**Summary of the Complementarities between SAT and Higg FEM**

**The Guide to Vietnamese Environmental Law for the Garment Industry and the Self-Assessment Tool (SAT)**

In 2017-2018, the IFC, in collaboration with Better Work Vietnam, developed and implemented a pilot project to help garment facilities in Vietnam better understand, self-assess and meet applicable national environmental legislations. The project included a combination of training and advisory services.

The **Guide to Vietnamese Environmental Law for the Garment Industry** and the **Self-Assessment Tool (SAT)** were developed to support the pilot activities. The guide compiles and explains all Vietnamese legal requirements applicable to the garment sector, while the SAT is a questionnaire-based assessment tool that helps garment factories to verify if they are in accordance with applicable regulations. Both the guide and the SAT were updated in April 2021, during the second phase of the project, when IFC and Better Work delivered a second round of training to Vietnamese garment factories. The new versions include new applicable regulations and reflect the latest revisions to existing ones as of January 2021.

The SAT consists of a series of questions about the operations of factories concerning to eight (8) aspects of environmental impact assessment: Permit, Water Extraction and Consumption, Wastewater Management, Solid Waste, Hazardous Waste, Air Emissions, Noise and Vibration, Energy Management, and Chemical Handling and Management. The SAT is organized around these eight aspects and reflects the structure of the Higg FEM. The questions are based on all applicable environmental legal requirements and refers to a specific section of the Guide to Vietnamese Environmental Law for the Garment Industry.

At the beginning of each section, there is a *Materiality Check* that must be answered first in order to filter the applicable questions for each factory (the non-applicable questions are automatically greyed). Similarly to the Higg FEM tool, the questions of the SAT are multiple-choice (Yes/No/Not Applicable), and divided in primary and secondary questions. The factory has the option to provide additional explanations and upload supporting files (documents, pictures, etc.) that provide evidence of their answers.

**The Higg Facility Environmental Module (FEM)**

The Higg Facility Environmental Module (FEM) is an apparel and footwear industry sustainability assessment tool that standardizes how facilities measure and evaluate their environmental performance, year after year. The tool was launched in 2012 by the Sustainable Apparel Coalition (SAC), a non-profit organization with the aim of driving collective industry change in sustainability. The latest version 3.3 of the tool was launched in November 2020.

The Higg FEM 3.3 comprises a section on Permits (not scored) and the following seven (7) sections (scored): (1) Environmental Management System (EMS); (2) Energy use & GHG; (3) Water; (4) Wastewater; (5) Waste; (6) Air Emissions; (7) Chemicals Management. Environmental performance is measured and evaluated based on evidence provided by the factories on their practices, measurements, and systems on each of the eight (8) sections of the tool for a period of one year. The tool provides a scoring system that promotes the identification of improvement opportunities and positions the facility under one of three following levels:

* Level 1 – Foundational: the facility has awareness and understanding of sources and systems, is adequately tracking sustainability performance, and has a good understanding of its environmental impacts.
* Level 2 – Progressive: the facility is baselining, setting targets, tracks progress, has an action plan, and is starting to make environmental impact reductions.
* Level 3 – Aspirational: the facility has exemplary sustainability leadership in making continuous reductions and is demonstrating industry best practices.

The Higg FEM questionnaire structure comprises primary and secondary questions. Primary questions are numbered, and secondary questions are listed below the primary questions and colored in blue. Question types in the Higg FEM include: Select one; Multi-select (select all that apply); Enter text/number; Upload a file (some file upload questions are mandatory while others are optional).

**Similarities, Differences, and Complementarities between the Higg FEM and Self-Assessment Tool (SAT)**

**Similarities:**

* Both are self-assessment tools to support facilities to evaluate their environmental performance.
* Both are divided into similar eight sections that reflect several aspects of environmental assessment.
* Both use a questionnaire approach and have similar types of questions.
* The Higg FEM and SAT include qualifier questions to ensure only questions applicable to the factory type are answered. These questions are called “applicability tests” in Higg FEM and "Materiality check" in SAT. Factories are asked applicability questions before answering main questions.

**Differences**:

* The SAT covers all legal requirements that apply to the garment sector in Vietnam and the Higg FEM is a global tool. Hence, the SAT includes provisions that are not included in the Higg FEM. The Higg FEM is based on international sustainability standards and best practices from the garment industry, which are not necessarily embedded in Vietnamese legislation.
* The Higg FEM provides an assessment score, while the SAT uses a qualitative approach. The Higg FEM can make the data comparison between different years to identify the level of performance and define opportunities for improvement, while the SAT evaluates the compliance against applicable national legal requirements.
* The Higg FEM provides applicability questions at the beginning of four sections: Water Use; Air Emissions; Wastewater treatment; Chemicals. The SAT presents applicability questions at the beginning of six sections: Permit, Water Extraction, and consumption; Wastewater management; Hazardous waste, Air Emissions; Energy management.

**Complementarities:**

Table 1 summarizes the complementarities between both tools. As mentioned above, the Higg FEM, as a global tool, addresses performance based on a more general, holistic, system-oriented approach. The SAT is country-specific, built essentially on national legislative and regulatory requirements. Some of these legislative requirements are in line with international standards such as ISO 14001, UN Globally Harmonized System of Classification and Labelling of Chemicals (GHS), chemical harmonization (CAS) under the US Chemistry Association, and energy management model from ISO 50001. Nonetheless, the focus of the SAT is on existing national regulatory requirements.

