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🛟 Cascale

Cascale is the global nonprofit alliance empowering collaboration to drive equitable and restorative business practices in the consumer goods industry. Formerly known as the Sustainable Apparel Coalition, Cascale owns and develops the Higg Index, which is exclusively available on Worldly, the most comprehensive sustainability data insights platform. Cascale unites over 300 retailers, brands, manufacturers, governments, academics, and NGO/nonprofit affiliates around the globe through one singular vision: To catalyze impact at scale and give back more than we take to the planet and its people.

worldly

Worldly is the leading supply chain sustainability data insights platform, trusted by 40,000+ major brands, retailers, and manufacturers in fashion, outdoor, home goods, toys, and more. Worldly uniquely collects high-resolution primary data specific to companies' value chains, operations, and products, providing insight into true impacts across carbon, water, chemistry, and labor. Featuring the most comprehensive source of ESG data for global manufacturers and the largest library of materials and product impacts, Worldly empowers businesses to scale responsibility into their global operations, faster and more accurately. Hosting, connecting with, and supporting the leading industry solutions and methodologies, including ZDHC, Bluesign, and the Higg Index developed and owned by the global nonprofit alliance Cascale -Worldly delivers the insights businesses need to reduce their impact, comply with emerging regulatory and financial disclosure requirements, and meet the expectations of a new generation of customers. www.worldly.io



The Higg Index is a suite of tools for the standardized measurement of value chain sustainability, and it is central to Cascale's mission to transform businesses for exponential impact. It is comprised of a core set of five tools that make it possible to measure the environmental and social impacts of how, where, and under what conditions products are made, as well as the companies making them.

Legal Disclaimers

The Higg Index Communication Guidelines are provided as a facilitating tool for users and stakeholders. They are not meant to provide legal, tax, or compliance advice. Users of the Guidelines should always seek professional advice when making use of the Higg Index tools outside the contractually agreed terms and conditions entered into with the relevant Higg Index tools providers. These Guidelines are provided 'as is', and are subject to change without notice. No rights may be derived by users from these Guidelines.

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Introduction

In the last decade, worldwide interest in sustainability has grown, and today Higg Index users can leverage their performance data to demonstrate their best practices and progress to stakeholders; including business partners, civil society, and consumers. We believe that consistent presentation of environmental and social performance, backed by accurate, credible, and verified data, can help promote accountability and foster trust in the industry's sustainability efforts.

Cascale's Higg Index team, composed of subject matter experts, developed these guidelines in collaboration with Worldly, the leading supply chain sustainability data insights platform, to enable Cascale members and Worldly users to communicate about their Higg Index performance and promote the Higg Index as the leading global standard for sustainability measurement in the apparel, footwear, and textile industry. The guidelines were developed to provide the industry with a unified, consistent, and science-based way to publicly share sustainability performance using the suite of Higg Index tools.

Please pay special attention to the notes marked 'Important' at the start of each section pertaining to the communication of Higg FEM 2023.

Sharing Higg Index performance also helps you:

- Foster trust with customers and other stakeholders through verified, standardized, and credible data
- Continue building trusting relationships with current and prospective value chain partners
- Streamline communication with value chain partners

- Identify shared opportunities for improvement across the value chain related to protecting human rights and reducing environmental impacts
- Attract sustainable investments by demonstrating your commitment to sustainability
- Contribute to value chain transparency
- Prepare for upcoming regulation

Using These Guidelines

This document is organized into two major use cases based on each tool

- 1. Communicating **general use** of the Higg Index
- 2. Communicating "raw" value chain **performance**, such as a manufacturing facility score, or specific product environmental footprint

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Communicating General Use of Higg	Index	<u>Section 1</u>
Brand, Retailer, Manufacturer	Communicate that we use the Higg Index to measure our sustainability performance	<u>General Use</u>
Communicating Value Chain Per	formance	Section 2
Manufacturer	Report my own facility's environmental score	<u>FEM</u>
Manufacturer	Report my own facility social score or specific impact areas	<u>FSLM</u>
Brand	Communicate my suppliers' environmental performance	<u>FEM</u>

l am a....

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Go to...
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Brand	Communicate my suppliers' social performance	<u>FSLM</u>
Brand	Communicate my brand's score according to the ESG framework of the BRM	<u>BRM</u>
Brand or Manufacturer	Share environmental impact reductions achieved by switching to alternative materials or different manufacturing process	<u>MSI 1</u>
Brand or Manufacturer	Report on the aggregated carbon footprint of my raw material choices	<u>MSI 2</u>
Brand or Garment Manufacturer	Communicate the full lifecycle environmental impacts of a product I've created	<u>PM</u>

1: Communicating General Use of Higg Index

Cascale encourages all Higg Index users to communicate their use of the tools to assess and manage environmental and/or social impacts with customers, stakeholders, and partners.

