

apparel impact institute

Global Dropout Policy for Aii Programs

Version 2.0 – October 2026

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Reviews and updates

Version	Date	Status	Updated sections	Summary changes
1.0	March 2026	Replaced	All	Initial release of the Global Dropout Policy
2.0	October 2026	Current	2. Scope; 6.2 Brand Funding and Expert Payments; 9. Facility Data Retention; Annex A	Updated the policy to reflect current programs and projects, including HIP, 4Planet, Benchmark, and CTM Types; the removal of CTA; the removal ofClean by Design – Chemistry and Wastewater (CbD CW); and corresponding updates to financial implications and terminology.

1. Purpose

The purpose of this policy is to establish a clear and consistent approach to managing cases when a facility enrolled in an Apparel Impact Institute (Aii) initiative discontinues participation due to a decision by the facility, brand, or Aii. The policy aims to:

- Ensure transparent and timely communication among all parties involved, including the facility, Aii, brands, and expert teams.
- Define fair handling of financial responsibilities and related costs, aligned with existing agreements.
- Outline the immediate actions and procedural steps to be taken once a facility dropout is identified, minimizing disruption to the program and maintaining data integrity.
- Provide clarity on reporting and documentation to keep all stakeholders informed of changes and support continuous improvement of program management.

By establishing these guidelines, Aii seeks to protect the interests of all partners, preserve the integrity and effectiveness of its programs, and support facilities and brands throughout the engagement lifecycle.

2. Scope

This policy applies to all facilities enrolled in Aii-supported initiatives, including but not limited to:

- 4Planet (owned by Ympact)
- Best Practices Action Plan (BPAP)
- Carbon Target Monitoring (CTM) Type 1-4
- Carbon Target Setting (CTS)
- Clean by Design + (CbD +)
- Clean by Design – Energy and Water Efficiency (CbD EW)
- Clean by Design – Tanneries
- Energy and Carbon Benchmark
- Higher Impact Projects (HIP)

It covers cases where a facility exits a program under three main scenarios:

- **Voluntary withdrawal:** a facility chooses to discontinue its participation.
- **Involuntary removal:** Aii or the brand decides to remove a facility due to inactivity, non-compliance, or other program-related concerns (e.g., the facility repeatedly fails to submit required data).
- **Brand-initiated removal:** The brand decides to remove a facility from the program due to changes in sourcing priorities or a strategic realignment (e.g., the facility is no longer part of the brand's supply chain).

This policy is intended to support consistent handling of program exits across all regions and programs.

3. Definitions

To ensure clarity and consistency throughout this policy, the following terms are defined as they apply to Aii programs operations:

- **Dropout:** A facility that discontinues participation in an Aii program before completing the planned activities or timeline.

- **Voluntary withdrawal:** A facility communicates its decision to leave the program before completion.
- **Involuntary removal:** A decision made by Aii, the brand, or both (in coordination with program partners) to remove a facility from the program due to lack of engagement, non-compliance, or failure to pay its share of the participation cost in a cost-sharing model.
- **Brand-initiated removal:** The brand decides that the facility is no longer a strategic partner, due to strategic realignment or change in sourcing priorities, and requests its removal from the cohort.

4. Dropout scenarios

Several situations may lead to a facility discontinuing its participation in an Aii program. These include, but are not limited to:

- Changes in facility management or company priorities.
- Limited internal capacity or resources to continue with the program.
- A decision by the facility to stop collaborating with Aii or the assigned service provider.
- Ongoing delays in submitting required data or attending scheduled program activities.
- Lack of response from the facility over a sustained period, despite multiple follow-up attempts. This includes cases identified through Aii's internal process, which reviews active programs and flags facilities whose expected completion or key milestones are overdue by more than six months.
- A brand decision to no longer consider the facility a strategic partner
- The facility fails to pay its share of the participation fee in a cost-sharing arrangement

These scenarios may result in either voluntary withdrawal or involuntary removal, depending on the specific case.

5. Notification & Documentation Process

5.1 Voluntary Withdrawal

Facilities must notify Aii or the expert team in writing (email is acceptable) at least two weeks prior to their intended withdrawal date. Aii will then inform the brand. Aii will document a brief exit note to support program learning and systematically track dropout reasons.

5.2 Involuntary Removal

Aii will document the reason for a facility's removal in the program records and will inform the brand and request any needed support.

