C2CPII Training for v4 Social Fairness Requirements

CRADLE TO CRADLE

PRODUCTS

INNOVATION

INSTITUTE

Module 3
July 15, 2020

TRAINING CURRICULUM

Four sessions – this week and next:

1. Defining Human Rights & Social Fairness Expectations
2. How a Company is Expected to Manage Human Rights
3. <mark>Verifying Social Fairness Requirements</mark>
4. Beyond Compliance

Zoom housekeeping:

+ Be present – 2 hour session
+ Please turn on your camera!
+ Virtual Engagement: Use the Chat function to share comments & questions
+ There are no "good or bad" questions...

RECAP TRAINING MODULE 2

✓ Overview of Corporate Responsibility to Respect Human Rights

✓ Human Rights Due Diligence & Applicability to Social Fairness requirements

8.4 Human Rights Policy	8.8 Management Systems
8.7 Demonstrating Commitment	8.9 Grievance Mechanisms
8.6 Strategy for Policy Implementation	

✓ Risk Assessment Deep Dive: Identifying Human Rights Risks

- Known risks for industry or sector
- Locations of owned operations and suppliers
- Locations of owned operations and supplier locations in high risk countries

- Social Fairness requirements apply to owned operations, tier 1, beyond tier 1 (e.g. tier 2), and eventually beyond tier 2
- Informed by affected stakeholders
- Prioritization
- Component & Raw Material Sourcing

✓ Overview of Social Fairness Toolkit
Receipt of Desktop Verification Tool

RECAP TRAINING MODULE 2

Revisit Section 8.4 - Human Rights Policy

REQUIREMENT: 2. Include the company's commitment to support the following (note: these are the expectations that must be established and are referred to as 'required policy elements' in other sections of the standard):
The policy must:
a. Elimination of **discrimination** with respect to employment and occupation including but not limited to ethnicity-, race-, and gender-based discrimination,
b. Elimination of **harassment and abuse**,
c. Elimination of all forms of **forced or compulsory labor**, or activities that are known to lead to forced labor (e.g. human trafficking),
d. The abolition of **child labor** and adequate protections for workers above the legal working age and below age 18,
e. Prevention of **excessive working hours**,
f. **Freedom of association and collective bargaining**,
g. **Safe and healthy work**, • Access to water, sanitation, and hygiene (WASH) • Emergency preparation and response • Hazardous materials handling procedures • Management systems that address health and safety risks • Appropriate building construction, electrical, and fire safety (BEFS)
h. Provision of the **legal minimum wage and all legally mandated benefits** including employer contributions for social security benefits and services,
i. Aspirations for the provision of a **living wage** that covers the necessities for life as defined in its local context (e.g., food, water, housing, health care, education, clothing, transportation, child care, discretionary income).
j. **Additional priority issues** identified in the risk assessment (per Section 8.3), if any.

> Section 8.4
> Documentation for Verification
> for all #2a-g sub-points:
>
> Evidence that these key provisions are included in the human rights policy

RECAP TRAINING MODULE 2

Revisit Section 8.4 - Human Rights Policy.... Implications for Section 8.8 – Management Systems

REQUIREMENT: 2. Include the company's commitment to support the following (note: these are the expectations that must be established and are referred to as 'required policy elements' in other sections of the standard):
The policy must:
a. Elimination of **discrimination** with respect to employment and occupation including but not limited to ethnicity-, race-, and gender-based discrimination,
b. Elimination of **harassment and abuse**,
c. Elimination of all forms of **forced or compulsory labor**, or activities that are known to lead to forced labor (e.g. human trafficking),
d. The abolition of **child labor** and adequate protections for workers above the legal working age and below age 18,
e. Prevention of **excessive working hours**,
f. **Freedom of association and collective bargaining**,
g. **Safe and healthy work**, • Access to water, sanitation, and hygiene (WASH) • Emergency preparation and response • Hazardous materials handling procedures • Management systems that address health and safety risks • Appropriate building construction, electrical, and fire safety (BEFS)
h. Provision of the **legal minimum wage and all legally mandated benefits** including employer contributions for social security benefits and services,
i. Aspirations for the provision of a **living wage** that covers the necessities for life as defined in its local context (e.g., food, water, housing, health care, education, clothing, transportation, child care, discretionary income).
j. **Additional priority issues** identified in the risk assessment (per Section 8.3), if any.

