

#### Antitrust Guidelines

#### Summary

Members are free to exchange or discuss publicly available information. However, Members should avoid any discussions or joint efforts regarding confidential competitive information such as non-public cost or price information, non-public volume information, strategic plans or other information that is not "reasonably necessary" to achieve SAC's goals.

#### **Detailed Guidelines**

- Do not agree or discuss how each of the Members will price their own goods or related products.
- Do not agree to allocate certain geographic markets (i.e., territories) or product markets (i.e., types of products) among each other.
- Do not discuss or agree to the cost or method of pricing products manufactured or sold by each other or otherwise direct each other's business activities that are outside the scope of SAC.
- Do not not compare cost information that is confidential, such as labor cost, manufacturing costs or other variables affecting pricing.
- Do not agree among yourselves to not do business with certain vendors (potential "boycott") or otherwise pressure other competitors or vendors to comply with certain pricing or cost policies. SAC and its Members should not share with each other or discuss confidential, competitive information for individual Members or any information that might affect the Members' own day to day business decisions related to cost, price or output of their own products. For example, this confidential competitive information may include: price lists or pricing plans, volume, rebate or refund programs, discount policies, credit policies, advertising credits or program allowances, slotting allowances, product cost variables or profit margins, customer lists or specific complaints, supplier contract terms, current or future marketing plans, bidding plans, purchasing plans, planning strategies, capital improvement plans, terms of sale or other contract terms, or competition in the sale or manufacture of competing products. competing products.
- SAC should not facilitate agreements or coordination among Members for the prices they charge for the products they manufacture or sell or other collusive conduct, including market allocation or refusals to deal with suppliers or customers, or organize boycotts against other manufacturers or retailers; Do not agree to allocate certain geographic markets (i.e., territories) or product markets (i.e., types of products) among each other.

  SAC should not publish or share any information that would be suggestive or conclusory as to how any individual Member should deal with individual contracting or other third party issues.

- SAC or its Members may discuss or share non-confidential, publicly available information or data.

## Q&A Attendees are all muted during the presentation. Please type your questions into the

**Q&A** box at the bottom of the screen.





## Meet the speakers



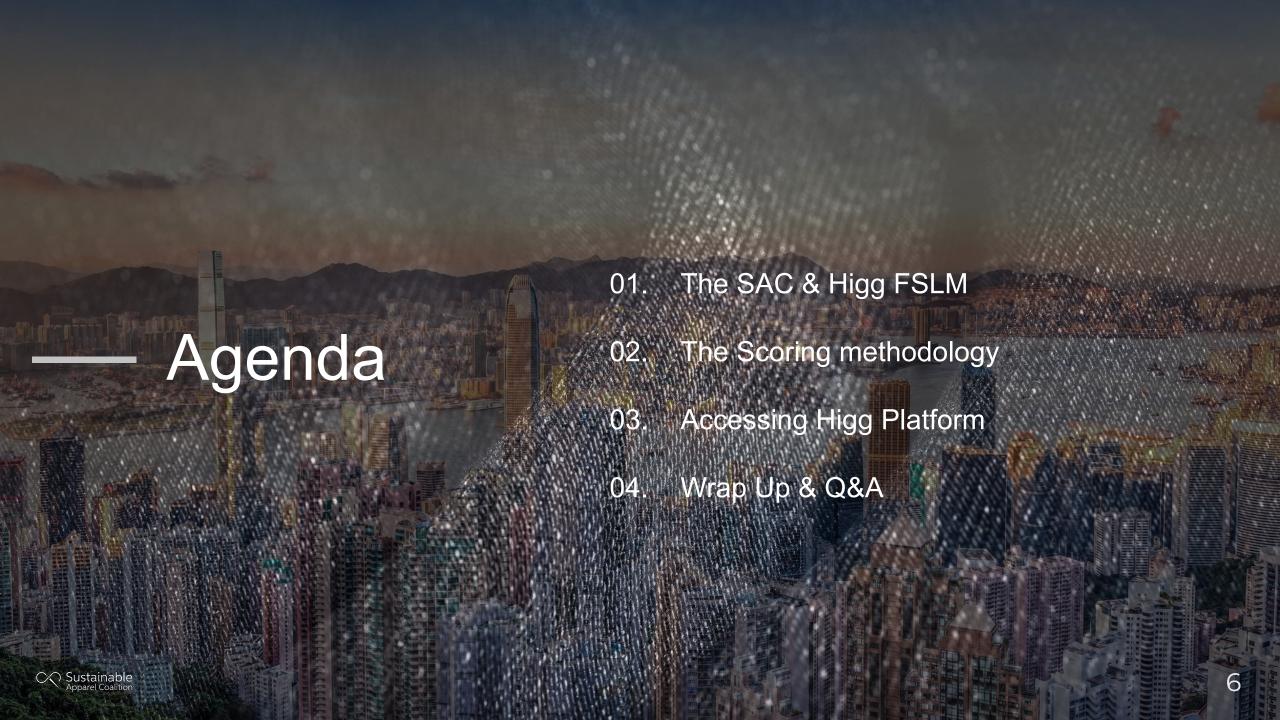




### Objectives

- Introduce scoring methodology of the Higg FSLM CAF v1.4
- Explain scoring methodology changes from CAF v1.3 to CAF v1.4
- Share how the Higg.org platform works for the Higg FSLM







#### **Purpose**

To transform business for exponential impact through groundbreaking tools, collaborative partnerships, and trusted leadership for industry sustainability.

