The SAC Higg Index

April 27th, 2017

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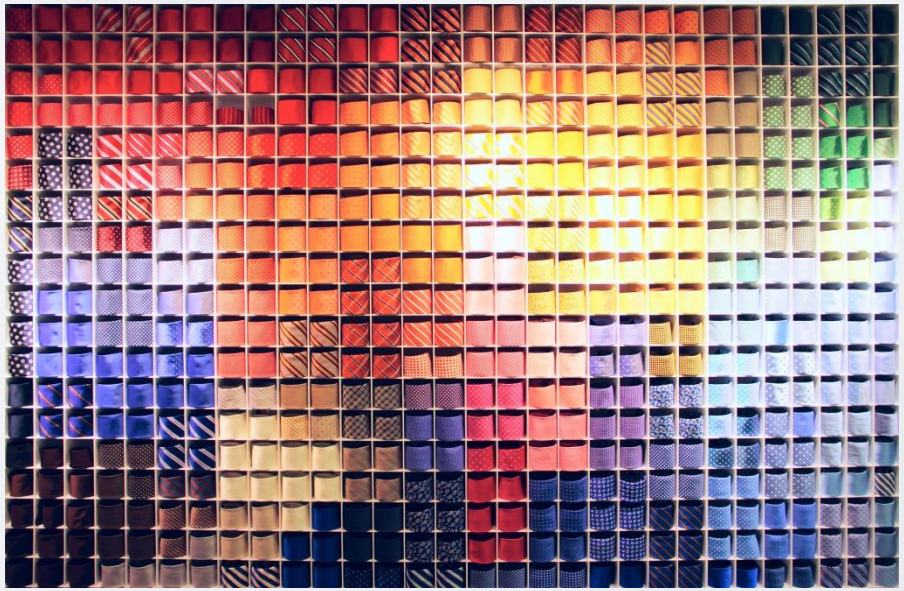
Sustainable Apparel Coalition

PERFORMANCEDAYS FUNCTIONAL FABRIC FAIR

Leadership & Sustainability

Agenda



- Intro about SAC and overview of the Higg index
- Where do the SAC Higg tools fit into your program?
  - Materiality & Strategy – Brand & Retailer level
  - Supply chain
  - Product & Materials
  - Reporting
- Q&A
- Wrapping up

Intro about SAC and overview of the Higg index

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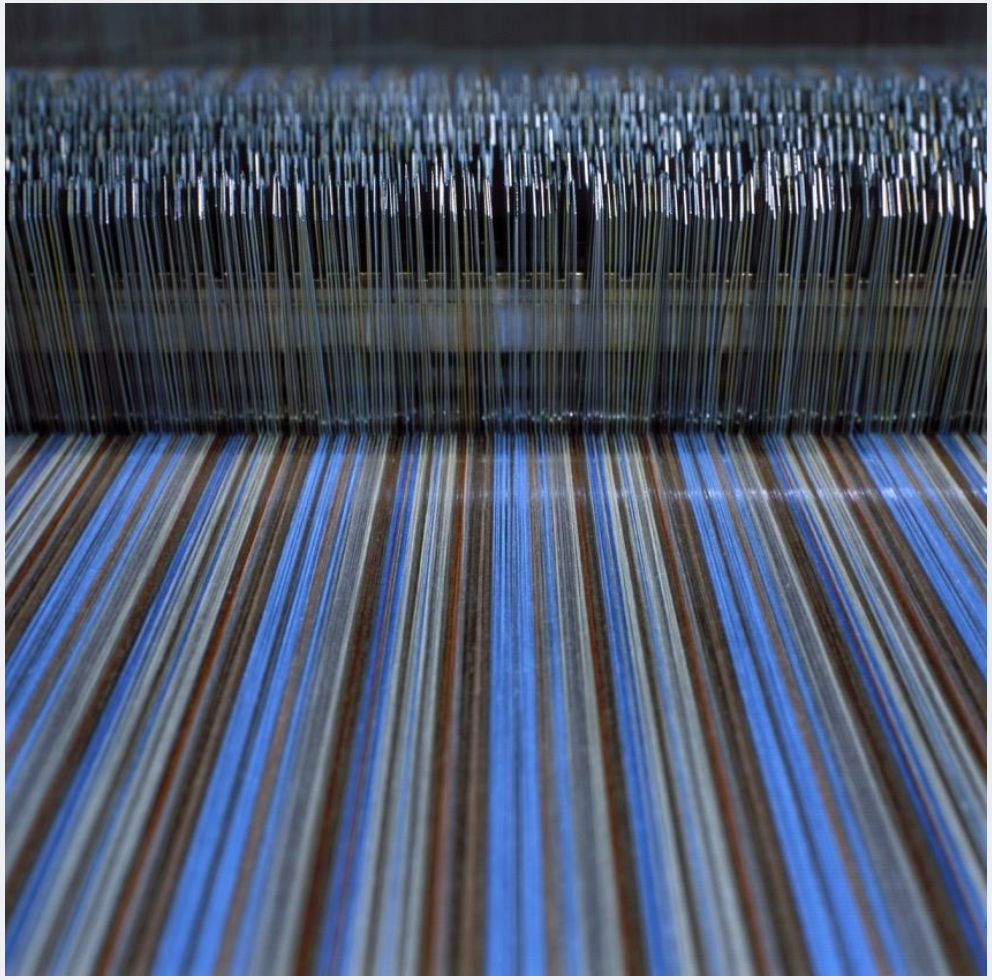
Our Vision



An apparel, footwear, and home textiles industry that produces no unnecessary environmental harm and has a positive impact on the people and communities associated with its activities.