Section 8.8 - Silver Level requirement for Education
Integrate expectations into regular trainings

- Re: existing corporate policies
- Processes to renew compliance expectations
- Can be implemented Stand-alone or as Integrated
- If integrated– e.g. Human Resources, Procurement, H&S

TODAY'S AGENDA

+ **Defining Assessor expectations**
  1. Verification requirements
  2. Transparency and legal compliance
  3. Verification steps
  4. SF Toolkit – additional tools

  ➡ Participant Discussion – Q&A

+ **Deep Dive on Monitoring & Verifying Performance**

  ➡ Participant Discussion – Q&A

+ **Verification in Practice – Case Study examples**

  ➡ Participant Discussion – Q&A

DEFINING ASSESSOR EXPECTATIONS

ASSESSOR ROLE FOCUSES ON DESKTOP VERIFICATION

Keep the following in mind during today's training…

Social Fairness Requirements:

- Applicants are required meet individual requirements in each Social Fairness section.

- Assessors required to verify compliance of individual requirements.

Documentation for Verification:

- Provides details evidence required for Applicants to submit.

- Assessors required to review / check requirements are met.

Guidance for Verification of Social Requirements:

- Details for Assessor expectations and process.

- Supplemental information for Assessors to verify Applicant self-assessment submission for certification (human rights topics/ social compliance expectations).

REMINDER:
Focus is on risk to people, risk to human rights

VERIFICATION VS. AUDITS

The objective of the verification is to validate the completeness of information provided by the Applicant to be in compliance with the Social Fairness requirements.

Cradle to Cradle certification is dependent on all requirements met.

The certification requirements do not require all labor non-compliances be analyzed according to a grading matrix or severity of non-compliances identified.

The verification process is an agnostic desktop review.

"**Verification**": The process of checking that something is true or accurate.

"**Audit**": An official examination of the quality or standard of something.

Source: Oxford Learners Dictionary

VERIFICATION STEPS

The *Guidance for Verification of Social Fairness Requirements* specifies procedures and requirements for Assessors to complete the verification steps.

1. Review Self Assessment	→	2. Conduct Desktop Verification	→	3. Generate Certification Report	→	4. Obtain approval from Applicant	→	5. Submit Report & Authorization Form

1. REVIEW SELF ASSESSMENT

a. Identify the Applicant's level for certification

Bronze	Silver	Gold	Platinum

b. Confirm completion of the Self-Assessment

APPLICANT REVIEW FOR SELF-ASSESSMENT COMPLETION	
Have all questions been answered for the Certification Level you are applying for?	NO - Do not proceed until all questions answered 205 Additional Responses Needed

c. Perform a spot-check for quality of responses

	8.12 Collaborating to Solve Social Issues			
Level	Requirements	Response	Qualifying Comments	Documentation for Verification
	Collaborate to develop and scale solutions to an intractable social issue within the value chain of the product.	Yes		Evidence of collaboration with other stakeholders to develop and scale solutions to social issues in the value chain of the product. This must focus on engagement with a credible multistakeholder program. List the specific social issue the collaboration aims to solve.
	Collaboration must be with a multi-stakeholder program or consortium that is working on a common goal to comprehensively address a social issue. The Applicant must actively participate in the initiative for the full period of certification. The initiative selected must:	Yes		Documentation of the Applicant's participation in the multi-stakeholder program, including timeline. This can include link to an initiative's listing of members or a member certificate of the initiative, in the form of an approval for participation by the multi-stakeholder program or other similar documentation.
Platinum	1. Support implementation of the company's social strategy and policy.	Yes		A description of the initiative with a link to the program's website. Description of how the program aligns with the Applicant's social strategy and policy.
	2. Aim to drive progress within an industry or across multiple industries	Yes		Documentation of the multi-stakeholder program involving at least one industry to make progress on a shared social issue. This documentation may be a link to a description of the program's website if listed there. If the required documentation is not publicly available from the multi-stakeholder initiative, the

d. Pay specific attention to the use of the Certification Preparation Tool, when an Applicant uses different standards

1. REVIEW SELF ASSESSMENT

d. Pay specific attention to the use of the Certification Preparation Tool, when an Applicant uses different standards