A global consumer goods industry that **gives more than it takes**—to the planet and its people.

At the SAC, we are deeply committed to creating a more sustainable, equitable, and just world for all, and we believe that together, we can solve the industry's most urgent and systemic challenges. Through multi-stakeholder engagement, the Coalition seeks to lead the industry toward a shared vision of sustainability built upon a common approach for measuring, evaluating, and improving performance.



# The Higg FSLM

A tool that allows facilities to assess the social and labor conditions for its workers, helping ensure they're creating safe and fair working conditions.

## Higg Facility Social & Labor Module (FSLM) Measures

- Recruitment & Hiring
- Working Hours
- \$ Wages & Benefits
- Worker Treatment
- Worker Involvement
- Health & Safety
- Termination & Retrenchment
- Management Systems
  - Above and Beyond



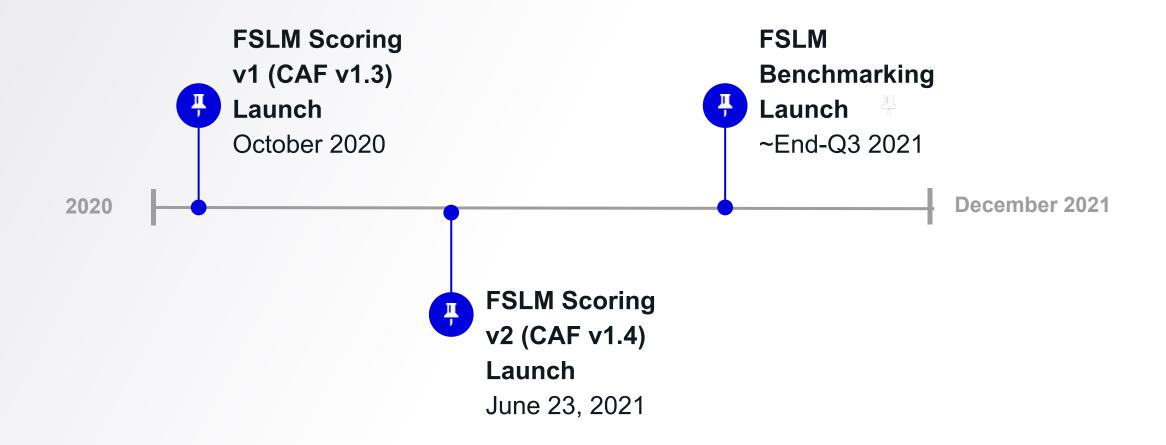
#### Benefits of using the Higg FSLM

- Join a global collaborative effort leveraging a unified measurement standard
- Benchmark scored assessment against industry peers
- Share the assessment with value chain partners
- Set goals and meet them successfully to drive continuous improvements
- Reduce need for multiple assessments.
- Unlock time and resources to redirect investments to make improvements





#### Timeline of Higg FSLM Scoring





#### What is Higg FSLM Scoring?

#### Dashboard of results:

- Area of Focus and Improvement report: opportunities for improvement and focus for the facility site based on high-level mapping to Better Work Zero Tolerance Protocols, ILO Core Conventions and level of risk to the employees and facility
- Scores: show total %, section %, Step %, Risk-based %
- \*Performance Achievement view: shows performance bands, not assessment structure
- \*Benchmarking Filters: allow user to filter facilities that they are compared against
- \*\*Performance Improvement Plan: allow user to track and communicate improvement progress

\*Future enhancements - expected in end-Q3

\*\*Future enhancements - TBC



#### **Score Allocation Rules**

- Facility profile unscored except 1 question: if no valid operating license then no opportunity to score (like Higg FEM)
- Scoring mechanism based on risk level: higher risk items worth higher point value
- Section scores will vary depending on number of questions in each section & risk category of questions
- Steps are assigned weightages Step 1 (45%), Step 2 (35%), Step 3 (20%)
- % instead of points: Score is shown in a % to accommodate hundreds of conditionals
- Leverage SLCP flags to show egregious issues (apply to Higg vFSLM)
- Leverage flags to show different risk category and other identified issues (Zero tolerance, high risk, medium risk, legal compliance)
- Question score varies depending on risk category pre-assigned.
- No levels in scoring framework.
- All questions are scored (exceptions apply)