The Coalition Stakeholders

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Diverse Global Membership

Brands & Retailers

Manufacturers

Industry Affiliates

Nonprofit, Academia, Government

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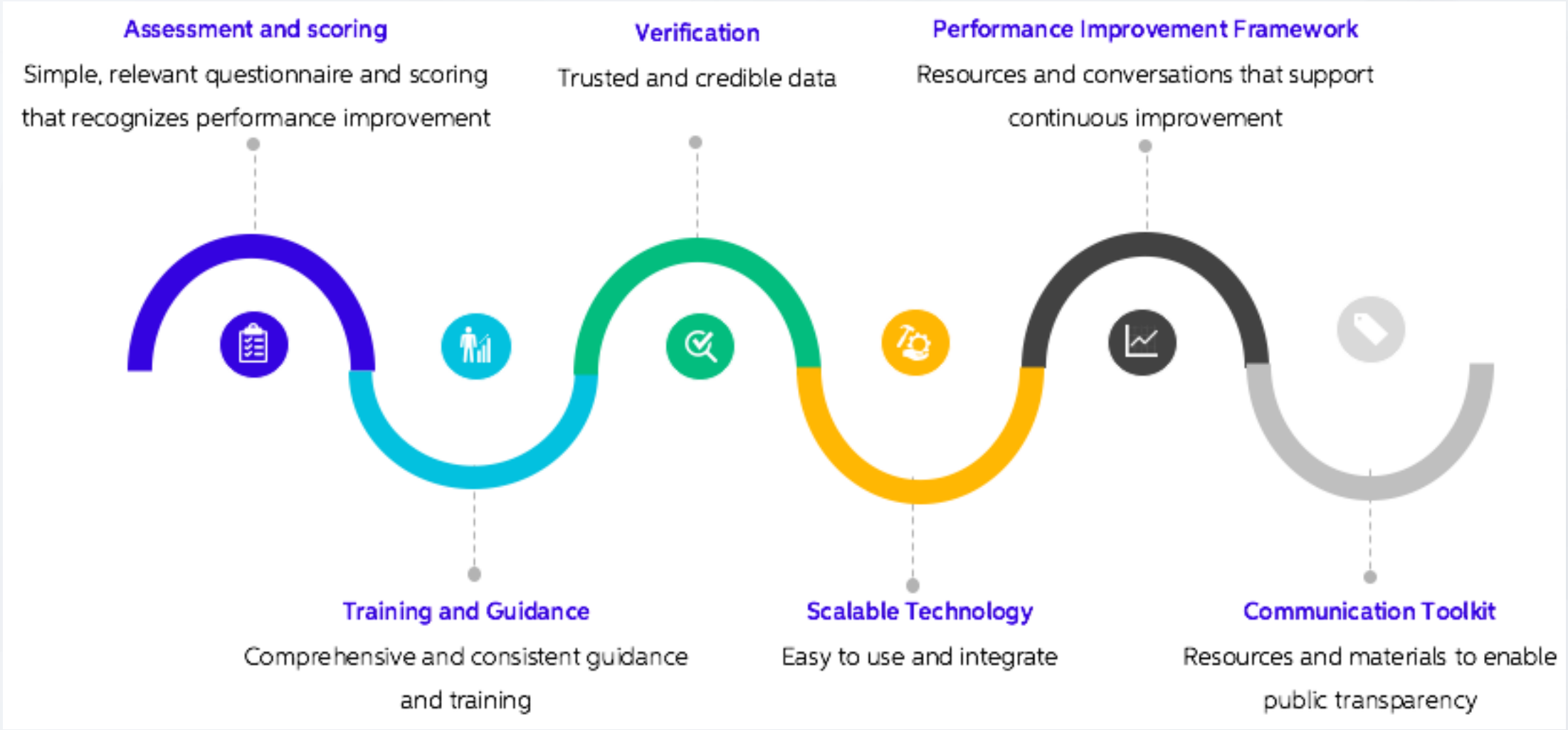
Building the Higg Index: How We are Structured

We develop tools. **We support adoption of tools.** **We enable transparency on results.**



Higg Index

SUITE OF TOOLS

Facilities Modules

- Facilities Environment Module (FEM) *VERIFICATION 2016*
- Facilities Social/Labor Module (FSLM) *VERIFICATION 2018*

Brand/Retail Modules

- Brand Environment Module (BEM) *VERIFICATION 2018*
- Apparel & Footwear Brand Social/Labor Module (BSLM) *VERIFICATION 2018*
- Brand & Retail Module *2018

Product Modules

- Materials Sustainability Index (MSI)
- Design & Development Module (DDM)
- Product Environmental Footprint Tool *2018

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Higg Tools for each step along the Value Chain