Examples of this may include:

- Featuring the Higg Index logo on your website in a list of corporate sustainability efforts
- Highlighting the Higg Index in your annual report and explain how your business uses the tools
- Discussing how you use the tools in press articles, interviews, events, on social media, internally with staff, in collateral to attract new talent, etc.

Keep in mind, when communicating general use of the Higg Index, you may not:

- Share specific Higg Index scores
- Associate the Higg Index with a specific product for which there is no verified performance claim as established in these guidelines (including inclusion or mention on a specific product hangtag)
- Imply Cascale's endorsement of your performance (see section <u>FEM</u> and <u>BRM</u> and <u>FSLM</u> for communicating verified scores

In visual communications, you may not modify, redesign, or alter the shape or structure of the Higg Index logo (such as removing the leaf, using only the leaf, changing the typeface, or adding colors to specific elements of the logo).

Examples of Recommended Use:

Walmart: Website

Walmart's Goal:

By 2022, Walmart U.S. stores will endeavor to source apparel and home textile products only from suppliers working with textile mills that use the Sustainable Apparel Coalition's Higg Index Facility Environmental Module (FEM) to measure and help improve environmental performance.



Rapha: Website

In addition to our code of conduct, we are using the <u>Higg Index Facility Social and Labour Module</u> (FSLM) to monitor and improve the social performance of our supply chain partners. This tool measures our suppliers' compliance with, and goes above and beyond our code of conduct.

Through the use of the FSLM we will be able to identify and address issues that may arise in our supply chain, often in collaboration with other well-known brands. In addition to this, we will be working with an NGO called <u>Fair Working Conditions</u> to verify the findings of the FSLM and to guide us in our next steps.

For the 2021 production seasons, 12 of our Tier 1 supplier facilities reported on the Higg Index FSLM, representing 41% of units produced.

Gore Fabrics: Excerpt from the Gore Fabrics Responsibility Update Report

Driving and Measuring Improvements

In 2021, Gore Associates have shown strong interest in understanding the MSI system and using it as a way to see how different material choices will affect the overall impact of product before they ever reach the market. The MSI system is therefore being leveraged across the Gore Fabrics Division to guide product development efforts to lower the footprint of its products. For example, the lower (carbon)





2: Communicating Higg Index Performance and Scores

Across manufacturing, product design, and brand and retail operations, the Higg Index tools provide scores that are intended to support communication externally to value chain partners, stakeholders, and consumers.

Examples of this may include:

- The cradle-to-grave global warming potential or "carbon footprint" of a manufactured product
- The carbon emissions reduction achieved by using recycled polyester over the conventional alternative of virgin polyester

These guidelines share specific guidance and uses for this data, across each of our tools.

Suggested channels to share Higg Index performance include:

- Company website
- Corporate Social Responsibility (CSR)
 Report
- Social media: LinkedIn, Twitter (X), Instagram, Facebook
- Presentations and slide decks
- Marketing collateral
- Via email by request

A: Communicating Higg Facility Environmental Module Performance

Important

In pursuit of principled transparency from the Higg Index tools, **only verified information may be communicated publicly.**

The scale of evolution seen in Higg FEM 2023 (Higg FEM 4.0) is necessary to lead meaningful environmental performance improvement in the consumer goods industry. As a result, Cascale is currently undertaking a planned expansion of the methods for verifying information from Higg FEM, including introducing 'Core Verification' in Higg FEM 2023. Therefore, **performance scores from Higg FEM 2023 are partially verified and not permitted to be communicated publicly.** New guidance on how to speak about your Higg FEM 2024 performance is in development, and as soon as it is approved, this guide will be updated.

Interim communication guidance has been included in order to support users in contextualizing performance and highlight your commitment to sustainability at this time.

Learn more

Follow the links below to learn more about how Higg FEM is evolving to lead the improvement of environmental performance in the consumer goods industry:

- Please refer to section '3.3 HIGG FEM CORE VERIFICATION (FOR FEM2023)' and '9.3 APPENDIX C – HIGG FEM CORE VERIFICATION QUESTION SET' within the <u>Higg FEM</u> <u>Verification Protocol</u> for explicit information regarding what is verified as part of Core Verification within Higg FEM 2023.
- 2. <u>Higg FEM 4.0</u>
- 3. Higg FEM 4.0 scoring methodology
- 4. Higg FEM verification

If you completed third-party on-site verification of your Higg FEM assessment (Core Verification) and posted your verified module, you may communicate your Higg FEM performance as outlined in these guidelines and in accordance with the <u>Worldly Terms of Use</u>.

Use case 1

If you completed the Higg FEM Self Assessment, you may share your completion certificate(s) and use the Higg Index logo to communicate your usage of the Higg FEM tool. No other use of the Higg FEM trademark or completion certificate is permitted.

Use case 2

If you completed the FEM and third-party on-site verification of your Higg FEM assessment, you may share your completion certificate(s) and use the Higg Index logo to communicate your usage of the Higg FEM tool. Users are encouraged to share their verification certificate. No additional information regarding the score (score breakdown, level achievements, benchmarks) may be communicated until further notice.

