

2010-2020

# A DECADE IN REVIEW



Sustainable  
Apparel Coalition





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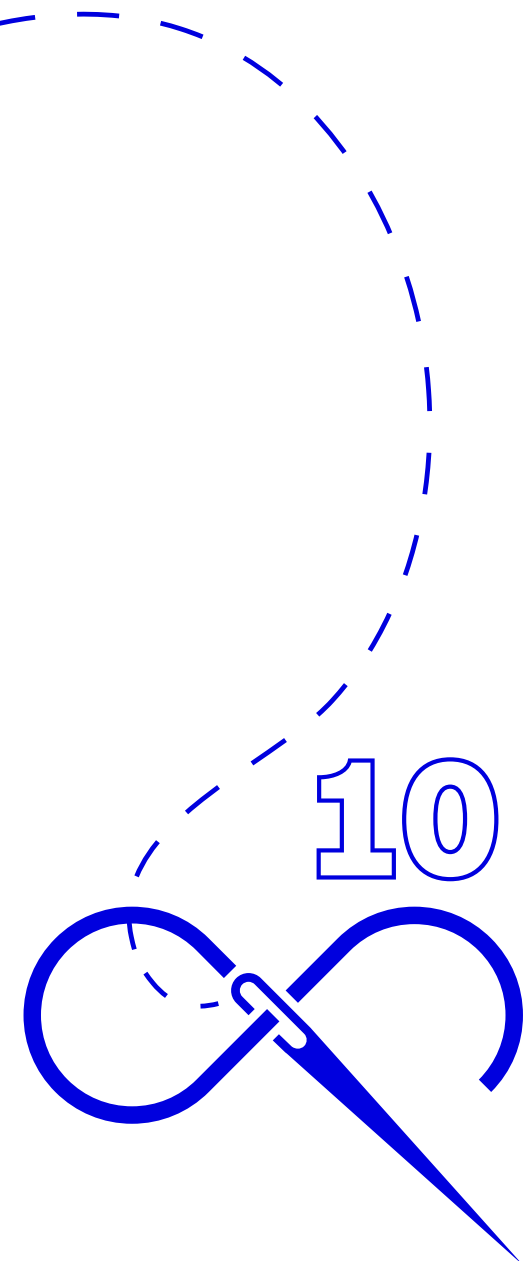
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**In 2020, the SAC celebrated 10 years of industry engagement.**  
This report highlights the bold progress we've made so far.

# A Message from our Executive Director

A decade after we launched, we find ourselves at an inflection point. The COVID-19 pandemic, changes to our climate, and social unrest have fundamentally altered our industry, our society, and our way of life. It is no longer an option to delay action. Worldwide, consumers and investors are prioritizing companies that prioritize sustainability.

**This moment presents a unique opportunity to rebuild better than before.**

Over the past 10 years, we have worked collaboratively to develop and launch a groundbreaking core suite of Higg Index tools that offer credible sustainability data. These tools have the potential to transform the industry, providing the building blocks necessary to help us make smarter and more informed decisions about the products we make, how we make them, and how we partner together to reduce impact on people and the planet.

Looking ahead, we see a new decade of possibility and progress as we actively work toward reducing our environmental impact and increasing social justice. With the core suite of tools now available, our organization is moving into a new phase of action. We believe that our updated mission—transforming business for exponential impact—will lead us there.

Inspired by the belief that partnership is the new leadership, we are collaborating to solve global systemic issues by scaling use of the Higg Index and leveraging the insights to inform action. To this end, we are thrilled to have launched a bold, new strategic plan. Built around four pillars—collective action, integrated tools, transparency, and sustainability leadership—this plan recognizes that what has gotten us this far isn't going to get us to where we need to be.

With scientists predicting that we only have 10 years until the effects of climate change are irreversible, we feel a sense of urgency and responsibility to continue moving our industry forward. On behalf of the Sustainable Apparel Coalition (SAC) staff and board of directors, I offer my thanks to our members and partners who have helped us achieve such incredible progress over the past decade. You will continue to be instrumental in promoting safer work environments, enabling a more sustainable industry, and creating a healthier planet.

Even in what seems like dark times, we hope and believe that our best days are ahead of us. We have spent the past decade building this community with passion and trust and endeavoring to create a better, more inclusive and sustainable future for all.

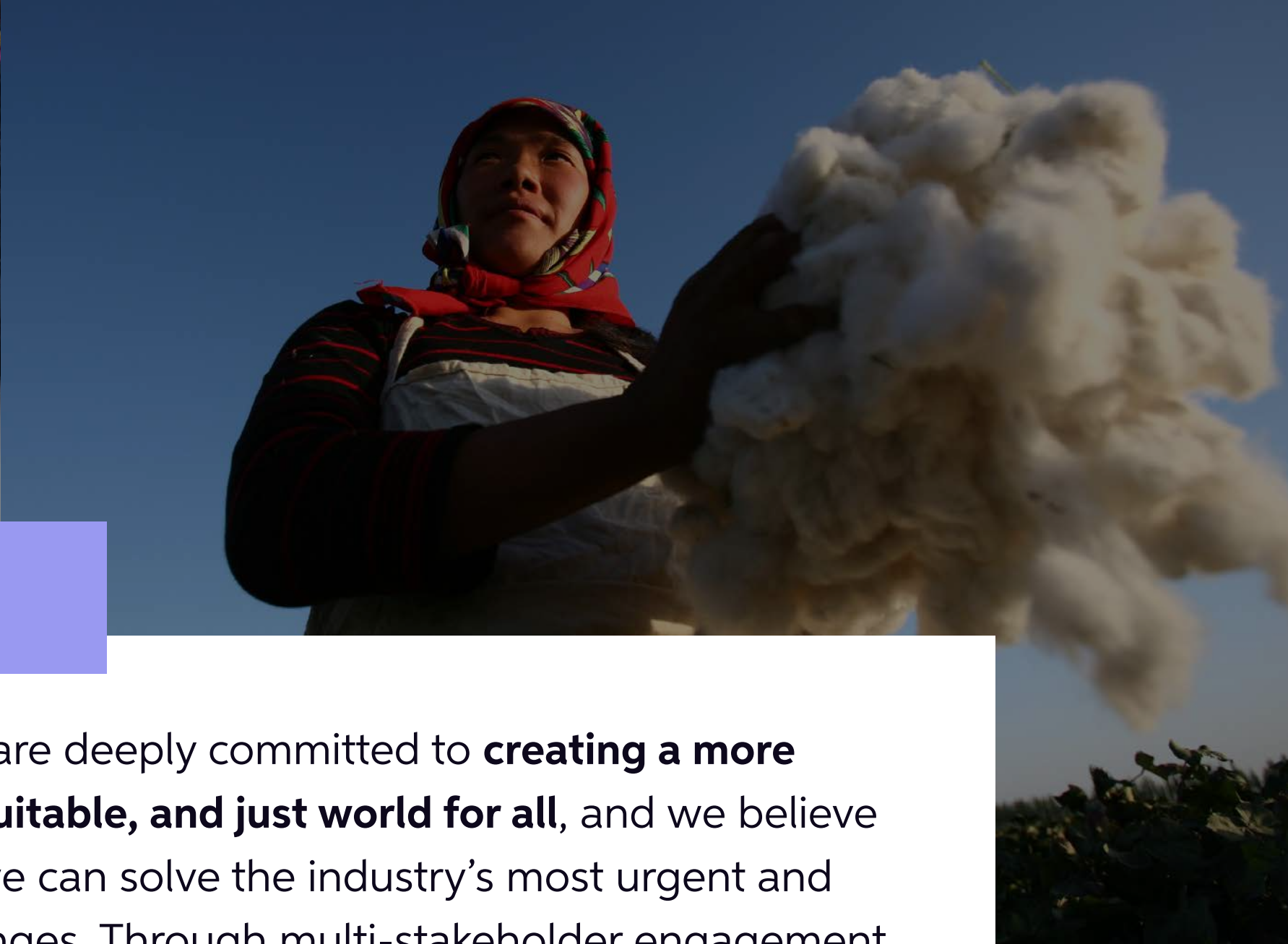
**And that future starts right now.**



**AMINA RAZVI**  
Executive Director



# Who We Are



## Mission

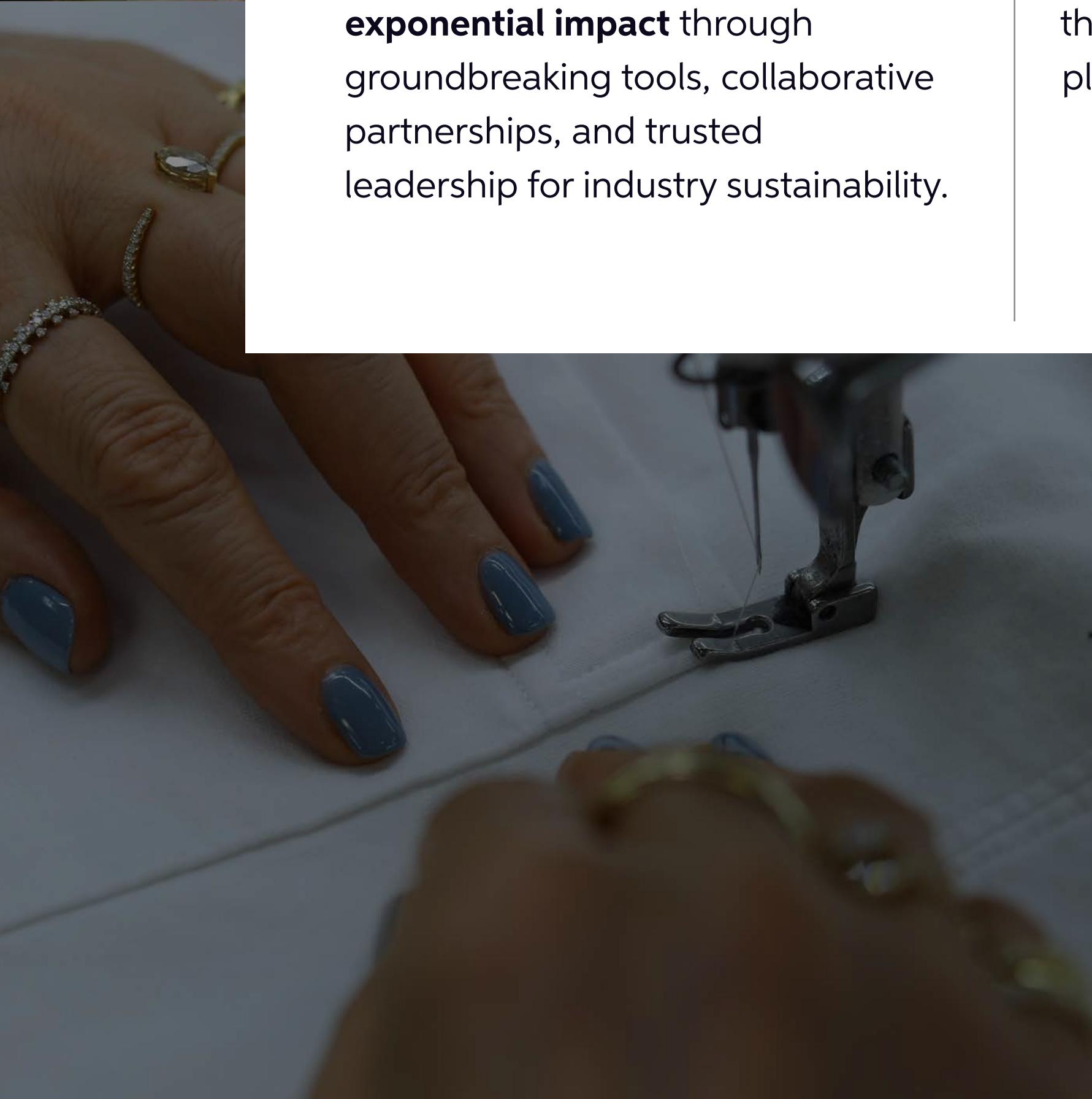
To **transform business for exponential impact** through groundbreaking tools, collaborative partnerships, and trusted leadership for industry sustainability.

## Vision

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

## Purpose

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.





## Highlights from the Past Ten Years

Created the groundbreaking methodology for **5 standardized sustainability tools**, called the **Higg Index**

Developed a **robust verification program** for the Higg Facility Environmental Module (FEM), now available in **100 countries**



Hosted **10 events** in 2020 with **2,000+** total participants



Brought together over **250+ global members** and external stakeholders collaborating to develop the **Higg Index tools**



Grew the Higg user base to **21,485 organizations** across **119 countries**



**2,700+ facilities** completed 2019 Higg FEM verification and total average verified scores increased **12%** compared to 2018

Created deep relationships with **4 ecosystem partners: Higg, the Apparel Impact Institute, the Social & Labor Convergence Program, and the Policy Hub**

Led a consumer market test in 2020 with **3 brands** that tested sustainability data on product detail pages with over **10,000 consumers**



Established a robust cross-organization program with **100+ involved organizations**, now called the **Policy Hub – Circularity for Apparel & Footwear**



## How it all started

Many people know the legend of how top leaders from Walmart and Patagonia—two unlikely partners—came together ten years ago with a common goal to standardize sustainability assessment and form what would eventually become the SAC.

Their common goal was a mutual desire to promote environmentally-friendly products to their customers, but they recognized that there wasn't a standardized approach for measuring sustainability. Until then, companies had been working in silos on proprietary programs and solutions, but nothing had taken hold. The industry wasn't collectively moving forward towards more sustainable practices. It was an idea whose time had come.

What's not as well documented is the ups and downs of how the group was formed and all the relationship-building that happened behind the scenes among some of the key players in the apparel industry. The SAC we all know today is an organized, respected, and credible global organization of 30+ staff and 250+ members. Ten years ago, our organization started in a windowless room with a small group of passionate, like-minded individuals huddled around a table trying to figure out how to turn their good idea of creating a sustainability standard into a reality.

Countless hours of early morning conversations and late-night emails went into developing the organizational structure that would ultimately revolutionize the apparel industry. Those who were around from the beginning describe it as a very emotional experience, one where they often had to take two steps forward and one step back. Progress was slow and success was not guaranteed, but the group was determined. They knew what needed to be done to truly transform the industry and they weren't willing to allow setbacks to deter them from their broader vision.

### Making Room at the Table

A steering committee was put together with the task of persuading other companies to join. After aligning on a set of guiding principles, the Sustainable Apparel Coalition was created in 2010 by 19 founding members to develop a comprehensive set of tools that would enable brands, retailers, and manufacturers to track, measure, and manage their social and environmental impacts.

One of the founding principles of the group was equal partnership. They believed—as the SAC still believes today—that transforming business requires everyone sitting at the table. The SAC's founders made sure that every part of the value chain was represented, working together as partners instead of competitors.

### What's in a Name?

Back in late 2009, when the SAC was still just an idea, the founders called the group "The 21st Century Apparel Leadership Consortium.

