources Management: How to Design an Employee Benefits Program Guide](#)
- [WHO: Protecting workers health](#)

### How this will be verified

#### **Documentation required**

If you answered 'yes' or 'partial yes' to this question, your company should provide the following:

- Company's employee policy/manual and the description of providing legally required health care benefits to employees.
- Identify the individual(s) responsible for ensuring all office employees within your full operations receive legally required and/or additional (beyond legally required) health care benefits.
- A summary of the process to ensure provided health care benefits comply with local law in the different geographies your company operates.
- Optional: A description of additional health care benefits offered beyond legal requirements by geography.

### 9. Does your company ensure retirement benefits are provided to your office employees?

Answer options: Yes/Partial Yes/No (olslofficesemployeeeretire)

#### Intent of this question

This question intends to confirm that retirement benefits are provided to office employees.

#### Technical Guidance

All companies are expected to comply with local law and provide all legally required retirement benefits to their office employees.

It is considered a leading practice when companies offer additional retirement benefits beyond legal requirements to retain and attract employees as part of creating a more competitive benefits package. Company benefits packages may differ based on geography due to legal requirements and market expectations. It is recommended that your company consult with legal counsel(s) in the different geographies you operate in to identify all required benefits to ensure compliance with local law.

#### Answer options

- To answer 'yes' to this question, your company provides additional retirement benefits beyond legal requirements.
- To answer 'partial yes' to this question, your company has one of the following:
  - Provides at minimum all legally required retirement benefits to office employees
  - Company does not provide these benefits as it is provided by local law
- When answering "no" to this question, your company does not ensure retirement benefits are provided to office employees and neither is it provided through local law.

#### Helpful Resource

We recommend reviewing the helpful resources of the previous question.

#### How this will be verified

##### Documentation required

If you answered 'yes' or 'partial yes' to this question, your company should provide the following:

- Company's employee policy/manual and the description of providing legally required retirement benefits to employees.
- Identify the individual(s) responsible for ensuring all office employees within your full operations receive legally required and/or additional (beyond legally required) retirement benefits.
- A summary of the process to ensure provided retirement benefits comply with local law in the different geographies your company operates.

- Optional: A description of additional retirement benefits offered beyond legal requirements by geography.

**10. Do you publicly communicate your key social/human rights impacts, policies and programs associated with offices?** Answer options: Yes/No (olslofficespublic)

10.1 Please describe and provide the relevant URLs:

**Intent of the question**

Public communication on the progress of social/human rights performance associated with the office operations can be a useful way to transparently share approaches with internal and external stakeholders. This not only drives accountability within the organization but also facilitate in knowledge sharing between the company and its important stakeholders.

**Technical Guidance**

Formats for communication can be through:

- Corporate Social Responsibility (CSR) or sustainability reports
- Annual reviews or financial reports
- Online web pages and news stories
- Other communication material

Answer options

- To answer 'yes' to this question, your company is able to share the publicly available information on the social/human rights performance associated with office operations.
- To answer 'partial yes' to this question, this information has been shared through your company's intranet and can be provided upon request.
- To answer 'no' your company does not have this information.

**Helpful Resources**

Examples of public communication

- Fast Retailing - [Support Employee Fulfilment](#)
- Marks and Spencer - [People](#) and [Human Rights Report](#)
- [Target - Empower Teams](#) (pages 16-24) and [Our Commitments](#)
- [Walmart](#)

**How this will be verified**

**Documentation required**

- Publicly available links and/or pages
- Information on how frequently progress is being communicated publicly.

## Transportation

The scope for this section focuses on the workforce associated with your product transportation operations. Transportation operations will be referenced throughout the questions. The scope of transportation operations include the activities associated with the internal and/or external transportation fleets and third-party logistics providers.

Many companies do not directly own or operate their transportation operations but work with third party logistics providers. In those situations, these questions still apply as the program can focus on partnering with these providers to meet social/human rights goals. It is important to note that while you may not directly control the social/human rights outcomes in transportation operations owned by the third-party provider, your company can still attempt to work with them towards social/human rights improvements.

**11. Have internal social/human rights and labor workplace standards been implemented in transportation operations in the reporting period?** Answer options: Yes/Partial Yes/No (olsltransstandard)

Comment [199]: new

If no, please describe your plan to implement these practices

### Intent of this question

This question is intended to understand if your company's social/human rights and labor workplace standard (as described in the Management System section, question 9) has been implemented across your transportation operations. Full implementation across all operations ensures organizational labor workplace standards are consistently applied.

Comment [200]: new

### Technical Guidance

Please refer to the answer provided in the Management System section, question 9.

Social & labor workplace standards are tools that provide a consistent set of rules to manage working conditions, workplace behavior, and contributions the company expects from their employees. Work rules protect your business and workers, while creating and maintaining a better work environment for all.

Comment [201]: new

Examples of how companies implement social and labor workplace standards include:

- **Employee Code of Conduct** – Outlines a company's expectations regarding employees behavior towards their colleagues, supervisors and overall organization.
- **Employee Handbook** - An employee handbook applies to all employees and can be considered as an addition to their employment contracts. It outlines key information of a company's culture, policies and procedures. Employers also use the policies in an employee handbook to provide the roadmap to ethical and legal treatment of employees.
- **Internal Code of Ethics and Business Conduct** – Outlines a company's set of rules or standards regarding organizational values, responsibilities and ethical obligations.

The code of conduct provides employees with guidance for handling difficult ethical situations related to the business.

#### Answer options

- If answered 'yes' to this question, your company has implemented social/human rights and labor workplace standards in over 75% of your transportation operations.
- If answered 'partial yes' to this question, your company has implemented social/human rights and labor workplace standards across 25-75% of your transportation operations.
- If answered 'no' to this question, your company has implemented social/human rights and labor workplace standards in less than 25% of your transportation operations.

Comment [202]: new

#### Helpful Resources

- [Business for Social Responsibility](#)
- [International Labour Organization – Brief introduction to International Labour Standards](#)
- [Fair Labor - Code of Conduct](#)

#### How this will be verified

##### Documentation required

- Documents related to the social/human rights & labor workplace standard(s) for transportation operations.
- Documentation that describes the percentage of transportation operations that have been included and how they were selected.

Comment [203]: new

**12. Do all contracts associated with logistics providers include social/human rights compliance terms to which all parties must adhere?** Answer options: Yes/No (olsltranscomplianceterms)

#### Intent of the question

Integration of social/human rights in the transportation operations may be a complex process that involves several organizational levels in different parts of the world. This question intends to ensure that social/human rights compliance terms are captured in procurement / business contracts with logistics providers that your company directly contracts.