Contextualizing Score Changes from Higg FEM 4.0

Background

The transition to Higg FEM 4.0 marks significant improvements toward:

- Greater alignment with industry standards and policy,
- Including a re-baselining of facility scores to enhance data quality,
- Accuracy,
- Improved relevancy in reporting

Higg FEM 4.0 offers a more precise understanding of environmental impact for targeted improvement strategies, and as a result of updates to the methodology, a comparison between Higg FEM 3.0 and Higg FEM 4.0 scores is not possible for public communication.

Embracing these enhancements, Cascale and Worldly anticipate fluctuations in Higg FEM performance scores as we adapt to new industry requirements and pursue forward-thinking environmental practices.

Learn More

<u>Higg FEM 4.0</u> <u>Higg FEM 4.0 scoring methodology</u>

🔽 Do

- Contextualize *unexpected* score changes by highlighting the benefits and necessity outlined above with stakeholders
- Include links for stakeholders to understand more about the evolution of the Higg FEM tool

🗙 Don't

- Don't suggest that the benefits and necessity outlined above are responsible for *expected* negative score changes with stakeholders
- Don't publicly communicate unverified information or score comparisons with unverified scores from the tool

Sharing your Verification Certificate

Background

For Higg FEM 2023, Higg FEM verification has been refined to focus on "core verification," which includes questions related to foundational environmental performance and essential qualitative metrics and ensures the verification program is a credible, scalable, and modular process.

Embracing these enhancements, Cascale and Worldly encourage users who have completed Core Verification of Higg FEM 2023, to publicly share their verification certificate in order to demonstrate their commitment to the continued use of trustworthy, verified data.

Learn More

- Please refer to section '3.3 HIGG FEM CORE VERIFICATION (FOR FEM2023)' and '9.3 APPENDIX C – HIGG FEM CORE VERIFICATION QUESTION SET' within the <u>Higg FEM</u> <u>Verification Protocol</u> for explicit information regarding what is verified as part of Core Verification within FEM2023.
- 2. <u>Higg FEM 4.0</u>

🔽 Do

- Share the benefits that Core Verification ensures you are working with verified:
 - foundational environmental performance information
 - essential qualitative metrics
- Reiterate the importance of verified and trustworthy information for decision-making
- Include links for stakeholders to understand more about the evolution of the Higg FEM tool and the verification program

🗙 Don't

- Don't imply that you have verified a total score (or any other information than listed in '9.3 APPENDIX C – HIGG FEM CORE VERIFICATION QUESTION SET' within the <u>Higg FEM Verification Protocol</u>) for FEM2023.
- Don't publicly communicate unverified information from the tool

Example of How Higg FEM 4.0 Developments May Be Communicated

Below is an example of how the developments described could be communicated to stakeholders or in an annual report:

Understanding Changes in Higg FEM Performance Score

In 2023, Cascale (formerly the Sustainable Apparel Coalition) and Worldly launched the Hiag Facility Environmental Module (FEM) 4.0, an updated tool for assessing environmental performance in the consumer goods industry. Higg FEM 4.0 builds on prior versions to provide a more robust framework for evaluating environmental impacts, aiming to support industry alignment with evolving standards and policies. Key updates include a re-baselining of facility scores to improve data quality, accuracy, and reporting relevance. While these changes may impact year-over-year comparisons, Higg FEM 4.0 offers enhanced capabilities for assessing environmental performance and developing targeted improvement strategies. The verification methodology for Higg FEM 4.0 has been refined to focus on "core verification," which includes questions related to foundational environmental performance and essential qualitative metrics. This approach ensures the verification process is credible, scalable, and modular. Therefore, Higg FEM 2023 scores are partially verified. We recognize that these enhancements may result in fluctuations in Higg FEM performance scores as facilities adapt to new scoring methodologies and strive to meet new industry requirements. Learn more about Higg FEM 4.0, including its scoring methodology and verification process here.

<u>Higg FEM 4.0</u> <u>Higg FEM 4.0 scoring methodology</u> <u>Higg FEM Verification Protocol</u>

🔽 Do

• Use communication around the evolution of the tools to demonstrate your commitment to greater industry alignment and achieving your sustainability objectives

• Include links for appropriate stakeholders to understand more about the evolution of the Higg FEM tool and the verification program

🗙 Don't

- Copy/paste the example without adjusting for your unique experience Higg FEM
- Don't publicly communicate unverified information from the tool

Communicating Accomplishments & Future Targets

Important

Communication of partially verified scores from the Higg Index tools is not permitted. Users can communicate Higg FEM usage, and scores from Higg FEM 2022 cadence or before. **Therefore, the below guidance remains relevant for Higg FEM 2022 and prior.**

Why is it important to talk about your accomplishments and future targets?

If your facility has two consecutive assessments verified on-site by a third-party, your performance report will reflect Higg FEM performance of both years and the progress made between those years. This pertains to Higg FEM 2022 and prior.