By June of 2010, when the second official meeting took place, the group was referred to as the "Apparel Coalition." But by the end of the year, with a clearer sense of purpose and closer alignment on goals, the group finally agreed on the Sustainable Apparel Coalition as its official name. The rest is history.

### SAC Founding Members

Patagonia  
Walmart  
Target  
Gap  
Kohl's  
Levi's  
Nike  
J.C. Penney  
Esquel  
H&M  
Hanes  
Li & Fung  
Marks & Spencer  
Otto Group  
Timberland  
Duke University  
Environmental Protection Agency  
Environmental Defense Fund  
Verité

### A New Decade of Exponential Impact

As we prepare to embark upon a new decade of transformative action, the SAC is committed to a bold new mission to transform business for exponential impact through groundbreaking tools, collaborative partnerships, and trusted leadership for industry sustainability. Our vision is a global consumer goods industry that gives more than it takes—to the planet and its people. We are committed to leading with collaboration, innovation, agility, and forward-looking ideas that continue to challenge the status quo.

“

*When we founded the SAC ten years ago, our theory of change was that deep and wide measurement throughout the value chain, coupled with data that was verified and transparent, would unleash drivers throughout that value chain to reduce environmental impact and increase social justice. With the 2020 strategic plan activated, theory is now reality.”*

**Rick Ridgeway**

Corporate Ambassador for Sustainability,  
Patagonia

“

*As a founding member of the Sustainable Apparel Coalition with Patagonia, we've experienced firsthand how collaboration between otherwise disparate groups like retailers, manufacturers, NGOs, and governments can spur positive change within the industry at scale. For example, the SAC's Higg Index drives meaningful change in the apparel, footwear and textile sectors by allowing facilities to benchmark and track their environmental impact, set goals and improve their overall environmental performance.”*

**Jane Ewing**

Senior Vice President, Sustainability, Walmart



# SAC Through the Years



## 2009

Walmart and Patagonia invite CEOs of leading global companies to come together to **develop an index to measure the environmental impact of their products.**

## 2011

The **SAC** is incorporated as a 501(c)6 nonprofit organization.

**Jason Kibbey** is appointed as the SAC's first Executive Director.

## 2014

The SAC opens an office in **Amsterdam.**

## 2016

The SAC continues to grow, representing apparel, footwear, and textile industry members with combined annual apparel and footwear revenues exceeding **\$500 billion.**

The SAC releases an updated **Higg Materials Sustainability Index (MSI)**, which measures the environmental impacts of material production using life cycle assessment data, and the **Higg Design and Development Module (DDM)**, which empowers designers and product developers to make informed sustainable choices as part of their design process.

## 2010

Companies from across the apparel industry come together to begin collaborative work on a standardized approach to sustainability measurement, which would become the **Higg Index.**

## 2012

Nike donates the Nike Materials Sustainability Index to the SAC, which becomes the **Higg Materials Sustainability Index**, one of the core tools in the Higg Index.

The SAC releases the first version of the **Higg Facility Environmental Module** to inform manufacturers, brands, and retailers about the environmental performance of individual facilities.

The SAC releases the first **Higg Brand Module** and shortly after, a separate Retail Module as a spreadsheet, both designed to measure the social and environmental performance of companies.

## 2015

The SAC begins **convening stakeholders** from across the industry to align around one common tool for social audits. A public statement, supported by 33 leading organizations, marks the start of the **Social & Labor Convergence Project (SLCP).**

## 2017

More than **10,000 customers** around the world use the Higg Index.

The **Apparel Impact Institute (Aii)** is spun out of the SAC in partnership with the Sustainable Trade Initiative, Gap Inc., PVH, Arvind, and Target Corporation to accelerate impact.

patagonia®

NIKE®

# 2019

## January

The SAC incorporates the **SLCP Converged Assessment Framework** as the foundation of the Higg Facility Social & Labor Module to improve global working conditions.

## June

**Amina Razvi** is appointed as the SAC's new Executive Director.

# 2020

## April

The SAC and Higg release an updated version of the **Higg Brand & Retail Module**.

## September

The SAC and Higg launch the first edition of the **Higg Product Module**, a new tool that measures the environmental impacts of finished products. This replaced the qualitative assessment of the Higg DDM with a tool that delivers quantitative impact results.

# 2021

## February

The SAC publicly launches its **new strategic plan and membership requirements**.

## May

The SAC spins out **Higg**, a public benefit technology company developing software, tools, and services built upon the Higg Index methodology.

In collaboration with Global Fashion Agenda and the Federation of the European Sporting Goods Industry, SAC launches the **Policy Hub – Circularity for Apparel & Footwear**.

## September

The SAC opens an office in **Hong Kong**.

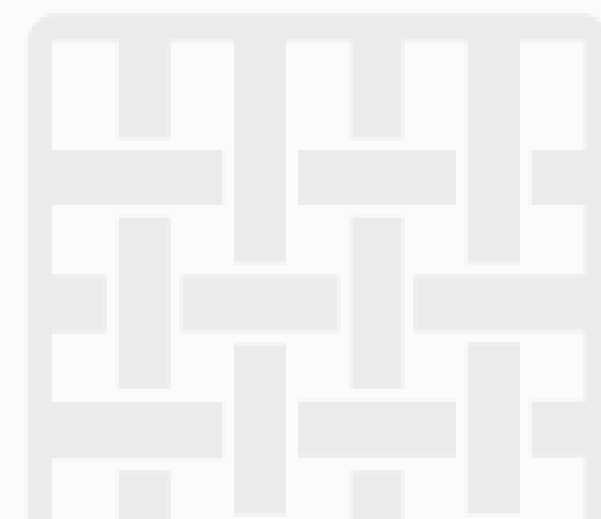
## August

The SAC and Higg release an updated version of the **Higg Materials Sustainability Index**.

## October

The SAC, Higg, and the Social & Labor Convergence Program launch a scored version of the **Higg Facility Social & Labor Module** to standardize facility auditing and reduce audit fatigue.

Higg  
Index





# Overview of the Ecosystem

ec·o·sys·tem *noun* a complex network or interconnected system

Our ecosystem has grown with time, expanding and extending to other like-minded organizations that share similar goals. These types of strategic partnerships are critical to ensuring we are maximizing impact and minimizing duplicative efforts. We don't have any time (or resources) to waste, and it's going to take all of us collaborating to create a healthier planet and improve working conditions in global supply chains. There are four organizations that we refer to as part of our core ecosystem because our work and vision for the industry are directly connected. These are the companies and organizations that we consider part of our ever-growing ecosystem.



## Higg

Higg is the sustainability insights platform for consumer goods industries, delivering software and services for measuring, managing, and sharing supply chain performance data. From materials to products, from facilities to stores, across energy, waste, water, and working conditions, Higg unlocks a complete view of a business's social and environmental impact. Built on the only end-to-end framework for sustainability measurement, Higg is trusted by global brands, retailers, and manufacturers to provide the comprehensive intelligence needed to accelerate individual and industry transformation. Spun out of the Sustainable Apparel Coalition in 2019 as a public-benefit technology company, Higg is the exclusive licensee of the Higg Index, the measurement framework collaboratively developed by the apparel, footwear, and textile industry to standardize sustainability metrics for collective action.

## Apparel Impact Institute (Aii)

Aii is a nonprofit that was spun out of the SAC in 2017 to help scale the best environmental solutions for the apparel and footwear industry. The organization seeks to identify, fund, scale, and measure the industry's proven impact solutions with a current focus on energy, water, and chemistry. Its most well-known initiative is Clean by Design, an efficiency program that is aligned with leading global mill improvement programs and boasts a proven method for reducing greenhouse gas emissions, water consumption, and chemical impacts in textile manufacturing, used by several SAC member brands.

## The Social & Labor Convergence Program (SLCP)

Established by the SAC in 2015, the SLCP is a multi-stakeholder initiative of over 200 signatories including leading brands, manufacturers, standard holders, and civil society. Together, they have developed a Converged Assessment Framework (CAF) to eliminate duplicative and repetitive proprietary social and labor audits with a single verified assessment that can be used by all stakeholders. The CAF is the backbone of SAC's Higg Facility Social & Labor Module.

## Policy Hub – Circularity for Apparel & Footwear

Founded by the SAC in collaboration with Global Fashion Agenda and the Federation of the European Sporting Goods Industry in 2019, the Policy Hub – Circularity for Apparel & Footwear brings together industry leaders to deepen policy efforts that promote a circular economy in the apparel, footwear, and textile industry. The Policy Hub seeks to promote and demonstrate the value of a European policy framework that accelerates the circular economy with a range of initiatives and stakeholders to support the industry in closing the loop of their business practices.



# People Who Power the Coalition

In 2020, the global pandemic along with massive social and political unrest sparked a worldwide conversation around social disparities.

As the SAC continues to grow as a global organization, we are reminded of the importance of bringing diverse people to the table and elevating voices that need to be heard, both within our own organization and the industry at large. To ignite the change required to transform the industry, peers and competitors come together as members of the SAC to create a united front, living the values of collective action, collaboration, equal partnership, and transparency.

“

*BSR believes that collaboration lies at the center of sustainable development efforts. Only by working together can companies and their stakeholders create a more just and sustainable world. Through mobilizing collective action across the apparel, footwear, and textiles industry and through continuous improvement of the Higg Index, the SAC has helped companies to better account for and manage their environmental and social impacts, in line with stakeholder expectations. We congratulate the SAC on ten years of industry action for sustainable production.”*

**SARA ENRIGHT**  
DIRECTOR OF SUSTAINABILITY COLLABORATIONS, BSR

“

*By providing a standardized, scored, and verified assessment and facilitating collaboration between brands, retailers, and manufacturers, the SAC helps the industry shift its focus from compliance so companies can focus on improving the well-being of workers who produce billions of garments, textiles, and footwear each year.”*

**ABHISHEK BANSAL**  
HEAD OF SUSTAINABILITY, ARVIND LIMITED



# SAC Members

No company alone can shift the existing industry paradigms. Starting with our 19 founding members, the SAC came together to work towards a shared vision.

Today, the SAC is a diverse, multi-stakeholder coalition with eight categories of members. The SAC brings together expertise from across the globe to develop solutions that redefine the industry and we're proud of the progress our members have made. For example, 40 members have set science-based targets to take ambitious climate action in line with climate science.

### Quick Facts

**250+**  
MEMBERS

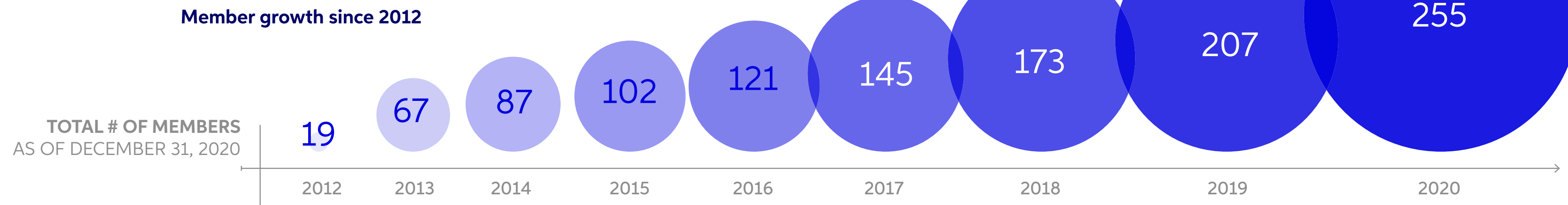
GENERATE  
**\$845B**  
COMBINED ANNUAL  
REVENUE

REPRESENT  
**36 countries**

### Categories of Members



MEMBERS AS OF DECEMBER 31, 2020






## New SAC Members


Despite a global pandemic and financial crisis in 2020, the SAC welcomed **58 new members**, the highest number of members to join the SAC in a single year, demonstrating that sustainability remains a growing focus area for the industry.

### 2020 New Member Highlights

 **The RealReal:** First luxury consignment platform



**Sateri:** The largest producer of viscose fiber in the world

 **Morito Scovill Americas:** First fastener manufacturer




**Conceria Priante:** First Italian leather tannery member in the EMEA region

 **Cargill:** First member in the agricultural services sector



**Good Fashion Fund:** First investment fund focused solely on driving the implementation of innovative solutions in the fashion industry

 **Lojas Renner:** Brazil's largest fashion retailer



## Member Involvement

The SAC is fortunate to be supported by members who passionately believe in our mission and are willing to go the extra mile to see our shared goals realized.

SAC members contribute to our organizational progress in numerous ways, including tool development, board engagement, and policy advocacy.

### How Members Shape the Higg Index

Member involvement is key to ensure that the tools we develop are addressing industry needs and emerging issues. For the past ten years, we have collaborated with members who represent every part of the value chain as part of strategic councils and working groups to guide us on Higg Index development, according to the most updated industry information and trends.

After nearly a decade of work, the core suite of tools, built upon the Higg Index methodology, is available. Getting to this point was not an easy task—it required countless hours of facilitating SAC members to align on methodology, content, tech requirements, and more to create what is now the Higg Index. Each task team, working group, and advisory council served

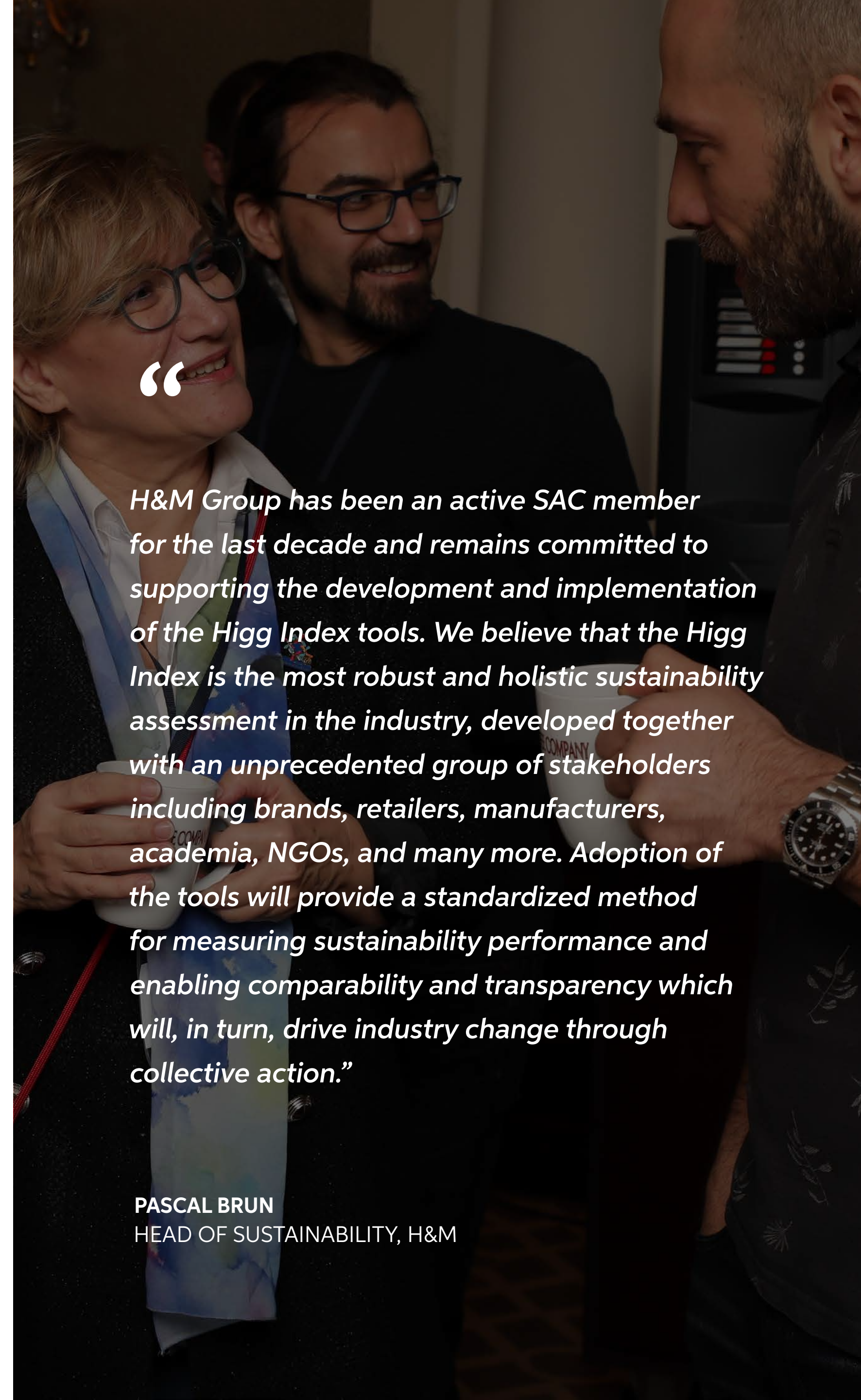
a unique purpose and played an important role in creating the five core tools, and we are proud of the deep collaboration that took place to get us to where we are today.