#### Technical Guidance

It is important for companies to align human rights policies with contractual mechanisms to ensure social/human rights compliance of their logistics providers. A company may provide social/human rights training to strengthen this awareness amongst business partners.

#### Helpful Resources

- [Higg BRM Guidance – Program alignment with UN Guiding Principles](#)
- [A guide for integrating human rights into business management](#)
- [Target - Social Compliance Operations](#)

#### How this will be verified

##### Documentation required

- A copy of the procurement or business contract for contractors and/or vendors of transportation services that include social/human rights compliance terms
- Description of the process to ensure that contractors and vendors are in compliance of social/human rights terms and how often monitoring is conducted.

### 13. Do all transportation operations have a social/human rights responsibility program in place?

Answer options: Yes/No (olsltransprogram)

#### 13.1 If answered yes, please describe the program

#### Intent of the question

Corporate social/human rights responsibility program can be understood as a program that outlines steps and actions to protect the employees' rights and promote their [well-being](#).

A responsibility of a company is not only limited to the external environment, but a company is also responsible for its employees. Establishing a social/human rights responsibility program not only fulfills that responsibility but also helps companies in attracting and retaining the best talent globally.

A social / human rights responsibility program should include:

- Assigned staff with responsibility for assessing and managing social/human rights risks within your operations.
- Internal procedures to ensure operations align with your company's social/human rights policy.

#### Helpful Resources

- [CSR Europe: Blueprint for Embedding Human Rights in Key Company Functions](#)
- [Shift: Embedding Respect for Human Rights in Key Company Functions](#)
- [The Global Compact Network Germany: Five Steps Towards Managing the Human Rights Impacts of Your Business](#)

#### How this will be verified

##### Documentation required

If you answered 'yes' to this question, your company should provide the following:

- A copy of your company's social/human rights responsibility program.
- Explanation of how the program aligns with the social/human rights policy and/or equivalent policy.
- Identify the individuals within the company responsible for the social/human rights responsibility program.

**Comment [204]:** now Q13 previous Q14

### 14. Are all transportation operations (including any employment or labor agencies with which you work) in compliance with local labor laws? Answer options: Yes/No (olsltranscompliance)

#### 14.1 Which of the following practices are included?

- Employees are able to freely access their original identity cards, work permits and travel documents at any time

- Employees' freedom of movement is not restricted
- No employee has paid illegal or excessive recruitment fees and other charges
- Validated the agency/broker operates under legally issued license
- Other
- None of the above

### Intent of the question

This question intends to confirm that your company is monitoring and ensuring transportation operations are in compliance with local labor laws.

### Technical Guidance

**Employment / Labor agency:** Agencies that are hired by a company to recruit people to fulfil jobs, from temporary to full-time.

Staff responsible for [human resources](#) should be assigned to monitor that transportation operations (alongside offices and distribution centers) and contracted employment/labor agencies are complying with local labor law.

Methods of ensuring this could be by establishing a database/system or hire a third party to monitor labor law compliance based on the different geographical areas where your company operates in.

### Answer Options

- To answer 'yes' to this question, your company has selected or described one or more of the practices listed within the question.
- If answered 'no' to this question, your company should upload/provide at minimum the company's corrective action plan to address non-compliance.

If answered 'no' to this question, the company can share:

- Copy of the government-issued violation record(s)
- Explain the issue(s) for non-compliance
- Corrective action plan to address non-compliance

### Helpful Resources

- [ITF Global - European Trucking Exploitation of Workers](#)
- [2017 article on harm inflicted to workers in the trucking sector](#)
- [2019 Report](#) by UC Berkeley Labor Center. This report flags the risk with truck driver misclassifications. One of the findings from the report highlights "Drivers that meet the legal standard to be classified as employees but are misclassified as independent contractors earn very low wages and must finance expensive vehicles with high interest loans to comply with clean vehicle rules".

### How this will be verified

#### Documentation required

If answered 'yes' to this question the company can share:



- Internal/external materials that can explain the company's monitoring program/system to ensure transportation operations and/or contracted employment/labor agencies are meeting local labor laws.
- Identify the individual(s) responsible for ensuring all transportation operations comply with local labor laws.

If answered 'no' to this question, the company can share:

- Copy of the government-issued violation record(s)
- Explain the issue(s) for non-compliance
- Corrective action plan to address non-compliance

**Comment [205]:** now Q14 previous Q15

### 15. Does your company have a process to ensure transportation operations (including any employment or labor agencies with which you work) are in compliance with local labor laws?

Answer options: Yes/Partial Yes/No (olsltranscomplianceprocess)

#### Intent of the question

This question intends to confirm that your company has a process for integrating human resource management and labor law compliance across all of their transportation operations (including any contracted employment or labor agencies).

#### Technical Guidance

Staff responsible for human resources (HR) should implement an integrated process to ensure compliance to local labor laws (as part of the Human Resource Policy) is applied consistently across all business operations, including transportation.

Process and procedures are needed to ensure alignment with the company's social/human rights policy. A forward-looking process addresses how the company intends to stay up to date on the changing legal landscape and how remediation or preventative efforts will be taken when non-compliance has been found in transportation operations.

#### Answer Options

- To answer 'yes' to this question, your company has implemented a process to ensure transportation operations are in compliance with local labor law.
- To answer 'partial yes' to this question, we are developing a process to ensure transportation operations are in compliance with local labor law.
- To answer 'no' to this question, your company does not have a process in place to ensure compliance.

#### Helpful Resources

- [Ethical Trading Initiative - Base Code](#)
- [Verite – Screening and Evaluating Labor Recruiters](#) and [Verite - Managing Labor Recruiters](#)
- Government of the United Kingdom: [Use of Labour Providers - Advise on Due Diligence](#)

#### How this will be verified

##### Documentation required

- Organization chart, which outlines how compliance is being managed at the corporate level and in transportation operations and identify the individual(s) tasked with this responsibility.

- A copy of your process and/or procedures that describes how your company is ensuring compliance with local labor law and the remediation efforts when non-compliance has been found.
- Database, system or a third party that is being used to monitor compliance with local labor laws in the different geographies in which your transportation operations operate.

Optional: When working with third-party labor or employment agencies:

- Policies and/or procedures used to evaluate labor agencies and brokers compliance with local labour law(s)
- Copies of contracts with labor agents if applicable
- A copy of the Supplier Code of Conduct as a condition of business as part of contracts
- Measures that are established by the company to ensure the legal compliance of subcontractors in each jurisdiction in which they operate.

