CRADLE TO CRADLE CERTIFIED™
PRODUCT STANDARD, DRAFT VERSION 4

USER GUIDANCE FOR SOCIAL FAIRNESS REQUIREMENTS

DRAFT

August 2020

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8.0 Social Fairness Toolkit

Multiple tools have been developed to support Applicants and Assessors in completing the Social Fairness requirements, and respective verification process. The list of tools included, and applicability for different audiences and use, are as follows.

In each section of this User Guidance, the specific Social Fairness *requirements* and details of the *Documentation Required for Verification* are excerpted from the *Applicant Self-Assessment Tool*, so Applicants have all of this information in one place when reading the User Guidance.

In addition, a *Common Documents List* has been developed as possible information that an Applicant may provide as supporting evidence for its application submission. All supporting evidence must complement answers in the *Applicant Self-Assessment Tool*.

Tool:	Purpose:	Applicable For:	
		Applicant	Assessor
Cradle to Cradle Certified Standard, Version 4	Defines the Social Fairness requirements for certification.	X	X
User Guidance *(this document)*	Explanatory document that provides information needed to implement the standard requirements. Primarily a resource for Applicants; may be useful to Assessors to understand Social Fairness requirements.	X	
Self-Assessment Tool	Tool to be filled out by all Applicants and submitted for certification, along with supporting evidence and documentation referenced in this tool.	X	
Desktop Verification Tool *(password required)*	Primary tool for Assessor to complete the verification process. Assessor uses *Reviewer Access* button in Self-Assessment Tool, submitted by the Applicant, to access this tool. Assessors must verify all answers and documentation submitted by the Applicant, and record all decisions for verification of individual requirements in this tool.		X
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.	X	X
Certification Report *(password required)*	Embedded in Desktop Verification Tool. For use by Assessor when verification for all requirements is complete. The report is auto generated based on Assessor filling in the Desktop Verification Tool. To be submitted to C2CPII for certification approval.		X

Guidance for Verification of Draft v4 Social Fairness Requirements	Explanatory document that details expectations, process, and specific Assessor information needed to verify Applicant self-assessment submission for certification. To be used in complement to the Desktop Verification Tool.		X
Certification Preparation Tool for facility-level standards*	Tool that identifies requirements met for select facility-level standards (SLCP, SA8000, SMETA), based on analysis of individual standard vs. Cradle to Cradle Certified requirements. Applicants are permitted to submit their verification or audit reports as primary documentation for certification. The tool identifies remaining Cradle to Cradle Certified requirements that are not covered by the select standard and are required for completion in the Self-Assessment Tool for certification. The Applicant must identify any non-compliances in their verification or audit reports that are submitted as primary documentation for Cradle to Cradle certified requirements, and provide details about corrective action. Assessors must reference this tool when verifying applications that utilize the selected facility-level standard. Assessors are expected to verify non-compliance information provided in Applicant documentation from audit reports, in addition to details in the Self-Assessment Tool and related information submitted.	X	X
Certification Preparation Tool for corporate-level standards*	Guidance for Applicants that utilize select corporate-level standards (GRI, B Corp, Higg BRM) to understand how those standards relate to Cradle to Cradle Certified requirements. Applicants using corporate-level standards are required to fill out the Self-Assessment Tool in its entirety. Assessors may find the gap analysis table in this resource helpful for evaluating documentation provided by Applicants.	X	

*Note: several corporate-level and facility-level standards have been mapped against Cradle to Cradle Certified to compare requirements, but **none of these standards are mutually accepted in lieu of the Cradle to Cradle Certified Social Fairness requirements.** The Certification Preparation Tools provide guidance to Applicants on how to utilize their existing certification, audit, and/or verification reports as inputs for their certification application. More details are provided for Applicants in the distinct tools and User Guidance. Assessors may also want to review these materials, as they must review all certification, audit, and/or verification reports submitted by Applicants to verify Cradle to Cradle Certified requirements have been met.*

8.1 Category Intent

Applicant companies are committed to upholding human rights and applying fair and equitable business practices to all stakeholders.

8.2 Requirements Summary

To achieve a desired level within the category, the requirements at all lower levels must also be met.

Bronze	Human rights risks are assessed for the Applicant company, final manufacturing stage, and direct supplier to the final manufacturing stage (tier 1). Progress is made on assessing risks beyond tier 1 (i.e. tier 2 and beyond).
	A human rights policy based on international human rights standards and an understanding of the company's risk areas is in place, and a strategy for implementing the policy has been developed.
	For the Applicant company and final manufacturing stage facilities, performance against the human rights policy is measured and corrective actions for select issues (e.g. child labor, forced labor) are complete. Corrective actions are planned for any other poor performance issues and at recertification, progress is demonstrated.
	Company executives demonstrate commitment and support for establishing, promoting, maintaining, and improving a culture of social fairness.
Silver	Social audit performance data are requested from tier 1 suppliers in high-risk locations. At recertification, progress is made on supply chain data collection and corrective actions if needed.
	Performance data are analyzed to measure progress towards achieving the strategy.
	Management systems support the implementation and oversight of the human rights policy within company operations.
	A grievance mechanism permits company employees and other stakeholders to obtain redress for negative human rights impacts.
	The company has implemented a positive social impact project that measurably improves the lives of employees, the local community, or a social aspect of the value chain.
Gold	Human rights risks are assessed for the product's components and raw materials (regardless of tier).
	Materials associated with high-risk of child or forced labor or support of conflict are certified to a C2CPII recognized certification program or an equivalent alternative is in place. If a certification program is not available, a traceability exercise is conducted upon recertification.
	Responsible sourcing management systems support the implementation and oversight of the policy within the product's supply chain.
	A grievance mechanism permits contract manufacturer employees and other stakeholders to obtain redress for negative human rights impacts.
	An assessment has been conducted to determine the impact of the positive impact project using quantitative metric(s). Measurable progress is demonstrated at recertification.
	The company uses open and transparent governance and reporting that incorporates stakeholder engagement. Stakeholder feedback informs strategy and operations.
Platinum	The company is collaborating to develop and scale solutions to an intractable social issue within the value chain of the product.
	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.

8.3 Assessing Risks & Opportunities

Intended Outcome (s):
Opportunities for improvement are identified and understood as a result of an assessment of human rights risks.

Applicable Achievement Level(s):
Bronze and Gold

Requirements:

Bronze

Bronze level:
- Assess human rights risks and identify opportunities for improvement for the Applicant company, including all final manufacturing stage facilities, and tier 1 suppliers. (Note: tier 1 suppliers are defined as suppliers to the final manufacturing stage, including in cases where the Applicant is using contract manufacturing.)
- Demonstrate ongoing efforts to improve visibility and assess risks within the certified product's supply chain (i.e. beyond tier 1).

Bronze Requirement Detail	Documentation Required for Verification
1. A company level risk assessment based on conducting desk research, at a minimum, to identify:	"Company-level" risk assessment means that the Applicant must conduct the risk assessment for its operations and value chain, which includes risks associated with the certified product and final manufacturing, product supply chain and product cycling Provide a description of the company-level risk assessment that demonstrates the risk assessment meets requirements a-b below, including the defined scope of what areas of operations and value chain were included. If this is defined in the company's Sustainability Report, website, Human Rights Report, or Modern Slavery Act, provide a link to where this information is disclosed publicly. If the Applicant has a subscription to a risk tool and/or contracted a consultant to conduct the assessment, provide a description of the tool/ service provider used to conduct the risk assessment and a link to their website.
a. Known and likely human rights risks associated with the Applicant company's own operations, final manufacturing stage facilities, the product's supply chain, product cycling, relevant communities, potentially affected groups, and other relevant stakeholders.	A list of human rights risks identified by the Applicant, taking into consideration the Applicant's operations and product manufacturing, including particular value chain product cycling stage taking into account potential impact on stakeholders. The Applicant must identify which human rights risks have been identified as part of or included in the risk assessment process.
b. Well-known risks associated with the Applicant's industry/sector and country(ies) of operation.	A list of the Applicant's headquarters and final manufacturing stage location(s) (country), and identification if the locations are in high risk countries. Identification of well-known risks associated with the Applicant industry/sector and country(ies) of operation.
2. A tier 1 supplier risk assessment based on knowledge of supplier industry/sector and locations to identify high-risk supplier facilities including those in: Note: tier 1 suppliers in scope for this portion of the risk assessment are direct suppliers to the final manufacturing stage of the certified product(s).	A list of the Applicant's tier 1 supplier(s) by location and industry/sector, and identification if the locations are in high risk countries. A description of the tier 1 risk assessment that demonstrates the risk assessment meets criteria a-c, including the defined scope of what areas of operations and value chain were included. If this is defined in the company's Sustainability Report, website, Human Rights Report, or Modern Slavery Act, provide a link to where this information is disclosed publicly. If the Applicant has a subscription to a risk tool and/or contracted a consultant to conduct the assessment for tier 1 suppliers, provide a description of the tool/ service provider used to conduct the risk assessment and a link to their website.