- Identify shared opportunities for improvement across the value chain
- Continue building trusting relationships with current and prospective value chain partners
- Attract sustainable investments by demonstrating your commitment to sustainability
- Foster trust with customers and other stakeholders through verified, standardized, and credible data

 Contribute to value chain transparency that consumers are demanding

There are many different ways to communicate your accomplishments and future targets. We recommend you:

- Establish context of where you started in the previous year
- Describe how the insights from the tool helped you identify opportunities for improvement
- Describe your improvements compared to the previous year (points & level)
- Highlight any areas that did not improve and explain why
- Describe which policies, systems, and methods you used or will use to make improvements in each assessment area
- Outline why certain areas are not yet a priority and when you will prioritize them
- Describe how you are or will be addressing areas that need improvement

2017 - 2018 (Comparison	
IMPACT AREA	POINTS	LEVE
Emissions to Air	+ 20	🔺 Foundational 🔗
Energy Use & Green House Gas Emissions	-2	Foundational 🗟
Water Use	▲ +5	 Progressive
Waste Water	+10	 Progressive
Waste	<mark>▼</mark> +5	 Progressive
Environmental Management Systems	+10	 Aspirational @
Chemical Management	+10	Beginner 😃

Example: Accomplishments

"Our facility has improved 10 points in the Environmental Management System category, reaching the Leader Level, the highest level in the Higg FEM assessment." "Last year, we started at the Advanced Level. We reached the next level by offering our employees workshops on environmental management. Employees attend courses every 6 months that offer updates on best practices for environmental management."

Example: Future Targets & Goals

"Our facility is still at the beginner level for managing energy use and greenhouse gas (GHG) emissions. We have a large facility and must first train our team to manage these areas. This will be a priority for us throughout the next two years, as we plan to hire an energy and emissions specialist."

"In the first year (2020), we will focus on setting the baseline of our facility's energy use. After that, we will use the Higg FEM to help identify hotspots and create an improvement plan."

Brands & Retailers Communicating About Higg FEM

Important

In pursuit of principled transparency from the Higg Index tools, <u>only verified information</u> <u>may be communicated publicly.</u>

The scale of evolution seen in Higg FEM 4.0 is necessary to lead meaningful environmental performance improvement in the consumer goods industry. As a result, Cascale is currently undertaking a planned expansion of the methods for verifying information from Higg FEM, including introducing 'Core Verification' in Higg FEM 2023. Therefore, **performance scores from Higg FEM 2023 are** *partially* **verified and not permitted to be communicated publicly.** New guidance on how to speak about your Higg FEM 2024 performance is in development, and as soon as it is approved, this guide will be updated.

Interim communication guidance has been included in order to support users in contextualizing performance and highlight your commitment to sustainability at this time.

Learn more

Follow the links below to learn more about how Higg FEM is evolving to lead the improvement of environmental performance in the consumer goods industry:

- Please refer to section '3.3 HIGG FEM CORE VERIFICATION (FOR FEM2023)' and '9.3 APPENDIX C – HIGG FEM CORE VERIFICATION QUESTION SET' within the <u>Higg FEM</u> <u>Verification Protocol</u> for explicit information regarding what is verified as part of Core Verification within FEM2023.
- 6. <u>Higg FEM 4.0</u>
- 7. Higg FEM 4.0 scoring methodology
- 8. <u>Higg FEM verification</u>

Facilities own their own information entered by them through Higg FEM. **While Brands and** retailers may not communicate their suppliers' partially verified scores for Higg FEM 2023, they are still permitted to do so for prior years, under the following conditions:

- **Consent of their suppliers:** Brands and retailers may invite (but not require) supply chain partners to share the verified Higg FEM (Higg FEM 2022 or prior) with them and gain access to their supply chain partners' Higg FEM scoring. Consent must be expressly obtained in written communication by the supply chain owner. Higg FEM Brands and retailers can then communicate specific facility scores or aggregated* supply chain scores.
- **Channels & audience:** After a supplier confirms that a brand or retailer can use the communication toolkit, the brand or retailer can share the score in their public communications. Examples of suitable channels include CSR reports, company websites, or supplier maps.

*If a brand or retailer wants to communicate aggregated Higg FEM scores of their supply base, they must:

- Qualify the disclosure with the scope of the aggregated scores relative to their total supply chain (for example "this average Higg FEM (Higg FEM 2022 or prior) score covers 25 of our 38 tier 1 suppliers")
- Include more than three data points in the score aggregation, in order to avoid the individual underlying scores being back-calculated
- Only include verified scores

Communication of Higg FEM scores, regardless of cadence, in relation to a specific product is **prohibited** to prevent misinterpretation of the score as a 'product sustainability indicator.' A score may only be communicated in relation to the specific facility or facilities in question.