#### **Interview questions to ask**

- Staff tasked with the responsibility to ensure local labor law compliance can explain:
  - their roles and responsibilities
  - process for monitoring the compliance of local labor law in transportation operations
  - escalation process for when non-compliance has been found
  - which remediation efforts could be implemented when non-compliance has been found
  - database/system/third party company has been using to stay up to date on the changing legal landscape

**Comment [206]:** now Q15 previous Q16

**16. Are all employees involved with transportation operations paid a living wage?** Answer options: Yes/Partial/No (olstranslivingwage)

*Many companies do not directly own or operate their transportation fleets, but work with third party logistics providers. In those situations, this question will still apply to you as the program can focus on partnering with these providers to meet social & labor goals. It's important to note that while you may not directly control the outcomes, your company can still attempt to work with your business partners towards social & labor improvements.*

#### **Intent of the question**

This question is determined to evaluate whether companies are paying their employees (within internal transportation fleets) a living wage and/or works with their third-party logistics providers to ensure living wage is provided to their employees.

A fair living wage is a standard recognized by the International Labor Organization as a basic human right. It is determined as earning enough money to allow a person to support themselves day to day and maintain a small amount of savings. Providing employees with a living wage is not only the right thing to do but in turn will strengthen workers loyalty through increased productivity and quality.

In a study conducted by [MIT](#) in which the minimum wage has been compared to the living wage, it was found that in many places in the United States, it would take a worker two-and-a-half to three minimum wage jobs to make ends meet.

#### **Technical Guidance**

The Higg BRM aligns with the definition set by [Action Collaboration Transformation](#):

*"A living wage is the minimum income necessary for a worker to meet the basic needs of himself/herself and his/her family, including some discretionary income. This should be earned during legal working hours (i.e. without overtime)."*

It is important to first understand the difference between minimum wage and living wage in the country of operation to calculate the wage gap and work towards closing the gap. In order to do so companies should first collect information about the salaries by ranking from the lowest to the highest paid salary. As a second step, this should be compared with living wage estimates that are available in the respective country. We have referred to several publicly available resources that you could leverage in the helpful resources. Feel free to also reach out to local organization or experts to support you in establishing the appropriate living wage.

#### Answer Options

- To answer 'yes' to this question, all employees involved in the transportation operations are paid a living wage.
- To answer 'partial yes' to this question, some of the employees in the transportation operations have been paid a living wage but not all.
- To answer 'no' to this question no living wage has been provided to employees involved in the transportation operations.

#### Helpful Resources

- [Implementing Living Wages – Practical Approaches for Business](#)

#### Stakeholder and industry initiatives your company could reach out to on the topic of living wage:

- [Ethical Trading Initiative](#)
- [Fair Wear Foundation](#)
- [Fair Wage Network](#)
- [Fair Labor Association](#)
- [Fairtrade International](#)
- [Global Living Wage Coalition](#)

#### Living wage data and estimates:

- [Asian Floor Wage Alliance](#)
- [Global Living Wage Coalition](#)
- [WageIndicator Foundation](#)
- [Fair Wage Network](#)
- [MIT Living Wage Calculator \(US Only\)](#)

#### General Resources:

- Ethical Trading Initiative has [outlined](#) the importance of living wages for workers.
- [Implementing Living Wages – Practical Approaches for Business](#)
- [World Economic Forum – How to calculate a living wage](#)

#### How this will be verified

##### Documentation required

- Company's living wage policy and how living wage has been calculated for transportation operations employees.
- If answered 'partial yes' to this question:
  - an explanation of the percentage of employees with and without living wage payment
  - selection criteria for employees being included (or excluded) in the living wage policy

**Comment [207]:** now Q16 previous Q17

**17. Does your company have an action plan to improve the social/human rights performance of transportation operations?** Answer options: Yes/Partial Yes/No (olsltransactionplan)

17.1 Please upload a copy of the action plan

*Many companies do not directly own or operate their transportation fleets, but work with third party logistics providers. In those situations, this question will still apply to you as the program can focus on partnering with these providers to meet social & labor goals. It's important to note that while you may not directly control the outcomes, your company can still attempt to work with your business partners towards social & labor improvements.*

#### Intent of the question

This question enables companies to elaborate on the actions they have taken to achieve the social/human rights goals of transportation operations.

#### Technical Guidance

An action plan provides a framework wherein social/human rights goals can be effectively managed by the individuals/team tasked with this responsibility. The plan helps to break larger tasks into smaller parts over a given time period, which makes it easier to execute and manage.

Companies can take a variety of actions to improve the promotion and protection of social/human rights performance for employees involved in your company's transportation operations. As a company develops its plan, it should consider the number of transportation operations employees (direct and/or through third party logistics providers), as well as the risks identified (e.g. geographic-specific) to help the company determine how to improve working conditions for these employees.

Companies are strongly encouraged to partner with their employees, third-party logistics providers or other subject matter experts to develop action plans and/or related capacity building efforts prior to implementation to avoid unintended negative impacts, as well as get employee buy-in for greater employee engagement.

#### Answer options

- In order to answer "yes" to this question, the company can provide the action plan to this question and can demonstrate that the actions taken have resulted in improved working conditions for employees involved in the transportation operations.
- In order to answer "partial yes" to this question, the company does not have a formal action plan but can demonstrate that actions were taken and resulted in improved conditions for employees involved in the transportation operations.

### How this will be verified

#### Documentation required

To answer this question, please ensure you have one or more of the following evidence:

- A copy of the action plan with a description of the goals and targets that has been approved by your company's executive team and/or board that commits resources to the program.
- Documentation of processes/internal guidelines/interviews that demonstrate how action plans are defined with employees OR how support and guidance is given to employees.
- Demonstrations of training materials/tools or documentation/minutes of training given to employees through eLearning modules, in-person workshops or one-to-one engagements.
- The results/outcome of the company's actions or action plan and how it has supported the employees in improving their working conditions.

**Comment [208]:** now Q17 previous Q18

**18. Has your company made improvements in social/human rights performance in transportation operations over the reporting period?** Answer options: Yes/No (olsltransimprove)

**Comment [209]:** new

18.1 Describe the improvements made over the reporting period:

**Comment [210]:** new

### Intent of this question

This question intends to determine whether the company's actions has resulted in the improvement of working conditions for employees involved in the transportation operations.

### Technical Guidance

Please describe the successes achieved in the last calendar year which have resulted in social/human rights improvements for the employees involved in the transportation operation (direct employees or through third-party logistics providers).

Reflecting on the improvements made, enables staff to measure and report its progress towards achieving the company's goals/commitment.