a. Industries/sectors associated with a high-risk of human rights violations or other negative human rights impacts,	A list of industries and sectors that the Applicant operates in or sources from, which includes high-risks of human rights violations based on the risk assessment.
b. Locations that are reputed to have conflict, corruption, widespread human rights violations, and/or weak governance.	A list of countries where the Applicant's tier 1 suppliers operate that are reputed to have conflict, corruption, widespread human rights violations, and/or weak governance based on the risk assessment.
c. De facto high-risk locations, defined as countries that fall below the 65% percentile when taking an average of the six World Bank Worldwide Governance Indicators.	A list of countries the Applicant sources from in tier 1 that fall below the 65% percentile when taking an average of the six Bank Worldwide Governance Indicators.
3. Identification of human rights due diligence best practices to address the risks.	A description of activities that the Applicant has identified, is planning, or already has put in place to address risks identified, such as the Applicant's efforts to prevent and mitigate the risks, track the effectiveness of remediating the risks, or communicating results from these activities. The Applicant must provide this documentation for all components of human rights due diligence (HRDD): a) assessing risks (covered by answers to #1 and 2 above); b) managing risks/ impacts; c) tracking effectiveness; d) communicating at the company-level, final manufacturing stage, and tier 1 level (per requirements #1 and #2 above). If the Applicant has engaged a third party to identify HRDD best practices, provide the name and a link to its website.
4. Information regarding the impact and importance of identified risks as defined by affected stakeholders, including employees of the Applicant company.	A description of the impact and importance of identified risks, which has been informed by potentially affected stakeholders and/or their representatives at the company-level, final manufacturing stage, and tier 1 level (per requirements #1 and #2 above). A list of stakeholders, including specific names of organizations and/or people engaged, must be provided. If the Applicant has relied on publicly available information to understand how affected stakeholders are identifying the impact and importance of risks, the Applicant must provide references to these reports and other information.
5. Prioritization of the risks and opportunities for improvement identified. At a minimum, the following must be prioritized:	A list of prioritized risks and opportunities for improvement at the company-level, final manufacturing stage, and tier 1 level (per requirements #1 and #2 above), with a description of how they were prioritized that fully meets a-c outlined below. If the Applicant has a subscription to a risk tool and/or contracted a consultant to inform its prioritization analysis, provide a description of the tool/ service provider used and a link to their website.
a. Well-known industry risks,	Identification of which human rights risks have been prioritized because they are associated with well-known industry risks associated with the Applicants' activities and/or products.
b. Human rights violations, and	Identification of which human rights risks have been prioritized because of human rights violations associated with the Applicants' activities and/or products. Provide a record of violations in management documentation, internal audit reports or third-party audits.
c. Issues where the Applicant has substantial leverage to make improvements.	Identification of which human rights risks have been prioritized based on where the Applicant has substantial leverage, or the ability to use its influence, to make improvements. The Applicant must explain (and quantify where possible) its leverage, which may be related to unique influence on issues within the industry it already operates within, geographies where it has a large presence, purchasing power (e.g. order volume), or collaboration with other companies that are together working to actively address the identified risk/ impact.
6. Testing the results of the assessment with internal audience(s) to validate the outcome	Description of the process to review the human rights risk assessment internally, with supporting documents used in the review. Supporting documents may include meeting agendas, list of meeting attendees, results of employee surveys, or any internal governance documents that outline the process for reviewing risk assessments conducted.
7. A tier 2 supplier risk assessment (and eventually beyond tier 2) based on knowledge of supplier industry/sector and locations to identify high-risk supplier facilities including those in:	Description of activities the Applicant is taking to further map its supply chain beyond tier 1, including tier 2 supplier mapping. This description must demonstrate the risk assessment meets criteria a-c. If this is defined in the company's Sustainability Report, website, Human Rights Report, or Modern Slavery Act, provide a link to where this information is disclosed publicly. Examples of how an Applicant may further compile information in the supply chain include providing a copy of supplier questionnaires or assessments used, membership to any type of certification program that includes product traceability within its supply chain, etc. If a certification is used, the Applicant must provide the certification documents and relevant product details eligible for certification. For the initial application at the Bronze level, the Applicant must identify and list if tier 2 supplier(s) locations that are in high risk sectors or locations, including a list of specific countries as part of the tier 2 supplier risk assessment. If the Applicant provides a partial list of suppliers, it must be accompanied by information that explains the threshold for the list provided. This could include explanation about

	prioritization based on severity of risk country data, or as related to knowledge of suppliers from data collection for the Material Health inventory requirements. If the Applicant has a subscription to a risk tool and/or contracted a consultant to conduct the assessment for tier 2 suppliers, provide a description of the tool/ service provider used to conduct the risk assessment and a link to their website.
8. Identification of human rights due diligence best practices to address risks beyond tier 1.	A description of activities that the Applicant has identified, is planning, or already has put in place to address risks identified beyond tier 1, such as the Applicant's efforts to prevent and mitigate the risks, track the effectiveness of remediating the risks, or communicating results from these activities. The Applicant must provide this documentation for all components of human rights due diligence (HRDD): a) assessing risks (covered by answers to #1 and 2 above); b) managing risks/ impacts; c) tracking effectiveness; d) communicating. If the Applicant has engaged a third party to identify HRDD best practices, provide the name and a link to its website.
9. Information regarding the impact and importance of identified risks beyond tier 1, as defined by affected stakeholders, including employees of the Applicant company.	A description of the impact and importance of identified risks, which has been informed by potentially affected stakeholders and/or their representatives. A list of stakeholders, including specific names of organizations and/or people engaged, must be provided. If the Applicant has relied on publicly available information to understand how affected stakeholders are identifying the impact and importance of risks, the Applicant must provide references to these reports and other information.
10. Prioritization of the risks and opportunities beyond tier 1 for improvement identified. At a minimum, the following must be prioritized:	A list of prioritized risks and opportunities for improvement, with a description of how they were prioritized that fully meets a-c outlined below. If the Applicant has a subscription to a risk tool and/or contracted a consultant to inform its prioritization analysis, provide a description of the tool/ service provider used and a link to their website.
a. Well-known industry risks,	Identification of which human rights risks associated with product manufacturing beyond tier 1 that have been prioritized because they are associated with well-known industry risks associated with the Applicants' activities and/or products.
b. Human rights violations, and	Identification of which human rights risks associated with product manufacturing beyond tier 1 that have been prioritized because of human rights violations associated with the Applicants' activities and/or products. Provide a record of violations in management documentation, internal audit reports or third-party audits.
c. Issues where the Applicant has substantial leverage to make improvements.	Identification of which human rights risks associated with product manufacturing beyond tier 1 that have been prioritized based on where the Applicant has substantial leverage, or the ability to use its influence, to make improvements. The Applicant must explain (and quantify where possible) its leverage, which may be related to unique influence on issues within the industry it already operates within, geographies where it has a large presence, purchasing power (e.g. order volume), or collaboration with other companies that are together working to actively address the identified risk/ impact.
11. Testing the results of the assessment beyond tier 1 with internal audience(s) to validate the outcome.	Description of the process to review the human rights risk assessment internally for risks identified beyond tier 1, with supporting documents used in the review. Supporting documents may include meeting agendas, list of meeting attendees, results of employee surveys, or any internal governance documents that outline the process for reviewing risk assessments conducted.
12. For supplier locations that have not yet been identified, if there is a chance that the location is high-risk, then it must be considered de facto high-risk until shown otherwise.	Where supplier locations have not yet been identified, provide evidence of how the Applicant is determining and further investigating this information. This might include utilizing knowledge of materials sourced that are known to pose higher risks to workers. Applicants will be expected to treat suppliers with unknown locations as high risk in supplier risk assessment processes, and provide evidence of specified investigation and results before re-certification.
13. Identification of the locations of these potentially high-risk suppliers must be prioritized.	Description of how the Applicant is prioritizing the identification of supplier locations for potentially high-risk suppliers.
14. For recertification, demonstrate ongoing efforts to improve visibility and assess risks within the product's supply chain based on increasing knowledge of supplier industry/sector(s) and location(s) and progress made compared to the previous application.	Any documentation demonstrating the Applicant is taking action to further map the certified product's supply chain, compared to the previous certification cycle. If this is defined in the company's Sustainability Report, website, Human Rights Report, or Modern Slavery Act, provide a link to where this information is disclosed publicly.

Guidance:

Bronze

At the Bronze level, the Applicant must conduct a risk assessment at the company level, final manufacturing stage, and for tier 1 suppliers in high-risk locations. Applicants must also conduct a risk assessment for tier 2 (and eventually beyond tier 2) suppliers based on knowledge of supplier industry/sector and locations to identify high-risk supplier facilities; the goal is for the Applicant to eventually identify all supplier locations throughout the supply chain.

Defining Human Rights Risk Assessment

Internationally recognized human rights are defined in the International Bill of Human Rights (which includes the Universal Declaration of Human Rights, codified through the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights), as well as the eight ILO Core Conventions set out in the Declaration on Fundamental Principles and Rights at Work. More information about the issues is contained in Section 8.4 for this User Guidance.

Human rights risks identified by Applicants can include those issues identified in Section 8.4 of the Cradle to Cradle v4 standard but are not limited to this list of issues. Additional risks must be identified as related to the Applicant's sector and processes, including risks that may be identified by potentially affected groups or other stakeholders. In alignment with the UN Guiding Principles on Business and Human Rights (UNGPs), human rights risks should focus on the actual and potential negative impacts of business on individual human rights, and focus on risk to people. Risk to people means a focus on the impacts a business can have on employees, workers in the value chain, local communities, consumers, and it includes vulnerable and "hard to see" populations such as women, minorities, migrants, and others. It is important to note that risk to people is the primary focus on a human rights risk assessment, although increasingly risk to people and risk to business are aligned.

The UNGPs and related Interpretive Guide state that risks identified are expected to include both actual and potential impacts of company operations on human rights, which can occur within the company's own operations or throughout the value chain. These same requirements apply to the risk assessment that Applicants must complete in Section 8.3. For the purposes of Cradle to Cradle Certified, "Company-level" risk assessment means that the Applicant must conduct the risk assessment for its operations and value chain, which includes risks associated with the certified product and final manufacturing, product supply chain and product cycling. This is why Section 8.3 contains risk assessment requirements at the company, final manufacturing stage, tier 1, beyond tier 1, and at the component and raw material levels.

The risk assessment may be conducted based purely on desk research. It is expected that information be obtained from a variety of information sources. These may include government, private, academic, and civil society sources. Best practice includes risk inputs that include geographic, geo-political, issue-based, emerging topics, stakeholder-informed, and both quantitative and qualitative resources. Examples include the Walk Free Foundation Global Slavery Index, UN Human Development Index, ILO Fatal Injuries Index, Transparency International Corruption Perceptions Index, World Bank Rule of Law Index, among other resources. Applicants can also utilize databases and/or other information sources in combination with supplier location data, such as Maplecroft, Social Hotspots Database, ELEVATE EiQ, Intertek Inlight, or British Standards Institution SCREEN, among others.

The results of the company-level risk assessment must identify specific issues. If a risk assessment fails to identify any issues and is submitted for certification, it will not be accepted. If the Applicant concludes that there is not a single issue of high importance to employees or stakeholders, the Applicant will be required, at a minimum, to examine more thoroughly the employment and community issues in the headquarters location.

Identification of High Risk Locations

Cradle to Cradle Certified requires that Applicants identify and list the locations of its own operations and

suppliers. The purpose is to identify if any of these locations are high risk countries. The standard focuses on locations that are high risk to prioritize action, measurement, and management of risks identified in Section 8.3 and 8.5.

Identification of High Risk Locations

Cradle to Cradle Certified's approach for identifying de facto high-risk locations is based on the Social Accountability International (SAI) method of identifying locations that require enhanced auditing procedures which is in turn based on the World Bank's Worldwide Governance Indicators. SAI indicates a set of locations that are considered highest and high risk which are in turn considered de facto high risk for Cradle to Cradle Certified. The most recent version of the SAI lists are provided below, but if more recent data are available from the World Bank, those may be used to override the SAI designations. Additional data may be considered – see resources and databases listed above for risk assessment inputs.