Current Certifications and Programs (optional - if using a program below, please consult Certification Preparation Tools)			
Certifications / Industry Programs	Has the standard been used in the past 12 months?	For certifications, list the Expiry Date (DD/MM/YYYY); For verification and audits, list the last 3rd party audit date	Qualifying Comments Include name of 3rd party assessment firm (if relevant)
		Certification / Audit	
B Corp Impact Assessment (BCorp Certification)	(Please Choose)		
Higg Brand & Retailer Module (Sustainable Apparel Coalition - SAC Higg BRM)	(Please Choose)		
Global Reporting Initiative Sustainability Reporting Disclosure Standards (GRI Universal Standards and relevant Social Standards)	(Please Choose)		
SA8000 (Social Accountability certification)	(Please Choose)		
Higg Facility Social & Labor Module V1.3 Social & Labor Convergence Program (SLCP Higg FSLM verification)	(Please Choose)		
Sedex Member Ethical Trade Audit (SMETA audits)	(Please Choose)		
Other, please add below	example: other certifications/ assessments relevant topics, industry programs such as ISO or BSCI		
Certifications / Industry Programs	Is it currently active?	Expiry Date (DD/MM/YYYY)	Qualifying Comments
	(Please Choose)		
	(Please Choose)		
Additional Comments:			

Use of Other Standards

Corporate level standards – Applicant must fill out the Self-Assessment Tool in its entirety

Facility-level standards – Applicant can utilize the Certification Preparation Tool as primary documentation for requirements that are covered in the individual standard.

None of these standards are mutually accepted in lieu of the Cradle to Cradle Certified Social Fairness requirements

2. CONDUCT DESKTOP REVIEW

a. Reviewer Access for Desktop Verification Tool

INSTRUCTIONS:

Version for Training & Pilot - July 13, 2020

Reviewer Access

1. Complete this Self-Assessment Tool to prepare for Cradle to Cradle Certification. There are 11 sub-sections in the Social Fairness section.
The Self-Assessment Tool is organized by Level - fill in the sections for the Certification Level you seek. Higher certification levels require the previous level be met. E.g. if you are applying for Silver, you must answer/ fill in all Bronze and Silver indicators. You can leave the rest blank.

| Bronze | Silver | Gold | Platinum |

2. Fill in the Applicant and Final Manufacturing Stage information in full. If you have more than 1 FMS, please enter the additional facility

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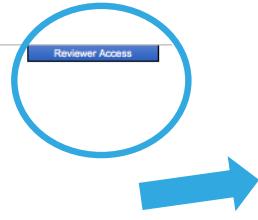
Reviewer Access

Instructions for Assessors: PLEASE READ

1. **Click Reviewer Access to begin Desktop Verification.**
Use the password provided by C2CPII to access the Reviewer Access fields.
2. **Confirm all responses for the relevant level have been filled in by the Applicant.**
See very bottom of the Self-Assessment Tool at left. If the Applicant has not answered all questions, send back and request a completed version.

3. **For each answer submitted, verify if the Requirement was Met** (use drop down menu in Column X).
4. For each answer submitted, add Qualifying Comments in Column Y, including about details or references to documents provided by the Applicant (see Column K)
5. Make a recommendation on Certification approval vs. denied based on the Applicant submission.
6. For any Applicants that do not receive approval for certification, send the gap analysis (separate sheet, generated from your Verification) back to the Applicant and to C2CPII.

2. CONDUCT DESKTOP REVIEW

a. Reviewer Access for Desktop Verification Tool

b. Evaluate Requirements Met

c. Outline Gaps (where present)

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2. CONDUCT DESKTOP REVIEW

c. Outline gaps (where present)

- Provide as much detail as possible to ensure the issues are clearly understood. As applicable, answer:
  Who? What? Why? Where? When? How?

- When an Applicant does not meet requirements for legal stipulations, cite specific reference

- Assessors should include comments to confirm if corrective actions are in progress vs. completed.

EXAMPLE: Comments for Requirements Not Met – WAGES

Assessor Response: No
Assessor Comment: It was noted that a rate of only 100% of the employee normal rate was paid to workers for all types of overtime hours.
Reference to Legal Requirements: In accordance with PRC Labor Law article 44, the overtime payment shall not be lower than 150%, 200% and 300% of employee normal rate for overtime on normal workdays, rest days and official public holidays respectively.