### Helpful Resources

- [BSR - 10 Human Rights Priorities for the Transport and Logistics Sector](#)

### How this will be verified

#### Documentation required

- Company's analysis, summary or report listing the improvements made and the supporting evidence (e.g. objective data or records or through third party verifier)
- Evidence of improvements that demonstrate that improvements weren't made solely from a decline in shipments, or number of employees
- Description of the process to continuously track and manage improvements as part of the company's social/human rights action plan for transportation operations.

**Comment [211]:** now Q18 previous Q19

**19. Does your company participate or invest in activities with other stakeholders to jointly address systemic challenges in order to improve the social/human rights working conditions in transportation operations?** Answer options: Yes/No (ols/transstakeholders)

**19.1 Who do you engage with:**

- Local communities
- Local governments
- Local NGOs
- International NGOs
- Tri-party agreement (multi stakeholder initiative)
- Labor unions
- Other company or companies that have the same business partners
- Building owners, landlords, or third-party logistics providers of distribution centers

**19.2 Please describe your joint initiatives and/or list the relevant URLs:**

#### **Intent of the question**

This question is intended to assess how your company participates in and/or invests in activities with other stakeholders to improve working conditions and contribute to a larger shift in the industry. SMEs are encouraged to take part in multi stakeholder initiatives that drive collective impact to bring programs to scale.

#### **Technical Guidance**

In order to answer 'yes' your company has participated or invested in activities with at least one of the stakeholders listed within the question.

Activities to improve working conditions for employees can include a variety of activities such as employee empowerment / engagement, investing in worker wellbeing campaigns, implementing new procedures and policies to enhance scheduling and employee incentives.

#### **Helpful Resources**

Below are examples of initiatives companies can participate in.

- [European Transport Workers Federation](#)
- [International Transport Workers Federation](#)
- [Sustainable Shipping Initiative](#)
- [Truckers against trafficking](#)

#### **How this will be verified**

##### **Documentation required**

When answered 'yes' to this question, you should be able to provide at least two of the following:

- A signed partnership or collaboration agreement with the relevant stakeholder(s).
- Evidence of participation and engagement in shared platforms, including multi-stakeholder events.
- Evidence of direct engagement with community groups - for example consultation through a credible 3rd party or in direct and relevant response to an ask by community groups.
- Provide relevant URLs or links to your participation or contribution to the joint initiative(s).

- Records of outcome / feedback from stakeholder consultation/engagement.

**Comment [212]:** now Q19 previous Q20

**20. Does your company ensure career advancement opportunities are provided to your logistics providers employees?** Answer options: Yes/Partial Yes/No (olsltransemployeeecareer)

#### Intent of this question

This question intends to confirm if the company works with their logistics providers to ensure career advancement opportunities are provided to their employees to further develop their careers and skillset.

#### Technical Guidance

Many companies have management training programs and specific career paths intended to encourage career advancement for employees working within its operations. Some companies may not have formal programs or career paths for career advancement. However, they do promote from within when employees meet the necessary job qualifications for advancement opportunities.

Regardless of whether career advancement is done through formal or informal channels, it is a great opportunity for companies to identify and build talent within its operations who have frontline experience, while retaining top performers.

#### Answer options

- To answer 'yes' to this question, your company confirms and monitors that logistics providers have provided formal career advancement program to their employees.
- To answer 'partial yes' to this question, your company has confirmed that logistics providers have discussed career advancement opportunities with their employees through the annual performance review.
- When answering "no" to this question, this means your company does not confirm nor monitor whether logistics providers provide career advancement opportunities to their employees.

#### Helpful Resources

- [Inc: How to Develop a Winning Career Development Program for Your Employees](#)
- [Training: Five Career Development Essentials](#)

#### How this will be verified

##### Documentation required

If you answered 'yes' or 'partial yes' to this question, your company should provide the following:

- A description of your company's formal and informal career advancement program(s).
- The number of transportation operations employees who were promoted during your company's last fiscal year. This should also include the number of employees promoted to supervisor roles and from hourly to management positions.

**Comment [213]:** now Q20 previous Q21

**21. Does your company ensure healthcare benefits are provided to your logistics providers employees?** Answer options: Yes/Partial Yes/No (olsltransemployeehealth)



### Intent of this question

This question intends to confirm that directly contracted logistics providers have provided healthcare benefits to their employees.

### Technical Guidance

All companies are expected to comply with local law and provide all legally required healthcare benefits to its employees.

It is considered a leading practice when companies offer additional healthcare benefits beyond legal requirements, to retain and attract employees, as part of creating a more competitive benefits package. Company benefits packages may differ based on geography due to legal requirements and market expectations. It is recommended that your company consult with legal counsel(s) in the different geographies you operate in, to identify all required benefits to ensure compliance with local law.

### Answer options

- To answer 'yes' to this question, your company has confirmed that healthcare benefits (beyond legal requirements) have been provided and have implemented an annual monitoring program to ensure continuous adherence thereof by your logistics providers.
- To answer 'partial yes' to this question, your company has confirmed that all legally required healthcare benefits are provided to logistics providers employees.
- When answering "no" to this question, your company does not ensure healthcare benefits are provided to your logistics providers employees and neither is it provided through local law.

### Helpful Resources

- [Glassdoor for Employers: Five Awesome Job Benefits That Attract Quality Candidates](#)
- [Harvard Business Review: The Most Desirable Employee Benefits](#)
- [ILO: Tools and Resources for Business on Wages and Benefits](#)
- [Society for Human Resources Management: How to Design an Employee Benefits Program Guide](#)
- [WHO: Protecting workers health](#)

### How this will be verified

#### Documentation required

If you answered 'yes' or 'partial yes' to this question, your company should provide the following:

- Company's employee policy/manual and the description of providing legally required health care benefits to employees.
- Identify the individual(s) responsible for ensuring all transportation operations employees within your full operations receive legally required and/or additional (beyond legally required) health care benefits.
- A summary of the process to ensure provided health care benefits comply with local law in the different geographies your company operates.
- Optional: A description of additional health care benefits offered beyond legal requirements by geography.

**Comment [214]:** now Q21 previous Q22

**22. Does your company ensure retirement benefits are provided to your logistics providers employees?** Answer options: Yes/Partial Yes/No (olsltransemployeeretire)

### Intent of this question

This question intends to confirm that directly contracted logistics providers have provided retirement benefits to their employees.

### Technical Guidance

All companies are expected to comply with local law and provide all legally required retirement benefits to their employees.

