
Memo for Applicants Using Corporate-level standards

Prepared for Cradle to Cradle Products Innovation Institute

Updated August 5, 2020

I. Overview

ELEVATE is supporting Cradle to Cradle Products Innovation Institute (“C2CPPI”) in its revision and update to the Cradle to Cradle Certified Product Standard, including new Social Fairness requirements. This memo provides guidance for applicants that utilize defined corporate-level standards to understand how those standards relate to Cradle to Cradle Certified requirements. C2CPPI and ELEVATE jointly determined the defined standards. This memo complements a Facility-level Certification Preparation Tool – both items are part of a larger toolkit for applicants to efficiently prepare for certification. ELEVATE has recommended to C2CPPI that it does not accept mutual recognition for standards identified to date, given the results of the Equivalency Analysis (prepared by ELEVATE for C2CPPI). Additionally, because the corporate-level standards are voluntary in design, scoring is not based on severity of human rights risks, and there is no streamlined mechanism for tracking items *not* reported, Applicants using corporate-level standards are required fill out the Self-Assessment Tool in its entirety to best prepare for certification. The Self-Assessment Tool is available to Applicants in the Social Fairness Toolkit. Please contact Cradle to Cradle Certified for access to this file.

Details in this memo show where identified corporate-level standards have better vs. worse coverage for different Cradle to Cradle Certified achievement levels. This memo has four parts:

- ◆ Overview
- ◆ Identification and Coverage of Corporate-level standards
- ◆ Gap Analysis of Corporate level standards vs. Cradle to Cradle Certified Requirements by Achievement Level
- ◆ Appendix: Requirements analyzed for Corporate-level standards

II. Identification and Coverage of Corporate-level standards

ELEVATE and C2CPII agreed on the following corporate-level standards for inclusion in this analysis:

- B Corp Impact Assessment
- Global Reporting Initiative (GRI) standards for sustainability reporting
- Sustainable Apparel Coalition (SAC) Higg Brand & Retailer Module (BRM)

Coverage of Corporate-level Standards for Certification Levels

| % Completed shows additive expectations per level | | % of C2C Requirements covered by Protocol | |
|---|--|---|-------------|
| C2C_Level | | Bcorp | % Completed |
| Bronze | | 26% | |
| Silver | | 25% | |
| Gold | | 25% | |
| Platinum | | 30% | |

| % Completed shows additive expectations per level | | % of C2C Requirements covered by Protocol | |
|---|--|---|-------------|
| C2C_Level | | Higg BRM | % Completed |
| Bronze | | 66% | |
| Silver | | 64% | |
| Gold | | 63% | |
| Platinum | | 60% | |

| % Completed shows additive expectations per level | | % of C2C Requirements covered by Protocol | |
|---|--|---|-------------|
| C2C_Level | | GRI | % Completed |
| Bronze | | 40% | |
| Silver | | 34% | |
| Gold | | 32% | |
| Platinum | | 31% | |

The tables above show the degree to which each standard's requirements meet the requirements of Cradle to Cradle Certified by level. As shown, no standard has more than 66% match with requirements for an individual level. For this reason, Applicants must fill out the Self-

Assessment Tool in its entirety. They can submit references to their B Corp Impact Assessments, GRI reports or indices, or SAC Higg BRM self-assessments as evidence of documentation for relevant requirements, which the Assessor will review in the verification process.

See Appendix for the full listing of specific requirements and sections included in ELEVATE's analysis of these corporate standards as compared to Cradle to Cradle Certified requirements. Detailed comparisons of these standards was provided to C2CPII to inform equivalency mapping and percentage of indicators covered.

III. Gap Analysis of Corporate level standards vs. Cradle to Cradle Certified Requirements by Achievement Level

The following gap analysis presents the criteria for each level of Cradle to Cradle Certified, and more detailed explanation of the coverage percentages presented above for each standard identified. ELEVATE has created a rubric that can provide insight for applicants in understanding the relative gaps for each standard – that is, a stop-light approach to estimate how much more information will be required to submit in the detailed Self-Assessment Tool, in addition to documentation already in existence from the use of identified standards.

| Stoplight designation | Insight provided |
|-----------------------|---|
| Green* | Majority of key concepts for Cradle to Cradle certification are covered, although individual requirements are not entirely matched between C2CPII requirements vs. the standard identified. |
| Yellow | Some of the key concepts are covered, but many individual requirements are not matched. It is important to review existing gaps in preparing the application. |
| Red | Key concepts are generally not covered, and most individual requirements are not matched. |