Comment about Corrective Action: This finding was noted in the audit report submitted by the Applicant and has not yet been remediated. The factory is on a 30-day plan for updated overtime pay, including for back-wages owed.

2. CONDUCT DESKTOP REVIEW

Supporting Documentation that may be submitted with Self-Assessment Tool

Applicant responsibility

- Applicants are required provide supporting evidence for answers in the Self-Assessment Tool.

- Recommended *Supporting Document List* is provided in User Guidance.

Assessor responsibility

- Assessors are required to review all documentation submitted.

- This is part of the reviewing / checking requirements are met.

Supporting Document List
(sample)

- ✓ Human Rights Policy
- ✓ Responsible Sourcing Standard
- ✓ Supplier Code of Conduct
- ✓ Employee Handbook / Internal policies
- ✓ Business License
- ✓ Business Conduct Guide
- ✓ Organizational chart / summary of responsible person for CSR
- ✓ Social compliance/ audit report
- ✓ Health & Safety report
- ✓ Certification (sustainability related)
- ✓ Employee training materials
- ✓ Grievance mechanism and handling procedure
- ✓ And many others...

3. GENERATE CERTIFICATION REPORT

a. Auto-generation of Certification Report

b. Requirement Gaps (where present)

4. OBTAIN APPROVAL FROM APPLICANT

Obtain approval from Applicant to provide Certification Report and supporting documents to C2CPII

a. **Applicant reviews** final Applicant Self-Assessment Tool, the Assessor's verification comments, and Certification Report

b. Applicant signs Submission Authorization Form

5. SUBMIT REPORT & AUTHORIZATION FORM TO C2CPII

Submit required documents for C2CPII review and approval

a. **The Assessor must submit the Social Fairness Certification Report and Authorization Form** to C2CPII along with all other certification application materials for the other program categories.

b. **C2CPII reviews the assessment report** to ensure completeness and accuracy after an Assessor has completed its review.

c. **C2PCII makes the final certification decision** and communicates this to the Applicant and Assessor.

SOCIAL FAIRNESS TOOLKIT

Tool	Purpose
Desktop Verification Tool *(password required)*	• Primary tool for Assessor to complete the verification process. • Assessor uses Reviewer Access button in Applicant Self Assessment Tool to access this tool. • Assessor must verify all answers and documentation submitted by the Applicant, and record all decisions for verification of individual requirements in this tool.
Documentation for Verification	• Embedded in the Self Assessment Tool / Desktop Verification Tool (see Column O of the tool). • Provides details about documentation and evidence required for Applicants to submit and for Assessors to review.
Certification Report *(password required)*	• Embedded in Desktop Verification Tool. For use by Assessor when verification process is complete. • The report is auto-generated based on Assessor completing the Desktop Verification Tool. • To be submitted to C2CPII for certification approval.
Certification Preparation Tools	• Tools that identify Applicant meets requirements for select standards • Provided for facility-level and corporate-level standards • For use by Applicant, where audit or verification reports may be submitted as primary documentation. Needs to be referenced by Assessor when this occurs. • Must be complemented by submission of Self Assessment Tool (no standards qualify for mutual recognition)
Guidance for Verification of Social Fairness Requirements	• Explanatory document that details expectations, process, and specific Assessor information needed for Assessors to verify Applicant self-assessment submission for certification. • To be used in complement to the Desktop Verification Tool.

Q&A – PARTICIPANT DISCUSSION

Defining Assessor Expectations

❑ What is the key difference between verification vs. audit?

❑ Do any of the Verification Steps need further explanation?

❑ Do you have questions about the Desktop Verification Tool?

→ *Remaining Social Fairness Toolkit materials will be shared at end of the trainings.*

including small update to Desktop Verification Tool – do not use the version shared on July 13 in the pilots.

MONITORING & VERIFICATION DEEP DIVE (SECTION 8.5)

SECTION 8.5 – KEY CONCEPTS

1. Qualified Parties

2. Requirements for performance data generation & verification

3. When Applicants use other standards to measure performance

4. Corrective action plans

SECTION 8.5 – KEY CONCEPTS

When Applicants submit their completed Self-Assessment Tool and supporting documentation for certification, they must include social performance data, per the requirements in Section 8.5.