It is considered a leading practice when companies offer additional retirement benefits beyond legal requirements to retain and attract employees as part of creating a more competitive benefits package. Company benefits packages may differ based on geography due to legal requirements and market expectations. It is recommended that your company consult with legal counsel(s) in the different geographies you operate in to identify all required benefits to ensure compliance with local law.

### Answer options

- To answer 'yes' to this question, your company has confirmed that retirement benefits (beyond legal requirements) have been provided as well as implementing an annual monitoring program to ensure continuous adherence thereof by your logistics providers.
- To answer 'partial yes' to this question, your company has confirmed that all legally required retirement benefits are provided to logistics providers employees.
- When answering "no" to this question, your company does not ensure retirement benefits are provided to your logistics providers employees and neither is it provided through local law.

### Helpful Resource

We recommend reviewing the helpful resources of the previous question.

### How this will be verified

#### Documentation required

If you answered 'yes' or 'partial yes' to this question, your company should provide the following:

- Company's employee policy/manual and the description of providing legally required retirement benefits to employees.
- Identify the individual(s) responsible for ensuring all transportation operations employees within your full operations receive legally required and/or additional (beyond legally required) retirement benefits.
- A summary of the process to ensure provided retirement benefits comply with local law in the different geographies your company operates.
- Optional: A description of additional retirement benefits offered beyond legal requirements by geography.

**Comment [215]:** now Q22 previous Q23

**23. Does your company publicly communicate your key social/human rights impacts, policies and programs associated with its transportation operations?** Answer options: Yes/No (olsltranspublic)

23.1 Please describe and provide the relevant URLs:

### Intent of the question

Public communication on the progress of social/human rights performance associated with the transportation operations can be a useful way to transparently share approaches with internal and external stakeholders. This not only drives accountability within the organization but also facilitate in knowledge sharing between the company and its important stakeholders.

### Technical Guidance

Formats for communication can be through:

- Corporate Social Responsibility (CSR) or sustainability reports
- Annual reviews or financial reports
- Online web pages and news stories
- Other communication material

### Answer options

- To answer 'yes' to this question, your company is able to share the publicly available information on the social/human rights performance associated with transportation operations.
- To answer 'partial yes' to this question, this information has been shared through your company's intranet and can be provided upon request.
- To answer 'no' your company does not have this information.

### How this will be verified

#### Documentation required

- Publicly available links and/or pages
- Information on how frequently progress is being communicated publicly.

**Comment [216]:** now Q23 previous Q24

## Distribution Centers

The scope for this section focuses on the workforce associated with your distribution center(s). Many companies do not directly own or operate their distribution center(s) but work with third party logistics providers. In those situations, these questions still apply as the program can focus on partnering with these providers to meet social/human rights goals. It is important to note that while you may not directly control the social/human rights outcomes in distribution center(s) owned by the third-party provider, your company can still attempt to work them towards social/human rights improvements.

In the below two graphs created by UC Berkeley Labor Center, the position of distribution centers in the supply chain and how outsourcing of these operations normally occur are illustrated.

### Simplified Supply Chain



### Stylized Map of Warehouse Outsourcing



**24. Have internal social/human rights and labor workplace standards been implemented in distribution centers in the reporting period?** Answer options: Yes/Partial Yes/No (olsldcstandard)

Comment [217]: new

#### Intent of this question

This question is intended to understand if your company's internal social/human rights and labor workplace standard (as described in the Management System section, question 9) has been implemented across your distribution center operations. Full implementation across corporate offices ensures organizational labor workplace standards are consistently applied.

#### Technical Guidance

Please refer to the answer provided in the Management System section, question 9.

Internal social & labor workplace standards are tools that provide a consistent set of rules to manage working conditions, workplace behavior, and contributions the company expects from their employees. Work rules protect your business and workers, while creating and maintaining a better work environment for all.

Examples of how companies implement social and labor workplace standards include:

- **Employee Code of Conduct** – Outlines a company's expectations regarding employees behavior towards their colleagues, supervisors and overall organization.
- **Employee Handbook** - An employee handbook applies to all employees and can be considered as an addition to their employment contracts. It outlines key information of a company's culture, policies and procedures. Employers also use the policies in an employee handbook to provide the roadmap to ethical and legal treatment of employees.
- **Internal Code of Ethics and Business Conduct** – Outlines a company's set of rules or standards regarding organizational values, responsibilities and ethical obligations. The code of conduct provides employees with guidance for handling difficult ethical situations related to the business.

#### Answer options

- If answered 'yes' to this question, your company has implemented internal social/human rights and labor workplace standards in over 75% of your distribution centers.
- If answered 'partial yes' to this question, your company has implemented internal social/human rights and labor workplace standards across 25-75% of your distribution centers.
- If answered 'no' to this question, your company has implemented internal social/human rights and labor workplace standards in less than 25% of your distribution centers.

#### Helpful Resources

- [International Labour Organization – Brief introduction to International Labour Standards](#)
- [Fair Labor - Code of Conduct](#)

#### How this will be verified

##### Documentation required

- Documents related to the internal social/human rights & labor workplace standard(s) for distribution centers.
- Documentation that describes the percentage of distribution centers that have been included and how they were selected.

### Interview questions to ask

- Management responsible for office operations can clearly articulate the roles and responsibilities of those responsible for coordinating activities around monitoring and advancing internal social/human rights & labor workplace standards.

Key employee(s) responsible for coordinating internal management activities can demonstrate that they understand and are able to explain their roles.

**Comment [218]:** now Q24 previous Q25

**25. Do all contracts associated with distribution centers include social/human rights compliance terms to which all parties must adhere?** Answer options: Yes/No (olsldccomplianceterms)

### Intent of the question

Integration of social/human rights in the distribution centers operations may be a complex process that involves several organizational levels in different parts of the world. This question intends to ensure that social/human rights compliance terms are captured in procurement / business contracts with contractors and/or vendors.

### Technical Guidance

It is important for companies to align human rights policies with contractual mechanisms to ensure social/human rights compliance of contractors and/or vendors. A company may provide social/human rights training to strengthen this awareness amongst business partners.

### Helpful Resources

- [Higg BRM – Program alignment with UN Guiding Principles](#)
- [A guide for integrating human rights into business management](#)
- [Target - Social Compliance Operations](#)

### How this will be verified

#### Documentation required

- A copy of the procurement or business contract for contractors and/or vendors of distribution centers that include social/human rights compliance terms.
- Description of the process to ensure that contractors and vendors are in compliance of social/human rights terms and how often monitoring is conducted.