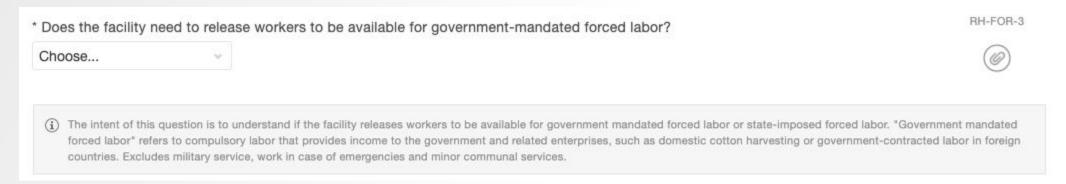


#### Criteria not used for assigning scores:

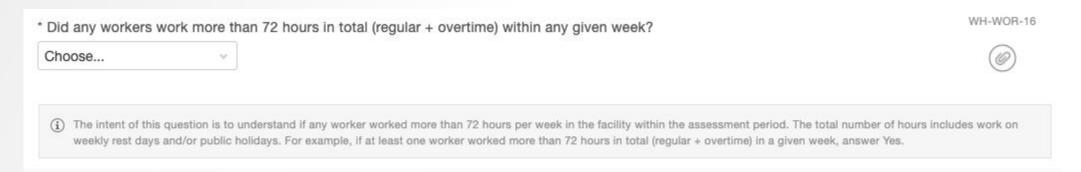
- 1. Questions with Metrics, Conditions, and that have Information only
- 2. Any entry of text answers
- 3. Some quantitative data
- 4. Entire Facility Profile (except "FP-OPE-1")



#### Example - "Unscored" Higg FSLM CAF v1.4 Questions



#### Unscored due to "Information only" question



Area of Focus and Improvement enabled



Section	Recruitment and Hiring	Working Hours	Wages and Benefits	Employee Treatment	Employee Involvement	Health & Safety	Termination	Management Systems	Empoweing People and Communities
Section Score	100%	100%	100%	100%	100%	100%	100%	100%	100%
Section Weight	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%	11.11%
Maximum Step Score	Step 1 (77.77%)					Step 2 (11.11%)	Step 3 (11.11%)		
Total Score	100%								



#### Section Score

Section	Recruitment and Hiring	Working Hours	Wages and Benefits	Worker Treatment	Employee Involvement	Health & Safety	Termination	Management Systems	Empowering People and Communities
Section Score	100%	100%	100%	100%	100%	100%	100%	100%	100%

#### **Calculation**

In each section,

Total maximum possible score = 500

Total achieved score = 250

$$\frac{250}{500} = 0.5 = 50\%$$



#### Risk Category vs. Question Score

Risk Category	Zero Tolerance	High Risk	Medium Risk	Low Risk
Question score worth	20	10	5	2



#### Risk-based Score

Risk Category	Zero Tolerance	High Risk	Medium Risk	Legal Compliance
Risk-Based Score	100%	100%	100%	100%

#### **Calculation**

Across all questions,
Total maximum possible score = 1000
Total achieved score = 200

$$\frac{200}{1000} = 0.2 = 20\%$$



#### Step Weightage

Step	1	2	3	
	45%			
Maximum Total Score	80% (45%			
	100% (45% + 35% + 20%)			

#### Step Score

Step	1	2	3
Maximum Step Score	100%	100%	100%

#### **Step Score Calculation**

In each Step across multiple section,
Total maximum possible score = 1000
Total achieved score = 750

$$\frac{750}{1000} = 0.75 = 75\%$$



#### Step Weightage

Step	1	2	3		
	45%				
Maximum Total Score	80% (45%				
	100% (45% + 35% + 20%)				

#### **Total Score Calculation**,

Total achieved score in Step 1 = 75%Total achieved score in Step 2 = 50%Total achieved score in Step 3 = 30%