There are two types qualified parties permitted to generate performance data for an Applicant:

Qualified 3rd Party Auditor: An individual employed by a third party social audit or social compliance firm, possessing valid social audit credentials such as certification from the Association of Professional Social Compliance Auditors (APSCA).

Qualified Internal Auditor: An individual employed directly by the Applicant, who must meet all of the following criteria:

- Employed in a dedicated social compliance auditor role

- Possess accepted social audit credentials (e.g. APSCA)

- 3 years of social auditing experience

SECTION 8.5 – KEY CONCEPTS

Who is permitted to generate performance data is based on the risk level where the Applicant's operations and suppliers are located (high vs. low risk locations are defined in Section 8.3)

Social Fairness Requirement

<div>Bronze Level</div>

For the **Applicant company and final manufacturing stage facilities**, measure performance against the human rights policy and confirm the completion of corrective actions associated with issues of high concern…

<div>Silver Level</div>

Request data measuring performance against the human rights policy from all **high-risk tier 1 suppliers**…

Bronze and Silver level Requirements for Performance Data Generation

Applicant Location type	Final manufacturing facility or tier 1 supplier location type	Permitted to generate data			
		Applicant	Supplier	Qualified internal auditor	Qualified 3rd party auditor
Applicant headquarters, low risk	n/a	x		x	x
	Applicant owned, low risk	x		x	x
	Applicant owned, high risk				x
	Contract supplier, low risk	x	x	x	x
	Contract supplier, high risk			x	x
Applicant headquarters, high risk	n/a				x
	Applicant owned, low risk				x
	Applicant owned, high risk				x
	Contract supplier, low risk		x	x	x
	Contract supplier, high risk			x	x

SECTION 8.5 – KEY CONCEPTS

When Applicants use other Standards to Measure Performance

Certifications / Industry Programs	Current Certifications and Programs (optional - if using a program below, please consult Certification Preparation Tools)			
	Has the standard been used in the past 12 months?	For certifications, list the Expiry Date (DD/MM/YYYY); For verification and audits, list the last 3rd party audit date		Qualifying Comments Include name of 3rd party assessment firm (if relevant)
		Certification	Audit	
B Corp Impact Assessment (BCorp Certification)	(Please Choose)			
Higg Brand & Retailer Module (Sustainable Apparel Coalition - SAC Higg BRM)	(Please Choose)			
Global Reporting Initiative Sustainability Reporting Disclosure Standards (GRI Universal Standards and relevant Social Standards)	(Please Choose)			
SA8000 (Social Accountability certification)	(Please Choose)			
Higg Facility Social & Labor Module V1.3 Social & Labor Convergence Program (SLCP Higg FSLM verification)	(Please Choose)			
Sedex Member Ethical Trade Audit (SMETA audits)	(Please Choose)			
Other, please add below	example: other certifications/ assessments relevant topics, industry programs such as ISO or BSCI			
Certifications / Industry Programs	Is it currently active?	Expiry Date (DD/MM/YYYY)		Qualifying Comments
	(Please Choose)			
	(Please Choose)			
Additional Comments:				

Percentage of Cradle to Cradle Certified requirements covered by facility level protocols (percentages are additive)

% Completed shows additive expectations per level	% of C2C Requirements covered by Protocol

C2C_Level	SMETA % Completed
Bronze	27%
Silver	35%
Gold	36%
Platinum	32%

C2C_Level	SA8000 % Completed
Bronze	80%
Silver	72%
Gold	69%
Platinum	64%

C2C_Level	SLCP % Completed
Bronze	48%
Silver	53%
Gold	49%
Platinum	49%

SECTION 8.5 – KEY CONCEPTS

Criteria for a Credible Corrective Action Plan (CAP)

- Reference to requirement

- Reference to local or national law violated (if relevant)

- Description of the issue/ non-compliance

- Supporting evidence

- Recommendation for improvement

   OR Agreed upon corrective action to take

- Perceived root cause (this could be based on cost, lack of awareness, management system failure, industry norm, physical site limitation, training deficit, government limitation, customer requirement or lack of oversight, etc.)