**Comment [219]:** now Q25 previous Q26

**26. Do all distribution centers have a social/human rights responsibility program in place?** Answer options: Yes/No (olsldcprogram)

26.1 If answered yes, please describe the program

### Intent of the question

This question intends to confirm that your corporate social/human rights responsibility program, that addresses rights and obligations within the employer-employee relationship, also includes the distribution centers workforce.

### Technical Guidance

Corporate social/human rights responsibility program can be understood as a program that outlines steps and actions to protect the employees' rights and promote their [well-being](#).

A responsibility of a company is not only limited to the external environment, but a company is also responsible for its employees. Establishing a social/human rights responsibility program not only fulfills that responsibility but also helps companies in attracting and retaining the best talent globally.

A social / human rights responsibility program should include:

- Assigned staff with responsibility for assessing and managing social/human rights risks within your operations.
- Internal procedures to ensure operations align with your company's social/human rights policy.

### Helpful Resources

- [CSR Europe: Blueprint for Embedding Human Rights in Key Company Functions](#)
- [Shift: Embedding Respect for Human Rights in Key Company Functions](#)
- [The Global Compact Network Germany: Five Steps Towards Managing the Human Rights Impacts of Your Business](#)

### How this will be verified

#### Documentation required

If you answered 'yes' to this question, your company should provide the following:

- A copy of your company's social/human rights responsibility program.
- Explanation of how the program aligns with the social/human rights policy and/or equivalent policy.
- Identify the individuals within the company responsible for the social/human rights responsibility program.

**Comment [220]:** now Q26 previous Q28

**27. Are all distribution centers (including any employment or labor agencies with which you work) in compliance with local labor laws?** Answer options: Yes/No (olsldccompliance)

**27.1 Which of the following practices are included?**

- Employees are able to freely access their original identity cards, work permits and travel documents at any time
- Employees' freedom of movement is not restricted
- No employee has paid illegal or excessive recruitment fees and other charges
- Validated the agency/broker operates under legally issued license
- Other

### Intent of the question

This question intends to confirm that your company is monitoring and ensuring that distribution centers operations are in compliance with local labor laws.

### Technical Guidance

**Employment / Labor agency:** Agencies that are hired by a company to recruit people to fulfil jobs, from temporary to full-time.

Staff responsible for [human resources](#) should be assigned to monitor that distribution centers operations (alongside offices, transportation operations) and contracted employment/labor agencies are complying with local labor law.

Methods of ensuring this could be by establishing a database/system or hire a third party to monitor labor law compliance based on the different geographical areas where your company operates in.

#### Answer Options

- To answer 'yes' to this question, your company has selected or described one or more of the practices listed within the question.
- If answered 'no' to this question, your company should upload/provide at minimum the company's corrective action plan to address non-compliance.

#### How this will be verified

##### **Documentation required**

If answered 'yes' to this question the company can share:

- Internal/external materials that can explain the company's monitoring program/system to ensure distribution centers and/or contracted employment/labor agencies are meeting local labor laws.
- Identify the individual(s) responsible for ensuring all distribution centers operations comply with local labor laws.

If answered 'no' to this question, the company can share:

- Copy of the government-issued violation record(s)
- Explain the issue(s) for non-compliance
- Corrective action plan to address non-compliance

**Comment [221]:** now Q27 previous Q29



**28. Does your company have a process to ensure distribution centers (including any employment or labor agencies with which you work) are in compliance with local labor laws?**

Answer options: Yes/Partial Yes/No (olsldccomplianceprocess)

**Intent of the question**

This question intends to confirm that your company has a process for integrating human resource management and labor law compliance across all of their distribution centers operations (including any contracted employment or labor agencies).

**Technical Guidance**

Staff responsible for human resources (HR) should implement an integrated process to ensure compliance to local labor laws (as part of the Human Resource Policy) is applied consistently across all business operations, including stores.

Process and procedures are needed to ensure alignment with the company's social/human rights policy. A forward-looking process addresses how the company intends to stay up to date on the changing legal landscape and how remediation or preventative efforts will be taken when non-compliance has been found in stores.

- To answer 'yes' to this question, your company has implemented a process to ensure distribution centers are in compliance with local labor law.
- To answer 'partial yes' to this question, we are developing a process to ensure distribution centers are in compliance with local labor law.
- To answer 'no' to this question, your company does not have a process in place to ensure compliance.

**Helpful Resources**

- [Ethical Trading Initiative - Base Code](#)
- [Verite – Screening and Evaluating Labor Recruiters](#) and [Verite - Managing Labor Recruiters](#)
- [Government of the United Kingdom: Use of Labour Providers - Advise on Due Diligence](#)

**How this will be verified**

**Documentation required**

- Organization chart, which outlines how compliance is being managed at the corporate level and in distribution centers and identify the individual(s) tasked with this responsibility.
- A copy of your process and/or procedures that describes how your company is ensuring compliance with local labor law and the remediation efforts when non-compliance has been found.
- Database, system or a third party that is being used to monitor compliance with local labor laws in the different geographies your distribution centers operates.

Optional: When working with third-party labor or employment agencies:

- Policies and/or procedures used to evaluate labor agencies and brokers compliance with local labour law(s)
- Copies of contracts with labor agents if applicable
- A copy of the Supplier Code of Conduct as a condition of business as part of contracts
- Measures that are established by the company to ensure the legal compliance of subcontractors in each jurisdiction in which they operate.

### Interview questions to ask

- Staff tasked with the responsibility to ensure local labor law compliance can explain:
  - their roles and responsibilities
  - process for monitoring the compliance of local labor law in distribution centers
  - escalation process for when non-compliance has been found
  - which remediation efforts could be implemented when non-compliance has been found
  - database/system/third party company has been using to stay up to date on the changing legal landscape

**Comment [222]:** now Q28 previous Q30

**29. Are all employees involved with distribution center operations paid a living wage?** Answer options: Yes/Partial Yes/No (olsclivingwage)

### Intent of the question

The question is determined to evaluate whether retailers are paying their distribution center employees a living wage. A fair living wage is a standard recognized by the International Labor Organization as a basic human right. It is determined as earning enough money to allow a person to support themselves day to day and maintain a small amount of savings. Providing employees with a living wage is not only the right thing to do but in turn will strengthen workers loyalty through increased productivity and quality.

In a study conducted by [MIT](#) in which the minimum wage has been compared to the living wage, it was found that in many places in the United States, it would take a worker two-and-a-half to three minimum wage jobs to make ends meet.