SAI list: http://www.saasaccreditation.org/countryriskassessment
World Bank Worldwide Governance Indicators: https://info.worldbank.org/governance/wgi/#home

At the time of writing this guidance (April 2020), the following locations were considered de facto high risk (i.e. highest and high risk based on the SAI (2015) list):

Highest Risk Countries: Afghanistan, Algeria, Angola, Azerbaijan, Bangladesh, Belarus, Bolivia, Burundi, Cambodia, Cameroon, Central African Republic (CAR), Chad, Comoros, Congo, Cook Islands, Cote D'Ivoire, Democratic Republic of the Congo (DRC), Djibouti, Ecuador, Egypt, Equatorial Guinea, Eritrea, Ethiopia, Fiji, Gabon, Gambia, Guatemala, Guinea, Guinea-Bissau, Haiti, Honduras, Iran, Iraq, Kazakhstan, Kenya, Kosovo, Kyrgyzstan, Laos, Lebanon, Liberia, Libya, Madagascar, Mauritania, Myanmar, Nepal, Nicaragua, Niger, Nigeria, North Korea, Pakistan, Papua New Guinea, Paraguay, Philippines, Russia, Sierra Leone, Solomon Islands, Somalia, Sudan, Syria, Tajikistan, Timor-Leste, Togo, Turkmenistan, Uganda, Ukraine, Uzbekistan, Venezuela, Vietnam, Yemen, Zimbabwe

High Risk Countries: Albania, Argentina, Armenia, Bahrain, Belize, Benin, Bhutan, Bosnia-Herzegovina, Brazil, Bulgaria, Burkina Faso, China, Colombia, Croatia, Cuba, Dominican Republic, El Salvador, Georgia, Ghana, Greece, Guyana, India, Indonesia, Jamaica, Jordan, Kiribati, Kuwait, Lesotho, Macedonia, Malawi, Malaysia, Maldives, Mali, Marshall Islands, Mexico, Micronesia, Moldova, Mongolia, Montenegro, Morocco, Mozambique, Namibia, Nauru, New Caledonia, Niue, Oman, Palau, Panama, Peru, Romania, Rwanda, Saint Vincent and the Grenadines, Samoa, Sao Tome & Principe, Saudi Arabia, Senegal, Serbia, Seychelles, South Africa, Sri Lanka, Suriname, Swaziland, Tanzania, Thailand, Tonga, Trinidad and Tobago, Tunisia, Turkey, Tuvalu, United Arab Emirates, Vanuatu, West Bank Gaza, Zambia

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Human Rights Due Diligence

Human Rights Due Diligence (HRDD) is an expectation defined in the UNGPs, and is relevant for all business entities (including companies, small and medium enterprises, agents, licensees, all types of suppliers, etc.).

To demonstrate the Applicant has met requirements for identifying HRDD practices to address the risks identified, the Applicant must provide a description of activities that it is planning or already has put in place, such as the Applicant's efforts to prevent and mitigate the risks, track the effectiveness of remediating the risks, or communicating results from these activities. The UNGPs define human rights

due diligence (HRDD) as a) assessing risks; b) managing risks/ impacts; c) tracking effectiveness; d) communicating.

These terms are underlie a business's approach to respecting human rights. The Assessor will review the Applicant's submission based on the following:

a) Assessing risks –answers to requirements #1 and 2 in the Self-Assessment Tool satisfy the first component of HRDD (risk assessment) at the company-level, final manufacturing stage, and tier 1. For the risk assessment beyond tier 1, answers to requirements #1 and 7 satisfy this aspect.

b) Managing risks/ impacts – the Applicant must identify actions planned or remediation taken, including internal progress reports, communications with affected parties and other staff, photos or training sessions.

c) Tracking effectiveness – the Applicant is expected to define metrics and/or milestones that it will use, or is already using, to track progress of the action plan and reporting against activities. This may include project plans, internal documents, meeting minutes, external reports or documents like sustainability reports, modern slavery act statements, human rights impacts or web site content. Tracking effectiveness primarily focuses on effectiveness of actions taken, rather than the existence of KPIs.

d) Communicating – the Applicant must provide documentation of its plans for, or existing, internal and external communication. Internal communication may include email communications, meeting agendas, notes and presentations, internal training session materials. External communication may include email communications with suppliers or active contributions to industry initiatives; meeting agendas, notes and presentations; or formal statements like Modern Slavery Act Statements, Corporate Social Responsibility Reports, etc.

Cradle to Cradle Certified requires the results of this risk assessment must (at a minimum) be tested with internal audiences. It is good practice to also test the results of risk assessment with external stakeholders. The UNGPs expect that businesses engage with affected stakeholders and/or their representatives. The following definitions are provided. The Applicant must provide names of stakeholders and/or stakeholder groups to demonstrate evidence of engagement(s) conducted.

- **Affected stakeholders** can include employees, contract workers, workers in the supply chain, and community members or groups located where the Applicant operates in or its products are produced. Stakeholder representatives are groups that represent affected persons, which can include unions, employee or worker committees and community groups. Affected stakeholders can be either internal or external stakeholders.
- **Internal stakeholders** are typically anyone employed directly by the company and contract employees.
- **External stakeholders** can include suppliers, communities, buyers, investors, civil society organizations, customers, and end-users of products.

The Applicant must provide a list of stakeholders, including specific names of organizations and/or people engaged (per Documentation for Verification in the table above and in the Self-Assessment Tool). If the Applicant has relied on publicly available information to understand how affected stakeholders are identifying the impact and importance of risks, the Applicant must provide references to these reports and other information.

Prioritization of Risks and Opportunities

The UNGPs expect an organization review all potential impacts for the company and throughout its business relationships primarily based on **severity**. Severity is defined by how grave, widespread, or difficult for remedy the impact would be: "Severity of impacts will be judged by their scale, scope, and irremediable character." The Interpretive Guide further explains: "This means that its gravity and the number of individuals that are or will be affected (for instance, from the delayed effects of environmental harm) will both be relevant considerations. "Irremediability" is the third relevant factor, used here to mean any limits on the ability to restore those affected to a situation at least the same as, or equivalent to, their situation before the adverse impact."

Prioritization as defined by the UNGPs is recommended to Applicants, as guidance for how to meet Bronze requirement #5. The UN Guiding Principles Reporting Framework provides further guidance.

How should a company identify its salient human rights issues:
(i.e. What are the human rights at risk of the most severe negative impact through the company's activities and business relationships)?

An understanding of a company's salient human rights issues is built on a process by which the company:

- identifies the full range of human rights that could potentially be negatively impacted by its activities or through its business relationships:
    - involving all relevant functions and units across the business;
    - informed by the perspectives of those who may be negatively impacted;
- prioritizes potential negative impacts for attention:
    - primarily based on their potential severity, as defined in the UN Guiding Principles, namely:
        - how grave the impact would be;
        - how widespread the impact would be;
        - how hard it would be to put right the resulting harm;
    - secondarily based on their likelihood, retaining due attention to high-severity, low-likelihood impacts;
- engages with internal and external stakeholders to explain its conclusions and check whether any considerations have been missed.

Source: UN Guiding Principles Reporting Framework

Ongoing Efforts to Improve Visibility and Assess Risks in the Supply Chain

Applicants are expected to improve visibility and risk assessment of an increasing number of suppliers within the certified product's supply chain for each certification level, and upon renewal Applicants must demonstrate deeper visibility and risk assessment. Applicants are also expected to further their risk assessment to improve visibility within the product's supply chain based on increasing knowledge of tier 2 (and eventually beyond tier 2) supplier industry/sector(s) and location(s). This means that Cradle to Cradle Certified requires ongoing efforts for an Applicant to show they are making progress on supply chain mapping and risk assessment, including at each renewal and certification achievement level, until the Applicant has mapped its entire supply chain, to the degree possible.

The Applicant is expected to identify and list if tier 2 supplier(s) locations that are in high risk sectors or locations, including a list of specific countries as part of the tier 2 supplier risk assessment in Bronze requirement #7. Per the *Documentation Required for Verification* in the table above and *Self-Assessment*

Tool, the Applicant is permitted to be approved for Bronze level if the Applicant provides a partial list of suppliers; in this case, the partial list provided by the Applicant must be accompanied by information that explains the threshold for the list provided – which could include explanation about prioritization based on severity of risk country data, or as related to knowledge of suppliers from data collection for the Material Health inventory requirements. It is important that the Applicant provide context about the partial listing of tier 2 information because at re-certification the Applicant will be expected to have expanded upon the baseline submitted with the initial certification application

An Applicant's risk assessment must be updated at each recertification (i.e. every two years), and the results must be used to determine if any changes to the policy, policy implementation, or risk assessment are needed. This might be the result of emerging issues that have arisen since the policy was created or last risk assessment was conducted. For supply chain risks, the Applicant must review at a minimum if its supplier locations have changed, and if so then risk assessment for those suppliers must be updated. In addition, if updates have been made to the data sources used, then it will also be necessary to update the results (e.g. the US Department of Labor reference required for identifying materials associated with a high risk of child labor or forced labor at the Gold level is updated every year).

References for guidance on how to identify, assess the impact and importance of, and prioritize, human rights risks:

Guiding Principles on Business and Human Rights (United Nations, 2011)
The Corporate Responsibility to Respect Human Rights - An Interpretive Guide (United Nations, 2012)
UN Guiding Principles Reporting Framework with Implementation Guidance (Shift and Mazars, 2015)
UN Guiding Principles Assurance Guidance (Shift and Mazars, 2017)
OECD Due Diligence Guidance for Responsible Business Conduct (OECD, 2018)
Human Rights Due Diligence in High Risk Circumstances: Practical Strategies for Businesses (Shift, March 2015)

Requirements:

Gold

Gold level: Assess human rights risks and identify opportunities for improvement associated with the product's components and raw materials (regardless of supply chain tier).

Gold Requirement Detail	Documentation Required for Verification
1. For the Gold level, high-risk components and raw materials must be identified, including the following de facto high risk items:	N/A
a. Materials and components from source countries where there is reason to believe that child labor or forced labor is involved, and	A list of materials and components from source countries where there is reason to believe that child and/or forced labor is involved. This must include the source documents and/or process used to assess child and forced labor risks, including required use of the U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor. The Applicant may also use other source documents such as the Global Slavery Index or other relevant public resources. If the Applicant has a subscription to a risk tool and/or contracted a consultant to conduct the assessment, provide a description of the tool/ service provider used to conduct the risk assessment and a link to their website.
b. Tin, tantalum, tungsten, and gold from conflict-affected and high-risk areas.	A list of materials and components that include tin, tantalum, tungsten and gold. A description of how the Applicant verifies and/or requires its manufacturers and suppliers verify that no product is sourced from conflict-affected and high-risk areas. This could include communication and/or training that the Applicant provides to suppliers,