Now that the tools are delivered, we are embarking on a new phase of our transformation journey, and as such, we're shifting the way we engage with our members.

We are transitioning from leveraging these strategic councils for tool development to tool evolution. In other words, now that the tools exist, members will continue to help evolve and improve the tools by engaging in strategic conversations and working sessions. Leaning on member insights and expertise will continue to ensure that the tools remain as relevant, accurate, and credible as possible. Additionally, leveraging member expertise positions us to consider different industry challenges as they evolve, including microfibers and recycling challenges.

### How Members Participate in Policy Advocacy

Having the right tools to track and measure sustainability is an important starting point. To truly transform an industry, you need everyone—individuals, companies, and governments alike—to rally around the cause. Many SAC members are active in policy engagement through the Policy Hub, where they discuss and align on the best strategies to empower policy makers around sustainable regulations that benefit everyone in the industry. By being part of these conversations, members have the opportunity to take an active role in moving sustainable policies forward and making tangible progress towards a more just and equitable world.



“  
*H&M Group has been an active SAC member for the last decade and remains committed to supporting the development and implementation of the Higg Index tools. We believe that the Higg Index is the most robust and holistic sustainability assessment in the industry, developed together with an unprecedented group of stakeholders including brands, retailers, manufacturers, academia, NGOs, and many more. Adoption of the tools will provide a standardized method for measuring sustainability performance and enabling comparability and transparency which will, in turn, drive industry change through collective action.”*

**PASCAL BRUN**  
HEAD OF SUSTAINABILITY, H&M



# New Membership Requirements

When a new member joins the coalition, they commit to tool adoption, transparency, sharing best practices, and making meaningful improvements. Starting in 2021, all SAC members will work towards meeting new membership requirements designed to help achieve the goals in our new strategic plan and drive exponential impact. The SAC will track member progress and hold members accountable for their commitments.

The SAC membership requirements provide a roadmap for members to advance through four levels: foundational, progressive, strategic, and leader. In order to achieve the next level, members must adhere to best practices in adoption, verification, transparency, and impact using the Higg Index. Through these applications of the Higg Index, SAC members set the standard for sustainability leadership while activating the industry to combat climate change and protect human rights.

These new requirements were set to:

- Ensure that all SAC members are working toward aligned goals and increased collective action
- Provide a framework and a pathway for members to deliver against the SAC vision, our targets, and commitments
- Allow the SAC to highlight and showcase members who are leading the way, especially at the Strategic and Leader levels

- Deliver insights that enable the SAC to focus support for members on their sustainability journey, beginning at the Foundational level
- Enable the SAC to hold members accountable and, if necessary, exclude members who are not engaged in driving forward the vision of the SAC, who fail to use the tools, and who continually demonstrate a lack of commitment and action

## FOUNDATIONAL

Kick off first year of adoption by developing a 3-year plan to deploy Higg Index self-assessments and verification with own operations and value chain partners, and communicate Higg performance.

## PROGRESSIVE

Commit to SAC coordinated goals and publicly disclose goals for Higg FEM and Higg FSLM. Continue driving adoption and verification with value chain partners.

## STRATEGIC

Deploy Higg Index tools to business partners supporting 80% of business volume and publicly disclose performance and traceability using Higg BRM, Higg FEM, and Higg FSLM data.

## LEADER

Demonstrate industry leadership by driving impact as measured through Higg Index data.



SAC Members: Manufacturers



AmeriCo Group



ARVIND  
FASHIONING POSSIBILITIES



CHARGEURS + PCC  
REUSING TECHNOLOGIES  
THE BETTER FIT



Ciel Textile



de·brand



EPIC GROUP  
World-class manufacturing



HALLOTEX



ISKO

KOMAR



MORITO SCIVILL



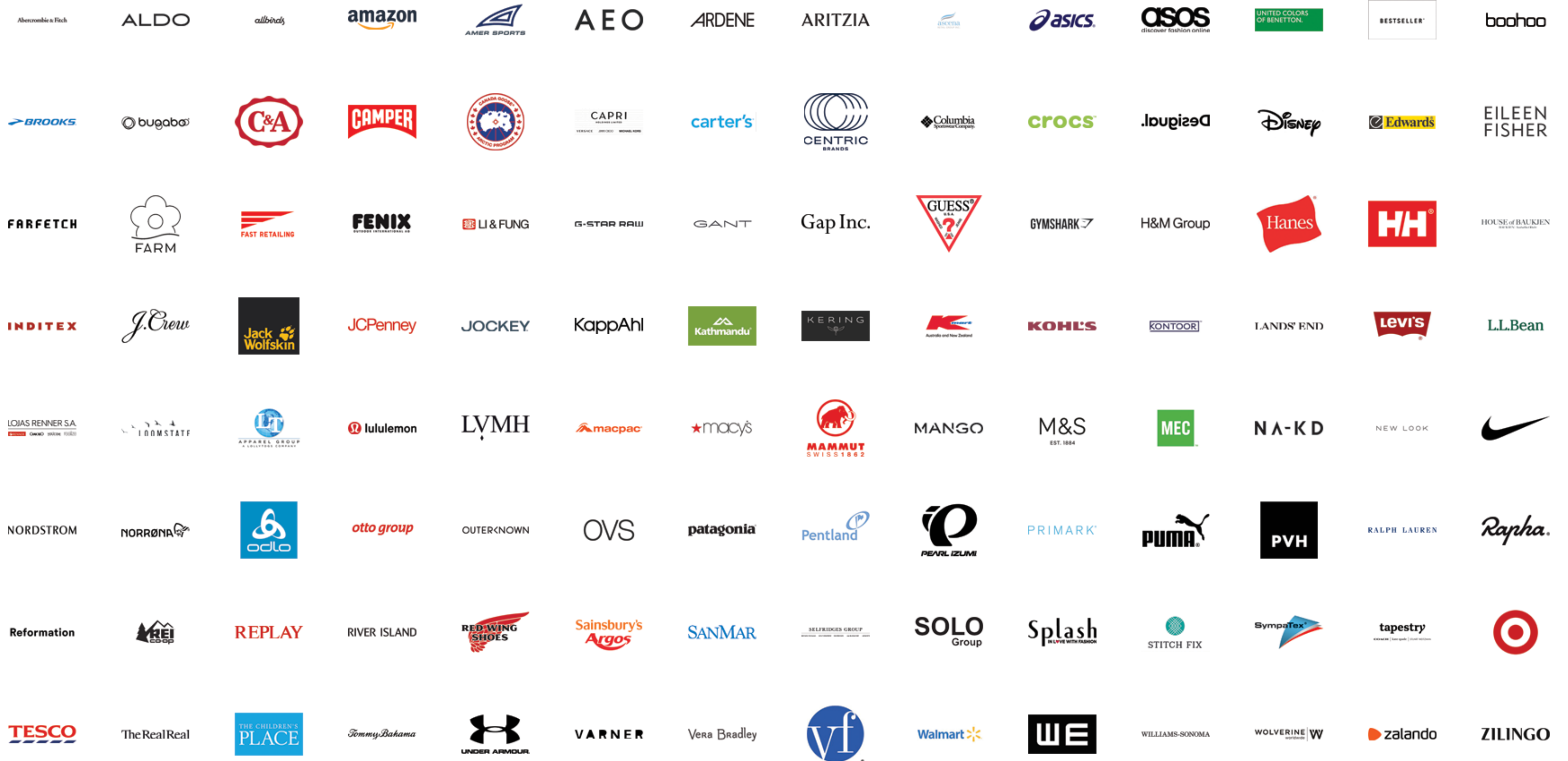
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Members as of December 31, 2020



SAC Members: Holding Group, Brands, Retailers, Third-Party Retailers



Members as of December 31, 2020



SAC Members: Nonprofit



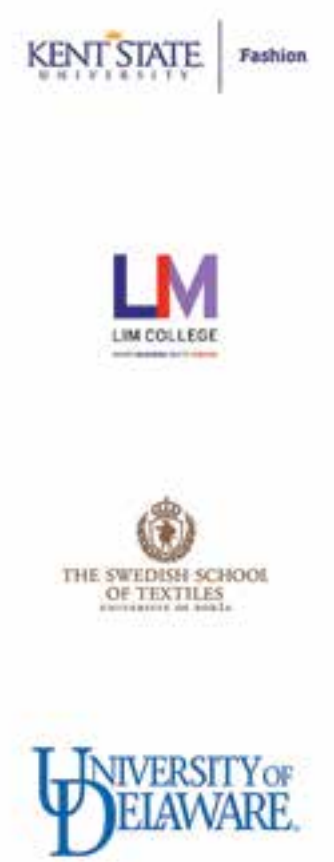
Trade/Industry Associations



Service Providers



Academia



Grantors & Investors



Government Organizations



Members as of December 31, 2020



## Our Staff and Board

None of the SAC's achievements over the past ten years would have been possible without our passionate and dedicated team.

Since the beginning, the people on our team, located all around the world, have offered their time and talent to pioneer our transformative approach to sustainability measurement and industry collaboration. We want to congratulate our staff, past and present, for all we have collectively built and achieved over the past ten years. As we look to the future, we're passionate about continuing to build a culture rooted in our organizational values of growth mindset, accountability, collaboration, and respect to achieve our most ambitious plans yet.



## BOARD OF DIRECTORS

The SAC Board of Directors includes leaders and experts from brands, retailers, manufacturers, NGOs, government, and academia. In 2020, the SAC welcomed six new board members, adding to a diverse set of stakeholders that collaborate to drive systemic change across the industry.

### Sean Cady – Chair

VP, Global Supply Chain & Responsible Sourcing  
VF Corporation

### Abhishek Bansal

Head of Sustainability  
Arvind Limited

### Delman Lee – Vice Chair

President & Chief Technology Officer  
TAL Apparel

### Pascal Brun

Head of Sustainability-Production  
H&M

### Liz Cook – Secretary

VP, Institutional Strategy & Development  
World Resources Institute

### Jonas Eder-Hansen

Public Affairs Director  
Global Fashion Agenda

### Mukul Agrawal – Treasurer

Chief Sustainability Officer  
Grasim & Aditya Birla

### Linda Greer

Senior Global Fellow  
IPE

### Rick Ridgeway – Emeritus

Corporate Ambassador for Sustainability,  
Patagonia

### Ken Lanshe

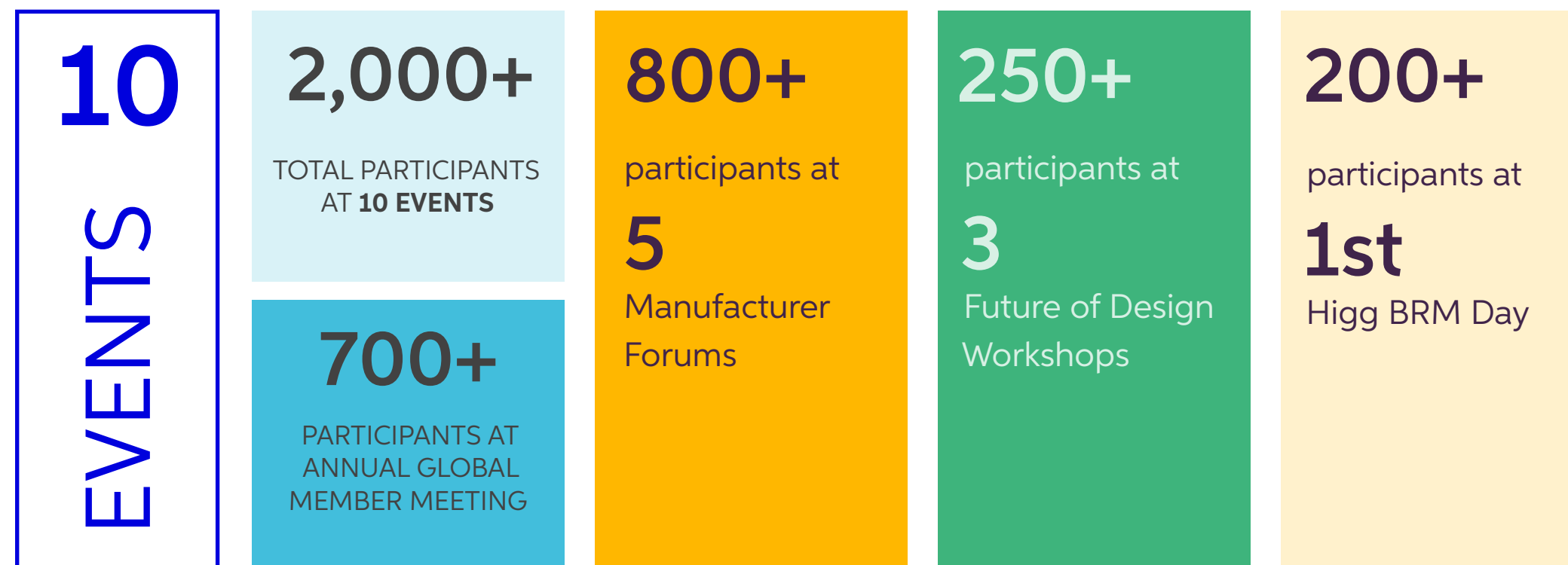
VP GM Technical, Quality and Sustainability  
Walmart



# We Create Connections

Every year the SAC hosts a series of events to strengthen the SAC member community, share best practices, and increase adoption of the Higg Index tools.