- Management comments

- Person responsible (assigned and identified)

- Specific Action / improvement plan

- Timeline for completion

- Management sign-off

Social Fairness Requirement

Bronze Level

For the Applicant company and final manufacturing stage facilities, measure performance against the human rights policy and <u>confirm the completion of corrective actions associated with issues of high concern</u>. For any other poor performance issues, plan corrective actions and at recertification, demonstrate progress on addressing the issues.

Silver Level

At recertification, demonstrate continued efforts to obtain performance data and evidenc<u>e of tracking corrective actions</u> that may be necessary at tier 1 supplier locations.

Sample Corrective Action Plan (CAP)

Date: _____   Signature: _____

Item	Non-compliance Finding	Recommendation	Action Taken	Person Responsible	Completion Date

Q&A – PARTICIPANT DISCUSSION

Section 8.5 – Key Concepts

❑ When is a Qualified Party required?

❑ What is the role of a Qualified Party vs. Assessor?

❑ What is required of an Assessor when an Applicant uses other standards?

❑ What makes a credible Corrective Action Plan?

SECTION 8.5 – VERIFICATION DETAILS

1. Section 8.5 Requirements

2. Issues of High Concern

3. Poor Performance Issues & Supplier Management

4. When social audit performance information is not available

5. Gold level requirements

Social Fairness Requirement   **Bronze Level**

For the Applicant company and final manufacturing stage facilities, **measure performance against the human rights policy** and confirm the completion of corrective actions associated with issues of high concern. For any other poor performance issues, plan corrective actions and at recertification, demonstrate progress on addressing the issues.

                                               Silver Level

Request data measuring performance against the human rights policy from all **high-risk tier 1 suppliers**. At recertification, demonstrate continued efforts to obtain performance data and evidence of tracking corrective actions that may be necessary at tier 1 supplier locations.

Social Fairness Requirement   **Gold Level**

For **components and raw materials** associated with high-risk of child labor, forced labor, or support of conflict, the Applicant must specify or certify to a C2CPII-recognized certification (if available) or equivalent, that includes performance requirements aligned with the human rights policy.

SECTION 8.5 – VERIFICATION DETAILS

REQUIREMENT: 2. If identified, the following issues of high concern must be resolved prior to certification or recertification	
Requirement details:	**Documentation for Verification**
a. Child labor,	Written copy of its age verification procedures; a description of training procedures for staff responsible for hiring; a review of randomly selected employee files to verify age was appropriately verified with a government issued ID.
b. Forced labor,	Sample size of employee contracts to show they include all legally required employment terms. Assessors will request at least 20% of contracts to be checked for facilities with under 100 workers; for facilities with more than 100 workers, at least 20 files must be checked.
c. Corruption/bribery,	Written policies and procedures that document its commitment to the anti-corruption and bribery process, including documented consequences for violating the policy. Copies of training content and training schedules to ensure all employees understand the policies and procedures. Existence of whistleblowing channels to support reporting issues.
d. Unauthorized subcontracting,	Written policies, procedures, and records that require disclosure and tracking of subcontractors to customers as part of the customer's approval process. Examples include emails to customers requesting permission to subcontract.
e. Missing or deficient permits	All valid permits required by local regulations. If there is a delayed permit due to longer governmental review periods, the Applicant must provide documentation verifying it has requested the permit.
f. Any immediate threat to life or safety (e.g. poor fire safety, structural safety hazard), and	Copies of past health & safety reports, preferably conducted by Internal Audit or 3rd party audit firm, to identify any type of health and safety violations. No indications of structural collapse, Emergency exist are unlocked, fire safety certificates are maintained, PPE is provided, licenses/ permits are up-to-date for specialized machinery and operators have required training, etc.
g. Denial of access to the facility, workers, or files.	Written policies that document its commitment to transparency and maintaining all appropriate documentation for review by its customers and/or qualified parties. Documentation of Applicant communication to business partners regarding these expectations.