	and/or communication from the supplier to the Applicant to show evidence of supplier verification activities.
2. If new risks are identified, #3-6 for Bronze also apply.	List of new risks identified in ongoing efforts to improve visibility for the Applicant's product components and raw materials.
FOR NEW RISKS IDENTIFIED AT GOLD LEVEL:	N/A
3. Identification of human rights due diligence best practices to address the risks.	A description of activities that the Applicant has identified, is planning, or already has put in place to address risks identified, such as the Applicant's efforts to prevent and mitigate the risks, track the effectiveness of remediating the risks, or communicating results from these activities. The Applicant must provide this documentation for all components of human rights due diligence (HRDD): a) assessing risks (covered by answers to #1 and 2 above); b) managing risks/ impacts; c) tracking effectiveness; d) communicating. If the Applicant has engaged a third party to identify HRDD best practices, provide the name and a link to its website.
4. Information regarding the impact and importance of identified risks as defined by affected stakeholders, including employees of the Applicant company.	A description of the impact and importance of new risks identified related to product components or raw materials, which has been informed by affected stakeholders and/or their representatives. Include a list of stakeholders engaged.
5. Prioritization of the risks and opportunities for improvement identified. At a minimum, the following must be prioritized:	A list of how the new risks identified are prioritized for product components and raw materials, and description of opportunities for improvement that fully meets a -c outlined below. If the Applicant has a subscription to a risk tool and/or contracted a consultant to inform its prioritization analysis, provide a description of the tool/ service provider used and a link to their website.
a. Well-known industry risks,	Identification of which new human rights risks relevant to product components and raw materials have been prioritized because they are associated with well-known industry risks associated with the Applicants' activities and/or products.
b. Human rights violations, and	Identification of which human rights risks have been prioritized because of human rights violations associated with the Applicants' product components or raw materials. Provide a record of violations in management documentation, internal audit reports or third-party audits.
c. Issues where the Applicant has substantial leverage to make improvements.	Identification of which human rights risks relevant to product components and raw materials have been prioritized based on where the Applicant has substantial leverage, or the ability to use its influence, to make improvements. The Applicant must explain (and quantify where possible) its leverage, which may be related to unique influence on issues within the industry it already operates within, geographies where it has a large presence, purchasing power (e.g. order volume), or collaboration with other companies that are together working to actively address the identified risk/ impact.
6. Testing the results of the assessment with internal audience(s) to validate the outcome	Description of the process to review the human rights risk assessment internally for new risks identified relevant to product components and raw materials, with supporting documents used in the review. Supporting documents may include meeting agendas, identifying meeting attendees or any internal governance documents that outline the process for reviewing risk assessments conducted.

Guidance:

Gold

At the Gold level, the Assessor is required to verify that the Applicant has identified risks and opportunities for improvement associated with the product's components and raw materials (regardless of supply chain tier).

For determination of *Materials and components from source countries where there is reason to believe that child labor or forced labor is involved,* the most recent version of the US Department of Labor's List of Goods Produced with Child Labor or Forced Labor must be used https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods. This resource is updated annually in the spring and available on the US Department of Labor's website.

Determination of *Tin, tantalum, tungsten, and gold from conflict-affected and high-risk areas* must be based on the most recent version of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (NOTE: the OECD does not provide a country-specific list, but it does require particular due diligence processes)

http://www.oecd.org/corporate/mne/mining.htm

The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas has a specific *Supplement on Tin, Tantalum and Tungsten* which is the appropriate reference material. It states that companies are recommended to "establish a system of internal control over the minerals in their possession (chain of custody or traceability) and establish on-the-ground assessment teams, which may be set up jointly through cooperation among upstream companies while retaining individual responsibility, for generating and sharing verifiable, reliable, up-to-date information on the qualitative circumstances of mineral extraction, trade, handling and export from conflict-affected and high-risk areas". The Supplement is meant to apply to actors operating in a conflict-affected and high risk-area, or potentially supplying or using tin, tantalum, or tungsten from a conflict-affected or high-risk area. It defines the following red flags to trigger use of the OECD due diligence standards and processes:

"Red flag locations of mineral origin and transit:
- The minerals originate from or have been transported via a conflict-affected or high-risk area
- The minerals are claimed to originate from a country that has limited known reserves, likely resources or expected production levels of the mineral in question (i.e. the declared volumes of mineral from that country are out of keeping with its known reserves or expected production levels)
- The minerals are claimed to originate from a country in which minerals from conflict-affected or high-risk areas are known to transit.

Supplier red flags:
- The company's suppliers or other known upstream companies have shareholder or other interests in companies that supply minerals from or operate in one of the above-mentioned red flag locations of mineral origin and transit.
- The company's suppliers' or other known upstream companies are known to have sourced minerals from a red flag location of mineral origin and transit in the last 12 months."

The OECD defines upstream companies as inclusive of artisanal or small-scale producing enterprises, and not individuals or informal working groups of artisanal miners.

> **References:**
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> US Department of Labor's List of Goods Produced with Child Labor or Forced Labor must be used
> https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods
> OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas http://www.oecd.org/corporate/mne/mining.htm
> *Supplement on Tin, Tantalum and Tungsten,* OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
> http://www.oecd.org/corporate/mne/mining.htm

8.4 Human Rights Policy

Intended Outcome (s):
The Applicant is formally committed to respecting and upholding human rights as defined by international standards.

Applicable Achievement Level(s):
Bronze

Requirements:

Bronze

Bronze level: Commit to respect human rights, as enshrined in municipal law and internationally recognized human rights standards, through company policy.

Bronze Requirement Detail	Documentation Required for Verification
The policy must:	N/A
1. Establish human rights expectations for the Applicant company, the supply chain, communities, potentially affected groups, and other relevant stakeholders.	Evidence that the policy applies to the Applicant and throughout its value chain.
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):	N/A
a. Elimination of discrimination with respect to employment and occupation including but not limited to ethnicity-, race-, and gender-based discrimination,	Evidence that the policy includes elimination of discrimination.
b. Elimination of harassment and abuse,	Evidence that the policy includes 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),	Evidence that the policy includes elimination of all forms of forced labor.
d. The abolition of child labor and adequate protections for workers above the legal working age and below age 18,	Evidence that the policy includes elimination of child labor, and specific protections for young workers.
e. Prevention of excessive working hours,	Evidence that the policy includes prevention of excessive working hours.
f. Freedom of association and collective bargaining,	Evidence that the policy includes commitment to freedom of association and collective bargaining.
g. Safe and healthy work, including:	Evidence that the policy includes commitment to safe and healthy work.
i. Access to water, sanitation, and hygiene (WASH),	Evidence that the policy includes provision for access to water, sanitation and hygiene
ii. Emergency preparation and response,	Evidence that the policy includes provisions for emergency preparedness, such as requirements for routine safety drills (e.g.).
iii. Hazardous materials handling procedures,	Evidence that the policy includes provisions for safe and documented requirements for handling hazardous materials.
iv. Management systems that address health and safety risks, and	Evidence that the policy includes requirements for health and safety management systems.
v. Appropriate building construction, electrical, and fire safety.	Evidence that the policy includes requirements for building, electronical and fire safety.
h. Provision of the legal minimum wage and all legally mandated benefits including employer contributions for social security benefits and services,	Evidence that the policy includes requirements for legal minimum wage and mandated benefits by law.
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).	Evidence that the policy includes aspiration for paying a living wage, as defined in Section 8.13 (see User Guidance).
j. Additional priority issues identified in the risk assessment (per Section 8.3), if any.	Evidence that the policy includes provisions related to additional priority issues identified in the risk assessment.
3. The policy must commit to respect human rights, as mandated by local and State laws.	Commitment to adhere to all local and state laws covering human rights must be explicitly provided in the policy in order to receive credit.

4. Be formally approved and signed by a duly empowered officer of the Applicant company or by the board of directors.	Policy provided is signed by a member of the Applicant's Board of Directors
5. The policy must be guided by the eight Fundamental Conventions of the International Labor Organization and the United Nations Guiding Principles on Business and Human Rights, as well as the International Bill of Human Rights.	This information should be explicitly written in the provided policy and/or other documentation about the Applicant's program to receive credit. It is not sufficient to only include the eight ILO Conventions.
6. Where national law and these international human rights standards differ, the Applicant must follow the higher standard; where they are in conflict, the Applicant must seek to respect internationally-recognized human rights to the greatest extent possible.	This information should be explicitly written in the provided policy and/or other documentation about the Applicant's program to receive credit.

Guidance:

Bronze

The Foundational Principles of UN Guiding Principles on Business and Human Rights stipulate that businesses are expected to respect human rights, meaning that they should avoid infringing on the human rights of others and should address adverse human rights impacts in which they are involved. The *Corporate Responsibility to Respect* human rights, according to the UNGPs, sets expectations with staff and business partners for the business to have responsibility for human rights in its own operations and throughout the value chain. This includes actual and potential negative human rights impacts on communities, potentially affected groups, and other relevant stakeholders.

Businesses can have an impact on nearly the entire spectrum of internationally recognized human rights, meaning businesses' responsibility to respect applies to all such rights. An authoritative list of the core internationally recognized human rights is contained in the International Bill of Human Rights (which includes the Universal Declaration of Human Rights, codified through the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights), as well as the eight ILO Core Conventions set out in the Declaration on Fundamental Principles and Rights at Work.

The ILO Core Conventions are listed here for reference:
1. Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
2. Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
3. Forced Labour Convention, 1930 (No. 29) and its 2014 Protocol
4. Abolition of Forced Labour Convention, 1957 (No. 105)
5. Minimum Age Convention, 1973 (No. 138)
6. Worst Forms of Child Labour Convention, 1999 (No. 182)
7. Equal Remuneration Convention, 1951 (No. 100)
8. Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

Further description of How Businesses Impact Human Rights is available from the UNGP Reporting Framework. This resource provides specific examples of impacts on human rights to distill the language used in international human rights norms and standards.

The *Responsibility to Respect* human rights applies to all businesses, regardless of their size, sector, operational context, ownership and structure. It is common for corporations to create a human rights policy, human rights statement, and/or responsible sourcing policy for their entire entity, and then cascade those expectations through business relationships. Setting expectations with suppliers typically takes the form of a Code of Conduct, which suppliers are required to comply with as part of business terms. Often, suppliers may not have their own human rights policies – but their commitments are manifested in their agreement to comply with buyers' Codes of Conduct.

Human rights policies and/ or Codes of Conduct typically stipulate an entity's commitment to respect particular human rights, and stipulate the prohibition of certain human rights infringements. Applicant companies must include in their policy the specific human rights listed in the Cradle-to-Cradle v4

standard in order to be approved for certification.

Most human rights issues are complex and require deeper understanding, as outlined in the ILO Core Conventions or other explanatory resources provided in this User Guidance. Applicants looking to deepen their knowledge and management approach are encouraged to conduct further research and/or engage with peer companies, respected industry initiatives, and other stakeholders. Some examples include:

- Further research into understanding **drivers of forced labor** – for example, the ILO has defined 11 indicators of forced labor, which include abuse of vulnerability, deception, restriction of movement, isolation, physical and sexual violence, intimidation and threats, retention of identity documents, withholding of wages, debt bondage, abusive working and living conditions, excessive overtime. See https://www.ilo.org/global/topics/forced-labour/publications/WCMS_203832/lang--en/index.htm

- Calculating and implementing a **living wage** – it is a requirement for an Applicant to commit to a living wage in aspiration in its human rights policy. (Implementing a living wage is a requirement for Platinum level certification, see Section 8.13). A living wage goes beyond the legal minimum wage. The Global Living Wage Coalition defines a living wage as "renumeration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events." At the time of writing this Guidance, there was no single agreed upon method of defining living wage, and therefore its implementation varies. The GLWC has a series of case studies on its website of how to calculate and implement a living wage.