### Technical Guidance

The Higg BRM aligns with the definition set by [Action Collaboration Transformation](#):

*"A living wage is the minimum income necessary for a worker to meet the basic needs of himself/herself and his/her family, including some discretionary income. This should be earned during legal working hours (i.e. without overtime)."*

It is important to first understand the difference between minimum wage and living wage in the country of operation to calculate the wage gap and work towards closing the gap. In order to do so companies should first collect information about the salaries by ranking from the lowest to the highest paid salary. As a second step, this should be compared with living wage estimates that are available in the respective country. We have referred to several publicly available resources that you could leverage in the helpful resources. Feel free to also reach out to local organization or experts to support you in establishing the appropriate living wage.

- To answer 'yes' to this question, all distribution centers employees are paid a living wage.
- To answer 'partial yes' to this question, some of the employees have been paid a living wage but not all.
- To answer 'no' to this question, none of the distribution centers employees have been paid a living wage.

## Helpful Resources

- [Implementing Living Wages – Practical Approaches for Business](#)

Stakeholder and industry initiatives your company could reach out to on the topic of living wage:

- [Ethical Trading Initiative](#)
- [Fair Wear Foundation](#)
- [Fair Wage Network](#)
- [Fair Labor Association](#)
- [Fairtrade International](#)
- [Global Living Wage Coalition](#)

## Living wage data and estimates:

- [Asian Floor Wage Alliance](#)
- [Global Living Wage Coalition](#)
- [WageIndicator Foundation](#)
- [Fair Wage Network](#)
- [MIT Living Wage Calculator \(US Only\)](#)

## General Resources:

- Ethical Trading Initiative has [outlined](#) the importance of living wages for workers.
- [Implementing Living Wages – Practical Approaches for Business](#)
- [World Economic Forum – How to calculate a living wage](#)

## How this will be verified

### Documentation required

- Company's living wage policy and how living wage has been calculated for store employees.
- If answered 'partial yes' to this question:
  - an explanation of the percentage of employees with and without living wage payment
  - selection criteria for employees being included (or excluded) in the living wage policy

**Comment [223]:** now Q29 previous Q31

**30. Does your company have an action plan to improve the social/human rights performance of distribution centers?** Answer options: Yes/Partial Yes/No (olstdactionplan)

30.1 If answered yes or partial yes, please upload a copy of the action plan

## Intent of the question

This question enables companies to elaborate on the actions they have taken to achieve the social/human rights goals of distribution centers.

## Technical Guidance

An action plan provides a framework wherein social/human rights goals can be effectively managed by the individuals/team tasked with this responsibility. The plan helps to break larger tasks into smaller parts over a given time period, which makes it easier to execute and manage.

Companies can take a variety of actions to improve the promotion and protection of social/human rights performance of its distribution centers. As a company develops its plan, it should consider the number of its distribution centers and its distribution center employees, as well as the risks identified (e.g. geographic-specific) to help the

company determine how to improve working conditions for distribution center employees.

Companies are strongly encouraged to partner with their employees and other subject matter experts to develop action plans and/or related capacity building efforts prior to implementation to avoid unintended negative impacts, as well as get employee buy-in for greater employee engagement.

#### Answer options

- In order to answer “yes” to this question, the company has uploaded the action plan to this question and can demonstrate that the actions taken have resulted in improved working conditions for distribution center employees.
- In order to answer “partial yes” to this question, the company does not have a formal action plan but can demonstrate that actions were taken and resulted in improved conditions for distribution center employees.

#### How this will be verified

##### Documentation required

To answer this question, please ensure you have one or more of the following evidence:

- A copy of the action plan with a description of the goals and targets that has been approved by your company's executive team and/or board that commits resources to the program.
- Documentation of processes/internal guidelines/interviews that demonstrate how action plans are defined with employees OR how support and guidance is given to employees.
- Demonstrations of training materials/tools or documentation/minutes of training given to employees through eLearning modules, in-person workshops or one-to-one engagements.
- The results/outcome of the company's actions or action plan and how it has supported the employees in improving their working conditions.

**Comment [224]:** now Q30 previous Q32

**31. Has your company made improvements in social/human rights performance in distribution centers over the reporting period?** Answer options: Yes/No (olsldcimprove)

**Comment [225]:** new

31.1 Describe the improvements made over the reporting period.

**Comment [226]:** new

#### Intent of this question

This question intends to determine whether the company's actions has resulted in the improvement of working conditions for distribution center employees.

#### Technical Guidance

Please describe the successes achieved in the last calendar year which have resulted in social/human rights improvements for your distribution center employees.

Reflecting on the improvements made, enables staff to measure and report its progress towards achieving the company's goals/commitment.

#### How this will be verified

##### Documentation required

- Company's analysis, summary or report listing the improvements made and the supporting evidence (e.g. objective data or records or through third party verifier)
- Evidence of improvements that demonstrate that improvements weren't made solely from a decline in sales, or number of employees
- Description of the process to continuously track and manage improvements as part of the company's social/human rights action plan for offices.

**Comment [227]:** now Q31 previous Q33

**32. Does your company participate or invest in activities with other stakeholders to jointly address systemic challenges in order to improve the social/human rights working conditions in distribution centers?** Answer options: Yes/No (olsldcstakeholders)

**32.1 Who do you engage with:**

- Local communities
- Local governments
- Local NGOs
- International NGOs
- Tri-party agreement (multi stakeholder initiative)
- Labor unions
- Other company or companies that have the same business partners
- Building owners, landlords, or third-party logistics providers of distribution centers

**32.2 Please describe your joint initiatives and/or list the relevant URLs:**

#### Intent of the question

This question is intended to assess how your company participates in and/or invests in activities with other stakeholders to improve working conditions and contribute to a larger shift in the industry. SMEs are encouraged to take part in multi stakeholder initiatives that drive collective impact to bring programs to scale.

#### Technical Guidance

Activities to improve working conditions for employees can include a variety of activities such as employee engagement, investing in worker wellbeing campaigns, implementing new procedures and policies to enhance scheduling.

#### How this will be verified

#### Documentation required

In order to answer 'yes', you should be able to provide at least one of the following:

- A signed partnership or collaboration agreement with the relevant stakeholder(s)
- Evidence of participation and engagement in shared platforms, including multi-stakeholder events
- Evidence of direct engagement with community groups - for example consultation through a credible 3rd party or in direct and relevant response to an ask by community groups
- Provide relevant URLs or links to your participation or contribution to these initiative
- Records of outcome / feedback from stakeholder consultation/engagement

**Comment [228]:** now Q32 previous Q34

**33. Does your company ensure career advancement opportunities are provided to your distribution center employees?** Answer options: Yes/Partial Yes/No (olsldcemployeecareer)

### Intent of this question

This question intends to confirm if the company works with their distribution centers to ensure career advancement opportunities are provided to their employees to further develop their careers and skillset.