**** NOTE:** While **Green** indicates the applicant may need to develop less original information if the applicant is already using one of the standards identified, there are still Cradle to Cradle Certified requirements that are not covered by the standard and therefore requirements that the applicant will need to fill in. No standard has been recommended for mutual recognition or substitution for C2CPII specific requirements.

| Level | Cradle to Cradle Certified Requirement – v4 Social Fairness | B Corp | GRI | SAC Higg BRM |
|--------|--|---|--|---|
| Bronze | Human rights risks are assessed for the company, final manufacturing stage and tier 1 suppliers. | B Corp has significant gaps and the related information must be collected and assessed. It does not specify human rights risk assessment. | GRI includes human rights risk assessment for a company's own operations and supply chain, but mainly focuses on child and forced labor risks. It does not include prioritization. | Higg BRM has the highest match rate for risk assessment and requires human rights risk assessment on key issues – including throughout the supply chain. It does not include prioritization or identification of high-risk locations. |
| | Progress is made on assessing risks beyond tier 1 (i.e. tier 2 and beyond). | There is no supply chain map, hence final manufacturers may be excluded from the questionnaire | GRI's human rights risk assessment does not include prioritization or continued risk assessment through multiple tiers of the supply chain. | Higg BRM requires human rights risk assessment in varying levels of the supply chain, including focus on risk factors by sector, product, country, business model and sourcing model. It does not include prioritization or identification of high-risk locations. |
| | Company executives demonstrate commitment and support for establishing, promoting, maintaining, and improving a culture of social fairness. | B Corp has multiple questions related to executive and Board level commitment for social performance, but not specific to human rights. | GRI has multiple questions related to executive and Board level commitment to, accountability for, and communication about sustainability, but not specific to human rights. | Higg BRM meets all Cradle to Cradle Certified requirements in this category. |
| | Performance against the human rights policy is measured. <i>Note: this is required for both the applicant and final manufacturing stage (if different).</i> Select corrective actions are complete (e.g. addressing cases of child labor or forced labor). Corrective actions are planned for any other poor performance issues and at recertification, progress is demonstrated. | There is no threshold requirement for when or how to conduct reviews of company or supplier social performance. B Corp has dedicated focus on health & safety management in company operations. There are questions about labor practices of outsourced staffing service providers and a Code of Conduct for suppliers. Companies can take voluntary actions to support supply chain performance improvement and corrective action. | GRI requires a Management Approach for all material topics identified and supplier social assessment. This includes reporting on significant actual and potential negative social impacts identified in the supply chain and evaluation of management approaches. GRI also includes a requirement for supplier termination. It does not require reporting on prioritized risks, different tiers, or tracking corrective actions. | Higg BRM requires companies measure specified risks, set targets and track progress for programs developed for risk management, including for all risks identified. Companies must identify which tiers of the supply chain the programs apply to, how information is tracked, and what type of action plans are created. Requirements exist for social compliance within company operations and the supply chain. Unauthorized subcontracting, fire safety, and denied access are not included as priorities in Higg BRM requirements. |
| | Company executives demonstrate commitment and support for establishing, promoting, maintaining, and improving a culture of social fairness. | B Corp has multiple questions related to executive and Board level commitment for social performance, but not specific to human rights. | GRI has multiple questions related to executive and Board level commitment to, accountability for, and communication about sustainability, but not specific to human rights. | Higg BRM meets all Cradle to Cradle Certified requirements in this category. |