- Considering the nuances of **freedom of association and collective bargaining** in locations where the relevant ILO Core Conventions C087 and C098 (respectively) have not been ratified - this applies to countries such as Bahrain, Oman, Qatar, Saudi Arabia, United Arab Emirates – where trade unions are banned completely; and in China and Vietnam, where unions are government controlled and not independent. If ILO member states have not ratified either of these Core Conventions, they are still bound to uphold freedom of association and the right to collective bargaining through the 1998 ILO Declaration on Fundamental Principles and Rights at Work. The Sedex Supplier Workbook provides practical guidance on situations where country law prohibits or limits workers' rights to freedom of association and to bargain collectively; in these scenarios, "companies must make sure that their practices do not prevent workers from forming or joining legally acceptable worker organisations. For example, companies must not pressure workers to join a company-controlled organisation in place of an organisation created by and controlled by workers." See also the ILO list of ratifying countries by Convention.

- Understanding **excessive overtime** - Working hours are a fundamental component of safe and humane working conditions. Weekly rest and paid annual leave are expected as a normal part of working agreements, typically required by national and local law, and must be provided to employees as part of their benefits. The first ever ILO Convention (C01) in 1919 focused on working hours, stipulating a maximum of 48 hours per working week (typically 8 hours per day, for 6 days). While this convention was initially written for industry, ILO Convention 30 makes it clear the expectation applies to Commerce and Office environments as well. ILO Convention 14 stipulates workers are entitled to at least one rest day – which is defined as a continuous period of at least 24 hours each week. Overtime is the number of hours worked beyond the maximum allowed by week 8 hours per day, or 48 hours per week. National laws can vary from international standards. Peak production periods also show that many suppliers do not adhere to these expectations on a continuous basis.

It is important to note that the *Corporate Responsibility to Respect* human rights is expected to be implemented in all locations where the business has operations or business relationships (e.g. its relationships throughout the supply chain). While suppliers and other entities are also responsible for respecting human rights, the business must set expectations for all actors connected to its business operations, products and services. In locations where national law and international human rights norms differ, the Applicant must follow the higher standard; where conflict exists, the Applicant must seek to respect internationally recognized human rights to the greatest extent possible.

In the Cradle-to-Cradle requirements, the Applicant must demonstrate that its human rights policy is be formally approved and signed by a corporate-level officer or Board member of the Applicant company, and ideally made publicly available.

References:

United Nations Guiding Principles on Business and Human Rights https://www.business-humanrights.org/en/un-guiding-principles
International Bill of Human Rights (United Nations, 1996) https://www.ohchr.org/Documents/Publications/FactSheet2Rev.1en.pdf
Fundamental Conventions of the International Labor Organization https://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm
ILO Conventions (Full List): https://www.ilo.org/dyn/normlex/en/f?p=1000:12000:15140203346037::::P12000_INSTRUMENT_SORT:4
How Businesses Impact Human Rights (UNGP Reporting Framework, 2015)
Sedex Supplier Workbook: Chapter 1.3: Freedom of Association and Collective Bargaining (Sedex and Verite, 2014)

8.5 Monitor and Verify Performance

Intended Outcome (s):

Performance on upholding human rights is monitored and verified, ensuring that corrective actions are taken when poor performance is identified and increasing the level of assurance that risks to human rights are addressed.

Applicable Achievement Level(s):

Bronze, Silver, Gold

Requirements:

Bronze

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 including child labor, forced labor, corruption/bribery, and immediate threats to life and safety. For any other poor performance issues, plan corrective actions and at recertification, demonstrate progress on addressing the issues.

Bronze Requirement Detail	Documentation Required for Verification
For the Bronze level performance measurement requirements applying to the Applicant company and final manufacturing stage facilities:	N/A
1. Performance data must be generated and verified by a qualified party.	Applicants with headquarters in low risk locations may generate performance data for the following: • Applicant headquarters (i.e. their own company level performance data) • Applicant owned final manufacturing facilities in low risk locations • Contract final manufacturing facilities in low risk locations Contract final manufacturers in low risk locations may also generate their own performance data (to be verified by the C2C Assessor). A Qualified 3rd Party auditor must generate performance data for the following locations: • Applicant headquarters in high risk locations (i.e. company level performance data) • Applicant owned final manufacturing facilities in high risk locations (regardless of Applicant headquarters location) • Final manufacturing facilities in low risk locations, if owned by Applicants with headquarters in high risk locations. Qualified internal auditors may generate performance data for contract final manufacturing facilities in high risk locations. Applicants with headquarters in high risk locations may also generate performance data for contract final manufacturing in low risk locations if using qualified internal auditors. Risk level is defined per countries listed in Applicant answers in Section 8.3. When a Qualified 3rd Party Auditor or Qualified Internal Auditor is required, the auditor must also provide a written statement that the selected auditor does not have a conflict of interest. Definitions that explain the requirements of Qualified 3rd Party Auditor and Qualified Internal Auditor are provided in the User Guidance and Guidance for Verification (for Assessors).
Performance data to be generated and verified must cover all items listed in the human rights policy (See Section 8.3). Issues required in the policy, but not in #2 below, include the following:	N/A
a. Discrimination	Written policies and procedures that document anti-discrimination commitment, regardless of gender, race, religion, age, disability, sexual orientation, nationality, marital status, political opinion, social group, ethnic origin or medical status. This should include

	statements that characteristics of an indivivdual shall not be the basis of decisions regarding any employment decision for hiring, job assignment, bonus, allowance, compensation, and discipline, and that these decisions shall be based solely on and discipline shall be made solely based on education, training, and demonstrated skills or abilities.
b. Harassment and abuse	Written policies and procedures that document the Applicant has committed to ensuring its workplace or any workplaces associated with the product cycle is free of sexual harassment, and that sexual harassment is not tolerated. Definitions of harassment and abuse include: • Any form of – or threat of – physical violence, including slaps, pushes or other forms of physical contact as a means to maintain labor discipline is not utilized. • Any form of verbal violence, including screaming, yelling, or the use of threatening, demeaning, or insulting language, as a means to maintain labor discipline is not utilized.
c. Excessive working hours	Written policies and procedures regarding hours of work and requirements for overtime, including policy and documentation for overtime hours within allowable limits under applicable laws or agreements, whichever is stricter. Documentation of an established a mechanism to determine, monitor and control the overtime hours of employees. For example, time and attendance records. Documentation of all legally required time and attendance records are complete, accurate and up-to-date. These records should be maintained by employer for at least 12 months, or longer if required by law. Data shows that regular working hours for all employees are within allowable limits under applicable laws or agreements, whichever is stricter and that all employees are provided with at least one day off (24 hours) in every 7-day period.
d. Freedom of association and collective bargaining,	Written policies and procedures that the Applicant respects freedom of association and collective bargaining, and that discrimination, harassment, intimidation, interference, or retaliation for efforts to freely associate or bargain collectively is not tolerated. Where a collective bargaining agreement (CBA) is in place, documentation for existing or past CBAs are provided as evidence that these records are kept on file. Where freedom of association and the right to collective bargaining are restricted by law, evidence that employees are free to join (or not join) legal employee organizations without interference and there is not refusal to recognize such organizations. This could be documented in a policy statement and records of existing employee organizations in existence.
e. Legal minimum wage and all legally mandated benefits including employer contributions for social security benefits and services,	Written policies and procedures regarding wages are to be paid at least at minimum wage or industry wage as agreed with a collective bargaining agreement, whichever is higher. Policies and procedures regarding that overtime hours are paid at a premium as legally required or by contractual agreement, whichever is higher. Policies and procedures that commit the Applicant to provide all legally mandated benefits to eligible workers, and that employees are paid correctly for all legally paid time off. Documentation of all legally required payroll documents, journals and reports are provided, complete, accurate and up-to-date. These records should be maintained by employer for at least 12 months, or longer if required by law. They should include correct and accurately calculated legal withholds in employee pay records, such as taxes, social security, pension, or healthcare from employee wages as required by law.
f. Health & Safety, including the following:	Documentation of compliance with applicable laws and regulations governing the work environment, including the following:
i. Access to water, sanitation, and hygiene (WASH),	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. This must include evidence that: • There are sufficient number of toilets consistent with local law per floor and gender; when local law requirement does not exist, the employer should have at least one toilet for every 25 for both male and female employees respectively (recommendation of World Health Organization [WHO]). • Toilets are maintained clean and provide appropriate privacy (Stalls with doors). • Employees have access to clean water for washing within nearby proximity to toilets.
ii. Emergency preparation and response,	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. This must include evidence that: • Compliance with all applicable laws and regulations governing 'Emergency Preparedness'. • There are sufficient numbers of emergency exits at the workplace (production floors,

	office areas, warehouse etc.). • Emergency exits are clearly marked with illuminated exit signs. • Emergency exits are accessible and free from obstruction during working hours (including overtime). • Emergency exits are unlocked during working hours (including overtime). • Fire escape and main exits are discharged directly to the exterior of building. • Fire and emergency evacuation plans are prominently posted on every floor and work area as well as near exits and stairways. • Aisles, stairs and passageways are kept clear at all times. • Evacuation drills are conducted regularly, at least once per year or more often where required by law.
iii. Hazardous materials handling procedures,	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. This must include evidence that: • Compliance with all applicable laws and regulations governing 'Chemical and Hazardous Substances'. • An inventory of chemical and hazardous substances used in the workplace is maintained. • Chemicals used at the workplace are registered for the intended used when applicable. All local safety standards and applicable laws are adhered to. • Material safety data sheets (MSDS) are prominently posted in both storage and use zones, and maintained in languages understood by workers. • Chemicals and hazardous substances are properly labelled as per label instructions of local safety standard and MSDS is maintained. • There are functioning emergency eyewash station and/or showers provided where corrosive chemicals or high volumes of solvents are handled and used. • Employees who are involved in handling, clean-up and disposal of chemicals and hazardous substances received regular training on emergency response plans and actions (with training records maintained).
iv. Management systems that address health and safety risks, 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. This must include evidence that: • There is a designated management representative responsible for health and safety as per legal requirements. • Appropriate training is provided for managers on how to implement the health & safety management system. • There is a system to identify and monitor laws, regulations and customer requirements that apply to the workplace. Most current version of applicable laws, regulations and customer requirements shall be obtained. Documentation of the most current version of applicable laws, regulations and customer requirements for health and safety management systems.
v. Appropriate building construction, electrical, and fire safety.	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. This must include evidence that: • Compliance with all applicable laws and regulations governing 'Building Safety', 'Electrical Safety', and 'Fire Safety'. • There are no indications of possible structural collapse on the interior or exterior of buildings, such as large visible cracks or sagging in walls and floors. • All legally required building or construction certificates/reports/permits are current and available for review. • Building inspections are conducted on a regular basis as per standard of practice or country law. • Where required by law, maximum occupancy signage is clearly posted within each room, near each entrance. Maximum occupancy is within building permit requirements. • There are sufficient protections for building roof and floor opening preventing falls and accidents. • Electrical equipment have appropriate safety warning labels. • Electrical panels / control panels / distribution boards are easily accessible / unblocked. • Electrical wires and outlets are in safe conditions (e.g. no unprotected wires, etc.). • High voltage areas and generator areas are restricted to authorized personnel only. • The workplace has a qualified professional (electrician, hired or outsourced) to maintain electrical system on regular basis. • The employer follows local law and fire safety standards to have a suitable fire detection and emergency alarm system covering the facility. • If applicable, emergency alarm system is clearly designated (visible signs),

	unobstructed, and audible throughout the entire workplace. The system is inspected regularly and tested in coordination with fire drills.
	  • The facility maintains all fire safety certificates, licenses and inspection records as legally required.
	  • Fire extinguishers shall be sufficient in numbers as legally required and maintained in good condition.