DESIGN & PRODUCTION

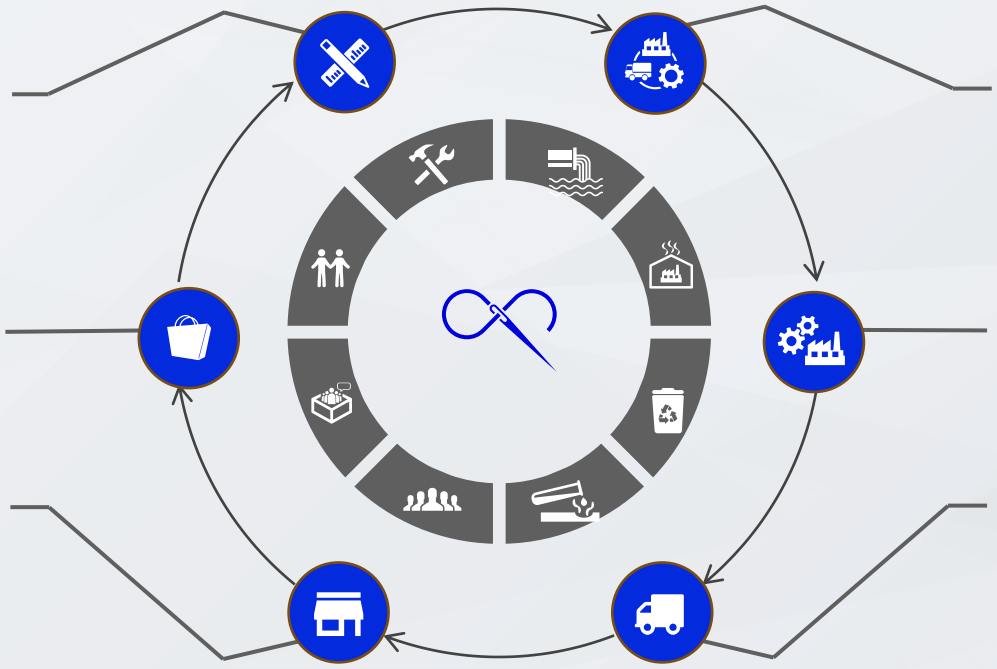
Design & Developments Module (DDM)

CONSUMERS & COMMUNITIES

Product Environmental Footprint (due 2018)

RETAIL

Brand & Retail Module Pilot (due 2018)



RAW MATERIALS

Materials Sustainability Index (MSI)

Data Contributor

Data Explorer

MANUFACTURERS

Facilities Environment Module (FEM)

Facilities Social/Labor Module (FSLM)

BRAND

Brand Environment Module (BEM)

Brand Social/Labor Module (BSLM)

Where do the Higg tools fit into your program?

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Brand & Retailer: Materiality & Strategy

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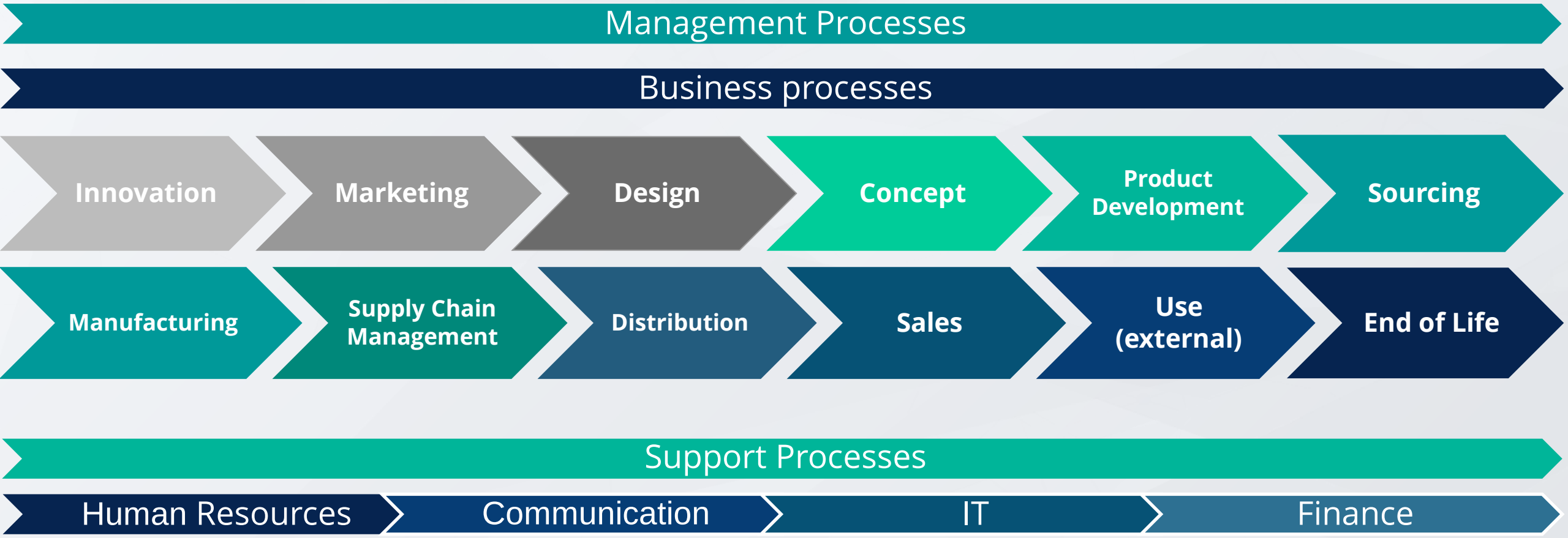
What is the process to develop a sustainability strategy?

Materiality – Value Chain Approach



Which sustainability aspects to pick?