Example of How Higg FEM 4.0 Developments May Be Communicated

Below is an example of how the developments described could be communicated to stakeholders or in an annual report:

Understanding Changes in Higg FEM Verification

Developed by Cascale, formally known as the Sustainable Apparel Coalition, the Higg Facility Environmental Module (Higg FEM) is a sustainability assessment tool that provides a consistent framework for facilities to measure and evaluate their environmental performance year over year. Covering topics such as water, wastewater, chemical management, energy, and environmental management systems, the Higg FEM helps facilities assess their environmental impacts and develop informed sustainability strategies.

As a member of Cascale since [date], [name] has been adopting and verifying the Higg FEM for [x] years. We are pleased to announce the completion and verification of the new version of Higg FEM, Higg FEM 4.0. This updated version enhances data collection capabilities, offering a clearer understanding of our environmental impacts across energy management systems, GHGs, water, wastewater, emissions to air, waste, and chemical management. Higg FEM 4.0 aligns with principles of leading global standards, including GHG Protocol, Zero Discharge of Hazardous Chemicals (ZDHC), and Science Based Target Initiative (SBTi).

At [name] we strive to be transparent. Higg FEM 4.0 introduces a new verification methodology, focusing on foundational metrics and partial module verification. As a result, facilities cannot publicly communicate their Higg FEM 4.0 scores under current guidelines. However, to demonstrate our commitment to verified data, we are sharing our verification certificate.

🔽 Do

- Use communication around the evolution of the tools to demonstrate your commitment to the use of verified data
- Include links for appropriate stakeholders to understand more about the evolution of the Higg FEM tool and the verification program

🗙 Don't

- Copy/paste the example without adjusting for your unique experience Higg FEM
- Don't publicly communicate unverified information from the tool

B: Communicating Higg Facility Social and Labor Module (Higg FSLM) Performance

If you completed third-party verification of your Higg FSLM assessment and posted your verified module, you may communicate your Higg FSLM performance as outlined in these guidelines and in accordance with the <u>Worldly Terms of Use</u>. These communication guidelines are intended to help you communicate about your Higg FSLM performance with your stakeholders, both internal and external. You are able to disclose the four types of scores achieved in the assessment, as described below.

Scores

Total Score

Note: Total Score is only available to communicate for Higg FSLM CAF v1.4

Shows overall points achieved across the entire Higg FSLM. The total score cannot be communicated by itself, it must be accompanied by at least the step scores and the section scores. It is encouraged to also communicate the risk scores alongside..

Step Scores

Shows the total points received in each applicable step for the questionnaire: Step 1: Essentials Step 2: Progressive Step 3: Advanced

Section Scores

Shows the total points received for each section of the questionnaire: Recruitment & Hiring, Working Hours, Wages & Benefits, Worker Treatment, Worker Involvement, Health & Safety, Termination, Management Systems, and Above & Beyond.

Risk Scores

Shows the total points received for meeting foundational levels of expectations, both legal requirements and industry standards, as defined in the Higg FSLM questionnaire along the following categories: LegalCompliance, Zero Tolerance, High Risk, Medium Risk. These scores feature your company's performance on meeting the social and labor legal requirements and industry standards.

Benchmarks

You may communicate benchmarks alongside your facility's Higg FSLM scores in order to provide further context to the level of performance. When using benchmarking data, you must:

- Specify the date and scope of the benchmarking data used
- Only use verified Higg FSLM data in the benchmark sample pool
- Use global benchmarking data or regional benchmarks
- Not filter out any arbitrary data sets from the benchmark sample pool, other than through the regional filter mentioned above

🔽 Do

- Publish your scores on your company website and/or CSR report
- Communicate Higg FSLM total score together with step scores and section scores
- For both general use and performance claims of Higg FSLM, do include the following attribution statement:

The FSLM uses the Social & Labor Convergence Program (SLCP)'s Converged Assessment Framework (CAF) which means all verified FSLM assessments can also be shared via the SLCP Gateway. By adopting the CAF, Cascale is reducing audit fatigue and driving industry alignment to accelerate performance improvement. Visit the <u>SLCP website</u> for more information.

🗙 Don't

- Don't communicate unverified information in conjunction with the scores.
- Don't communicate the Higg FSLM Total Score alone.
- Don't publicly compare your Higg FSLM score with other facilities' individual FSLM scores

Communicating Accomplishments & Future Targets

Why is it important to talk about your accomplishments and future targets?

- Identify shared opportunities for improvement across the value chain
- Continue building trusting relationships with current and prospective value chain partners
- Attract sustainable investments by demonstrating your commitment to sustainability
- Foster trust with customers and other stakeholders through verified, standardized, and credible data
- Contribute to value chain transparency that consumers are demanding

There are many different ways to communicate your accomplishments and future targets. We recommend you:

- Establish context of where you started in the previous year
- Describe how the insights from the tool helped you identify opportunities for improvement
- Describe your improvements compared to the previous year (points & level)
- Highlight any areas that did not improve and explain why
- Describe which policies, systems, and methods you used or will use to make improvements in each assessment area

- Outline why certain areas are not yet a priority and when you will prioritize them
- Describe how you are or will be addressing areas that need improvement

Brands & Retailers Communicating About Higg FSLM

Facilities own the proprietary information they enter through Higg FSLM. Brands and retailers that want to communicate their suppliers' verified Higg FSLM scores can do so under the following conditions:

- **Consent of their suppliers:** Brands and retailers may invite (but not require) supply chain partners to share the verified Higg FSLM with them and gain access to their supply chain partners' Higg FSLM scores.
- **Channels & audience:** After a supplier confirms that you can communicate their Higg FSLM scores, a brand or retailer can share the score in their public communications. Examples of suitable channels include CSR reports, company websites, or supplier maps. Brands or retailers can also use the aggregated verified score in their B2B public communications.