SECTION 8.5 – VERIFICATION DETAILS

Bronze Level

Poor Performance Issues

- Applicants must plan corrective actions for other issues identified (other than issues of high concern)

- The Assessor must compare the poor performance issues to:
    - Risks identified in Section 8.3 – Risk Assessment
    - Other issues identified in Section 8.4 – Human Rights Policy

- At the Bronze Level, the Assessor must confirm a CAP is put in place for poor performance

SECTION 8.5 – VERIFICATION DETAILS

Silver Level

Supplier Management

- Evidence of supplier management is required at re-certification, including:

Requirement details:	Documentation for Verification
a. Encouraging suppliers to complete corrective actions,	Evidence of Applicant communication with high risk tier 1 supplier about the need to take corrective action on violations identified. This may be in the form of emails or other formal communication about CAP follow up.
b. Tracking whether timelines are adhered to, and	Evidence of timeline established and adhered to for corrective actions taken by high risk tier 1 suppliers.
c. Taking steps to suspend or terminate relationships with suppliers that fail to make progress on remediation.	Written policy or criteria for suspending or terminating relationships with suppliers that fail to make progress on remediation, and evidence of action taken when this situation has arisen. Evidence may include email communication about warnings, timelines, and update to contract terms to suspend or terminate relationships. If the Applicant takes actions in person – either in a phone call or face-to-face meeting with the supplier, the Applicant must document this interaction.

- The Assessor must verify progress of the Applicant on corrective action at the supplier level for Silver level certification.

- Because recertification takes place 2 years after initial certification, this warrants closure of a CAP and remediation achieved.

SECTION 8.5 – VERIFICATION DETAILS

When social audit performance information is not available

REQUIREMENT: Request data measuring performance against the human rights policy from all high-risk tier 1 suppliers. At recertification, demonstrate continued efforts to obtain performance data and evidence of tracking corrective actions that may be necessary at tier 1 supplier locations.	
Requirement details:	**Documentation for Verification**
2. If data are outdated or not available, the Applicant must arrange for a social audit to be conducted.	• Documentation that shows supplier has failed to provide requested data. • This could be email responses or other formal communication that confirms review of information provided resulted in inadequate or outdated information. • In this instance, the Applicant must also provide documentation indicating a social audit has been scheduled for the supplier.
7. At recertification, **progress must be demonstrated on requesting social audit data from additional high-risk suppliers**, if any, identified through the supplier risk assessment. For suppliers that continually fail to provide data, the Applicant must **take remedial actions (i.e. steps to suspend or terminate the relationship)** after a maximum of two years.	• At re-certification, Applicant must document progress on obtaining social audit data from suppliers. This may include copies of social audit reports or self-assessment questionnaires submitted by tier 1 high risk suppliers. • If data has not yet been received, Applicants must provide records of communication sent to suppliers requesting this information within a period of 2 years (within 1 certification cycle). • If the supplier fails to provide requested data in that timeframe, the Applicant is expected to take steps to suspend or terminate relationships and the Assessor must review evidence of such action being taken. • Applicant must provide written policy or criteria for suspending or terminating relationships with suppliers that fail to provide information requested, and evidence of action taken when this situation has arisen.

SECTION 8.5 – VERIFICATION DETAILS

REQUIREMENT: For components and raw materials associated with high-risk of child labor, forced labor, or support of conflict, the Applicant must specify or certify to a C2CPII-recognized certification (if available) or equivalent, that includes performance requirements aligned with the human rights policy.	
Requirement details:	Documentation for Verification
1. A C2CPII-recognized certification or an equivalent alternative to certification is required for all de facto high-risk components and raw materials subject to review (as defined for Material Health), if a C2CPII-recognized certification exists.	A valid C2CPII-regcognized certificate or an equivalent for all de facto high-risk components and raw materials subject for review. de facto high-risk is defined per the Gold level requirements in section 8.3.

Gold level Requirements for Performance Data Generation

High risk component or raw material category	Permitted to Generate Data
An applicable C2CPII-recognized certification is available	An auditor accredited or otherwise authorized per the relevant C2CPII-recognized certification, or A Qualified 3rd party Auditor (if the Applicant is employing an equivalent to certification)
An applicable C2CPII-recognized certification is not available	Applicant (see Gold level requirements for requirement detail.)

SECTION 8.5 – VERIFICATION DETAILS

REQUIREMENT: For components and raw materials associated with high-risk of child labor, forced labor, or support of conflict, the Applicant must specify or certify to a C2CPII-recognized certification (if available) or equivalent, that includes performance requirements aligned with the human rights policy.