Trends

GRI

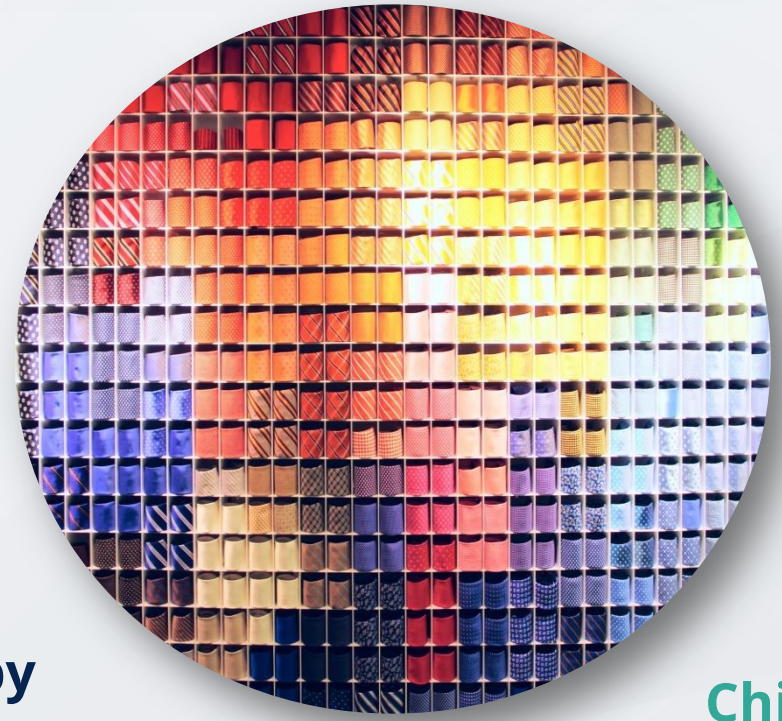
SASB

CDP

SDG – Sustainable Development Goals

ISO 26000

Global Compact



Aspects generated by your business strategy

Energy & Water Conservation

Environmental Management

Community Involvement

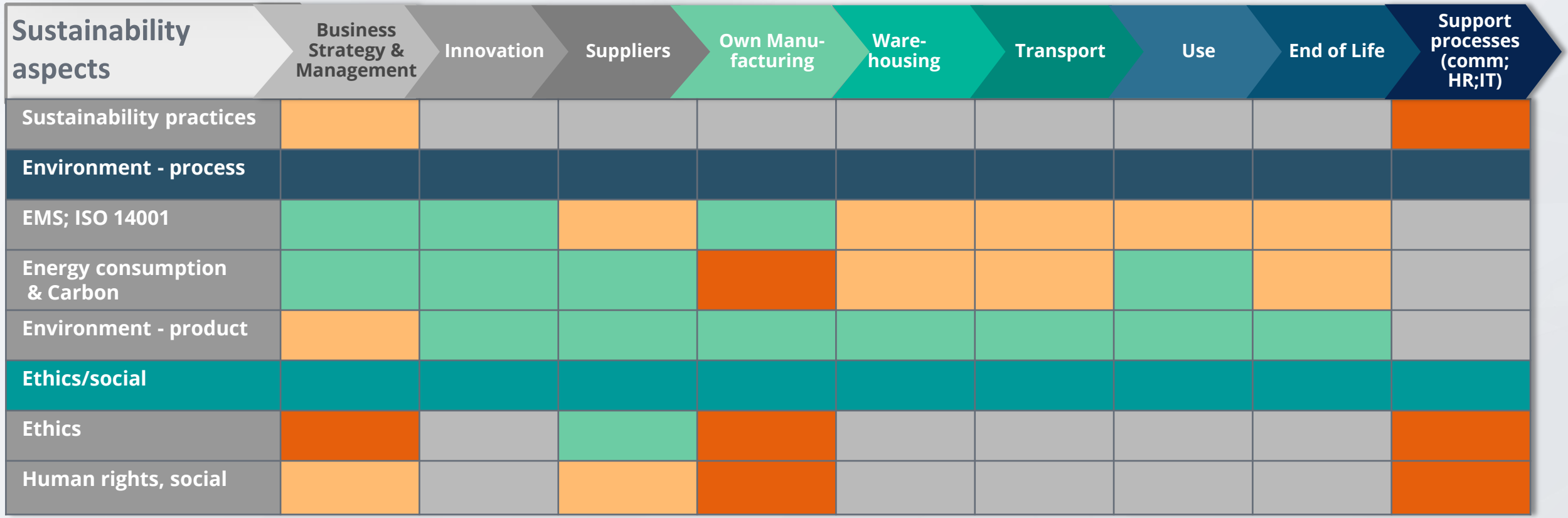
Climate Change Mitigation

Infrastructure Resilience

Capacity Building

Child Labour

Assessment matrix – Hot Spots



Brand Modules – Areas of Assessment

Brand/Retail Modules

ENVIRONMENT

1. Management
2. Materials
3. Packaging
4. Manufacturing
5. Transportation
6. Product Care & Repair
7. End of Use

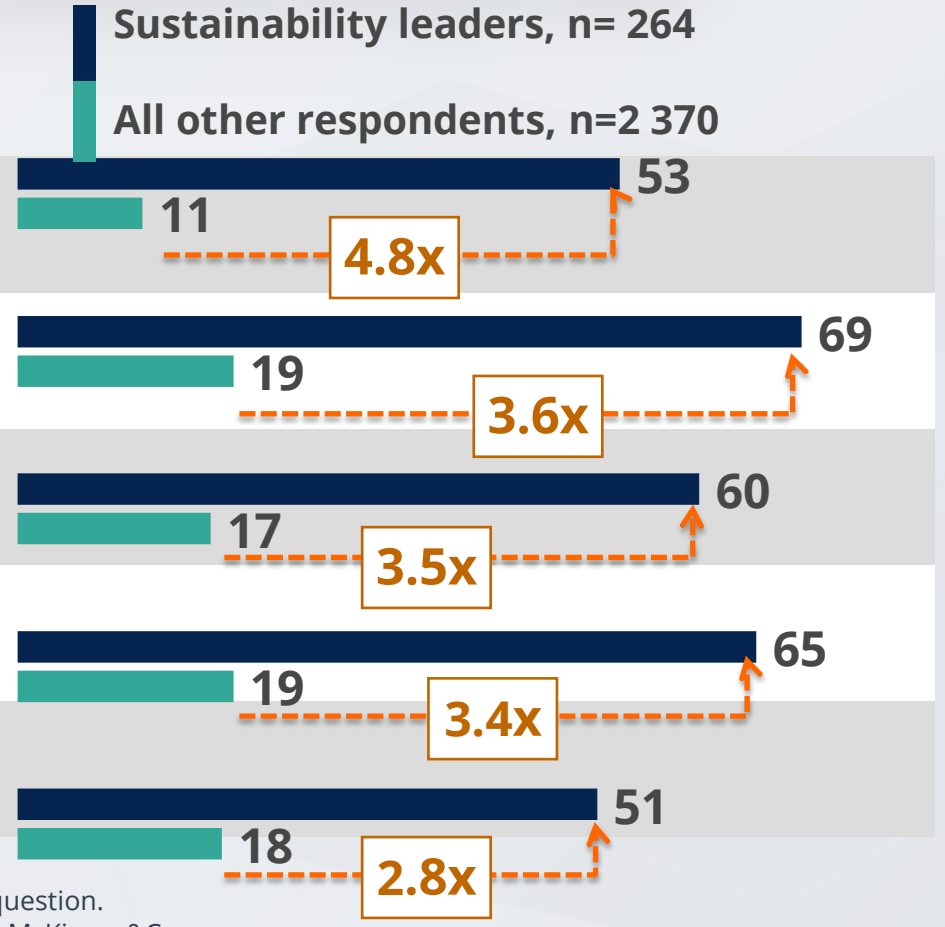