In an effort to remain true to our core values of equal partnership and collaboration, we expanded our reach and accessibility by hosting the majority of our events virtually in 2020 and investing in translations. By transitioning to virtual events, we were able to both engage more people in these critical conversations and include more diverse voices at the table from a safe distance.



“

*The SAC is unlike any other organization. In the past ten years, we've overcome a tipping point. Normally our companies are competitors. Here, we're all sitting at the same table and changing the ecological impact of our industry. I've never seen this in any other industry, where people sit around one table and really focus on what needs to be done.”*

**RÜDIGER FOX**  
CEO, SYMPATEX, KEYNOTE SPEAKER 2019  
SAC GLOBAL MEMBER MEETING





### Higg Index Manufacturer Forum

The Forum is designed for global manufacturers. It offers a deep dive on the Higg Facility Environmental Module (Higg FEM) and Higg Facility Social & Labor Module (Higg FSLM), and supports manufacturers to drive environmental and social improvements by measuring their impacts, setting baselines, and developing targets.

The Forum offers:

- Presentations from industry experts, networking sessions, and interactive tool demos
- Insights on industry trends, such as integrating circularity into operations to improve facility waste management, chemical traceability, and improving your carbon footprint
- Best practices on how to complete and improve Higg FEM and FSLM performance

### Future of Design Workshop

Since 2018, SAC has hosted the Future of Design Workshop to teach material manufacturers, product developers, designers, and sourcing professionals about the Higg Materials Sustainability Index (Higg MSI), Higg MSI Contributor, and the new Higg Product Module (Higg PM). This event helps empower companies to effectively use the tools, enabling them to make more informed decisions and communicate the impacts of products to consumers.

The Workshop offers:

- Hands-on exercises and in-depth walk-throughs of the tools
- Information on how to use sustainable materials when designing products
- Best practices from industry experts and stakeholders about how to integrate the tools to support sustainable product design





## Higg BRM Day

This new event was developed to rally the SAC member community around the Higg Brand & Retail Module (BRM), which launched in March 2020. The first event focused on introducing the tool and exploring how companies can use BRM results to prioritize risks and improve environmental and social performance.

The Higg BRM Day offers:

- Data insights to support brand and retailer members to leverage the tool to identify their environmental and social hotspots
- Interactive discussions with experts to help set baselines and targets
- Real-world examples of how companies are integrating the tool into their businesses to drive more responsible purchasing practices and impact improvements

## Global Member Meeting

The Global Member Meeting (GMM) is an annual highlight for the SAC. At this event, members, staff, and industry experts come together to discuss ongoing projects, celebrate milestones, and announce the latest initiatives.

This year's first virtual GMM celebrated the achievements that we've co-created over the past ten years. Focused on the theme of Weaving a Better Future, we discussed solutions to accelerate the progress on sustainable initiatives, how the Higg Index drives impact in a post-pandemic marketplace, and the SAC's next strategic plan. With the launch of the first edition of the Higg Product Module during the meeting, this GMM marked the completion of the core suite of Higg Index Tools—a major milestone for our organization and members. Although we couldn't meet in person, this was the largest GMM in SAC history with 740 global attendees.

The GMM offers:

- Panel discussions, engaging presentations, and interactive conversations about the Higg Index and other key topics
- The opportunity to make connections and develop solutions to the industry's most pressing environmental and social issues
- Ways to collaborate on SAC efforts and initiatives



# A Common Language: The Higg Index

The Higg Index is a suite of tools for the standardized measurement of value chain sustainability, and it is central to the SAC's mission to transform businesses for exponential impact. It is comprised of a core set of five tools that assess the social and environmental performance of the value chain and the environmental impacts of products, including the Higg Facility Environmental Module, Higg Facility Social & Labor Module, Higg Brand & Retail Module, Higg Materials Sustainability Index, and Higg Product Module.

Across topics such as water use, carbon emissions, and labor conditions, consumer goods brands, retailers, manufacturers, governments, NGOs, and consumers can use the Higg Index to inform their individual sustainability strategies and drive collective industry transformation. We developed the methodologies of the Higg Index over ten years using the latest scientific research, in partnership with SAC members, consultants, stakeholders, and industry experts.

These tools are developed by the SAC's multi-stakeholder membership for industry applicability and scalability. The industry stakeholders involved in their development

understand the complexities of their companies, supply chains, and the relevant sustainability challenges better than anyone else. They create useful tools that will help them and the industry at large make more sustainable choices. The number and variety of organizations involved in the development of the Higg Index ensures that no single interest is over-represented. Instead, companies of all sizes, from all regions, and representing all types of interests have had an equal say in how tools have been developed.

As the exclusive licensee of the Higg Index, technology company Higg builds the software for all five Higg Index tools, enabling brands and manufacturers to dynamically measure, manage, and share their value chain performance data all through a single platform. Global use of the Higg Index has dramatically increased over the past ten years; today more than 21,000 organizations around the world use the tools.

The COVID-19 pandemic brought to light some of the systemic problems within the industry and revealed the fragility of the system. To survive the pandemic and maintain strong business relationships, companies need to lead with values of sustainability and compassion for

the health, safety, and well-being of workers around the world, especially those most vulnerable. Using the Higg Index enables companies to proactively measure and manage issues like environmental stewardship, social responsibility, and supplier relations, ultimately fostering the resilience the industry needs to survive and thrive in a post-pandemic world.

As companies continue to navigate working remotely, the Higg technology platform makes sharing end-to-end sustainability data across the value chain simple. According to McKinsey's latest report, 65% of consumers are planning to purchase long-lasting, high-quality items and more than three in five consumers said environmental impact is an important factor in making purchasing decisions.<sup>1</sup> Having access to high-quality sustainability data will allow companies to manage risks and stay competitive as they meet evolving consumer demands. NGOs and consumers can trust that companies utilizing Higg tools and data are authentic in their commitment to holistic value chain responsibility.

<sup>1</sup> Business of Fashion & McKinsey & Company. (2020). [The State of Fashion 2021](#).

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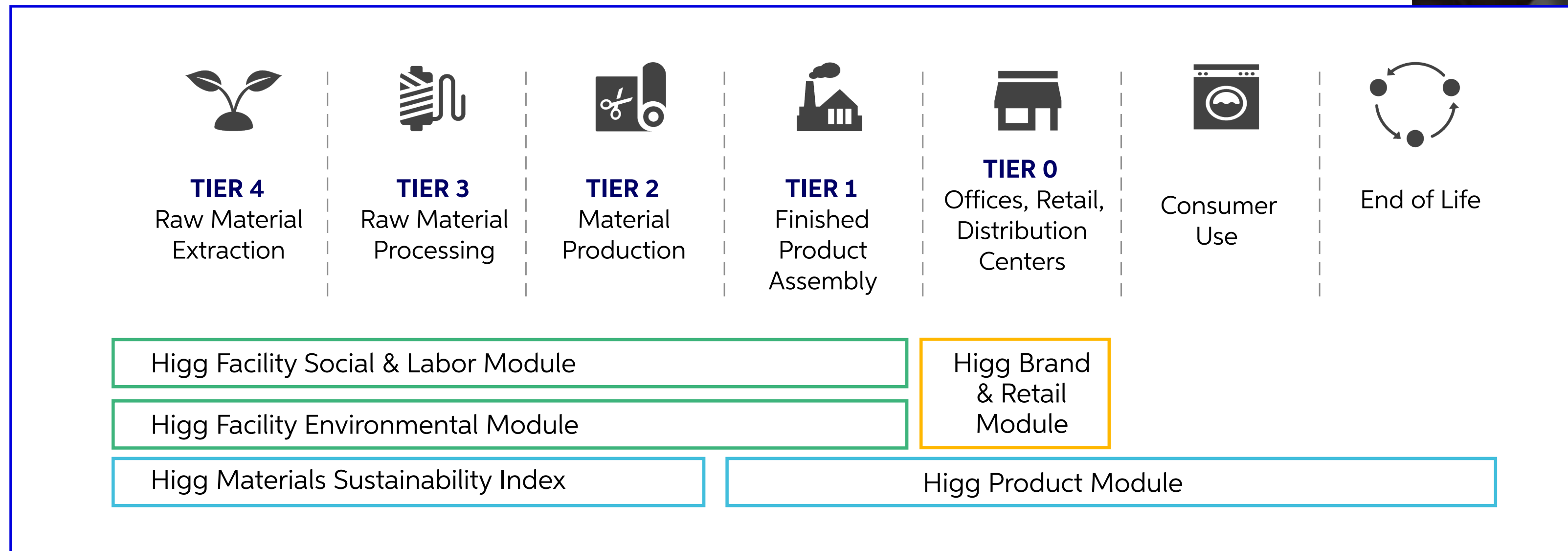
*When we started the SAC a decade ago, we had a vision to bring the global industry together to address the challenges of sustainability and climate change. The apparel sector didn't have any comparable environmental or social assessments that measured the whole value chain. The Higg Index has changed that. Now, through state of the art technology and standardized measurement tools, leading companies are using trusted Higg data and insights to align their business goals with social and environmental sustainability values at scale.”*

**JASON KIBBEY**  
HIGG CEO AND FORMER SAC CEO



# Higg Index Overview

The Higg Index holistically measures **social** and **environmental** impacts throughout the value chain.







## Product Tools

Life cycle assessment tools that measure the environmental impacts of producing **materials and products**

**Tools included:** Higg Materials Sustainability Index (MSI); Higg Product Module (PM)

**Purpose:** To understand environmental impacts of different production choices when designing a product

**Who uses them:** Sustainability analysts, material and product developers

**What they measure:** 5 environmental impacts



## Facility Tools

Assessments that give insights into social and environmental performance of **facilities**

**Tools included:** Higg Facility Environmental Module (FEM); Higg Facility Social & Labor Module (FSLM)

**Purpose:** To identify opportunities for continuous sustainability improvement in facilities

**Who uses them:** Manufacturers

**What they measure:** 7 environmental impacts and 9 social impacts



## Brand & Retail Tool

An assessment that gives insight into social and environmental performance of **brands and retailers**

**Tool included:** Higg Brand & Retail Module (BRM)

**Purpose:** To identify opportunities for continuous sustainability improvement in company operations

**Who uses it:** Brands and retailers

**What it measures:** 11 environmental impacts and 16 social impacts



# Understanding the **Value** of the Higg Index

The Higg Index enables organizations to:

- 1. Use a Common Language**  
Provide a consistent measurement framework for companies to evaluate and communicate their social and environmental impacts.
- 2. Focus Efforts Where it Matters**  
Identify strategic opportunities to implement changes that drive meaningful sustainability improvements.
- 3. Protect People**  
Prioritize a safe and healthy work environment to improve the well-being and treatment of workers across the value chain.
- 4. Protect the Planet**  
Measure the impacts of products, operations, and value chain activities to identify and implement improvements that preserve the natural world.
- 5. Save Time and Money**  
Eliminate the need for do-it-yourself approaches, allowing companies to quickly and easily share data with value chain partners and optimize resources to reduce associated waste and costs.
- 6. Empower Consumers**  
Enable public sustainability claims so that consumers can make more informed choices about the products they purchase.
- 7. Drive Collective Action at Scale**  
Identify shared opportunities for improvement across the value chain related to protecting human rights and reducing environmental impacts.

## Quick Facts

### 5 core tools

OFFERING THE ONLY  
END-TO-END INDUSTRY  
SUSTAINABILITY  
MEASUREMENT  
FRAMEWORK

### 10 years

COMPREHENSIVE  
METHODOLOGY  
DEVELOPMENT

### 21,485 users

IN 119 COUNTRIES

“

*The Higg Index has enhanced our ability to execute our sustainability strategy. It's simple—we use the BRM as our roadmap to implement more sustainable practices across the company, and the Higg Product tools put the power to measure and lower our material impacts into the hands of our product team. Both tools are absolute game changers!”*

**LINELL LOTTERING**  
Responsible Materials Manager, Macpac

“

*As an SME motivated by the ticking clock of climate change, we cannot spend our time re-inventing the wheel. Thanks to the collective knowledge present in the Higg Index tools and the generosity of the SAC community, we have been able to develop a deeper understanding of our impacts and take corrective action quickly.”*

**DUNCAN COULTER**  
Sustainability Manager, Rapha

“

*The Higg FEM introduced a common language for supply chain sustainability, helping us to communicate with our denim laundries and improve their water impact. Now, as we embark on this critical decade of action, the Higg Index's standardized approach will be a key tool for the GUESS transformation, and that of the entire fashion industry, as we collectively tackle the climate crisis.”*

**JACLYN ALLEN**  
Director, Corporate Sustainability, GUESS



# Higg Product Tools



MEMBER FEATURE: GORE

The Higg Product Tools measure the environmental impacts of producing materials and products.

The tools empower designers, brands, retailers, and manufacturers to use life cycle assessment data to develop more sustainable products. Life cycle assessment is the most credible technique to measure environmental impacts associated with all the stages of a material or product's life. By assessing all production impacts in a common way, we enable the industry to accurately compare materials and products and make informed choices that are better for the planet.

**There are Two Higg Product Tools:**  
Higg Materials Sustainability Index (MSI)  
Higg Product Module (PM)

## The Higg Product Tools Assess Environmental Impacts

- Global Warming Potential
- Nutrient Pollution in Water (Eutrophication)
- Water Scarcity
- Fossil Fuel Depletion
- Chemistry

“*The Higg Materials Sustainability Index has been instrumental in helping Arc'teryx estimate the impact of its products. The MSI has allowed Arc'teryx to quickly and efficiently compare the environmental impacts of different materials to enable better decision making as well as help to highlight where Arc'teryx has the greatest opportunity for improvement with its product ranges. We look forward to seeing how the MSI will continue to evolve and bring about positive change in the apparel industry.*”

**CHRIS HEYSEL**

Environmental Impact Lead, Arc'teryx Equipment

At the Gore Fabrics Division, the maker of GORE-TEX products, evaluating and reducing material footprints based on science is a key part of its work. The company started using life cycle assessments (LCA) back in 1992, but an LCA is a standalone piece and doesn't allow comparability to other materials. That's why Gore has been supportive of the MSI from the start.

As an ingredient brand, serving hundreds of brands and retailers globally, the MSI provides Gore with a trusted tool that uses standardized methods, datasets, and consistent assumptions to evaluate and compare material footprints across the industry. By using the MSI, Gore has been able to evaluate and communicate the impact of more than 85% of its upcoming seasonal collection.