- In cases of pending payments: With the brand's support, the facility will receive at least two written reminders before a final decision is made.
- In cases of inactivity or non-compliance: Aii will consult with the program manager, expert, and brand before proceeding with the removal.

5.3 Brand-Initiated Removal

When the brand decides to remove a facility from the program (e.g. strategic realignment), Aii will proceed with immediate removal upon receiving written notice. Aii may, on a case-by-case basis, allow the facility to continue the program under agreed conditions (e.g. if the facility shares program costs with the brand).

5.4 Summary of Notification & Removal Timeline

The following table summarizes the different dropout scenarios, the responsible party for initiating each case, the minimum notice required, and the key steps that must be followed before finalizing a facility's withdrawal or removal. This timeline helps ensure clear communication and consistency in managing all facility dropouts.

Scenario	Who Initiates	Minimum Notice	Steps Before Final Action
Voluntary Withdrawal	Facility	2 weeks	Written notice → Aii notifies brand → Exit note documented
Involuntary: Pending Fees	Aii + Brand	N/A	2 written reminders → Final decision with brand → Facility removed
Involuntary: Inactivity or Non-compliance	Aii	N/A	Reviewed by Aii, expert, and brand → Final decision → Facility removed
Brand-Initiated Removal	Brand	Immediate	Brand notifies Aii → Immediate removal

6. Financial Implications

6.1 Facility Participation Fee

In the cost-sharing scenarios, where the facility contributes to program costs alongside the brand, participation fees will be handled in the following ways:

Voluntary withdrawal: If a facility voluntarily decides to exit the program, any participation fee paid directly to Aii is non-refundable, regardless of the reason or timing of the withdrawal.

Involuntary removal: If a facility is removed due to inactivity, non-compliance, or failure to meet program requirements, any participation fee paid directly to Aii is non-refundable, regardless of the reason or timing of the removal.

Brand-initiated removal: These will be assessed on a case-by-case basis. Aii may allow the facility to continue the program or may negotiate a refund of the participation fee, depending on the specific circumstances.

6.2 Brand Funding and Expert Payments

Aii will assess project progress based on key implementation milestones to determine the percentage of the project completed at the time of dropout. Based on this assessment:

- **A prorated payment** may be applied to the expert team, in line with the milestones and deliverables already completed, as documented and approved by Aii.
- **Any incurred travel** expenses will be charged in full, regardless of the stage of dropout.
- After expert and travel costs are covered, **any unused brand funds** will be applied toward future projects with the same brand.
- **No additional charges** will be applied to the brand beyond what has already been agreed.

Please refer to Annex A: Program-Specific Financial Implications for specific cost allocations per program (CbD, CTS, CTM Type 1-4, BPAP, HIP, 4Planet, Benchmark, and combined models).

7. Re-enrollment

A facility that drops out of an Aii-supported initiative may request to rejoin in the future. Approval will be considered on a case-by-case basis and will depend on the nature of the original dropout, whether it was voluntary or involuntary, and the following factors:

- The brand's consent, including a commitment letter
- Aii's assessment of reasoning for the previous dropout and the facility's level of engagement
- The facility's track record, including any history of repeated dropouts

Aii will apply different levels of scrutiny depending on the dropout type:

- **Voluntary withdrawal:** If the facility informed Aii about their decision to leave the previous program with proper notice and has no history of repeated dropouts, Aii will be open to re-enrollment.
- **Involuntary removal:** If the facility was removed due to inactivity, non-compliance, or payment issues, Aii will conduct a review and may require additional conditions for re-entry (e.g., cost-sharing with the brand).
- **Brand-initiated removal:** If a facility was removed at the request of a brand (e.g., due to strategic realignment or sourcing priorities), it may still be considered for re-enrollment in other programs or under a different brand.

8. Reporting & Transparency

To ensure accountability and continuous improvement, Aii is committed to transparent communication regarding facility participation and dropout trends:

- Aii will track all dropout cases in the program tracker to maintain accurate records across programs and regions.
- Brands will receive timely updates on any changes to their nominated facility list, including reasons for dropout when available.
- Aggregate analysis of dropout cases and common reasons will be reviewed internally by Aii to strengthen program design, improve engagement, and prevent recurring issues.

9. Facility Data Retention

In the event of a dropout, whether voluntary or involuntary, Aii will retain all data collected during the facility's participation in the program. This includes assessments, implementation progress, and any related documentation. Retaining this information ensures data integrity, supports reporting consistency, and may help inform future re-enrollment decisions or program planning.