SOCIAL / LABOR

1. Internal S/L Performance Management
2. S/L Performance Management System for Partners in Value Chain
3. External Engagement; Community Impact; Transparency & Public Disclosure

Strategy Development – What do sustainability leaders do?

% of respondents

Organizational characteristics that are true of the respondents' companies [1]



1. Out of 12 characteristics that were presented as answer choices in the question.
Source:Sustainability's strategic worth: McKinsey Global Survey results. McKinsey&Company.

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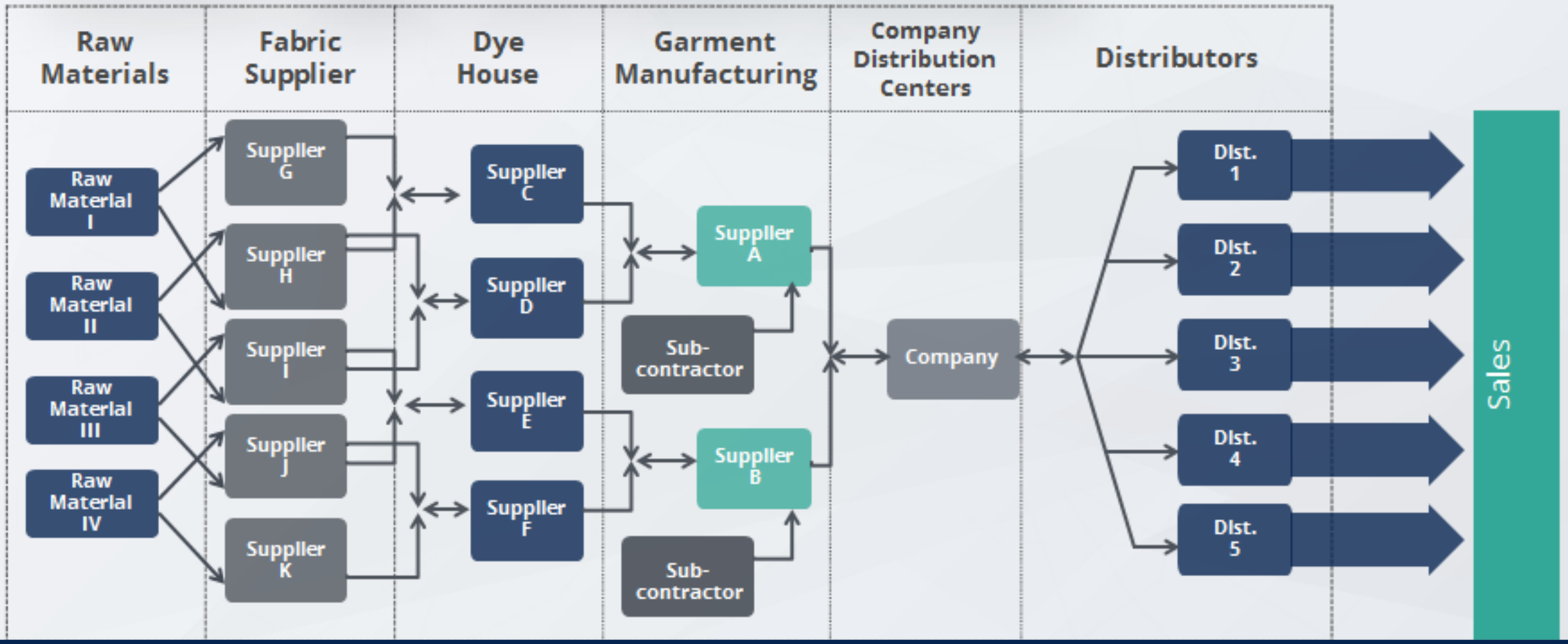
Examples of a strategy program