The Gore team is looking forward to the launch of the PM second edition in 2021, which will include a product's cradle-to-grave impacts, and to some degree take the durability of a product into account. Although there is always room for improvement, Gore sees a lot of potential for the Higg Index to become a powerful tool for sustainability in the functional apparel industry.



# An Overview: Higg Materials Sustainability Index (MSI)

## Higg MSI

Increasingly, consumers are taking a stronger interest in how, where, and under what conditions their products were made, down to the fabric type. They want to understand which materials are most sustainable so they can, quite literally, wear their values on their sleeves. At the SAC, we're committed to offering the most current and scientifically-backed information in our Higg Materials Sustainability Index (MSI) so that designers and product developers can create products that align with their company's sustainability goals, such as conserving fresh water resources and transitioning away from fossil fuel dependency.

Originally developed by Nike to calculate scores based on environmental impacts of materials in their supply chain, the tool was donated to the SAC in 2012. Through ongoing development, member and industry testing and use, the Higg MSI has evolved into one of the five core tools in the Higg Index.

The Higg MSI was developed to standardize the way materials are assessed across the industry so we can better understand and address the impact a specific material decision has on the environment. For example, when a brand is designing a cotton t-shirt, its product team can consider which

type of cotton best satisfies their specific sustainability goals as well as the intended purpose of the garment. Similarly, designers can evaluate the impacts of different types of recycled polyester among other synthetic material options when designing an athletic shoe.

The MSI is among the apparel industry's leading tools to measure the cradle-to-gate environmental impacts of material production. This includes the extraction or production of raw materials, manufacturing, and finishing to the point where the material, trim/component, or packaging is ready to be assembled into a final product. For example, this tool includes data from growing cotton on a farm and extracting oil to make polyester through to the eventual roll of fabric to inform the environmental impact of that specific material. The MSI taxonomy—the way the tool collects and categorizes data—allows users to substitute processes at different stages of material production. With this feature, the Higg MSI can calculate the impacts of millions of material types. SAC members have continued to provide insights that help to inform methodology updates, ensuring the tool is relevant and scalable for the industry.

### The Higg MSI Methodology

The Higg MSI database is powered by the best available material production data from three sources:

1. Third-party developed and reviewed industry datasets, including the GaBi life cycle assessment database and the World Apparel Lifecycle Database (WALDB)
2. Processes built from academic literature and SAC member input that use industry databases for background datasets
3. Industry data submitted through the MSI Contributor

The Higg MSI reports the data source for each process in the metadata section of the tool. All data used in the Higg MSI is independently reviewed before modeling to determine the impacts. For each material, the MSI reports five environmental impacts

of producing that given material. Environmental impacts are also reported for each stage of the production process. This allows users to see how different stages of material production contribute to the overall impact and identify alternatives that result in more sustainable materials.

The SAC runs an open process inviting industry stakeholders to share new data in an effort to continuously improve the information on which designers and developers base their materials choices.

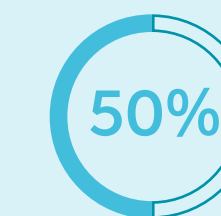
“We use the Higg Materials Index as one of the key performance indicators in our government-funded research programs to assess if the newly developed materials and products have reduced the environmental impacts. We also have introduced the MSI to several textile manufacturers in Taiwan and showed them how to use MSI scores to monitor the improvements of their products and processes across environmental impacts.”

**ROBERT JOU**

Vice President, Taiwan Textile Research Institute

## Higg MSI Quick Facts

230  
USERS



SAC  
MEMBERS

4,100+ custom  
materials

CREATED USING THE TOOL,  
84% CREATED BY SAC MEMBERS

65

RAW MATERIALS AND PROCESSES  
SUBMITTED BY 26 COMPANIES  
SINCE 2012

22

NEW RAW MATERIALS AND  
PROCESSES SUBMITTED BY  
12 COMPANIES IN 2020



# An Overview: Higg Product Module (PM)

## Higg PM

Consumers don't typically buy materials—they buy products. Although sustainability needs to be considered at every level of the value chain, the product level is where consumers are paying the most attention. That's because this is where they have the opportunity to vote with their dollar and align their purchases with their personal values. We recognize the opportunity to give consumers the information they are clearly demanding. The first step is arming companies with the tool to measure their products' impacts.

The Higg Product Module (PM) is the best tool on the market to give companies insights into how their products are ranking in terms of environmental sustainability. The first edition of the PM, which launched in September 2020, measures and compares the environmental footprint over a product's lifecycle, from the point of resource extraction to finished product assembly—cradle to factory gate, including materials production. The second edition, launching in 2021, will complete the lifecycle from cradle to grave, expanding measurement to distribution, product use, and end of use.

### The Higg PM Methodology

The PM methodology was created based on the 2014-2016 work developing the European Footwear Draft Product Environment Footprint Category Rules (PEFCR), which helped ensure that the PM aligns with future regulation. Where the PEF methodology had gaps or weaknesses, the SAC worked with our global membership to advance and improve it.

To develop the PM, 70+ SAC member organizations created, piloted, and finalized the methodology between 2016 and 2018.

The work is continuing: The SAC is actively involved in the process to create a Global Apparel and Footwear PEFCR and we are sharing our learnings and methodology to inform this work. Once a final PEF methodology has been approved, the SAC plans to ensure the PM can be used to assess products using the PEF methodology, making it easier for companies to meet policy requirements.



*For Brooks Running, it's critical that we protect our planet. Our product teams will use the Higg Product Module to better understand the environmental impacts of our products, and its science-based insight will better position us to strategically create more sustainable options for our customers. This tool will also help the industry compare the sustainability performance of different products, which is a game changer."*

#### DAVID KEMP

Senior Manager, Corporate Responsibility, Brooks Running

### Contributing Data to these Tools

Anyone can submit primary material production data and/or lifecycle analysis results through our materials data submission tool, called the MSI Contributor. Like all data in the Product Tools, this primary data is reviewed and used to create new materials or processes in the MSI and PM. The MSI Contributor ensures the MSI and PM feature the best available data. It also provides the industry with a low barrier to entry process to conduct assessments and communicate LCA impacts from new and emerging technologies. Another benefit of adding materials to the Higg MSI is that it's an effective way to market sustainable materials to brands.

As more companies submit materials and production processes through the MSI Contributor, sustainability analysts, material, and product developers can choose sustainable alternatives that encourage the production of lower impact products.

## Higg PM Quick Facts

**100+**  
USERS

**75**  
FINISHED GOODS PROCESSES

**2nd edition**  
LAUNCHING IN **2021**





Never before have we seen such a spotlight on what’s going on at the factory level of production.

In the wake of COVID-19, there has been intense discussion around brand/supplier relationships, wages, and contracts, calling out those within the industry for harmful business practices. These recently high-lighted issues and ongoing ones, including audit fatigue, can all be improved through the Higg Facility Tools.

Apparel, footwear, and textile production takes place at thousands of facilities around the world. The Higg Facility Tools offer standardized social and environmental assessments that facilitate conversations among value chain partners to improve every tier in the global value chain.

### There are Two Higg Facility Tools:

- Higg Facility Environmental Module (FEM)
- Higg Facility Social & Labor Module (FSLM)

“*Williams-Sonoma, Inc. leverages the Higg Index FEM to create a baseline and increase visibility on the environmental performance of our vendors and their factories. This enables us to determine potential improvement opportunities, focus our efforts in areas that are in line with our environmental goals, and create a conducive platform to engage vendors on environmental opportunities for their facilities. We hope that these engagements can lead to impactful initiatives that create positive benefits for WSI, our vendors, and the planet.*”

**KETERINA CHONG**

Manager, Sustainability, WS Global Operations

“*At the ALDO Group, we strongly believe in the importance of collaboration and partnerships in order to guarantee the long-term sustainability of our industry. That’s why we are proud members of the SAC and use the Higg FSLM. This data collection tool will allow us to focus on improving the working conditions within our supplier base.*”

**VERA GALARZA**

Senior Director, Strategic Sourcing, Aldo Group

Columbia Sportswear Company knows that climate change is a real environmental, economic, and social challenge affecting communities, ecosystems, and outdoor participation, which warrants a thoughtful and purposeful response. To manage its environmental impacts, Columbia uses the Higg Index to measure impact and performance.

Since 2013, Columbia has been using the FEM to annually assess environmental compliance and performance at Tier 1 and Tier 2 manufacturing partner facilities. Collaboration and alignment around the FEM for performance measurement and improvement with manufacturers provides Columbia with the context to identify priorities and gaps, and to make programmatic decisions. As a brand, the adoption and benchmarking tools on the Higg platform have provided Columbia with real time data and context that can be shared with its cross-functional teams. Having this information helps raise awareness and understanding about Columbia’s broader sustainability work and how the company compares against the rest of the industry.

In addition to the FEM, Columbia uses the MSI to calculate its Scope 3 GHG emissions. Without primary data for Tier 3 and Tier 4 suppliers, the MSI provides the necessary information to quantify emissions from these manufacturers. This is incredibly important because Scope 3 emissions often represent the majority of an organization’s GHG emissions and biggest opportunities for reductions. Columbia likes this approach because using the MSI data makes calculating emissions of material production efficient and accessible when compared to a do-it-yourself approach. Since other companies in the apparel and footwear space are also using MSI data, Columbia has a way to compare material impacts.



# An Overview: Higg Facility Environmental Module (FEM)

## Higg FEM

The Higg Facility Environmental Module (FEM) is one of the industry's most trusted and commonly adopted tools to measure a facility's environmental performance in the value chain. It was created to offer the industry a single, comprehensive assessment for global facilities, eliminating the need for redundant audits. Hosted on the Higg platform, facilities can easily share their results with value chain partners and compare their performance against industry peers. By filling out one environmental assessment, facilities can also save time and money. This sophisticated, web-based tool is now expanding to other adjacent industries, such as toys and hardgoods.

### Higg FEM Evolution

The first version of the FEM was publicly released in 2012 as an Excel spreadsheet. Over the years, a growing number of SAC members have provided valuable knowledge that has informed methodology updates, ensuring the tool is relevant, scalable, and successful in solving the industry's greatest environmental issues.

In 2017, a major update to the tool was completed in collaboration with SAC members, ZDHC Foundation, and the Outdoor Industry Association, making the chemicals section of the FEM more robust and reducing duplication of assessments for facilities. This version of the FEM launched on a

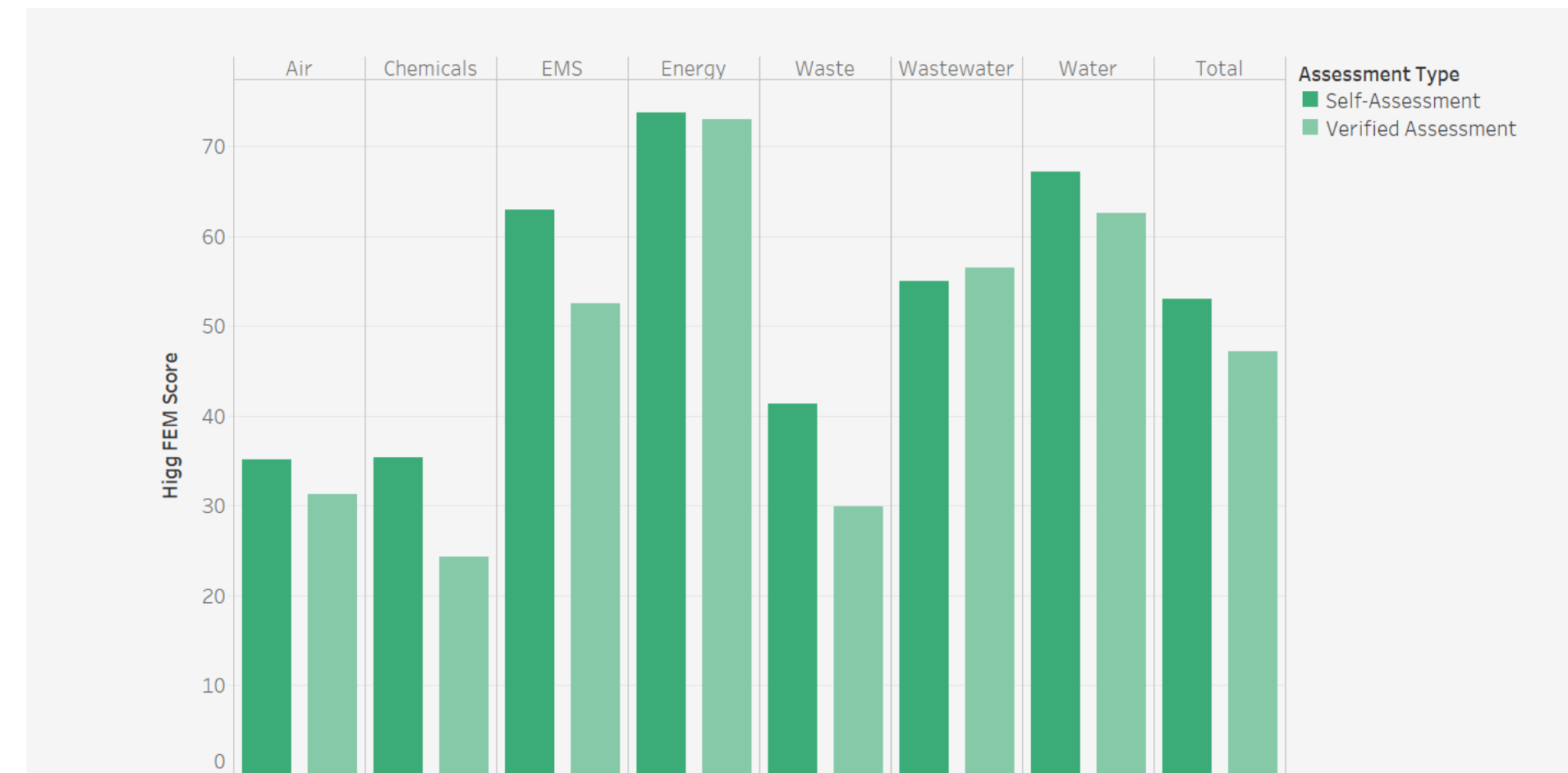
new, customized platform that best served industry needs at global scale.

The current version of the FEM, which launched in November 2020, includes extensive content updates to the assessment questions and 100+ new features on the tool platform. For example, the Higg platform is now integrated with the Open Apparel Registry (OAR), allowing supply chain partners to more easily access a facility's sustainability performance data. Facility Preview, another new feature, is a simplified assessment that enables manufacturers, brands, and retailers to quickly identify opportunities and hotspots in their extended value chain. As existing and emerging industry issues continue to evolve, the FEM and Higg platform will too. Used by more than 19,000 organizations in 100 countries, the FEM sets the global standard for measuring facility environmental impacts.