		After Math
	75 x 45%	33.8%
+	50 x 35%	17.5%
+	30 x 20%	6%

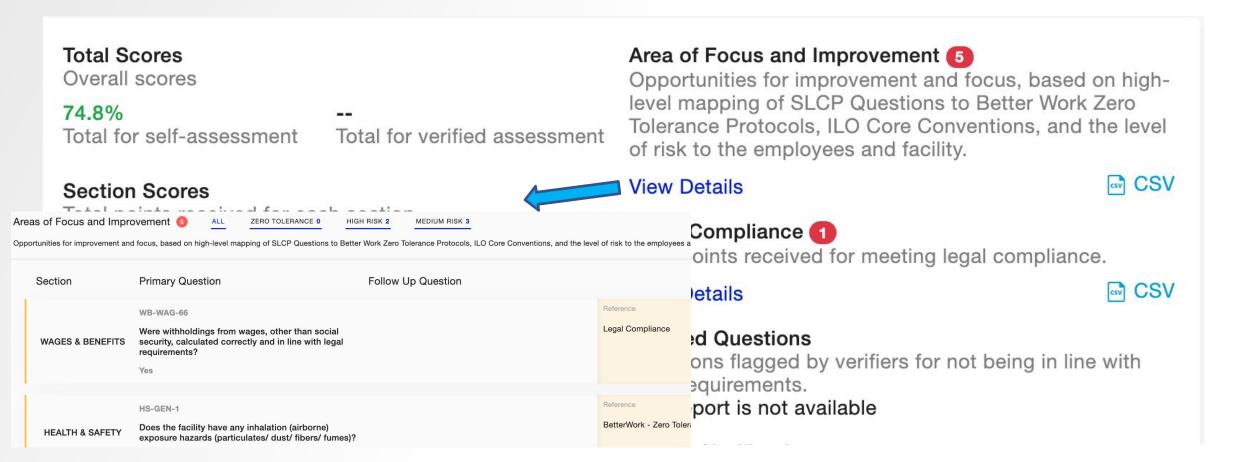
] = 57.3%



#### Area of Focus & Improvement

**Purpose:** highlights important opportunities for improvement and focus for the facility site *based* on high-level mapping to Better Work Zero Tolerance Protocols, ILO Core Conventions and level of risk to the employees and facility.

Intent: makes most critical opportunities highly visible



### Definition of each "Risk" category for Higg FSLM (March 2021)

Risk	Definition
Zero Tolerance	Questions where a non compliance results in human rights violations, including child labour, forced labour, corporal punishment, physical abuse, violence, and issues that pose an imminent threat to worker health and safety: Better Work definition.
High Risk	Questions that do not fall into Zero Tolerance category but where a non compliance results in violation of the ILO core labour standards which include discirimination, freedom of association, forced labour, child labour and issues that pose an imminent threat to H&S.
Medium Risk	Issues that do not fall into "High Risk" criteria but pose a Risk to employees and facility, which should also be prioritized for improvement. Includes questions on legal compliance that do not fall into high risk category.

## Definition of legal compliance for Higg FSLM (March 2021)

Questions related to legal requirement as stated in the CAF questions



#### **Examples** of "Zero Tolerance" for Higg FSLM



\* Has the facility ever withheld - or threatened to withhold - or delayed wage payments in order to keep workers at the facility?

Choose...

TER-FOR-3



\* Are workers free to terminate their employment after their notice period and/or contract expiry?

TER-FOR-4





Better Work Zero Tolerance Protocol



#### Examples of "High Risk" for Higg FSLM





ILO Forced Labour Convention, 1930 (No.29) ( & its 2014 Protocol)





## Examples of "Medium Risk" and "Legal Compliance" for Higg FSLM

#### Recruitment & Hiring 8%

\* Are facility practices out of compliance with any legal requirements not covered elsewhere regarding Child Labor?

RH-CHI-23



Choose...

Health & Safety 0%

Does the facility have any of the following measures in place to ensure the safe handling of chemicals and haza (SELECT all that apply with a "X")	ardous substances?
* Training records on chemical use and handling and disposal and spill cleanup are maintained for the last 12 months	HS-CHE-9-1
<b>~</b>	<b>(</b>
	HS-CHE-9-2
* Appropriate containers are used for dispensing all chemicals	<b>(</b>
* Written procedures are in place for reporting and responding to chemical spills inside the production area	HS-CHE-9-3



#### "Risk" Category for Higg FSLM (CAF v1.4)



**57** Zero Tolerance

104 High Risk

216 Medium Risk

245 Legal Compliance



## Most common feedback - Higg FSLM Scoring (CAF v1.4)

Worker Involvement 0%



Recruitment & Hiring 8%

Wages & Benefits 2%

\* Have race, skin color, sex (gender), religion, political opinion, national extraction, social origin, HIV/AIDS status, sexual orientation, pregnancy/maternity status, marital status, family responsibilities, age or nationality/foreign migrant worker status been a factor in decisions regarding hiring?

RH-DIS-18

Choose...

\* Were withholdings from wages, other than social security, calculated correctly and in line with legal requirements?

WB-WAG-66

Choose...