g. Additional priority issues identified in the risk assessment	Dependent on the priority issues identified.
2. If identified, the following issues of high concern must be resolved prior to certification or recertification,	If there are violations related to the Applicant's commitments as stated in its Human Rights policy and the other issues listed below, documentation must be provided to show corrective action has been taken and remedy provided. An example of relevant documentation is a signed/ closed Corrective Action Plan (CAP) report. Without proof of remediation / closure of violation, the Applicant cannot be certified. The Applicant must also commit to prevent future occurrences.
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. NOTE: If recruitment fees are identified or have been in the past, third-party documentation indicating fees were fully repaid to workers must be provided.
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 (i.e. business license, building permit, and environmental permit(s) if required by local regulations),	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. This must include evidence that:
	
	  • There are no indications of possible structural collapse on the interior or exterior of buildings, such as large visible cracks or sagging in walls and floors.
	  • There are sufficient numbers of emergency exits at the facility (production floors, office areas, warehouse etc.)
	  • Emergency exits are unlocked during working hours (including overtime).
	  • The facility maintains all fire safety certificates, licenses and inspection records as legally required.
	  • Appropriate, functioning Personal Protective Equipment (PPE) is provided to workers free of charge.
	  • Specialized Machinery and equipment have all required and up-to-date licenses / permits (forklift, cargo lift, boiler, compressor etc.)
	  • Specialized equipment operators (forklift, cargo lift, boiler, electrician, hot work e.g. welding etc.) are licensed where legally required and trained in safety operating procedures.
	  • Points of operation and other potentially dangerous parts are operated with proper machine guards and safety features.
	  • Compliance with all applicable laws and regulations governing employee protection and machine safety.
	
	Documentation of actions taken to correct violations recorded, and whether those corrective action plans have been completed.

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.
3. For any other poor performance issues, plan corrective actions for addressing the issues.	Documentation provided for corrective action identified and planned for other poor performance issues identified in the risk assessment, including items in Requirement 1 above. Unlike the requirement for items #2a-g above, documentation for remediation is not required to be provided prior to certification at the Bronze level, as long as there is a Corrective Action Plan in place for other issues identified.
4. At recertification, demonstrate progress on addressing other poor performance issues.	Documentation provided at recertification for progress made on poor performance issues and corrective actions identified that were identified in Indicator #3, other than for

	requirements #2a-g. This is a minimum requrement for any level of certification.
	The Applicant must show proof of corrective action taken, which may be demonstrated via completion or closure of a corrective action plan, and remediation for issues identified.
	It is recommended that remedy is provided within the 2-year Cradle to Cradle recertification cycle, in order to be approved for certification. If an issue is not resolved, Applicant must provide adequate reason.

Guidance:

Bronze

Cradle to Cradle Certified Draft v4 is not prescriptive on the specific metrics and indicators that Applicants are required to use to monitor and measure social fairness performance.

Generating **performance data** means that all aspects of an Applicant's social fairness activities, as defined in the required policy elements listed in Section 8.4 and including any additional issues identified per the risk assessment in section 8.3, must be measured. This also includes measuring performance for specific requirements defined in this section (Section 8.5). Documentation Requirements in the table above and in the Applicant Self-Assessment Tool define what the Applicant is expected to present as evidence that its performance data satisfies individual requirements. For example, documentation that demonstrates child labor is not present must align with the requirements above, meaning quantitative data must be presented to show the number of child labor instances and proof of how this information was generated by the Applicant – including written copy of age verification procedures, description of training for staff responsible for hiring, and presentation of review of randomly selected employee files to verify age was confirmed by government issued identification documents. For all performance data requirements, Applicants are expected to identify and track quantitative metrics to back up all of their answers in the Self-Assessment Tool, and provide these details in the documentation submitted to the Assessor for review.

Requirements for Performance Data Generation

For several requirements in this section, performance data is required to be generated and/or verified by a qualified party, 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). These requirements are defined below. Qualified parties are defined as follows:

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:

(1) Employed in a dedicated social compliance auditor role
(2) Possess accepted social audit credentials (e.g. APSCA)
(3) At least 3 years of social auditing experience

All qualified parties must be employed for the purpose of providing audit and verification services and are not permitted to provide other services to the Applicant, as this constitutes a conflict of interest. There is also a conflict of interest for the Applicant to verify data for its owned operations and supplier facilities,

which is documented by requirements in the table below.

The Applicant must provide a copy of credentials for all qualified parties, which must be up-to-date for the period in which the performance data generation or verification takes place.

Bronze and Silver level Requirements for Performance Data Generation:

Applicant Location type	Final manufacturing facility or tier 1 supplier location type	Applicant	Supplier	Qualified internal auditor	Qualified 3rd party auditor
		Permitted to generate data			
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

Location risk level is defined by parameters outlined in Section 8.3.

Note that data collection from tier 1 suppliers is only required for suppliers in high risk locations. See the Gold level section below for information regarding C2CPII-recognized certification and third-party audits for high risk components and raw materials.

Gold level Requirements for Performance Data Generation

High risk component or raw material category	Who may generate the 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.)

All Bronze requirements in Section 8.5 are relevant to the Applicant company and final manufacturing stage facilities (if different). The locations of these operations must be identified in Section 8.3 by the Applicant, and the Assessor will review these locations as part of the verification requirements to confirm the Applicant has selected the appropriate party to generate and verify performance data submitted.

Applicants can utilize a variety of tools to measure performance, including the following standards: B Corp Impact Assessment, Global Reporting Initiative (GRI) Disclosure standards, Sustainable Apparel Coalition's Higg Brand Tool, UN Guiding Principles Reporting Framework and the UN Global Compact Self-Assessment Tool (among others). For specific focus on supplier performance measurement and to confirm completion of corrected actions in the supply chain, Applicants can utilize tools like SA8000, Social Labor Convergence Program (SCLP), Sedex Members Ethical Trade Audit (SMETA), ELEVATE Responsible Sourcing Assessment (ERSA), Worldwide Responsible Accreditation Production (WRAP), and amfori BSCI (among others).

Utilizing Third Party Standards to Measure Performance

For Applicants that use audit, verification, or reports from third or other party standards as primary documentation, be be aware that not all standards have the same level of detail – including details related to the issues contained in requirements for the human rights policy (Section 8.4 – listed in requirements #1a-g in this section)) and issues of high concern listed in requirements #2 a-g of this Section. For example, there may be scenarios where another standard does not meet the specific requirements of each question in Cradle to Cradle Certified – if the indicators of other standards do not exactly match.

It is recommended that Applicants use the resources in the Social Fairness Toolkit (see Section 8.0) to review coverage of different standards as related to the issues identified in their risk assessment and overall requirements of the Cradle to Cradle Certified Standard. There are currently no third party standards that Cradle to Cradle recognizes as mutual recognition vs. the Social Fairness requirements.

The *Certification Preparation Tool for facility-level standards* is designed to aide Applicants' understanding of C2CPII requirements as compared to other standards that the Applicant has used to gather performance data. Currently, the *Certification Preparation Tool for facility-level standards* provides comparisons against SLCP, SA8000, SMETA. For Cradle to Cradle requirements that are not covered within each of these standards, the Applicant must submit individual answers in Self-Assessment Tool; the Applicant is otherwise permitted to submit the report that resulted from use of the other standard in its applicant for certification. However, when doing so, the Applicant is required to identify any violations from these report(s) in its submission; where violations exist, the Applicant must provide details about corrective action – the *Certification Preparation Tool for facility-level standards* provides space for submitting such information. An Assessor will verify violations information, in addition to answers and supporting documentation submitted by the Applicant in the Self-Assessment Tool. These violations may be called "non-compliances", but please note this refers to non-compliance with the third party standard, which is not necessarily the same as non-compliance with the Cradle to Cradle Certified requirements. The Assessor is also required to verify the Applicant has put a corrective action plan in place for the identified violation.

For example, if the Applicant submits an SA8000 report completed by one of its tier 1 facilities, the Assessor must verify that the report is valid within the certification period, review the non-compliance violations cited in the SA8000 audit report (which should be surfaced by the Applicant's use of the *Certification Preparation tool for facility level standards*), and confirm a corrective action plan (CAP) has been established. The Applicant is required to input additional information in the Self-Assessment Tool that is not covered by the SA8000 audit report (identified in the Certification Preparation Tool).

A separate, **Certification Preparation Tool for corporate-level standards** has been created for Applicants, which is less of a tool and more of a reference document. Applicants that utilize the corporate-level standards contained in this Memo are still required to fill in the Self-Assessment Tool in full.

Selecting Performance Metrics

Applicants must identify and track quantitative metrics to back up all of the answers in the Self-Assessment Tool. When selecting indicators, consider the UN Guiding Principles Assurance Guidance which outlines expectations that: "The company has relevant qualitative and/or quantitative indicators that it uses to assess how effectively it is addressing actual and potential human rights impacts, and which:

- are capable of providing valid insights into how effectively the company is addressing human rights impacts
- are capable of being reliably measured or assessed
- are placed in context* where this is necessary to interpret how effectively the company is addressing its human rights impacts
- include indicators that reflect stakeholder perceptions"

*Regarding context: the performance indicators selected must be appropriate to the local and national context for racial, ethnic, religious, and economically disadvantaged minorities (i.e. the specific categories of minority or vulnerable groups being tracked will vary according to locality).

Applicants may be required to provide additional explanation for how certain information that meets other standards meets the specific requirements of each question in Cradle to Cradle Certified requirements if the indicators of other standards do not exactly match. The Toolkit provides helpful references to understand where additional information may be required.

Submissions that include "yes" to all or nearly all questions with little commentary will most likely be required to answer follow up questions from Cradle to Cradle Certified.