Sustainability aspects	Business Strategy & Management	Innovation	Suppliers	Own Manu-facturing	Ware-housing	Transport	Use	End of Life	Support processes (comm; HR;IT)
Sustainability practices	Management system & Sustainability communication								
Environment - process									
EMS; ISO 14001	ISO 14001 for all business processes	ISO 14001	Supplier manage-ment	ISO 14001	ISO 14001	ISO 14001 trans-porters			ISO 14001; Software
Energy consumption & Carbon	Corporate energy program	New manu-facturing processes	Energy program	Energy program	Corporate energy program				
Environment - product	Product index		Energy Water Chemicals				LCA / sustainable products	Collection program	
Ethics/social									
Ethics	Anti-corruption program		Code of Conduct						
Human rights, social	Diversity program		Supplier manage-ment						

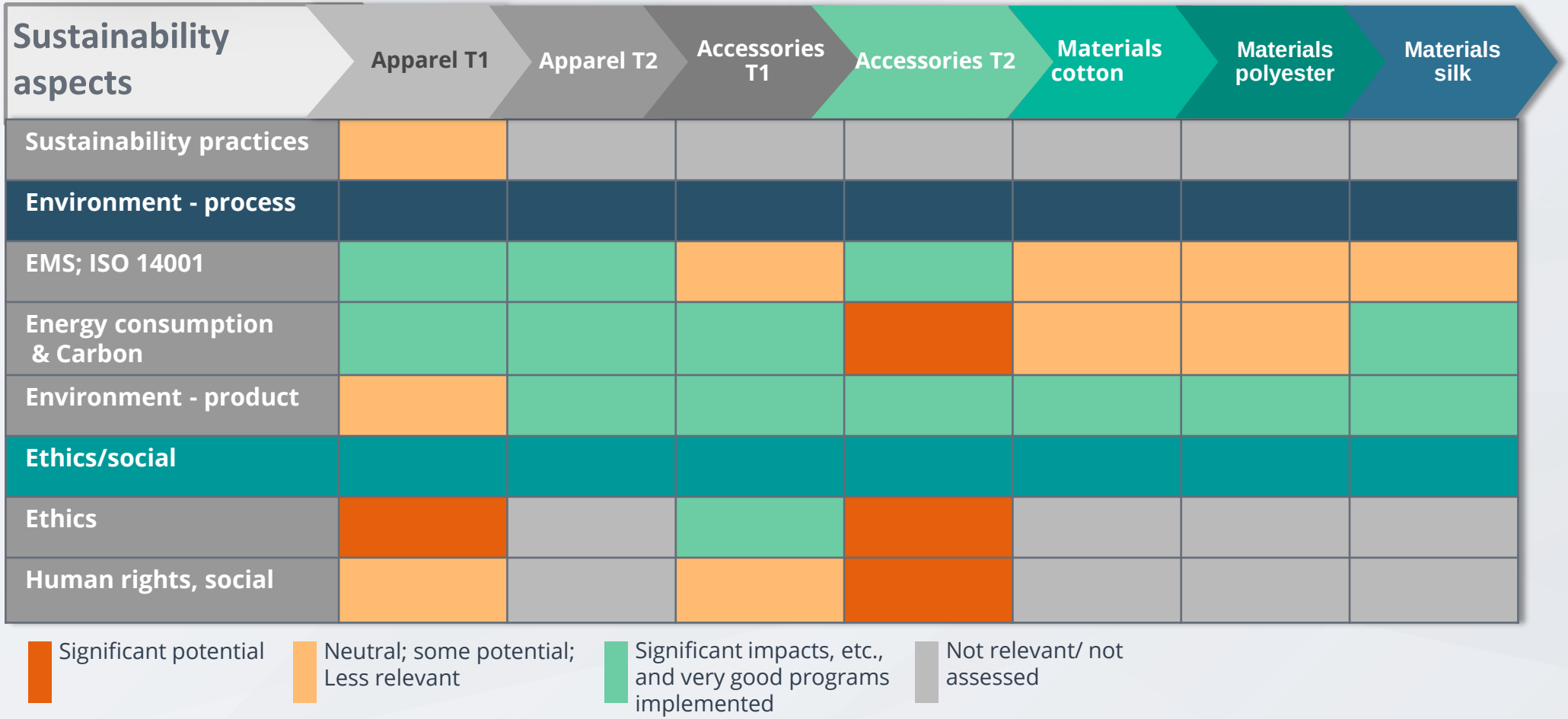


Supply chain level & For manufacturers

Sustainable Supply Chain Challenges

- Need **to reach beyond Tier 1** in the supply chain to manage environmental, health & safety risks
- Different standards:
  - SAC (Sustainable Apparel Coalition) Higg Index – Self – Assessment and **Verification**
  - ZDHC (Zero Discharge of Hazardous Chemicals) **Audit protocol -** audit approach
  - BEPI, GSCP, FWF, FLA
- **Fast – changing** supply chain and lack of visibility
- Joint **purchasing power** isn't leveraged in working together with other Brands
- Multiple buyers at a single supplier lead to multiple audits at that supplier; **audit fatigue**
- Technical **complexity of manufacturing** is significant
- Joint **supplier engagement** platform is not available
- Need to integrate several **topics relevant** to the supply chain: environment, chemicals management, H&S, labor, compliance, etc.

Supply chain assessment matrix – Hot Spots

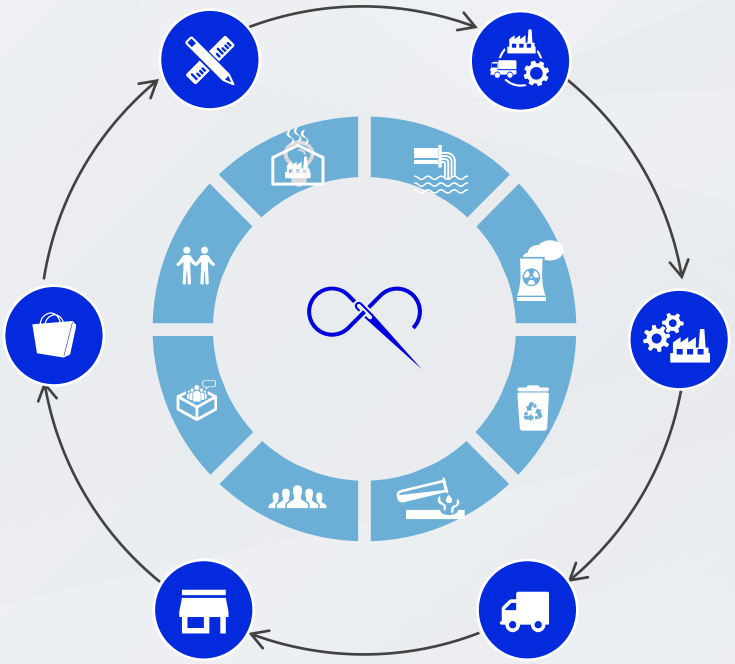


Higg Facilities Modules - Areas of Assessment

Facilities Modules

ENVIRONMENT

1. Environmental Management System
2. Energy Use & GHG Emissions
3. Water Use
4. Wastewater/ Effluent
5. Emissions to Air
6. Waste Management
7. Chemicals