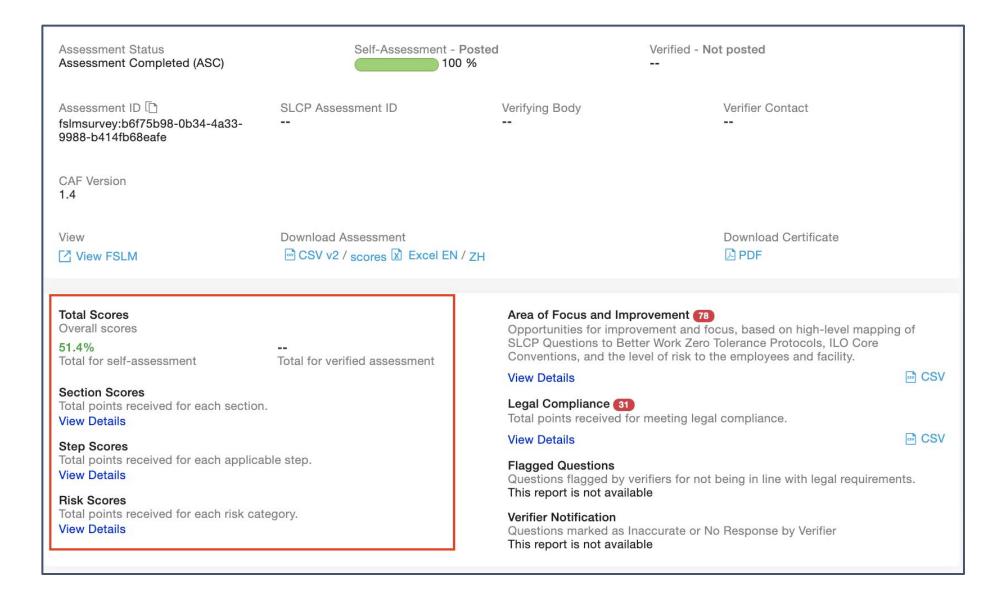


The intent of this question is to understand if the facility made all legally required withholdings (those that are mandatory/involuntary) from wages (e.g. for taxes) in a way that was accurately calculated. Social security deductions are covered separately. Consult applicable legal requirements before answering this question. If there are no applicable legal requirements, answer No applicable legal requirements.





#### Higg FSLM Scoring Report - Higg FSLM Dashboard



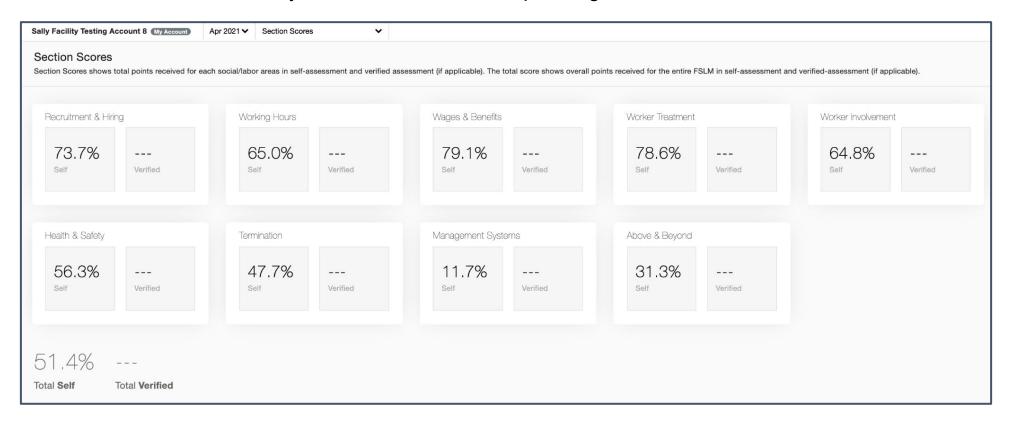
#### **Score reports:**

- Total scores
- Section scores
- Step scores
- Risk scores

#### **Higg FSLM Scoring Report - Total Scores & Section Scores**

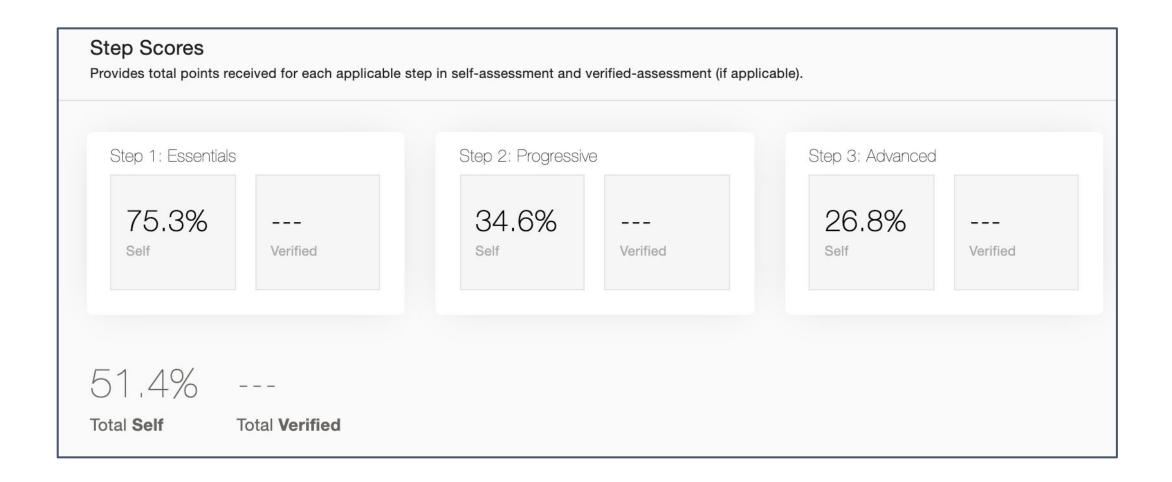
#### Total Score and Section Score

- 1. Verified scores is available only if you complete the verification
- 2. Scored as 0 if the facility doesn't have an valid operating license