| Level | Cradle to Cradle Certified Requirement – v4 Social Fairness | B Corp | GRI | SAC Higg BRM |
|--------|---|---|---|---|
| Silver | <p>Social audit performance data are requested from tier 1 suppliers in high-risk locations.</p> <p>At re-certification, progress is made on supply chain data collection and corrective actions if needed.</p> | <p>B Corp does not specify prioritization of risks within tiers of the supply chain.</p> <p>There are questions about labor practices of outsourced staffing service providers and a Code of Conduct for suppliers. Companies can take voluntary actions to support supply chain performance improvement and corrective action.</p> | <p>GRI requires a Management Approach for all material topics identified and supplier social assessment. This includes reporting on significant actual and potential negative social impacts identified in the supply chain and evaluation of management approaches. GRI also includes a requirement for supplier termination. It does not require reporting on prioritized risks, different tiers, or tracking corrective actions.</p> | <p>Higg BRM requires companies measured specified risks, set targets and track progress for programs developed for risk management, including for all risks identified. Companies must identify which tiers of the supply chain the programs apply to, how information is tracked, and what type of action plans are created. Requirements exist for social compliance within company operations and the supply chain. Specified focus on high-risk Tier 1 suppliers is not required.</p> |
| | <p>Performance data are analyzed to measure progress towards achieving the strategy.</p> | <p>There is no human rights policy to develop a strategy for, or measure against.</p> | <p>GRI requires companies explain how they evaluate the effectiveness of their management approach, as well as reporting on the results if such evaluation and related adjustments to the management approach. It does not specify performance data or criteria for evaluation.</p> | <p>Higg BRM questions include if internal compliance programs exist to monitors social/human rights & labor performance within its own operations, and if strategy is updated based on new information and/or changing circumstances. There is not specification to analyze data every 2 years.</p> |
| | <p>Management systems support the implementation and oversight of the policy within company operations.</p> | <p>B Corp includes questions about staff accountability, training, incentives, employee involvement, measurement related to company Mission & Engagement on social issues, but does not have a human rights policy to create management systems for specific implementation and oversight.</p> | <p>GRI includes indicators related to employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations. It does not include indicators focused on social compliance accountability within the organization or evaluation and corrective action.</p> | <p>Higg BRM includes indicators related to staff responsibilities, oversight, implementation across company functions, purchasing practices, employee communication, evaluation, and corrective action. It does not include education for staff on human rights principles.</p> |
| | <p>A grievance mechanism permits company employees and other stakeholders to obtain redress for negative human rights impacts.</p> | <p>B Corp has questions about formalized complaint mechanism, and if a company's employee handbook includes this information. But no further details regarding effectiveness.</p> | <p>GRI include includes grievance mechanisms as a requirement in the company management approach but does not have any indicators regarding effectiveness.</p> | <p>Higg BRM meets all Cradle to Cradle Certified requirements in this category, except informing employees about the mechanism at the time of hire and explicit confirmation of not impeding existing judicial remedies.</p> |

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| | The company has implemented a social impact project that measurably improves the lives of employees, the local community, or social aspect of the value chain. | B Corp prioritizes positive impact, including specification of a particular social benefit. However, it is not connected to a human rights risk assessment. | GRI does not have any indicators on this topic. | Higg BRM includes one indicator about promoting the social/human rights & labor well-being of the communities in which it operates, including local social/human rights projects and/or investment. |
|--|--|---|---|---|

| Level | Cradle to Cradle Certified Requirement – v4 Social Fairness | B Corp | GRI | SAC Higg BRM |
|-------|--|--|--|---|
| Gold | Human rights risks are assessed for the product's components and raw materials (regardless of tier). | B Corp has significant gaps and the related information must be collected and assessed. There is no specification on product components or raw materials. | GRI does not have specification on product components or raw materials. | Higg BRM requests companies to identify the physical addresses of the factories that produce its materials and products, and to assess the social/ human rights impacts of its materials. |
| | Materials associated with high risk of child or forced labor or support of conflict are certified to a C2CPH recognized certification program or equivalent alternative is in place. If certification program is not available, a traceability exercise is conducted upon re-certification. | B Corp has significant gaps and the related information must be collected and assessed. There is no specification for materials associated with high risk of child or forced labor. Disclosure questions touch on operations in conflict zones and industries with materials at high risk of human rights infringements. | GRI does not have specification for materials, but does have indicators related to operations and suppliers regarding significant risk for incidents of child labor or forced labor based on type of operation (such as manufacturing plant) and supplier; countries or geographic areas with operations and suppliers considered at risk. | There is no specification for materials or human rights issues in high risk areas or conflict zones, or certification requirements. |
| | Responsible sourcing management systems support the implementation and oversight of the policy within the product's supply chain. | B Corp has questions about supplier Code of Conduct, communication, performance improvement, corrective action, training and incentives, but does have a human rights policy to create management systems for specific implementation and oversight. | GRI indicators focus on supplier social assessment, including supplier communication, screening, contracts that include human rights clauses, and commitments to make improvements based on supplier assessment. There are not specific indicators related to ethical sourcing responsibilities or Procurement team training. | Higg BRM includes indicators related to purchasing practices, employee training, supplier communication and evaluation, and corrective action of human rights impacts. It does not include designated staff with ethical sourcing responsibilities or evaluation of new suppliers prior to awarding of contracts. |