SOCIAL / LABOR

1. Recruitment & Hiring
2. Compensation
3. Hours of Work
4. Worker Involvement & Communications
5. Worker Treatment & Development
6. Health & Safety
7. Termination & Retrenchment
8. Value Chain Performance
9. External Engagement; Community Impact; Transparency & Public Disclosure

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Assessing all Facilities' sustainability policies and practices

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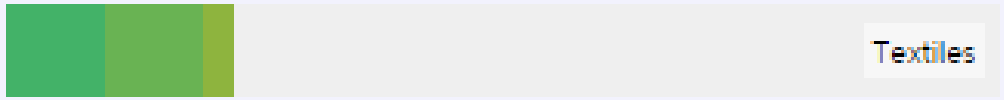
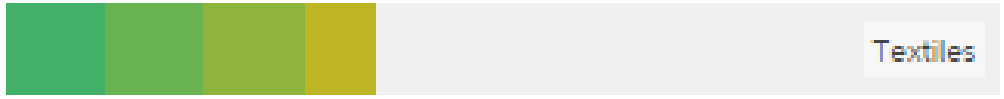
Product & materials

Strategic decisions at product level

- Assessing the fabrics used and selecting preferable fabrics
- Product Indexing
- Footprinting and LCA (Lifecycle assessments)

MSI – Materials Sustainability Index

- Textiles (17)
- Synthetic Leather (1)
- Leather (4)
- Plastics (16)
- Rubbers/Elastomers (11)
- Metals (14)
- Wood-based Materials (2)
- Insulation Material (4)
- Barriers (6)
- Foam (3)

Acetate, Triacetate fabric	27	
Acrylic fabric	47	
Aramid fabric	69	
Bast fiber fabric	37	

The Product Life Cycle

Design

80% of a product's environmental impact is determined at the concept and design phase - Sustainable Development, Energy and the City

Consumers & Communities

Material Suppliers

Manufacturers

Logistics

Retail

Strategy from Mgmt → **Concept/Brief** → **Design & Development** → **Iterative Samples/Proto** → **Production**

Introducing the Design and Development Module (DDM)

Goal: Design Negative Environmental Impacts out of products

Target User: Designers/Product Developers

How: Assess concept early in product creation. Focus on action and education

What: Internal-facing score, not for external communication

Business Value: Prepare companies to evaluate and address critical impact areas to be evaluated for public-communication in Footprinting

Create A Custom Product Library (I)

Design & Development Module

Product library | Material library | Analytics | Help

MP

Home > Product library

Product library

displaying products **31-40** of 247

Create product +

LOWER IMPACT IS BETTER!