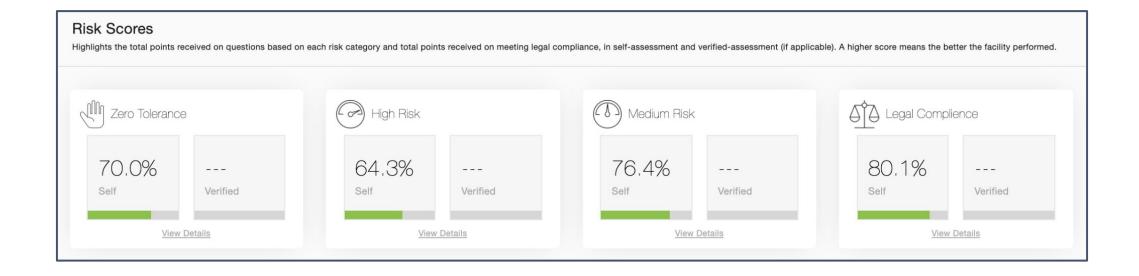


Note: The facility must complete and post their FSLM to see the score.

#### **Higg FSLM Scoring Report - Step Scores**

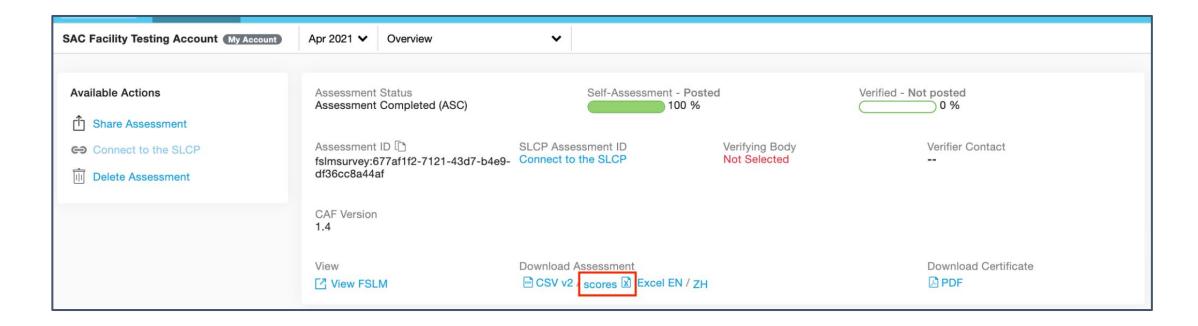


# **Higg FSLM Scoring Report - Risk Scores**



# **Higg FSLM Scoring Report - Scores CSV File**

The FSLM scores are shown on the score CSV file.



# **Area of Focus and Improvement**

**Total Scores** 

Overall scores

90.5%

Total for self-assessment

--

Total for verified assessment

**Section Scores** 

Total points received for each section.

View Details

Step Scores

Total points received for each applicable step.

View Details

**Risk Scores** 

Total points received for each risk category.

View Details

Area of Focus and Improvement 27

Opportunities for improvement and focus, based on high-level mapping of SLCP Questions to Better Work Zero Tolerance Protocols, ILO Core Conventions, and the level of risk to the employees and facility.

View Details

CSV

Legal Compliance 12

Total points received for meeting legal compliance.

View Details

CSV

**Flagged Questions** 

Questions flagged by verifiers for not being in line with legal requirements.