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| Gold | A grievance mechanism permits contract manufacturer employees and other stakeholders to obtain redress for negative human rights impacts <i>(Note: This applies for cases where the Cradle to Cradle Certified applicant is not the final manufacturer).</i> | B Corp has one question that touches briefly on complaint mechanisms for Supply Chain Management. | GRI has one question that touches briefly on formal local community grievance processes, which does not specify contract manufacturer ownership. It does include this requirement in the company management approach. | Higg BRM meets all Cradle to Cradle Certified requirements in this category, except informing employees about the mechanism at the time of hire and explicit confirmation of not impeding existing judicial remedies. |
| | An assessment has been conducted to determine the impact of the positive impact project using quantitative metric(s). Measurable progress is demonstrated at re-certification. | B Corp touches upon impact measurement mechanisms for community investments but does not meet quantification metrics specified. | GRI has one question that touches briefly on local community development programs based on local communities' needs; no other indicators are related to requirements for positive impact project. | Higg BRM includes one indicator about promoting the social/human rights & labor well-being of the communities in which it operates, including local social/human rights projects and/or investment. There are no assessment or measurement requirements. |
| | The company uses open and transparent governance and reporting that incorporates stakeholder engagement. Stakeholder feedback informs strategy and operations. | B Corp specifies transparency on all aspects of business including financial. Stakeholder engagement included but is not specific to human rights. | Transparency and Stakeholder Engagement are foundational elements of GRI. By nature, GRI is a reporting standard; inclusion of human rights indicators aligns with transparency requirements. GRI also includes indicators on human rights assessments. Stakeholders are expected to be consulted. | Higg BRM meets all Cradle to Cradle Certified requirements in this category. |

| Level | Cradle to Cradle Certified Requirement – v4 Social Fairness | B Corp | GRI | SAC Higg BRM |
|----------|--|---|---|--|
| Platinum | The company is collaborating to develop and scale solutions to an intractable social issue within the value chain of its product. | B Corp has no explicit reference to collaborations to scale solutions. | GRI has no explicit reference to collaborations to scale solutions. | Higg BRM indicators focus on collaboration of a company within a multi-stakeholder initiative. There are no questions about connection to the social strategy or assessment of the partnership's impact. |
| | The company fosters a diverse, inclusive, and engaged work environment in which social fairness operates as a core part of recruitment, training, remuneration, performance evaluation and incentive structures. | Diversity & inclusion is a core feature of workforce assessment. B Corp also has dedicated focus on employee engagement, training, pay equity, and living wage. | GRI has focus on training, employee engagement, senior level accountability and remuneration, but not other topics. | Higg BRM includes indicators about employee training and performance evaluation focused on social topics. It also includes indicators on company approaches to gender-based discrimination and promoting equal opportunity and living wage. There is not focus on diversity & inclusion or pay equity. |

IV. Appendix: Requirements analyzed for Corporate-level standards

| Corporate-level standard | Specific Requirements | Details |
|---|--|--|
| B Corp Impact Assessment <i>accessed 2020</i> | Questionnaire for Developed Market - US; Manufacturing; 1000+ employees. | <ul style="list-style-type: none"> Governance Workers Community Environment* Customers Disclosure Questionnaire <p><i>*Environment metrics not mapped to Social Fairness requirements</i></p> |
| Global Reporting Initiative (GRI) standards for sustainability reporting <i>2016 Disclosure Standards</i> | Universal Standards and relevant Social Standards | <ul style="list-style-type: none"> 102 – General Disclosure 103 – Management Approach 205 – Anti-corruption 401 – Employment 402 – Labor Management Relations 403 – Occupational Health & Safety 404 – Training & Education 405 – Diversity & Equal Opportunity 406 – Non-discrimination 407 – Freedom of Association & Collective Bargaining 408 – Child Labor 409 – Forced or Compulsory Labor 410 – Security Practices 412 – Human Rights Assessment 413 – Local Communities 414 – Supplier Social Assessment |
| Sustainable Apparel Coalition (SAC) Higg Brand & Retailer Module (BRM) <i>Released in March 2020</i> | Company Profile and Social/ Labor sections | <ul style="list-style-type: none"> Company Profile Management System: Social/ Labor Supply Chain: Product & Textiles Product Retail Stores, Offices, Transportation, Distribution Centers – includes social/ labor commitments and actions for own operations Relevant “Option List Reference” answers |