

Verifier Body FAQs: Higg FEM Verification Access Fee

February 26, 2024

The purpose of this FAQ document is to provide Verifier Bodies (VBs) with new information regarding the Verification Access Fee process for Higg FEM. The collection process for the Verification Access Fee for Cascale members has changed from our previously communicated process. If you have questions that are not addressed below, please contact us <u>here</u> and a member of our team will be in touch soon.

What is the Higg FEM Verification Access Fee?

The Higg FEM Verification Access Fee is used by Cascale (formerly Sustainable Apparel Coalition) to support the ongoing content and methodology development of the Higg Index and monitor and maintain associated programs, and verification protocols, which are essential to drive sustainable change across the industry.

Is the Verification Access Fee a new fee?

No – the fee remains unchanged at \$300 USD. Prior to May 2023, facility users paid a vFEM module fee of \$300 USD through the Worldly (formerly Higg) platform. This fee collection ownership has been transferred to Cascale. This same fee has been renamed as the Verification Access Fee. vFEM modules are now enabled as part of Worldly subscription packages.

Who collects the Higg FEM Verification Access Fee?

Prior to May 2023, the Higg FEM Verification Access Fee (previously known as the vFEM module fee) of \$300 USD was collected from facilities by Worldly and passed on to Cascale. Now, the Higg FEM Verification Access Fee — which remains unchanged at



\$300 USD — will be collected from facilities by the Verifier Bodies (VBs) rather than Worldly, and passed on to Cascale, who still manages the program.

This fee is charged upon *initiation* of the assessment, i.e. "VRP" status. To learn more about the different statuses, please see the workflow <u>here.</u>

Why has the process to collect the Verification Access Fee changed from Worldly to the VBs?

Prior to May 2023, the Higg FEM verification fee was collected on Worldly, and passed to Cascale, who manages the program. In order to streamline the process, provide more transparency, and better align with common industry practice, this fee will now be collected by the Verifying Body (VB), and passed to Cascale. The amount of the Higg FEM verification fee remains unchanged at \$300 USD. **The process change is related to who and how the fee is collected.**

What is the process to collect the Higg FEM Verification Access Fee?

Each month, Cascale finance team will review verifications in progress (VRP status) from the previous month and will produce an activity report for each VB ("VRP Reports"). Cascale finance will then invoice each VB in \$USD based on its VRP Report activity (the VRP Report will accompany the invoice) for the prior month. January activity will be invoiced in February, February activity will be invoiced in March, and so on.

Who will Cascale invoice?

Cascale will issue invoices to the VBs based on the information contained in our database. Cascale will send one invoice per VB. However, the VRP Report that will accompany each invoice will identify the following:

- Verifier Body name, address, and VB Worldly ID
- Assessment ID
- Facility name, address, region/country, and facility Worldly ID

This is intended to allow VBs to identify the costs by region, if necessary.



Additionally, Cascale can send invoices to regional offices directly, by request. Please contact us <u>here</u> with the relevant additional contact information (including email address(es) that you wish to receive your monthly invoice and VRP Report). Please note, each regional office may also make a part-payment directly to Cascale for their portion of your invoice.

Will the Verifier Bodies receive a processing fee from Cascale?

Yes. In recognition of administrative work conducted by VBs in this process, Cascale will pay each VB a 5% "Administration Fee" for fees collected on its behalf. Cascale will deduct this 5% fee from the VBs monthly invoice totals.

Will the Higg FEM verification fees change?

On an annual basis, Cascale assesses and may increase the Higg FEM Verification Access Fee.

Are Cascale members exempt from paying the fee?

Cascale members receive a number of Higg FEM assessments as a benefit of their Cascale membership. However, members will be charged for any assessments that exceed their membership benefit.

How does that membership benefit/arrangement affect billing and invoicing?

Rather than ask VBs to track how many assessments a particular member has used or not used in any particular time, member-owned facilities should NOT be invoiced for assessments they have initiated. Cascale will true-up any overage directly with the relevant member at the end of their membership year.

Cascale will provide VBs with a list of members and member-owned facilities (including Worldly IDs) so that they may identify those facilities that enjoy this member benefit.

Is this a change from earlier instructions?

Yes. At the beginning of 2024, all assessments were charged a fee by the VBs, and then Cascale would issue credits to offset those fees. Based on feedback from VBs



and members that this mechanism would be/is unnecessarily burdensome, moving forward, we will now be supplying each VB with a list of member facilities that are covered under the member's benefits and should not be charged.

What is the total cost for a facility to participate in the Higg FEM self-assessment and verification?

Please find Higg FEM cost information here.

Where can I go to find more information?

We invite you to access these additional key resources to learn more:

- Higg FEM Verification Program
- Verification webpage
- <u>Worldly Verification Support</u>

Please submit your questions or concerns <u>here</u>, and a member of our team will be in touch soon.