### Standardized Sustainability Communication

To make it easier for facilities to communicate performance to their business partners, the SAC has developed a FEM Communications Toolkit. Launched in June 2020, the toolkit became available for eligible facilities that have done an onsite verification by a SAC Approved Third-Party Verifier. This toolkit provides facilities with the standardized materials to communicate their

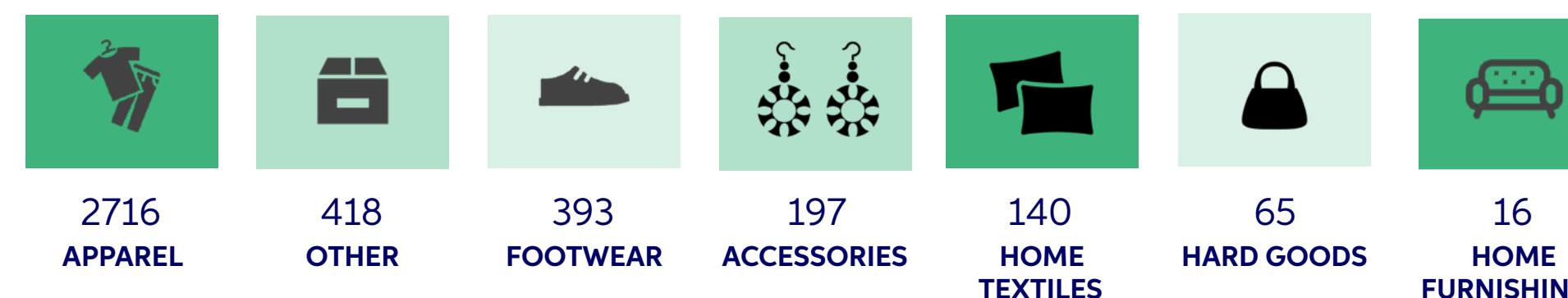
environmental performance to existing and potential business partners. In turn, this transparent, credible, and verified sustainability information allows business partners to see how a facility is ranking and assess whether their sustainability goals are aligned.



Average Higg FEM Scores (2019)

For the 2,769 facilities that completed verification in the 2019 cycle, verified scores were lower in nearly every category compared to self-assessment scores. Verifying the results of a Higg self-assessment is a critical step for facilities to ensure they have accurate, trusted data to communicate with value chain partners and stakeholders.

### Industries Using the Higg FEM



### Higg FEM Quick Facts

19,607 USERS  
73% SAC MEMBERS

USED IN 100 COUNTRIES

10,800+ MODULES SHARED WITH VALUE CHAIN PARTNERS IN THE 2019 CYCLE

### 2019 FEM Verification Results:

71% OF FACILITIES SET BASELINES FOR ENERGY USE IN 2019

50% OF FACILITIES HAVE IMPLEMENTATION PLANS FOR IMPROVING ENERGY USE AND/OR GHG EMISSIONS

38% OF FACILITIES IMPROVED ENERGY CONSUMPTION COMPARED WITH THEIR BASELINES IN THE LAST CALENDAR YEAR

### The Higg FEM Assesses Environmental Impacts

- Environmental Management Systems
- Energy Use
- Greenhouse Gas Emissions
- Water Use
- Wastewater
- Air Emissions (If Applicable)
- Waste Management
- Chemical Management



# An Overview: Higg Facility Social & Labor Module (FSLM)

## Higg FSLM

Everyone deserves to work in a safe and healthy environment where they receive fair pay.

The Higg Facility Social & Labor Module (FSLM) promotes safe and fair social and labor conditions for value chain workers all over the world. Facilities can use the scored assessment to measure their social impact across areas such as wages, working hours, health and safety, and employee treatment. Instead of only focusing on compliance, they can dedicate time and resources to making lasting systemic changes.

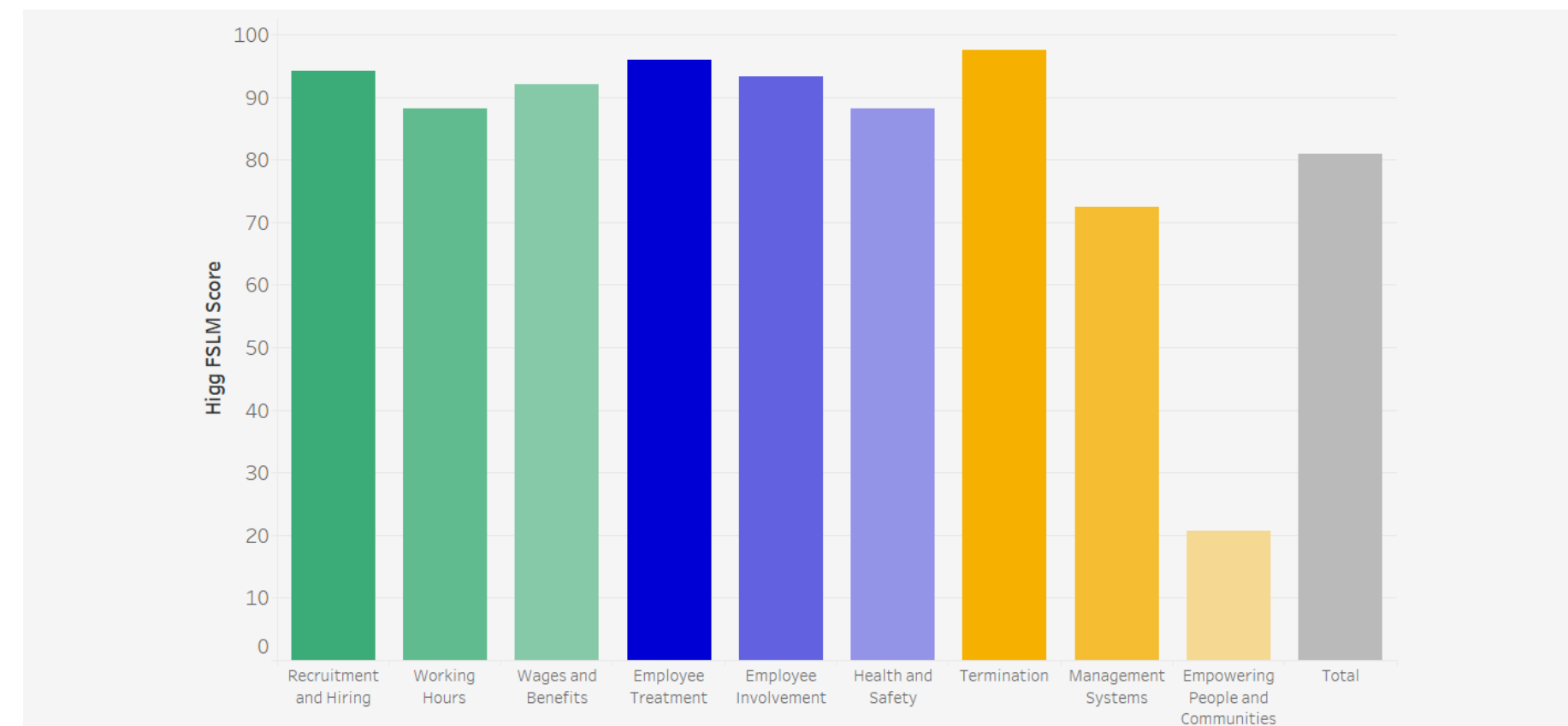
### The Higg FSLM Assesses Social Impacts

- Recruitment and Hiring
- Working Hours
- Wages and Benefits
- Employee Treatment
- Employee Involvement
- Health and Safety
- Termination
- Management Systems
- Empowering People and Communities

### Higg FSLM Evolution

The backbone of the FSLM is the Converged Assessment Framework (CAF), developed by the Social & Labor Convergence Program (SLCP). The SLCP is a multi-stakeholder initiative that created the CAF to reduce audit fatigue. By leveraging all the questions from the CAF for the FSLM, this ensures that facilities around the world only need to fill out one social assessment, saving facilities significant time and resources.

From 2018 to 2020, the SAC developed the first FSLM scoring methodology. The scored version, which launched in October 2020, evaluates various social and labor practices, enabling brands to more seamlessly conduct individual audits to assess and compare facilities' performance. With the new addition of scoring, the FSLM now enables brands to retire independent proprietary tools and be part of an industry-wide effort to standardize facility auditing for social and labor issues at global scale.



### Average Verified Higg FSLM Scores (2020)

Note: This graph includes scores from 752 facilities that completed the FSLM self-assessment and verification in calendar year 2020.

With the first version of FSLM scoring, we can get a sense of where facilities are performing well and where they should invest in making improvements. The results show that on average, the scores of facilities who completed and verified their FSLM in 2020 are almost all above 70 out of a total possible score of 100 for each section. The lowest scoring category, Empowering People and Communities, includes practices that go beyond social responsibility industry standards and are not required by national or international law. This demonstrates an opportunity for facilities to go above and beyond in their social practices.

### Industries Using the Higg FSLM



**Higg FSLM Quick Facts**

**5,662** USERS

**42%** SAC MEMBERS

USED IN **69** COUNTRIES

**1,612** MODULES SHARED WITH VALUE CHAIN PARTNERS IN 2020

### TOP 5 HIGH RISK FLAGS (2020, VERIFIED ASSESSMENTS):

1. Conducting maintenance on live electrical equipment
2. Lack of safety measures for asbestos exposure
3. Discriminatory hiring decisions
4. Lack of safety measures related to the storage of chemicals and hazardous substances
5. Electrical circuits show indication of overheating or burning

The SAC helps make it easy for facilities to identify and prioritize high social risks for immediate action, flagging them on the Higg platform when a facility completes their assessment.



The first version of the Higg Brand & Retail Module (BRM) was released in late 2012 to SAC members as a tool to identify and measure environmental and social risks and impacts at the company level.

As the tool became more widely used each year, members and non-members gave us feedback on improvements to make the module more effective and scalable. This led to the BRM redevelopment, which started in 2017.

After several versions were put forward, in January 2020, the membership voted to approve the tool and make it live on the Higg platform. This was a major milestone and led to the updated BRM release in March 2020. The 2020 release allowed the SAC to further the development of other areas of the tool, such as verification,

performance communications, and training. It also allowed us to obtain more real-life feedback from users, which was a critical component to ensure that the tool was useful.

Despite the global challenges posed by COVID-19, over 80% of eligible brand and retailer members completed and posted their 2019 BRM self-assessments by the end of the extended deadline, demonstrating widespread adoption of the tool. We also saw several members making big commitments around deeper applications of the tool.

“ *Sharing our Higg BRM self-assessment with our factory partners showcases equal partnership and transparency, which is a core tenant of Target’s responsible sourcing program. Our hope is that this builds trust and further strengthens our collective goals around responsible and sustainable practices.*”

**IVANKA MAMIC**

VP of Responsible Sourcing & Sustainability, Target Corporation

## The Higg BRM Assesses Environmental Impacts

- Animal Welfare
- Biodiversity/Land Use/Habitat Loss
- Deforestation
- Energy/Fuel Use
- Greenhouse Gas (GHG) Emissions
- Air Emissions/Air Pollution (non GHG)
- Solid Waste
- Hazardous Waste
- Chemical Hazards
- Water Use/Water Scarcity
- Wastewater/Water Pollution/Eutrophication

## Social Impacts

- 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

As Europe’s leading online platform for fashion and lifestyle, Zalando aims to leverage its position as a large retailer to drive collective action and impact. Zalando is the first retailer to use the Higg Brand & Retail Module (BRM) as the basis for a mandatory brand assessment approach, meaning all brands selling on the platform will need to report against social and environmental standards.

The BRM will help Zalando achieve one of the goals from its do.MORE strategy – to continuously increase ethical standards and by 2023, only work with partners who align with these standards. As part of this push towards industry-wide change, Zalando has started to gather comparable sustainability data from its partner brands to understand the challenges of the industry, both individually and collectively. Its main focus for improvement will be through collaboration with brands to achieve higher aspirational targets across the industry.

In the context of the COVID-19 pandemic, it is more important than ever to establish a clear standard and common language to communicate about sustainability performance. Zalando recognizes that customers are asking for this information, and the industry needs to speak in one voice across platforms and brands, which is made possible by the BRM.












# An Overview: Higg Brand & Retail Module (BRM)

## Higg BRM

Today, the Higg Brand & Retail Module (BRM) is a comprehensive assessment that provides a holistic picture of a company's social and environmental sustainability. Depending on the complexity of a company's value chain, the assessment can be up to 250 top-level questions and include nearly 2,000 data points.

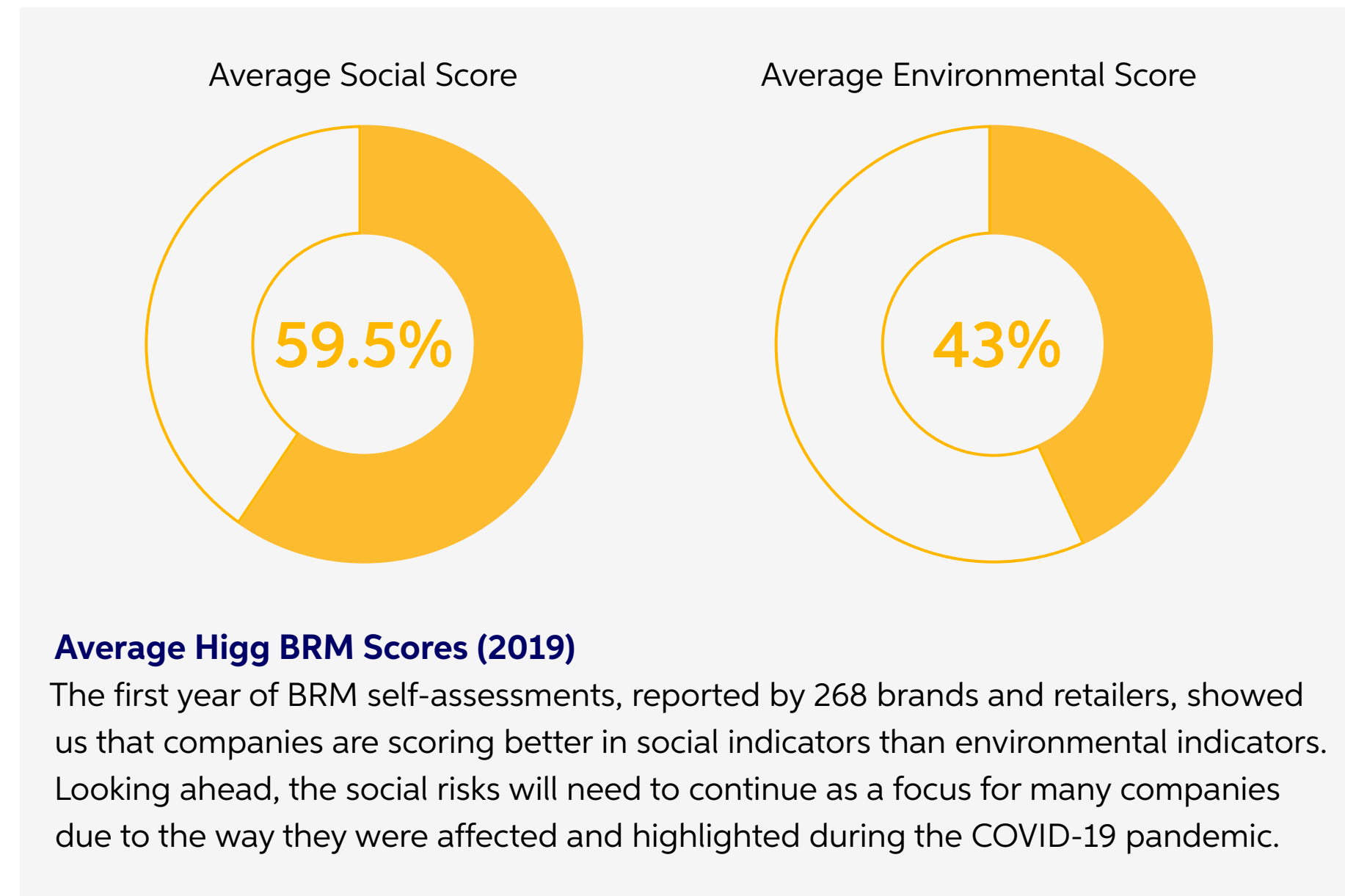
The BRM assesses the following life cycle stages of a product as it goes through a company's operations.