The facility's access to Aii's platform (Made2Flow), and any information stored on it, will be revoked following a dropout.

10. Exceptions

While this policy is designed to provide clear and consistent guidance, Aii recognizes that unique situations may arise. Any exceptions to this policy will be reviewed on a case-by-case basis, with input from the relevant brand and expert team, and subject to final approval by Aii.

11. Review

This policy will be reviewed annually or as needed to reflect updates in program structure, funding arrangements, or partnership expectations.

Revisions will be made in consultation with Aii's internal Programs Team and Industry Engagement Team.

Annex A – Program-Specific Financial Implications

Clean by Design (CbD) – Energy & Water / Tanneries / Chemistry & Wastewater / CbD+

Dropout Timing	% of Program Fee Charged	Notes
Between kick-off and onsite assessment (expert first visit)	25%	Fees include preparation and baseline data collection
From onsite assessment through mid-term meeting	50%	Covers major planning, expert visits, training, and action plan development. Any travel expenses incurred will be charged separately.
After the mid-term meeting	100%	Full fee applies, as implementation and second-phase support are underway

Carbon Target Setting (CTS)

Dropout Timing	% of Program Fee Charged	Notes
After kickoff and before data collection (RFI or data template not submitted)	Fixed fee: USD 250/facility	The fixed fee covers initial coordination activities, such as arranging kick-arranging kick-off or alignment meetings and related communication.
Between data collection and completion of capacity building	75%	Covers expert analysis of submitted data and first training sessions

During or after reduction assessment (onsite/online, feasibility study, draft plan, etc.)	100%	Full fee and any associated travel costs apply as major CTS work has begun. Travel costs also apply if incurred

Note: Travel costs already incurred will be charged in addition to the milestone percentage.

Best Practice Action Plan (BPAP)

Dropout Timing	% of Program Fee Charged	Notes
Before data collection	Fixed fee: USD 250/facility	The fixed fee covers initial coordination activities, such as arranging kick-arranging kick-off or alignment meetings and related communication.
After data collection is submitted	50%	Covers expert review and data handling
Between BPAP assessment scheduling and completion of Online Light Assessment	75%	Includes initial assessment and engineer review
After Online Light Assessment	100%	Full fee applies as core expert effort has been invested in planning and delivery.

Carbon Target Monitoring Type 1

Dropout Timing	% of Program Fee Charged	Notes
Upon SOW signature	100%	The annual platform access fee is charged in full upon SOW

		signature and is non-refundable. This applies regardless of the level of platform use during the one-year access period.

Carbon Target Monitoring Type 2 & Type 4

Dropout Timing	% of Program Fee Charged	Notes
After Kick-off and before data collection	35%	No expert work or reporting has begun
After Data Collection but before Mid-term Brand Report	75%	Core data review, setup, and initial monitoring support provided
After mid-term brand report	100%	Ongoing monitoring and reporting completed; remaining support is minimal

Carbon Target Monitoring Type 3

Dropout terms will be defined when the SOW is agreed, based on the expert's terms and conditions, scope of work, and solution provided.

Higher Impact Project (HIP)

Dropout Timing	% of Program Fee Charged	Notes
After kick-off & before data collection	Fixed fee: USD 250/facility	The fixed fee covers kick-off preparation, participation, and follow-up communication.

Between data collection and onsite visit	25%	Fee covers initial data collection, preparation for the onsite assessment, and completion of the onsite assessment.
During data analysis	75%	Core technical review and analysis are underway, including thermal mapping, local context analysis, and other expert assessment activities.
After data analysis and during feasibility assessment	100%	Data analysis has been completed, and the technical and financial feasibility assessment is underway or completed.

Note: Travel costs already incurred will be charged in addition to the milestone percentage.

4Planet (initiative owned by Ympact)

Dropout Timing	% of Program Fee Charged	Notes
Upon receipt of the signed Commitment Letter	100%	Once the facility confirms enrollment by signing the Commitment Letter, the applicable program fee becomes non-refundable.

Note: Any exception to the full fee, including cases where only the expert portion is charged, will be assessed and agreed by Aii on a case-by-case basis.

Energy and Carbon Benchmark

Dropout Timing	% of Program Fee Charged	Notes
Upon enrollment	As applicable	Any Benchmark fee charged to the facility is non-refundable in the event of a dropout, regardless of the stage of participation.