**Table 1 – Complementarities between Higg FEM and SAT**

|  | **Topics approached by the Higg FEM** | **Topics approached by the SAT** |
| --- | --- | --- |
| **Permit** | * General details on the facility’s environmental permit requirements and compliance status. * Set conditional requirement. Facilities without a valid operating license cannot progress to other modules. | * Specific details for each type of environmental permit (specified in Vietnam) , based on production type and capacity. * Continued permit requirements (e.g. Certificate of completion of environmental protection works). * Requirement for an ISO14001 EMS for certain types of facilities. |
| **Environmental Management System (EMS)** | * Provision of a framework for a facility to identify, track and manage its environmental impacts. * Support to facilities that already have a government certified EMS to review the efficiency of their system against international standards. * Engagement of leadership and stakeholders on environmental strategy and performance. | * Requirement on EMS presented on ‘Permit’ section of the tool. Vietnam regulation (Decree 40/2019/ND-CP) require an EMS to be ISO14001 certified for dyeing (textiles, fibre), denim dry wash processes. |
| **Energy use and Green House Gases** | * Tracking of energy sources and energy use data. * Review of source data and the most energy use factors to set up an energy baseline, an energy/GHG target, and an improvement plan. * Indirect emissions (e.g. supply chain, consumer) in line with GHG Protocol categorization. | * Request for Specific Energy Consumption and Improvements in Energy Efficiency. * Definition of facilities as 'major energy user’ and ‘non-major energy user’ and identify specific responsibilities. |
| **Water** | * Use the WRI Aqueduct Tool or the WWF Water Risk Filter to evaluate risk to water management. * Measurement of water risk at their located area. * Monitoring of water sources, and reporting o water data. * Influences on water use to set up water baseline; water target, and appropriate water saving plans. * Water balance analysis. | * National requirements for water use and extraction (ground water and surface water), and requirements for Facility Licensing. * Ongoing conditions to be in accordance with requirements of the License (e.g. reports for submission to government authorities, submission fee for water resource use). |
| **Wastewater** | * Wastewater type and treatment. * Monitoring of wastewater volume. * Wastewater testing against relevant standards (ZDHC, BSR, local regulation, etc) for onsite and offsite wastewater treatment plan. * Wastewater reuse/recycling. | * Outline requirements such as the need for wastewater discharge permit and reporting. * Environmental protection fee on wastewater. * Specific requirements for each location (inside or our Industrial Park). * Wastewater treatment system and monitoring. |
| **Waste** | * Monitoring of non-hazardous waste and hazardous waste data; segregation of waste streams, waste storage and training on waste handling. * Review of waste sources and set waste baseline, reduction targets and improvement plans. * Final disposal/treatment validation and zero waste to landfill. | * Legal requirements of solid waste management (i.e. certificate for reuse, pre-processing, recycling, treatment, co-treatment, recovery of energy from waste; hazardous waste generator registration; regulatory reports; requirements for collection, transfer and treatment of Solid Waste). * Technical requirements on identification, encoding, classification, storage and packaging. |
| **Air emission** | * Emissions monitoring and control devices for Production and Operations processes. * Management of emissions beyond permit. * Equipment design and modernization. | * Legal requirements associated with air emission management such as registration as an emissions generator, emissions discharge permit; emissions treatment system and monitoring. |
| **Chemicals Management** | * Assessment of chemical uses in production and operations. * Chemical inventory, chemical safety and chemical training. * Adherence to RSL/MRSL (Restricted Substance Lists / Manufacturing Restricted Substance Lists). * Improvement plan for chemical management and reduction of hazardous chemicals use. * Preferred chemicals sourcing. * Assessment of alternative chemicals; human/environmental hazard, lifecycle impact analysis; chemical traceability system; chemicals within the supply chain; sustainable chemistry innovation. | * Legal requirements on chemical safety training and certificate for employees; declaration of chemical imports; chemical incident prevention and response Plan. * Definition of facilities that must set up Chemical Incident Prevention and Response Measures and associated responsibilities. |

**Conclusion**

The SAT helps factories to assess if they are in accordance with applicable national legal and regulatory requirements while monitoring the validity of environmental permits and licenses. The SAT also supports garment factories in Vietnam to evaluate how they perform in relation to the international standards comprised in the Higg FEM scoring process. The SAT does that by connecting its questions and measurements to the correspondent Higg FEM requirements, particularly in the section of Permits and for the Level 1 (Foundational Level).

**Relevant Sources of Information**

*Higg Facility Environmental Module (Higg FEM) - How to Higg Guide Version 3.3, November 2020.*

*FEM Scoring System Guidance -* [*https://howtohigg.org/fem-landing/fem-scoring-system-guidance/*](https://howtohigg.org/fem-landing/fem-scoring-system-guidance/)

*Self-Assessment Tool developed for the Training on Environmental Regulations in Vietnam, June 2021.*

*Guide to Vietnamese Environmental Law for the Garment Industry, June 2021.*