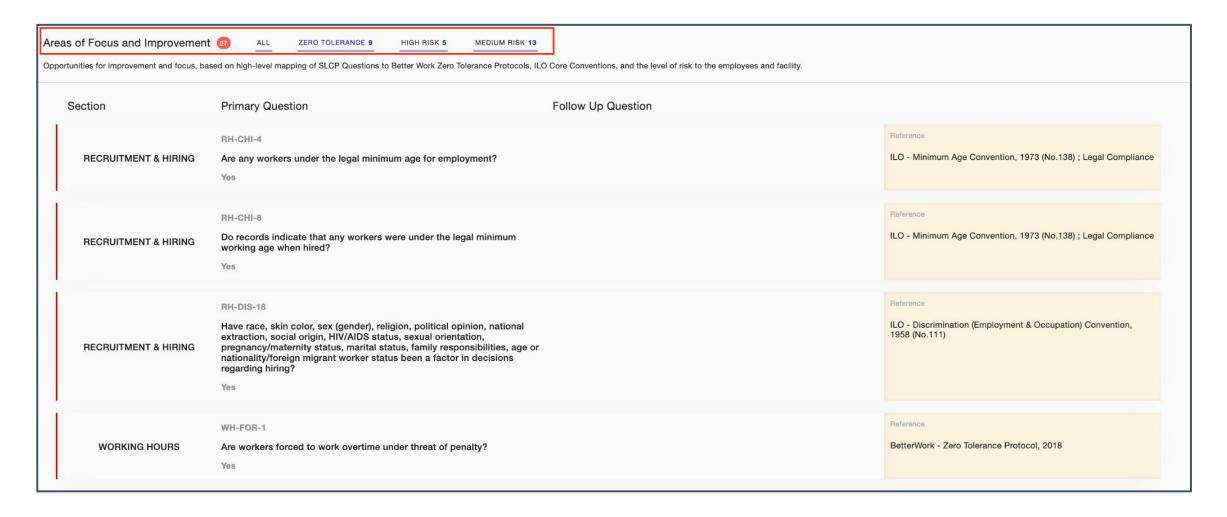
This report is not available

**Verifier Notification** 

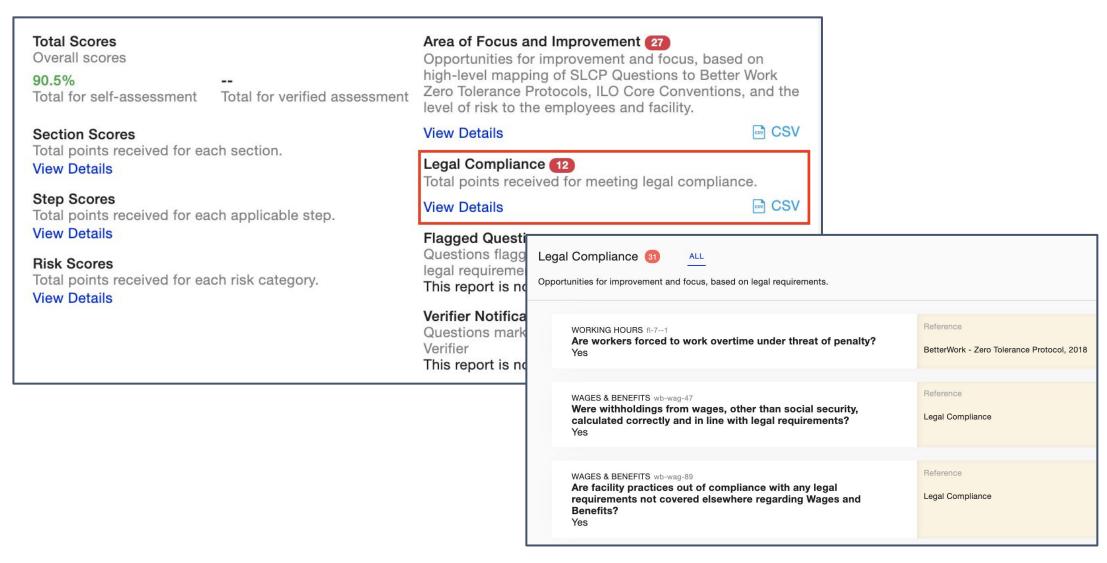
Questions marked as Inaccurate or No Response by Verifier

This report is not available

# **Area of Focus and Improvement**

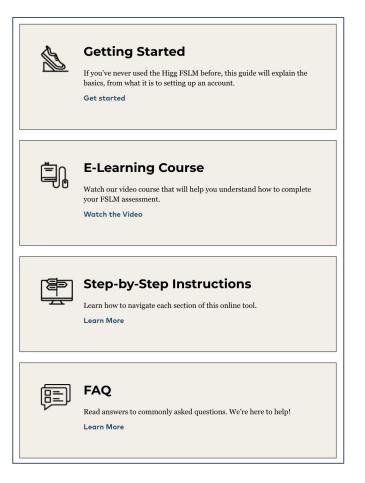


# **Legal Compliance**



# Guidance

# https://howtohigg.org/fslm-landing/





Higg FSLM CAF 1.4 Scoring system guidance

# How to Get Started

- 10. Overall Process of Navigating FSLM
- 11. How do I roll my previous data forward?
- 12. Higg FSLM CAF

  1.4 Scoring System

  Guide
- 13. Higg FSLM CAF1.3 Scoring SystemGuide

# Guidance

# https://howtohigg.org/fslm-landing/



### **Getting Started**

If you've never used the Higg FSLM before, this guide will explain the basics, from what it is to setting up an account.

Get started



### **E-Learning Course**

Watch our video course that will help you understand how to complete your FSLM assessment.

Watch the Video



### **Step-by-Step Instructions**

Learn how to navigate each section of this online tool.

Learn More



### FAQ

Read answers to commonly asked questions. We're here to help!