If a brand or retailer wants to communicate aggregated Higg FSLM scores of their supply base, they must:

- Qualify the disclosure with the exact scope of the aggregated scores relative to their total supply chain (for example "this average Higg FSLM score covers 25 or our 38 tier 1 suppliers")
- Include more than three data points in the score aggregation, in order to

avoid the individual underlying scores being back-calculated

• Only include verified scores

Communication of Higg FSLM scores in relation to a specific product is **prohibited** to prevent misinterpretation of the score as a 'product sustainability indicator.' A score may only be communicated in relation to the specific facility or facilities in question.

C: Communicating Higg Brand and Retail Module (Higg BRM) Performance

If you completed verification of your Higg BRM assessment and posted your verified module, you may communicate your Higg BRM performance as outlined in these guidelines and in accordance with the <u>Worldly Terms of Use</u>. These communication guidelines are intended to help you communicate about your Higg BRM performance with stakeholders, both internal and external. You are able to disclose the three types of scores achieved in the assessment, as described below.

Scores

Total Scores

There is one score that shows the total points obtained in the entire questionnaire. With this score, you can communicate your company's overall performance in the Higg BRM.

Pillar Scores

Shows the total points received in each pillar of the questionnaire: Environment, Social, and Governance.

Impact Area Scores

Shows the total points received for each impact area: General Environment, Climate, Waste, Chemicals, Water, Biodiversity, General Social, Employees, Workers, Consumers, Communities, General Governance, Ethics and Behavior, Structure and Management.

🔽 Do

Publish your total scores together with your section scores on your company website and/or in your CSR report. You can also optionally include impact area scores.

🗙 Don't

- Don't communicate unverified information in conjunction with the scores.
- Don't communicate the Higg BRM total score alone.
- Don't publicly compare your Higg BRM score to other companies' Higg BRM scores.
- Don't share any benchmarking data at this time.

Third-Party Retailers Communicating About Higg BRM

Brands own the proprietary information they enter **through** Higg BRM. Third-party retailers that want to disclose their partner brand Higg BRM scores can do so under the following conditions:

- **Consent of their partner brands:** Third-party retailers may invite (but not require) partner brands to share the verified Higg BRM with them and gain access to their supply chain partners' Higg BRM scoring.
- **Channels & audience:** After a partner brand confirms that you can communicate their Higg BRM scores, a third-party retailer can share the score in their public communications. Examples of suitable channels include CSR reports, company websites, or supplier maps.

Communicating Accomplishments & Future Targets

Why is it important to talk about your accomplishments and future targets?

- Identify shared opportunities for improvement across the value chain
- Continue building trusting relationships with current and prospective value chain partners
- Attract sustainable investments by demonstrating your commitment to sustainability

- Foster trust with customers and other stakeholders through verified, standardized, and credible data
- Contribute to value chain transparency that consumers are demanding

There are many different ways to communicate your accomplishments and future targets. We recommend you:

- Establish context of where you started in the previous year
- Describe how the insights from the tool helped you identify opportunities for improvement
- Describe your improvements compared to the previous year (points & level)
- Highlight any areas that did not improve and explain why
- Describe which policies, systems, and methods you used or will use to make improvements in each assessment area
- Outline why certain areas are not yet a priority and when you will prioritize them
- Describe how you are or will be addressing areas that need improvement

D: Communicating Product and Materials Performance

Higg Product Tools Claims and Use of Product Tool Data

The Higg Product Tools (Higg MSI and Higg PM) are life-cycle based environmental impact calculators and results are not equivalent to a full LCA report as per ISO 14040 requirements.

The following guidance is for self-disclosed statements, and should not be represented as an ISO LCA study.

Organizations using this guidance, must ensure that self-disclosed results are in line with any applicable legal requirements in the country/jurisdiction where the claim is made. It is recommended to keep all documentation (file exports) generated by the Higg Product Tools for any verification needs.

🔽 Do

- Higg Product Tool claims should be clear and specific, referencing scores and/or impacts in accordance with this communications guide.
- All scores and life-cycle impact assessment results can be communicated at the individual impact category level. For example, Global Warming Potential (kg CO2e) can be communicated on its own, without the additional four environmental impacts. While allowable, consideration should be given to whether it is appropriate to only communicate a single dimension of impact.
- Claims must be made using the current version of the Higg Product Tools and remain valid for a period of one year from any version updates (eg. Higg MSI v3.0 to v3.1).