Requirement details:	Documentation for Verification
1. A C2CPII-recognized certification or an equivalent alternative to certification is required for all de facto high-risk components and raw materials subject to review (as defined for Material Health), if a C2CPII-recognized certification exists.	A valid C2CPII-regcognized certificate or an equivalent for all de facto high-risk components and raw materials subject for review. de facto high-risk is defined per the Gold level requirements in section 8.3.
2. At recertification: If a C2CPII-recognized certification does not exist and the Applicant has not been able to institute an alternative, the Applicant must:	In the event recognized certification does not exist, provide a suitable alternative to be reviewed and/or provide documentation that the Applicant has undertaken a traceability exercise, established a plan for mitigating the negative human rights impact, and participated in a stakeholder initiative.
a. Undertake a traceability exercise with the goal of tracking the material from the direct supplier through all stages of processing to initial production or extraction,	A description of the traceability exercise, including supplier communication and results.
b. Establish how to mitigate the negative human rights impacts, and	A description of what is required to fully mitigate the negative human rights impacts identified, and plans for how the Applicant is working to mitigate those impacts. This may include reference to management decisions, management systems, responsible sourcing plans, and/ or corrective action plans.
c. Participate in a stakeholder initiative actively working to address the issues.	Membership details for the stakeholder initiative the Applicant is part of in lieu of having recognized certification. Provide link to public references to its membership status and a payment slip indicating its member dues are current.

Q&A – PARTICIPANT DISCUSSION

Section 8.5 – Verification Details

❑ Questions / comments about verification requirements for Issues of High Concern?

❑ Questions / comments about Poor Performance Issues/ Supplier Management?

❑ Questions / comments about when social audit performance information is not available?

❑ Questions / comments about Gold level requirements?

VERIFICATION IN PRACTICE: CASE STUDY EXAMPLES

CASE STUDY 1

Scenario:

- The Applicant is an apparel company based in Europe that produces T-shirts, pants, etc. and is applying for Bronze level.
- During the Verification, you see that the Applicant has identified a Tier 1 high risk supplier in the Ukraine. The supplier is a contract manufacturer.
- The audit report for the Ukrainian factory shows that workers are not being paid for overtime.

Relevant requirements:

Section 8.5 – Bronze level: 2b

FORCED LABOR (Issue of High Concern): Wage payments must be consistent with international standards and local laws, including stipulations for overtime to be paid on time, and at a premium.

Section 8.5 – Bronze level: 1e

Legal minimum wage and all legally mandated benefits including employer contributions for social security benefits and services,

How to Verify:

- Issues of high concern must be resolved prior to certification recommendation.
- Issue of High Concern remediation: Applicant must require the supplier pay wage repayment for overtime hours, and stipulate the timeline for doing so.
- Performance Improvement: Applicant must ensure the factory has a Corrective Action Plan in place. All legally required payroll documents, journals and reports must be available, complete, accurate and up-to date. These records should be maintained by employer for at least 12 months, or longer if required by law.

CASE STUDY 2

Scenario:
• The Applicant is a personal care company in a Western European country that produces soaps, lotions, and cosmetics. It is applying for Silver level re-certification.
• During the Verification, you see that the Applicant has submitted a 3rd party audit report as part of its primary documentation. The audit report shows there was a finding of discrimination against workers in one of its factories.
• The audit report does not contain a Corrective Action Plan and the Applicant says it has not made progress with the supplier on remediating the problem.

Relevant requirements:

Section 8.5 – Silver level: 1a

Discrimination (Performance Data for issues in the Human Rights Policy): Employees must have equal opportunity for promotion, training, termination and retirement based on their ability and not on personal characteristics and beliefs.

Section 8.5 – Silver level: 8a-c

The Applicant must demonstrate progress on: encouraging suppliers to complete corrective actions, tracking whether timelines are adhered to, taking steps to suspend or terminate relationships with suppliers that fail to make progress on remediation.

How to Verify:

• Performance improvement at recertification requires supplier management.

• Omission of CAP and remediation prohibits certification.

Q&A – PARTICIPANT DISCUSSION

Questions on Case Studies?

CONCLUSION

NEXT STEPS

Our last training module – tomorrow!

July 16: Module 4 – Beyond Compliance

ELEVATE