Compare (3)	Product	All categories	All seasons	Last edited	Impact
☑	Power Court Crew Tennis shirt	T-shirt (polo)	Spring 2015	2 hours ago	20
☐	Vintage Leather Scooter Jacket	Jackets	Spring 2015	12 hours ago	88
☐	Nike Air MAX 2015 DRAFT	Sports	Winter 2015	1 day ago	19
☐	Havaianos Brazil	Leisure / Lifestyle	Summer 2015	4 days ago	70

Create A Custom Product Library (II)

☑		Power Court Crew Tennis shirt	T-shirt (polo)	Spring 2015	Jul 21st 2015	32
☐		Vintage Leather Scooter Jacket	Jackets	Spring 2015	Jul 29th 2015	35
☐		Nike Air MAX 2015	Sports	Winter 2015	Jul 2nd 2015	53

Create prod

Compare Product Designs For Environmental Impact (I)

Design & Development Module

Product library | Material library | Analytics | Help

MP

Home > Product library > Product comparison

Product comparison

Back to list

Company average | Industry average

Power Court Crew Tennis shirt
Apparel, T-shirt (polo), Spring 2016

Impact 88

Agossi Tennis shirt
Apparel, T-shirt (polo), Spring 2016

Impact 27

Power Court Crew Tennis shirt Eco
Apparel, T-shirt (polo), Spring 2016

Impact 88

Company average
Averaged over Apparel, T-shirt (polo), Spring 2016

Impact 27

Materials

+85 | +18 | +102 | +68

25% Nylon fabric (c.e. 75%)
75% Rubber (c.e. 75%)

25% Nylon fabric (c.e. 75%)
75% Rubber (c.e. 75%)

35% Nylon fabric (c.e. 75%)
40% Coton fabric (c.e. 75%)
25% Rubber (c.e. 75%)

Compare Product Designs For Environmental Impact (II)

	Power Court Crew Tennis shirt Apparel, T-shirt (polo), Spring 2016	Agossi Tennis shirt Apparel, T-shirt (polo), Spring 2016	Power Court Crew Tennis shirt Eco Apparel, T-shirt (polo), Spring 2016	Company average Averaged over Apparel, T-shirt (polo), Spring 2016
Manufacturing	+0	+10	+0	+3.3
	Laser Beam, Seamless garment dyeing, Stain resists / Stain release Sublimation Printing	Denim: light (chemical or mechanical), Laser Beam, Seamless garment dyeing	Stain resists / Stain release Sublimation Printing	
Care & repair	+4.7	+2.1	+0	+2.3
	Made design choices to minimize amount of care Product is designed to be repaired through a repair program.	Made design choices to minimize amount of care Product is designed to be repaired through a repair program.	Made design choices to minimize amount of care Product is designed to be repaired through a repair program.	
End of use	+4.7	+2.1	+0	+2.3
	Designed for closed/open loop	Designed for closed/open loop	Designed for closed/open loop	
Quality and lifetime	÷1.5	÷1.5	÷1.5	÷1.5
	Yes, meets average lifetime requirements	Yes, meets average lifetime requirements	Yes, meets average lifetime requirements	

EU Product Environmental Footprint – Pilot Project

Reporting

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Market Test and Pilots 2016

Pilot Objectives

1. Test a standard for the industry to measure and communicate the environmental impact of products to consumers to enable informed purchase decisions
2. Test if communicating environmental information to consumers may trigger an improvement in the overall environmental performance of products:

Pilot Approach for Market Test

- Testing a label on selected footwear products in brick and mortar stores and online
- Testing through 6 focus groups
- In UK, Spain, Poland
- 300 in-store interviews (100 per country)
- Online surveys (on brand websites)

Discussion & Questions

Wrapping up

About Leadership & Sustainability

"Sustainable Innovation for Industries, Corporations and Organizations"

We promote

- Sustainability as Corporate Strategy
- Sustainability as Business Model
- Sustainability as Leadership quality

Leadership & Sustainability combines sustainability expertise with leadership capabilities – to support you in becoming a true Leader in Sustainability.

- Our platform of solutions covers Consulting, Empowerment, Sustainable Business Models and Software & Tools.

Our Expertise, Outreach and Partnerships are global, with anchors in **Europe, Asia and America.**

- Our mission is transformation and embedding of sustainability into business processes over the entire value chain.

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SAC related services

- Materiality assessment & Strategies
- Higg index verification and audit practices; management of audit programs
- EHS & energy management systems. Chemicals management and implementation according to „ZDHC protocol“ and / or the German partnership (Textilbündnis)
- Good manufacturing practices
- Product portfolio strategy
- KPIs & Performance improvements
- Training packages (L&S is an approved SAC trainer)
  - On the above topics
  - Training / Supervision of auditors on site
  - Supplier trainings

Leadership & Sustainability Project examples

- Materiality assessment, benchmarking and strategy development
- Chemicals management consulting
- Training on how brands are organised
- Supply chain management project, including audits
- Supply chain management: materiality, EH&S guidelines, audit approach, etc.
- Workshop about sustainability strategy
- ISO workshop
- Software for supply chain management
- SAC FEM3.0 Verification
- EIA – Environmental Impact Assessment

Thank you & Contact

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