### The BRM assesses the following life cycle stages of a product as it goes through a company's operations:

-  Management System
-  Product
-  Supply Chain
-  Packaging
-  Use & End of Use
-  Retail Stores
-  Offices
-  Transportation
-  Distribution Centers

The BRM helps brands and retailers lower their environmental impacts throughout the value chain. It also helps them identify ways to establish and maintain practices that promote the well-being of workers, support local communities, champion women in the workforce, and strengthen the global economy. For example, the BRM features numerous questions related to responsible purchasing practices. When companies cancelled orders in response to the COVID-19 closures, it highlighted the importance of adopting these practices to reduce negative impacts on workers. This year, the BRM will add a new score for responsible purchasing practices, enabling companies to benchmark performance in this category year over year.

By identifying their environmental and social risks and opportunities, brands and retailers can create, align, and embed corporate responsibility strategies into department operations. This is an important first step towards taking meaningful action. As companies make measurable improvements, they can share these insights with value chain partners, consumers, investors, and other key stakeholders. This type of communication enables companies to identify potential alliances and collective opportunities to make progress. Brands and retailers can also use the BRM to report progress on industry initiatives like Science Based Targets, the UN Sustainable Development Goals, and the G7 Fashion Pact.



“The Higg BRM offers a global standard for measuring sustainability performance and comparing it with industry peers. The Higg BRM reporting tool has also proven to be applicable for additional industry reporting such as the Dutch Agreement on Sustainable Garments and Textiles. This already allowed G-Star to save time on reporting and spend more time on strategy and implementation.”

**HANNAH VAN GRIMBERGEN**  
Sustainability Manager, G-Star RAW

## Higg BRM Quick Facts

268  
USERS

61%  
SAC  
MEMBERS

USED IN  
37  
COUNTRIES

105  
MODULES SHARED WITH VALUE CHAIN  
PARTNERS IN THE 2019 CYCLE

### TOP 5 ENVIRONMENTAL RISKS BRM USERS ARE TACKLING:

1. Chemicals
2. Greenhouse gas emissions
3. Water use/scarcity
4. Energy/fossil fuel use
5. Animal welfare

### TOP 5 SOCIAL RISKS BRM USERS ARE TACKLING:

1. Health and safety
2. Discriminatory or improper wages and benefits practices
3. Unfair working hours
4. Forced labor or human trafficking
5. Freedom of association and collective bargaining

Based on self-assessed data from the 2019 cycle.



# Providing Verification

Verification is the process of determining the accuracy of a Higg Index self-assessment.

The SAC is committed to ensuring that the information that companies submit is as accurate as possible—that’s where verification comes in. It improves the consistency, comparability, and credibility of Higg data. It also reduces the need for multiple, proprietary audits so that resources can be used in other areas, such as performance improvement. To support the accurate measurement of environmental and social impacts using the Higg Index, the SAC is creating verification programs for each Higg tool. This is an essential part of the Higg framework because verified data provides companies with the trusted information they seek.

## How Higg FEM Verification Works

The Higg Facility Environmental Module (FEM) verification program is the first of the Higg Index tools at scale. Through our Verification Program Manager, Sumerra, companies and individuals go through a rigorous application training process on verification protocols and quality assurance, which ensures consistency of verified results at the program level.

As part of the FEM verification program, SAC-approved verifiers:

- Evaluate the accuracy of a facility’s self-assessment based on the intent of questions and evidence provided by the facility
- Provide clear definitions and requirements so that FEM scores are accurate and comparable

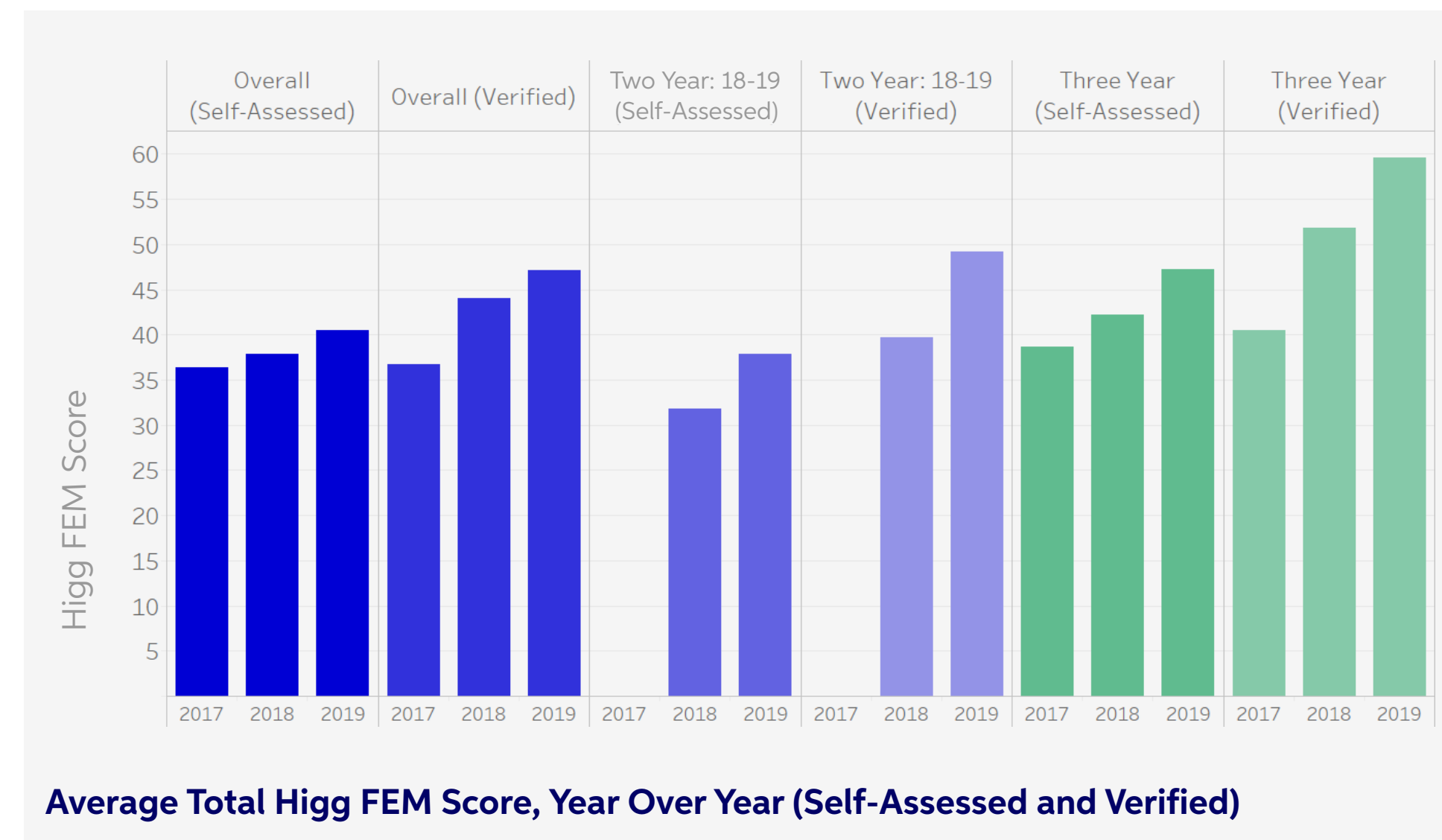
## The Value of Verification

Every year, average FEM scores consistently improve, indicating a meaningful benefit to the industry and our planet.

Facilities that invest in year-over-year completion of the FEM, that also take the extra step of verifying their results, are proven to have the largest average score increases. This demonstrates that when facilities are consistently submitting verified FEM results, they are seeing the greatest improvements. For example, the 118 facilities that consecutively completed verification for the past three cycles show the largest score improvements, increasing scores by an average 22% every year.

While the number of verified assessments increases every year, there is still room for growth. Of the facilities that completed the

FEM in each of the 2018 and 2019 cycles, more than 20% had their assessments verified each year. As more global facilities complete and verify the FEM and other Higg assessments, we will continue to get a clearer understanding of the industry’s environmental performance. Increased participation in verification will improve industry-wide transparency and help companies identify opportunities for improvement and collective action.



## Verification Quick Facts

THE **HIGG FEM VERIFICATION PROGRAM** IS AVAILABLE AT SCALE IN **100 COUNTRIES**

THROUGH THE **SOCIAL & LABOR CONVERGENCE PROGRAM**, HIGG FSLM VERIFICATION IS OFFERED IN **30 COUNTRIES WORLDWIDE**

THE SAC IS CURRENTLY PILOTING A VERIFICATION PROGRAM FOR THE HIGG BRM, **EXPECTED TO LAUNCH IN 2021**

HIGG PRODUCT TOOLS (HIGG MSI AND HIGG PM) PRIMARY DATA IS VETTED BY OUR THIRD PARTY GATEKEEPER AND SECONDARY DATA IS **INDEPENDENTLY PEER REVIEWED**

ADDITIONAL HIGG MSI AND HIGG PM VERIFICATION WILL BE **AVAILABLE IN 2022**



## A Focus on Transparency

Leveraging our industry-leading methodology, tools, and data, we're excited to partner with our members and partners on a journey toward full product transparency.

In the last decade, worldwide interest in sustainability has grown, and today consumers are demanding greater accountability and transparency from brands and retailers. Transparency is one of the four core focus areas in our new strategic plan. By 2025, we're aiming to have all SAC members participate in public-facing ratings of sustainable performance that are credible and trusted. To meet this goal, our work in 2021 and beyond will focus on developing a framework and standard for Higg Index performance publication, communication, and marketing use available for all core Higg tools.

In 2020, the SAC launched performance communication toolkits and guidelines in beta form for three of the Higg Index tools—Higg FEM, Higg MSI, and the first edition of the Higg PM—to support members as they become more transparent about their Higg Index performance results. These guidelines enable members to publicize their verified data through press materials, social media, web content, and related collateral.

We are also working with our technology partner, Higg, to develop a platform for publishing data-driven sustainability claims. With the first phase expected to launch in 2021, consumers and

stakeholders will be able to access verified and trustworthy data supporting social and environmental sustainability claims by global brands, retailers, and manufacturers. We're launching this now because the tools and data are ready to give shoppers what they've been asking for—better information.

With the Higg Index offering full end-to-end value chain assessment, we're aiming to deliver a standardized approach to product transparency that is universally used and accepted by businesses, consumers, and key stakeholders alike. Our work in making trusted sustainability information publicly available will allow companies to form stronger value chain partnerships, provide insights for civil society, and create new opportunities for regulators. These transparency efforts will also help designers and developers make more sustainable products, while empowering consumers to make more informed purchasing decisions.

“

*The Higg suite of tools offers critical insights that will help inform our overall global sustainability strategy. When implemented across the apparel and footwear industry, the tools provide a vehicle for collective action toward a future of lower impact and total supply chain transparency.”*

**MATT HAMILTON**  
DIRECTOR SUSTAINABLE OPERATIONS,  
VF CORPORATION



# Shaping Global Policy

As a global industry association, the SAC offers industry expertise to shape policy that will benefit the health of our planet and the well-being of individuals and communities.

With the opening of our Amsterdam office in 2014, the SAC began partnering with governmental authorities in Europe and across the globe to ensure that policy conversations regarding the industry included perspectives from all value chain participants.

## Encouraging Circularity

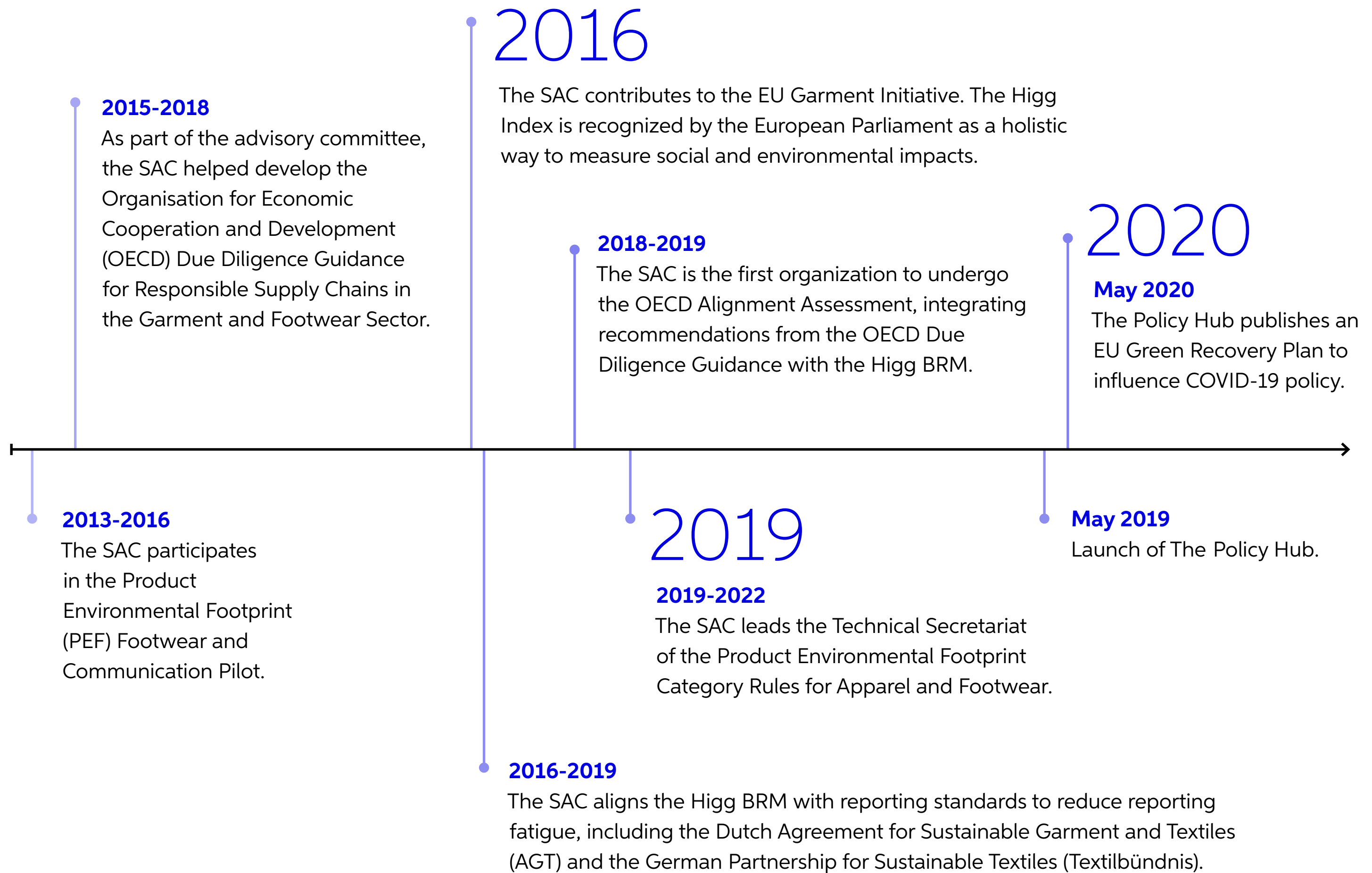
Circularity has become a key business and policy concern in the apparel sector. According to the Ellen MacArthur Foundation, circularity in the apparel industry means designing out waste and pollution, keeping products and materials in use, and regenerating natural systems.<sup>1</sup>

To accelerate the circular economy policy agenda through the definition of common industry voice, in 2019 we launched the Policy Hub – Circularity for Apparel & Footwear in collaboration with Global Fashion Agenda and the Federation of the European Sporting Goods Industry. The Policy Hub seeks to develop and promote a European policy framework that accelerates the circular economy in the apparel, footwear, and textile industry. It does so by facilitating discussions with industry leaders, policymakers, and civil society to support the industry in closing the loop of their business practices.