- All claims must be accompanied by a respective Higg Index attribution statement. The attribution statement must explain the claim, any limitations, and include the Higg MSI or Higg PM version number from when the claim was generated. The version number is shown on the Higg MSI and Higg PM dashboards. The attribution statement must also state that the results are not verified or validated by Cascale or Worldly.
- The attribution statement may be separated from the claim (like in a social media post or store signage). In this case, a footnote indicator ([1], *, etc.) must link to the attribution statement. For example, a company may link a social media post to the ecommerce page where the attribution statement is featured.
- The Higg Product Tools may not be used for comparisons with or against data from other external datasets. If there is a desire to make a comparative assessment, the data should be submitted through the Higg MSI Contributor to become part of the Higg Product Tools.
- All Higg Product Tool claims for customized materials and products should follow the content guidance for selecting appropriate processes per the <u>How to Higg</u> <u>Guide</u>. This ensures consistency across all users and claims.

🗙 Don't

- Do not make general environmental claims like 'green' or 'eco-friendly' in conjunction with the Higg Product Tools.
- You may NOT use any Higg Product Tool information or results, including Higg MSI scores, impact data from the Higg MSI or Higg PM, or any other data or information ("Higg Product Tool data") outside of the specific instances contained in this document.
- Use of Higg Product Tool data to create, power, inform, develop, or guide any external and/or commercial product, service, or assessment tool is expressly prohibited, and such aforementioned use is considered the creation of a derivative work, which violates the Worldly terms of use.

Higg MSI Claims

1. Higg MSI Example Material claims

A Higg MSI Example Material is any material included in the default Example Material library provided to all Higg MSI users. The Higg MSI features more than 80 example materials. These examples represent materials commonly used in the industry. Example materials include: finished cotton, leather, polyester, nylon, jute, silk, and metals that are ready to be assembled into a product.

- Only the Higg MSI scores for Example Materials may be communicated externally. Not all impact categories need to be communicated together.
- Comparisons of Example Materials are not allowed. For example, users cannot communicate comparisons of example cotton fabric vs. example polyester fabric.



2. Higg MSI Custom Material claims

A Higg MSI Custom Material is any fully customized (finished) material or trim, including an acquired material, that is modeled by Higg MSI users. The Higg MSI includes hundreds of raw material and production process options. Users can combine these options in millions of ways to create a unique finished material. Companies can use the Higg MSI to assess the environmental impact of their specific materials and use data-driven insights from the tool to

customize how they produce materials, ultimately helping them make more sustainable products.

- Higg MSI scores and/or life cycle impact assessment (LCIA) impacts for Custom Materials can be communicated externally. The attribution statement must include reference that the results are not verified or validated by Cascale or Worldly.
- Results can be communicated per kilogram, or converted to other units (ex. per yard) if the conversion calculation is explained.
- Direct material comparisons are not recommended, but are allowable for materials that are demonstrably functionally equivalent (e.g. new version of the same product). Comparisons can be communicated in absolute or relative terms.
- Aggregate LCIA impact results from Custom Materials may be used for communicating impacts for specific materials and/or at the aggregated material level.

Example MSI Custom Material Claim

"The Higg MSI eutrophication score for our recycled goose down is 0.7 per kilogram of material."

"The carbon footprint of our Fantastic Fabric is 6.8 kg CO2e per kilogram of fabric."

Attribution statement

These results were calculated using the Higg MSI 3.3. They were calculated by [insert company name] and are not third-party verified.

3. Higg MSI Data claims

Higg MSI Data refers to information on any single raw material or production process from the Higg MSI or Higg MSI Derived database. Raw materials data includes, for example, organic cotton or recycled polyester (PET) fiber data. Production process level information includes data for any processes under yarn or textile formation, coloration, etc.

- Higg MSI scores for an individual process can be communicated externally, but not the LCIA impacts.
- LCIA impact comparisons can be communicated externally in relative terms, as long as both processes being compared are within the same production stage of the Higg MSI.
- Aggregated LCIA impact data may be used for communicating impacts at an aggregated material level¹ and in combination with other impact data sources (such as Higg FEM for greenhouse gas tracking and reporting).

Example MSI Data claim

¹ Examples of aggregated material level claims include:

- Total annual or seasonal company-level aggregate material claims (e.g. SBT). including combination with other databases or information (consistent with allowance for Higg MSI, e.g. use Higg FEM data).
- Total annual or seasonal company-level aggregate impact for a production stage up to final materials (e.g. fiber footprints).
- Total annual or seasonal aggregate for specific product categories (e.g. material footprint for sneakers).
- Total aggregate year-over-year or season-over-season impact changes (e.g. reduction of material or fiber footprint).

"Recycled polyester fiber has a Higg MSI Global Warming Potential score of 0.65, while conventional polyester fiber's Higg MSI Global Warming Potential score is 2.7."