About Corrective Action Plans

Several requirements in Section 8.5 outline requirements for corrective action, which is commonly tracked in **Corrective Action Plan** (CAP) – including requirement #3 above, where Applicants must plan corrective actions for other issues identified (e.g. relevant to discrimination, freedom of association, health and safety) and relates to all items in requirement #1 in this section; and requirement #4, which is relevant for recertification. Note that the Applicant is not required to close the corrective action or provide full remedy at the first recertification, but this is expected at the second round of recertification. Silver level recertification requirements have increasing expectations (see below). Cradle to Cradle's overall approach is to verify the Applicant is on the path towards remedy in a three-step plan of "Plan; Progress; Resolution". If an issue is not resolved at recertification, the Assessor will evaluate if the reason is adequate – e.g. root cause of discrimination may be based on decades-long practices embedded in country cultural practices, etc. In these scenarios, while remediation is not required for the first round of recertification, the Assessor will verify progress towards remediation.

CAPs are developed to document necessary improvement and track actions taken. They are commonly developed as a required summary of non-compliances in factory audit reports. They are often documented in a spreadsheet to outline specific issues identified and track relevant progress thereafter. CAPs are applicable and useful for many stages of an Applicant's operations and throughout the value chain.

When an Applicant's submission for certification identifies or makes reference to a violation or issue of non-compliance, the Assessor will verify the credibility and accuracy of the CAP. This includes

documentation that the non-compliance has been recorded in the CAP, a management plan has been developed, and/or the non-compliance has been resolved (according to specific Social Fairness requirements, e.g. Issues of High Concern).

Criteria for a Credible Corrective Action Plan (CAP)

For each issue identified, the following list provides information of what is typically recorded in a credible CAP.

- Reference to requirement
- Reference to local or national law violated (if relevant)
- Description of the issue/ violation / non-compliance
- Supporting evidence
- 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.)
- Recommendation for improvement OR Agreed upon corrective action to take
- Management comments
- Person responsible (assigned and identified in the document)
- Specific Action / improvement plan
- Timeline for completion
- Management sign-off

> **References:**
>
> UN Guiding Principles Assurance Guidance
> Association of Professional Social Compliance Auditors (APSCA)

Requirements:

| Silver |

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.

Silver Requirement Detail	Documentation Required for Verification
1. Social audit performance data must be requested from all high-risk tier 1 suppliers, including de facto high-risk suppliers (as defined in Section 8.3).	For Applicants with tier 1 suppliers in high risk locations (per countries listed in Applicant answers in Section 8.3), the Applicant must request data from their suppliers about compliance with the Applicant's commitments as stated in its Human Rights policy. The Applicant's request must specify that suppliers provide data from within a 24-month period, and that the data be collected by a Qualified 3rd Party Auditor or Qualified Internal Auditor (older data or supplier self-assessments do not receive credit). Applicants must provide copies of communication requests to suppliers (e.g. emails or other formally documented communication), and supplier responses. Applicants must provide evidence of communication with each supplier that is located in high risk locations.
a. Discrimination	Written policies and procedures that document anti-discrimination commitment, regardless of gender, race, religion, age, disability, sexual orientation, nationality, marital status, political opinion, social group, ethnic origin or medical status. This should include

	statements that characteristics of an individual shall not be the basis of decisions regarding any employment decision for hiring, job assignment, bonus, allowance, compensation, and discipline, and that these decisions shall be based solely on and discipline shall be made solely based on education, training, and demonstrated skills or abilities.
b. Harassment and abuse	Written policies and procedures that document the Applicant has committed to ensuring its workplace or any workplaces associated with the product cycle is free of sexual harassment, and that sexual harassment is not tolerated.
c. Excessive working hours	Written policies and procedures regarding hours of work and requirements for overtime, including policy and documentation for overtime hours within allowable limits under applicable laws or agreements, whichever is stricter. Documentation of an established a mechanism to determine, monitor and control the overtime hours of employees. For example, time and attendance records. Documentation of all legally required time and attendance records are complete, accurate and up-to-date. These records should be maintained by employer for at least 12 months, or longer if required by law. Data shows that regular working hours for all employees are within allowable limits under applicable laws or agreements, whichever is stricter and that all employees are provided with at least one day off (24 hours) in every 7-day period.
d. Freedom of association and collective bargaining,	Written policies and procedures that the Applicant respects freedom of association and collective bargaining, and that discrimination, harassment, intimidation, interference, or retaliation for efforts to freely associate or bargain collectively is not tolerated. Where a collective bargaining agreement (CBA) is in place, documentation for existing or past CBAs are provided as evidence that these records are kept on file. Where freedom of association and the right to collective bargaining are restricted by law, evidence that employees are free to join (or not join) legal employee organizations without interference and there is not refusal to recognize such organizations. This could be documented in a policy statement and records of existing employee organizations in existence.
e. Legal minimum wage and all legally mandated benefits including employer contributions for social security benefits and services,	Written policies and procedures regarding wages are to be paid at least at minimum wage or industry wage as agreed with a collective bargaining agreement, whichever is higher. Policies and procedures regarding that overtime hours are paid at a premium as legally required or by contractual agreement, whichever is higher. Policies and procedures that commit the Applicant to provide all legally mandated benefits to eligible workers, and that employees are paid correctly for all legally paid time off. Documentation of all legally required payroll documents, journals and reports are provided, complete, accurate and up-to-date. These records should be maintained by employer for at least 12 months, or longer if required by law. They should include correct and accurately calculated legal withholds in employee pay records, such as taxes, social security, pension, or healthcare from employee wages as required by law.
f. Health & Safety, including the following:	Documentation of compliance with applicable laws and regulations governing the work environment, including the following:
i. Access to water, sanitation, and hygiene (WASH),	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. This must include evidence that: • There are sufficient number of toilets consistent with local law per floor and gender; when local law requirement does not exist, the employer should have at least one toilet for every 25 for both male and female employees respectively (recommendation of World Health Organization [WHO]). • Toilets are maintained clean and provide appropriate privacy (Stalls with doors). • Employees have access to clean water for washing within nearby proximity to toilets.
ii. Emergency preparation and response,	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. This must include evidence that: • Compliance with all applicable laws and regulations governing 'Emergency Preparedness'. • There are sufficient numbers of emergency exits at the workplace (production floors, office areas, warehouse etc.). • Emergency exits are clearly marked with illuminated exit signs. • Emergency exits are accessible and free from obstruction during working hours (including overtime). • Emergency exits are unlocked during working hours (including overtime). • Fire escape and main exits are discharged directly to the exterior of building.

	• Fire and emergency evacuation plans are prominently posted on every floor and work area as well as near exits and stairways. • Aisles, stairs and passageways are kept clear at all times. • Evacuation drills are conducted regularly, at least once per year or more often where required by law.
iii. Hazardous materials handling procedures,	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. This must include evidence that: • Compliance with all applicable laws and regulations governing 'Chemical and Hazardous Substances'. • An inventory of chemical and hazardous substances used in the workplace is maintained. • Chemicals used at the workplace are registered for the intended used when applicable. All local safety standards and applicable laws are adhered to. • Material safety data sheets (MSDS) are prominently posted in both storage and use zones, and maintained in languages understood by workers. • Chemicals and hazardous substances are properly labelled as per label instructions of local safety standard and MSDS is maintained. • There are functioning emergency eyewash station and/or showers provided where corrosive chemicals or high volumes of solvents are handled and used. • Employees who are involved in handling, clean-up and disposal of chemicals and hazardous substances received regular training on emergency response plans and actions (with training records maintained).
iv. Management systems that address health and safety risks, 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. This must include evidence that: • There is a designated management representative responsible for health and safety as per legal requirements. • Appropriate training is provided for managers on how to implement the health & safety management system. • There is a system to identify and monitor laws, regulations and customer requirements that apply to the workplace. Most current version of applicable laws, regulations and customer requirements shall be obtained. Documentation of the most current version of applicable laws, regulations and customer requirements for health and safety management systems.
v. Appropriate building construction, electrical, and fire safety.	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. This must include evidence that: • Compliance with all applicable laws and regulations governing 'Building Safety', 'Electrical Safety', and 'Fire Safety'. • There are no indications of possible structural collapse on the interior or exterior of buildings, such as large visible cracks or sagging in walls and floors. • All legally required building or construction certificates/reports/permits are current and available for review. • Building inspections are conducted on a regular basis as per standard of practice or country law. • Where required by law, maximum occupancy signage is clearly posted within each room, near each entrance. Maximum occupancy is within building permit requirements. • There are sufficient protections for building roof and floor opening preventing falls and accidents. • Electrical equipment have appropriate safety warning labels. • Electrical panels / control panels / distribution boards are easily accessible / unblocked. • Electrical wires and outlets are in safe conditions (e.g. no unprotected wires, etc.). • High voltage areas and generator areas are restricted to authorized personnel only. • The workplace has a qualified professional (electrician, hired or outsourced) to maintain electrical system on regular basis. • The employer follows local law and fire safety standards to have a suitable fire detection and emergency alarm system covering the facility. • If applicable, emergency alarm system is clearly designated (visible signs), unobstructed, and audible throughout the entire workplace. The system is inspected regularly and tested in coordination with fire drills. • The facility maintains all fire safety certificates, licenses and inspection records as legally required. • Fire extinguishers shall be sufficient in numbers as legally required and maintained in good condition.

g. Additional priority issues identified in the risk assessment	Dependent on the priority issues identified.
2. If identified, the following issues must be resolved prior to certification or recertification,	If there are violations related to the Applicant's commitments as stated in its Human Rights policy and the other issues listed below, documentation must be provided to show corrective action has been taken and remedy provided. An example of relevant documentation is a signed/ closed Corrective Action Plan (CAP) report. Without proof of remediation / closure of violation, the Applicant cannot be certified. The Applicant must also commit to prevent future occurrences.
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. NOTE: If recruitment fees are identified or have been in the past, third-party documentation indicating fees were fully repaid to workers must be provided.
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 (i.e. business license, building permit, and environmental permit(s) if required by local regulations),	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. This must include evidence that: • There are no indications of possible structural collapse on the interior or exterior of buildings, such as large visible cracks or sagging in walls and floors. • There are sufficient numbers of emergency exits at the facility (production floors, office areas, warehouse etc.) • Emergency exits are unlocked during working hours (including overtime). • The facility maintains all fire safety certificates, licenses and inspection records as legally required. • Appropriate, functioning Personal Protective Equipment (PPE) is provided to workers free of charge. • Specialized Machinery and equipment have all required and up-to-date licenses / permits (forklift, cargo lift, boiler, compressor etc.) • Specialized equipment operators (forklift, cargo lift, boiler, electrician, hot work e.g. welding etc.) are licensed where legally required and trained in safety operating procedures. • Points of operation and other potentially dangerous parts are operated with proper machine guards and safety features. • Compliance with all applicable laws and regulations governing employee protection and machine safety. Documentation of actions taken to correct violations recorded, and whether those corrective action plans have been completed.
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.
3. 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.
4. Audits must be performed by qualified personnel with a social audit credential and no conflicts of interest related to the supplier.	Applicant to provide name of a Qualified 3rd Party or Qualified Internal Auditor conducting audits at high risk supplier locations. If a 3rd party audit firm conducts the audit, please provide the website. If an individual with social auditor credentials performs the audit, the auditor must submit credentials as evidence of accreditation from a 3rd party. The Qualified 3rd Party or Qualified Internal Auditor must also provide written statement that the selected auditor does not have a conflict of interest related to the supplier.