### Technical Guidance

Many companies have management training programs and specific career paths intended to encourage career advancement for employees working within its operations. Some companies may not have formal programs or career paths for career advancement. However, they do promote from within when employees meet the necessary job qualifications for advancement opportunities.

Regardless of whether career advancement is done through formal or informal channels, it is a great opportunity for companies to identify and build talent within its operations who have frontline experience, while retaining top performers.

### Answer options

- To answer 'yes' to this question, your company confirms and monitors distribution centers have provided formal career advancement program to their employees.
- To answer 'partial yes' to this question, your company has confirmed that distribution centers have discussed career advancement opportunities with their employees through the annual performance review.
- When answering "no" to this question, this means your company does not confirm nor monitor whether distribution centers provide career advancement opportunities to their employees.

### Helpful Resources

- [Inc: How to Develop a Winning Career Development Program for Your Employees](#)
- [Training: Five Career Development Essentials](#)

### How this will be verified

#### Documentation required

If you answered 'yes' or 'partial yes' to this question, your company should provide the following:

- A description of your company's formal and informal career advancement program.
- The number of distribution center employees who were promoted during your company's last fiscal year. This should also include the number of employees promoted to supervisor roles and from hourly to management positions.

**Comment [229]:** now Q33 previous Q35

**34. Does your company ensure healthcare benefits are provided to your distribution centers' employees?** Answer options: Yes/Partial Yes/No (olstdemployeeeretire)

### Intent of this question

This question intends to confirm that directly contracted distribution centers have provided healthcare benefits to their employees.

### Technical Guidance

All companies are expected to comply with local law and provide all legally required healthcare benefits to its distribution center employees.

It is considered a leading practice when companies offer additional healthcare benefits beyond legal requirements, to retain and attract employees, as part of creating a more competitive benefits package. Company benefits packages may differ based on geography due to legal requirements and market expectations. It is recommended that your company consult with legal counsel(s) in the different geographies you operate in, to identify all required benefits to ensure compliance with local law.

### Answer options

- To answer 'yes' to this question, your company has confirmed that healthcare benefits (beyond legal requirements) have been provided as well as implemented an annual monitoring program to ensure continuous adherence thereof by your distribution centers.
- To answer 'partial yes' to this question, your company has confirmed that all legally required healthcare benefits are provided to distribution centers employees.
- When answering "no" to this question, your company does not ensure healthcare benefits are provided to your distribution centers employees and neither is it provided through local law.

### Helpful Resources

- [Glassdoor for Employers: Five Awesome Job Benefits That Attract Quality Candidates](#)
- [Harvard Business Review: The Most Desirable Employee Benefits](#)
- [ILO: Tools and Resources for Business on Wages and Benefits](#)
- [Society for Human Resources Management: How to Design an Employee Benefits Program Guide](#)
- [WHO: Protecting workers health](#)

### How this will be verified

#### Documentation required

If you answered 'yes' or 'partial yes' to this question, your company should provide the following:

- Company's employee policy/manual and the description of providing legally required health care benefits to employees.
- Identify the individual(s) responsible for ensuring all distribution center employees within your full operations receive legally required and/or additional (beyond legally required) health care benefits.
- A summary of the process to ensure provided health care benefits comply with local law in the different geographies your company operates.
- If applicable, a description of additional health care benefits offered beyond legal requirements by geography.

**Comment [230]:** now Q34 previous Q36

**35. Does your company ensure retirement benefits are provided to your distribution center employees?** Answer options: Yes/Partial Yes/No (olsldcpublc)

### Intent of this question

This question intends to confirm that directly contracted distribution centers have provided retirement benefits to their employees.

### Technical Guidance

All companies are expected to comply with local law and provide all legally required retirement benefits to their distribution center employees.

It is considered a leading practice when companies offer additional retirement benefits beyond legal requirements to retain and attract employees as part of creating a more competitive benefits package. Company benefits packages may differ based on geography due to legal requirements and market expectations.

It is recommended that your company consult with legal counsel(s) in the different geographies you operate in to identify all required benefits to ensure compliance with local law.

### Answer options

- To answer 'yes' to this question, your company has confirmed that retirement benefits (beyond legal requirements) have been provided as well as implemented an annual monitoring program to ensure continuous adherence thereof by your distribution centers.
- To answer 'partial yes' to this question, your company has confirmed that all legally required retirement benefits are provided to distribution centers employees.
- When answering "no" to this question, your company does not ensure retirement benefits are provided to your distribution centers employees and neither is it provided through local law.

### Helpful Resource

We recommend reviewing the helpful resources of the previous question.

### How this will be verified

#### Documentation required

If you answered 'yes' or 'partial yes' to this question, your company should provide the following:

- Company's employee policy/manual and the description of providing legally required retirement benefits to employees.
- Identify the individual(s) responsible for ensuring all distribution center employees within your full operations receive legally required and/or additional (beyond legally required) retirement benefits.
- A summary of the process to ensure provided retirement benefits comply with local law in the different geographies your company operates.
- Optional: A description of additional retirement benefits offered beyond legal requirements by geography.

**Comment [231]:** now Q35 previous Q37

**36. Does your company publicly communicate your key social/human rights impacts, policies and programs associated with distribution centers?** Answer options: Yes/No (olstdcpublc)

36.1 Please describe and provide the relevant URLs:

### Intent of the question

Public communication on the progress of social/human rights performance associated with the store operations can be a useful way to transparently share approaches with internal



and external stakeholders. This not only drives accountability within the organization but also facilitate in knowledge sharing between the company and its important stakeholders.

### Technical Guidance

Formats for communication can be through:

- Corporate Social Responsibility (CSR) or sustainability reports
- Annual reviews or financial reports
- Online web pages and news stories
- Other communication material

### Answer options

- To answer 'yes' to this question, your company is able to share the publicly available information on the social/human rights performance associated with distribution centers operations.
- To answer 'partial yes' to this question, this information has been shared through your company's intranet and can be provided upon request.
- To answer 'no' your company does not have this information.

### How this will be verified

Documentation required

- Publicly available links and/or pages
- Information on how frequently progress is being communicated publicly.

**Comment [232]:** now Q36 previous Q37

*You have reached the end of this 2021 Higg BRM guide.  
Thank you for reading the full guidance and we hope you found it useful.  
We'd love to hear your feedback please write to us through [mm@apparelcoalition.org](mailto:mm@apparelcoalition.org)*