"For every 1kg of recycled PET fiber used instead of conventional PET fiber, the climate impacts are reduced by 76%."

"In 2018, our fiber footprint total CO2e was 10,500 tonnes. We reduced this footprint by 30% in 2019 by switching to more recycled materials."

"Our Scope 3 carbon footprint is 15,250 tonnes, calculated using a combination of Higg MSI fiber impact data and Higg FEM emission data."

Attribution statement

These results were calculated using the Higg MSI 3.3. They were calculated by [insert company name] and are not third-party verified.

4. Higg MSI Contributor claims

Higg MSI Contributor claims includes process-level information provided and claimed exclusively by the Higg MSI Contributor submitter organization. Higg MSI Contributors submit inventory data to the Higg Product Tools through the <u>MSI Contributor</u> process so users can select their raw material or production process when customizing and assessing a material (Higg MSI) or product (Higg PM).

- Higg MSI Contributors can externally communicate both the Higg MSI scores and the LCIA impacts of their submitted processes. The communicated impacts must reflect the latest results shared by the Higg MSI gatekeeper and Higg MSI data manager, with an allowance of a 6 month transition period to update all communications.
- Direct comparisons between different processes can only be externally communicated from within the same Production Stage in the Higg MSI when the production boundaries are the same. Comparisons can be communicated in absolute or relative terms.
- For comparisons at a finished material level, the Higg MSI Custom Material claims requirements apply.

Example Higg MSI Contributor claim

"Lenzing may tell its customers the kg CO2e and Higg MSI points associated with the production of TenceITM as calculated in the Higg MSI."

Attribution statement

These results are based on data submitted to the Higg MSI through the MSI Contributor process by [insert company name] in [month,year].

Higg PM Claims

The Higg Product Module (Higg PM) enables the calculation and communication of self-disclosed product environmental footprint information.

1. Higg PM Cradle-to-Gate claims

A Higg PM Cradle-to-Gate claim includes product level environmental impact information of specific production stages or the full production up to, but not including the use phase.

- Product life cycle impact assessment (LCIA) impacts can be communicated externally on an absolute basis per product unit. Additional context can be provided as long as the calculation is transparently explained (e.g. converting kg CO₂e into km driven).
- The attribution statement must clearly communicate what production stages are included (i.e. materials, finished assembly, packaging, and logistics).
- Aggregate impacts for a specific product (e.g. units of production) and across product assortments can be externally communicated
- Direct comparisons of functionally equivalent products where production changes have occurred (e.g. material substitution, screen printing to digital printing, etc.) can be made in absolute difference or relative difference terms.

Example Higg PM Cradle-to-Gate claims

The Global Warming Potential for the production of our spring 2020 portfolio is 5,432 kg CO2e. Impacts are cradle-to-gate and include bill of materials and finished assembly stages.

The cradle-to-gate water scarcity impact for the Star 10 T-Shirt is 5.2 m3.

Attribution statement

These numbers were calculated using the Higg Product Module 1.0. and consider cradle-to-gate impacts from raw materials through to finished product. They were calculated by [insert company name] using our product data and are not verified by a third party. Visit worldly.io to learn more.

2. Higg PM Cradle-to-Grave claims

A Higg PM Cradle-to-Grave claim includes product level environmental impact information through the use phase and end of use. The attribution statement must clearly communicate that the product footprint is cradle-to-grave, including the use phase and end of use.

• Product LCIA impacts can be communicated externally on an absolute basis per product unit and/or "per use" results from the Higg PM. Additional context can be

provided as long as the calculation is transparently explained (e.g. converting kg CO_2e into km driven).

- Aggregate absolute impacts for a specific product (e.g. units of production) and across product assortments can be externally communicated.
- Direct comparisons of functionally equivalent products where production changes have occurred (e.g. material substitution, screen printing to digital printing, etc.) can be made in absolute difference or relative difference terms. These can be made both in absolute product footprint or "per use" product footprint.

Example Higg PM Cradle-to-Grave claims

The full cradle to grave Global Warming Potential impact for the Star 10 T-Shirt is 9.6 kg CO2e.

The per-use impact of this t-shirt is 0.3 kg CO2e.

The full cradle to grave Global Warming Potential impact for the Star 10 T-Shirt was reduced 20% by switching to recycled cotton (as compared to the previous production of the Star 10 T-Shirt made with conventional cotton).

Example Attribution statement

These results were calculated using the Higg Product Module 1.0. and consider cradle-to-grave impacts from raw materials through end of use (including use phase). They were calculated by [insert company name] and are not third-party verified.

Contact Information

If you have any questions about the guidelines, please submit a support request <u>here</u>.

Change Log

• November 2024: Removal of outdated Higg FEM performance communication guidelines and Toolkit (Higg FEM 2022 and prior), and Benchmarking guidance. Addition of updated guidance regarding Higg FEM 2023, including; *Contextualising Score Changes from Higg FEM 4.0* and *Sharing your Verification Certificate*