In support of future circular policies, the SAC is actively working to develop a Global Apparel and Footwear PEFCR (Product Environment Footprint Category Rules), which will serve as a policy standard for products in the EU. The Higg Product Module (PM) methodology was developed using the European Footwear Draft PEFCR as a reference document and the SAC plans to ensure that the Higg PM will align with other future regulations.

The second edition of the Higg PM, launching in 2021, will enable assessment of a product's impacts through its end-of-use and offer companies insight into circularity opportunities within their sustainability programs. Measuring product impacts through the use and end of use life cycle stages will enable companies to better understand how their decisions support circularity.

By collaborating with policymakers and stakeholders, the SAC's past and future policy work acts as an important lever to facilitate industry change.



circularity for apparel and footwear

1. Ellen MacArthur Foundation. (2017). What is the circular economy? <https://www.ellenmacarthurfoundation.org/circular-economy/what-is-the-circular-economy>



# The Importance of Partnerships

In this decade of action, this proverb rings true now more than ever:

“If you want to go fast, go alone. If you want to go far, go together!”

Collaboration is a core value of the SAC and has been woven into the fabric of our work from the beginning.

To advance the evolution of the Higg Index and transform businesses for exponential impact, we have developed innovative collaborations with trade organizations, NGOs, brands, retailers, and manufacturers around the world.

The partnerships referenced on this page are some examples of how our collaborations are changing the face of the industry.

## The Fashion Conveners:

*Apparel Impact Institute*

*Global Fashion Agenda*

*Fashion For Good*

*Fashion Makes Change*

*Sustainable Apparel Coalition*

*Textile Exchange*

*The Fashion Industry Charter  
for Climate Action*

*Responsible Business Coalition*

*ZDHC Foundation*

## Global Fashion Agenda

As part of a select group of industry sustainability leaders, including a number of Coalition members, the SAC is honored to be a strategic partner of Global Fashion Agenda (GFA). Through representation on GFA’s steering committee and in-depth consultation, we are proud to play our part in the thought-leading work of GFA. For example, GFA’s Pulse of the Fashion Industry reports from 2017, 2018, and 2019 leveraged Higg data to communicate the industry’s sustainability performance and promote action. In addition, by also providing input on GFA’s annual CEO Agenda report, which outlines crucial sustainability priorities for fashion leaders, and actively supporting GFA’s event Copenhagen Fashion Summit, our collaboration scales important industry change.

## The Fashion Conveners

Following initial discussions that began in December 2018, August 2020 marked a major step for the industry when the SAC, along with eight industry leaders, united to create the Fashion Conveners. Recognizing the urgency of facilitating collaboration and coordinating efforts to accelerate the transformational changes needed across the industry, the Fashion Conveners are functioning as a global coalition.

Leveraging shared knowledge, expertise, data, research, and networks, the Fashion Conveners are focused on catalyzing action with companies, brands, and strategic partners. By providing resources, supporting each other’s policy efforts, and accelerating

the industry’s adoption of more sustainable and ultimately regenerative practices, the Fashion Conveners are working individually and collectively to accelerate action.

## Apparel Industry Climate Impact Baseline

Since 2019, the SAC has partnered with industry leaders, including Higg, the Apparel Impact Institute, the World Resources Institute, and Textile Exchange, to gather information and define a robust methodology to annually measure the climate impacts of the apparel industry using the Higg Index. Annual measurements like this can help to identify emission hotspots where more action is needed as well as the effects that improvement programs are having.

This first baseline was calculated using 2019 fiber volume data and life cycle impact assessment data from the MSI and PM. We look forward to refining and improving the methodology and assumptions in future years to enable better measurement of both our industry climate impacts and the efforts of our members.

## The Alliance

Translating the collective aspirations of the Fashion Conveners into specific partnerships, we have formalized engagements with a number of our closest partners: the Apparel Impact Institute (Aii), Textile Exchange (TE), and ZDHC Foundation (ZDHC). Driven by the shared goals of reducing duplication, optimizing resources, and ultimately accelerating impact for our industry, our plans have been documented

with Letters of Intent clarifying roles and commitments for cooperation in the following four areas: programs and tools, impact management and funding, global implementation, and administration and infrastructure.

## WWF Water Risk in the Apparel & Textiles Sector Report

We have also developed an agreement with WWF to explore water risk in the apparel sector. To create a clearer picture of the industry’s water impacts and dependencies, the SAC and WWF are collaborating to create actionable data insights. WWF is developing a series of reports that analyze the industry’s biggest impacts on water and the geographical sourcing regions exposed to the highest levels of water risk. It lays out a long-term vision for how the apparel sector can transform itself and others through a water stewardship approach. To do this, WWF is using its Water Risk Filter in combination with data from the 2018 FEM to analyze and identify water risks for major production regions in the global apparel value chain.

This collaboration demonstrates how industry organizations can support mutual efforts and broaden the global impact of their missions; in our case, to improve water management in the global apparel value chain. By combining robust industry datasets, WWF and the SAC can identify opportunities from sectoral level to facility engagement and address shared water challenges.



## Growing through COVID-19

The SAC, like the rest of the world, was shaken when COVID-19 became a reality in early 2020. Our staff adjusted to new ways of working, our members changed plans and priorities for the year, and our industry completely transformed overnight. We watched and waited with the rest of the world as new information became available, and we did everything we could to support those affected by the global crisis.

“*The COVID-19 pandemic has presented our members with the responsibility and opportunity to integrate sustainability efforts into their core business strategies in ways that were only talked about prior to COVID-19. As the industry rebuilds, we have a real shot at doing things differently and better. We must double down on our commitment to leading with values of sustainability and compassion for the health, safety, and well-being of workers around the world, especially those most vulnerable.*”

**AMINA RAZVI**  
Executive Director, Sustainable Apparel Coalition

During this difficult time, our primary goal has been to serve our members by providing resources to support their teams, and leveraging insights and best practices from across the membership and the industry to help them make better decisions.

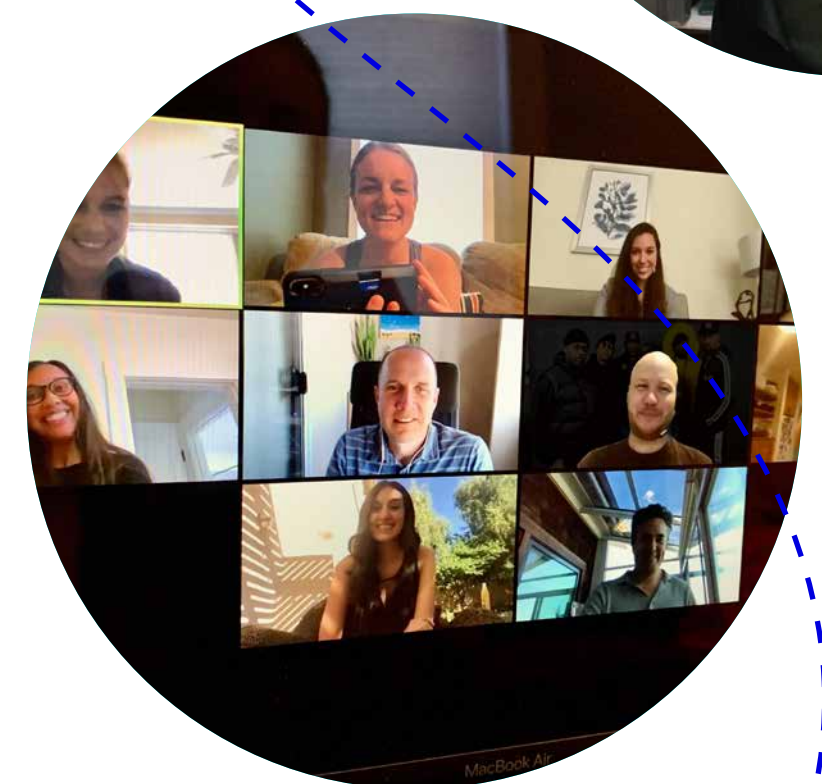
Initially, we had concerns that the impacts of COVID-19 would make it difficult for brands, retailers, and manufacturers to continue to prioritize sustainability efforts, acknowledging that the retail landscape would inevitably change. However, we have been pleasantly surprised to see that sustainability—driven by increasing consumer, stakeholder, and government demand—has continued to be a priority and even grown in importance as companies shift their strategies. We’re optimistic that sustainability integration will remain a critical part of our members’ success in the months and years to come, and we’re ready to help our members define and achieve their ambitious goals.



### Embracing Change

This crisis has shown us that business can’t continue as before. Wherever we end up, it will look drastically different than where we were before COVID-19. To survive the pandemic and maintain strong business relationships, companies need to lead with values of sustainability and compassion for the health, safety, and well-being of workers around the world, especially those most vulnerable. We’re seeing that companies with sustainability embedded holistically throughout their operations are already faring better than those that siloed sustainable efforts or never started on the journey.

This crisis shows us that anything is possible when you have individuals, communities, businesses, and governments working hand in hand to solve a global threat. We now know that collective action on a global scale is possible. Climate change is the next great challenge we will need to solve together, and no single person or company can do it alone. Our work is even more important now than it was before the crisis began, and we look forward to working together across the industry to implement smart, scalable solutions.





# Our New Strategic Plan

We've spent the last ten years developing tools that will unlock industry-wide transformation in sustainability, and our next chapter looks bright.

In our second decade of action, we're pursuing a bold new plan created collaboratively with our staff, members, and key stakeholders across the industry, which will enable us to fulfill our mission to transform business for exponential impact. It won't be easy, but we're up for the challenge and believe the stakes are too high to fail.

equal partnership and engaging all stakeholders within the value chain, because we can only solve the industry's problems together. This will continue to be a core principle for our work in terms of how we engage with each other, our members, and our partners towards a more equitable and inclusive future for all.

The new plan will be achieved through four strategic pillars, including collective action, integrated tools, transparency, and sustainability leadership. Leveraging the Higg Index as the industry's most comprehensive tool set to measure social and environmental performance, we will shift our focus from developing standardized measurement tools to developing standardized communication that increases transparency and offers industry insights, driving collective action at scale.

This plan is bold, ambitious, and flexible, acknowledging that new and emerging insights and issues across our industry will require our organization to be agile in how we prioritize our work and focus our attention on continual progress towards our goals. We're keeping our eyes and ears open as issues like circularity, biodiversity, and transparency become increasingly important in these conversations. Our staff and members will need to become more nimble in responding to these topics through methodology development and member involvement, stakeholder engagement, and policy conversations.

This plan recognizes that we need to aggressively accelerate our work if we are going to solve systemic problems as a global community. We will do this through

		GOALS
<b>Collective Action</b>	In collaboration with our ecosystem partners, we will focus on protecting human rights and combating climate change. We believe we can achieve so much more together than we could alone.	<p><b>Protect Human Rights</b> – The SAC enables and supports workers' rights, safety, and livelihoods by 2025</p> <p><b>Combat Climate Change</b> – SAC brand, retailer, and manufacturer members achieve a 45% GHG emissions reduction in line with Science Based Targets by 2030</p>
<b>Integrated Tools</b>	As the tools evolve, we want to ensure that they are integrated with each other, that all our members are using the tools, and that they are supported through robust training and education.	<b>The core suite of Higg Index tools is integrated into the everyday operations of all SAC corporate members providing evaluation for a member's performance against their goals by 2025</b>
<b>Transparency</b>	We will enable our members to communicate their organizational and product level sustainability performance to their business partners, stakeholders, and consumers with a framework for verification and Higg Index performance communication.	<b>100% of SAC brand, retailer, and manufacturer members have public facing ratings of sustainable performance that are credible and trusted by 2025</b>
<b>Sustainability Leadership</b>	We will accelerate action through deeper collaborations, membership requirements, policy engagement, and expansion of our work across other sectors. In addition, we plan to seek out and implement strategic partnerships that allow us to scale our efforts with mutual benefit and engage in advocacy to align policy efforts towards a green recovery.	<b>The SAC demonstrates industry leadership, collaboration, and action towards a more sustainable and inclusive future across multiple sectors by 2025</b>



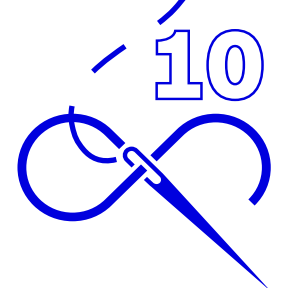
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# Our future starts **right** **now.**

If 2020 taught us anything, it's that we can't predict the future.

But we can be prepared for what lies ahead. The clock is ticking on the irreversible impact of climate change. The world is watching how our industry addresses systemic human rights issues. The SAC is committed to playing its strategic role in tackling the industry's biggest, most daunting challenges. Holding hands with our members and partners, we are ready for the next phase of this journey. Join us in creating a better future for people and our planet.

[www.apparelcoalition.org](http://www.apparelcoalition.org)



Sustainable  
Apparel Coalition