Learn More



Higg FSLM CAF 1.4 scoring report

## **Next Steps**

- 3. Share or Request Module
- 4. View the Module

  Data
- 5. View the Result Report
- 6. View the Higg FSLM CAF 1.3 Scoring Report
- 7. View the Higg FSLM CAF 1.4 Scoring Report
- 8. Cross-host SLCP
  Assessment
  Overview CSV
  Download

# **Support**

To submit a ticket to Higg Index support team: howtohigg.org/request



# **Platform Demo**



# Higg FSLM Scoring for Converged Assessment Framework v1.5

Release planned for 2022

(Depends on SLCP roadmap)



# Transparency Program Roadmap

2021 - 2023

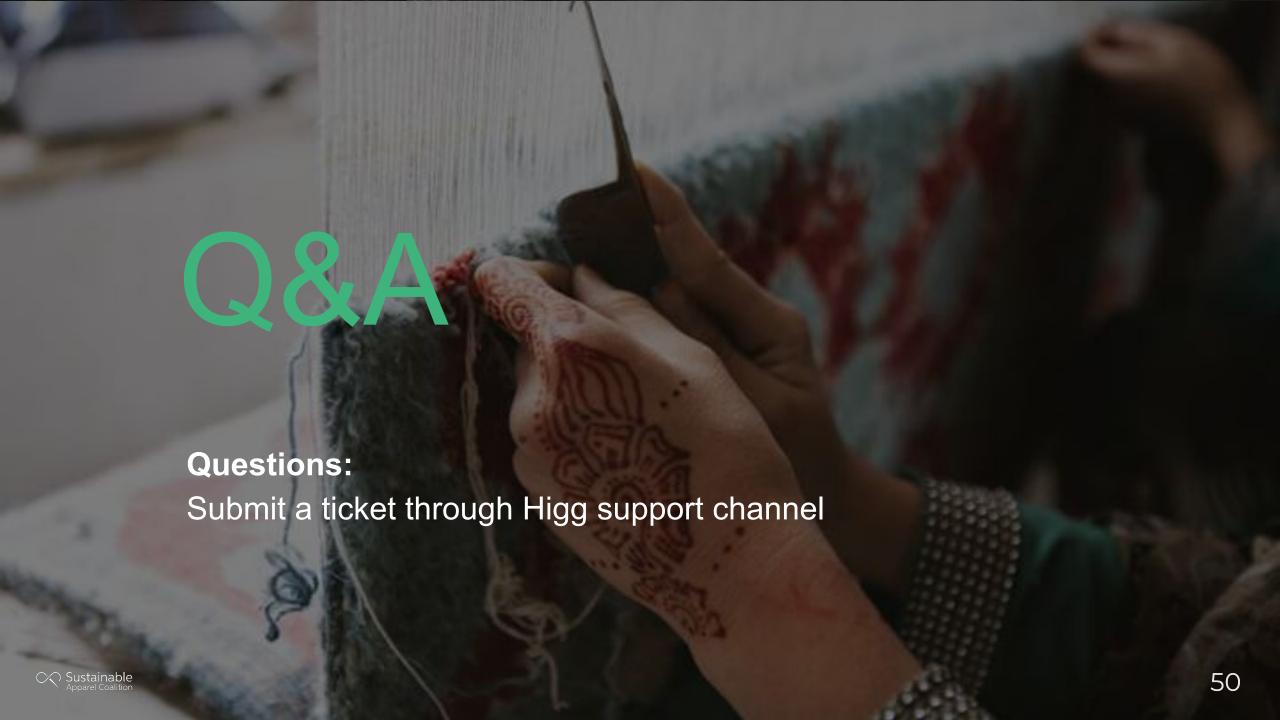
Q4 2021 - Q1 2022 Q2 - Q3 2022 Q1 - Q2 2023 Q2 2021 **Introduce Materials** Transparency (Higg MSI) Launch Facilities Consumers will be able Transparency (Higg FEM) to make more informed Launch Corporate Apply learnings from buying decisions based Transparency (Higg BRM) initial launch and insights on credible sustainability Release Full Product Apply learnings from from stakeholder and data they can trust and Transparency (+ Higg FSLM) previous phases towards member experts to the have access to see further development. Inclusion of product next phase. Develop full what's behind the claims. Brands and retailers will design, facilities, and requirements for facilities brand/retail practices, be able to share their practices. evaluating both business practices at the environmental and corporate level. social/labor performance.



# Key Takeaways



- We can transform our industry towards better worker rights, safety and livelihoods using the Higg FSLM to measure performance
- The SLCP tool & framework provides a credible backbone for this process
- All sections of the tool are weighted differently
- If a facility does not have a valid operating license, it will not receive any score
- The Higg FSLM is available on the Higg.org platform
- The spectrum of Higg FSLM Scoring helps drive performance improvements







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