5. Data must be generated within the past 24 months.	Review date of audit report and/or data provided by the supplier in another format, to ensure it was completed within the past 24 calendar months.
6. Corrective actions must be planned for any other poor performance issues identified.	Documentation provided for corrective action identified and planned for other poor performance issues identified in Requirement #1 above for tier 1 suppliers, as identified in the risk assessment. Unlike the requirement for items #2a-g above, documentation for remediation is not required to be provided prior to certification as long as there is a Corrective Action Plan in place for other issues identified.
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. 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.
8. At recertification, the Applicant must demonstrate progress on:	At recertification, the Applicant must provide evidence of progress on supplier management, including written policies, guidance and/or procedures defining requirements for high risk tier 1 suppliers to take any necessary action based on audit findings. If poor performance issues or violations have been identified at the supplier location, documentation must be provided to show corrective action has been taken, remedy provided and the identified issue is remediated before re-certification is approved. A signed/ closed Corrective Action Plan (CAP) report is an example of such evidence.
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.

Guidance:

Silver

The Silver level requires Applicants to **request performance data for all high-risk tier 1 suppliers**, and at recertification demonstrate progress on obtaining information and implement necessary corrective actions.

For all de facto high-risk tier 1 suppliers (i.e. suppliers to the final manufacturing stage as defined in Section 8.3), the Applicant or a relevant Qualified Party (see requirement above) may request social performance data. This may be generated through a new social audit or provided from existing information that was recently generated by a qualified party that the supplier is willing to share (see note about using third party reports in Bronze section above). The Assessor will review whether the request has been made, e.g. the Applicant should provide evidence of communication and supplier responses. Silver level requirements #1 and #2 in this section are similar to Bronze level performance data requirements, but applicable for high-risk tier 1 suppliers.

When Social Audit Performance Information for High-Risk Tier 1 is Not Available

Where Applicants do not initially have access to social audit performance information, requirement #3 at the Silver level can be met so long as data is requested and a social audit is arranged to gather such data, for an Applicant's first round applying for certification.

Where data is outdated or unavailable, the Applicant must arrange for a social audit to be conducted by a qualified party that does not have a conflict of interest related to the supplier. Conflicts of interest may include other paid services provided to the Applicant such as separate engagement already taking place in the form of corrective action management, in-factory training, or other support.

At recertification, the Applicant must provide evidence of progress made obtain high-risk tier 1 performance data and/or records of continued efforts. If the supplier does not provide requested information within 1 certification cycle (2 year period), the Assessor must verify that the Applicant has provided evidence of progress made obtain high-risk tier 1 performance data and/or records of continued efforts. Additionally, if the supplier does not provide requested information within 1 certification cycle, the Applicant is expected to taken steps to suspend or terminate relevant high-risk tier 1 supplier relationships – this is a sign of lack of trust and transparency between the buyer and manufacturer and does not indicate responsible supply chain management.

Requirements:

Gold

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

Gold Requirement Detail	Documentation Required 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.

Guidance:

Gold

For components and raw materials associated with high-risk of child labor, forced labor, or support of conflict, the Applicant must utilize a C2CPII-recognized certification (if available) or equivalent that

includes performance requirements aligned with the human rights policy.

References in Section 8.3 provide guidance for determining which materials by source location are de facto high-risk.

C2CPII recognized certifications are those that include performance requirements addressing the required human rights policy elements, and also meet the C2CPII certification program eligibility requirements (per Appendix of the draft version 4 User Guidance or draft Social Fairness Guidance for Verification). The following receive credit (a non-exhaustive list to be further developed over time on an as needed basis):

- Better Cotton (BCI) - C2CPII-recognized when Level 3 volume claims can be/are made (which are allowable when volume fees are paid). See: https://bettercotton.org/wp-content/uploads/2016/10/ClaimsFramework_V1.1.pdf
- Fair Trade Certified
- Forest Stewardship Council (FSC)

Note that certified organic does not ensure that human rights issues are adequately addressed, and therefore is not listed here. This is because organic standards are defined regionally, primarily address the environmental and chemical use aspects of production, and depend primarily on local law and enforcement of human rights. As noted in previous sections, it is important to understand if local labor laws do not align with international human rights standards, and/or if local labor laws lack adequate enforcement to ensure respect for human rights in relevant jurisdictions.

Equivalent alternatives to certification must meet the relevant C2CPII eligibility requirements for certifications (see the Appendix of the draft version 4 User Guidance or draft Social Fairness Guidance for Verification) and address the required policy elements. Qualified third-party verification is required, or the Applicant must demonstrate legitimate grounds for an alternative method of verification (such as community-based verification). Where certification does not exist, the Applicant must specify that there is no suitable certification available and the Assessor must review the accuracy of this submission.

At recertification for the Gold level, the Assessor will review the alternative submitted by the Applicant including relevant steps documented in requirement #2a-c to verify an Applicant's evidence that it has undertaken a traceability exercise, established a plan for mitigating the negative human rights impact, and participated in a stakeholder initiative. Applicants mitigation plans may be similar to corrective actions taken with suppliers elsewhere in the supply chain and/ or related to the responsible sourcing management system identified in Section 8.8. Additionally, it is important to note that the purpose of the traceability exercise is to determine which supplier lots and serial numbers were used in finished products, and how the Applicant has tracked and traced raw materials from the origin through delivery to the supplier to customer, and all stages in between.

8.6 Strategy & Implementation

Intended Outcome (s):
A framework for monitoring and measuring progress towards achievement of social performance targets and for identifying areas for improvement is established.

Applicable Achievement Level(s):
Bronze and Silver

Requirements:

Bronze

Bronze level: Develop a strategy for implementing the human rights policy and report on implementation progress at each recertification.

Bronze Requirement Detail	Documentation Required for Verification
1. Address priority risks and opportunities (per Section 8.3).	Written plans that defines the strategy for how the Applicant will address human rights risks identified in the risk assessment.
2. Include specific time-bound performance and impact objectives to guide decision-making.	Defined timelines to track progress of the strategy.
3. Define the scope of implementation.	Details indicating what geographies and tier(s) of the Applicant's operations and supply chain are addressed by the strategy.
4. Define the company's human, technical, and material resource allocation for implementation.	A list of internal business units, staff experience, and resources to support the implementation of the strategy. Businesses units and staff that are typically involved in implementation include Procurement, Purchasing, Sourcing, Risk Management, Internal Audit, Compliance, Supply Chain, Operations, Sustainability, Corporate Responsibility, Legal, Human Resources, Product Development, Product Design, Planning, Quality Assurance, etc. The Applicant's list must include at least some of these business units and/or staff that sit in these departments. The description of resources for technical and material resources may include financial resources and/or spend to support implementation of the plan. An example would be agreements with external stakeholders or service providers to support efforts, training plan for supplier capacity building, etc.

Guidance:

Bronze

An Applicant's Social Fairness strategy is expected to reflect the commitments made in the human rights policy for how the Applicant will operationalize its commitments. This entails developing a framework for implementing the policy, including defining the scope of implementation and accountable parties and resources designated within the business. It is best practice to define technical and material resources to support the plan's implementation, including financial resources allocated (or spend) for effective implementation. The framework should also include how such implementation will be monitored and measured by the Applicant.

It is critical to manage the implementation process with a sound measurement system. Measurement must include specific objectives and performance metrics to evaluate existing processes and outcomes, and define improvement areas. Many targets will be contained in the human rights policy itself (see Section 8.4) – for instance, targets of zero tolerance apply to the commitment to prohibit child labor or forced labor; there are other areas where targets can focus on reducing negative impacts such as root cause analysis of excessive working hours to credibly working to prevent this occurrence; or targets that

communicate expectations and track efforts to manage emerging opportunities, like implementing a living wage in the supply chain.

The strategy must reflect priorities determined in the Risk Assessment stage (see Section 8.3), and must include priority risks identified.

Silver

Silver level: Analyze performance data to measure progress towards achieving social targets and objectives, and identify areas for improvement.

Silver Requirement Detail	Documentation Required for Verification
a. For the Silver level, performance data [for the strategy] must be analyzed every two years.	Evidence that the performance data is reviewed every 2 years, to evaluate the implementation of the strategy.
1. Address priority risks and opportunities (per Section 8.3).	Documentation of analysis conducted by the Applicant to address priority risks and opportunities identified in the strategy that was defined at the Bronze level. If there have been any changes to the priority risks and opportunities identified, the Applicant must provide an explanation of how the strategy was updated accordingly.
2. Include specific time-bound performance and impact objectives to guide decision-making.	Documentation that the Applicant has tracked its progress against the strategy, based on timelines and objectives identified at the Bronze level.
3. Define the scope of implementation.	Details indicating what geographies and tier(s) of the Applicant's operations and supply chain are included in the analysis.
4. Define the company's human, technical, and material resource allocation for implementation.	A list of internal business units and staff experience that have supported implementation of strategy, and any associated spend on technical or material resources to support implementation. Indication of how the resources used are different from those planned in the original strategy submitted by the Applicant at the Bronze level.
b. For any areas of poor performance identified, methods of improving outcomes must be identified and evaluated, and the strategy refined accordingly.	List of areas of poor performance identified from the analysis conducted at the Silver level. Description of plans to improve performance outcomes, and description of how the plan is selected/ developed and evaluated. Description of how the strategy has been updated to incorporate the need to improve poor performance. This information allows the Applicant to demonstrate how is refining its strategy.
1. Address priority risks and opportunities (per Section 8.3).	
2. Include specific time-bound performance and impact objectives to guide decision-making.	*Indicate if and how timelines or objectives have changed based on analysis completed and/or improvements identified.*
3. Define the scope of implementation.	*Indicate if and how the scope of implementation has been changed based on analysis completed and/or improvements identified.*
4. Define the company's human, technical, and material resource allocation for implementation.	*Indicate if and how resource allocation has changed based on analysis completed and/or improvements identified.*

Guidance:

Silver

The Applicant is expected to evaluate the implementation of its strategy on a regular basis, including adjusting the strategy if priority risks change over time and evaluation of effective monitoring and measurement processes. Examples of evaluation methods that can be used include:
- management reviews at appropriate intervals
- industry or competitor benchmarking
- obtaining feedback from internal and/or external stakeholders

8.7 Demonstrating Commitment

Intended Outcome(s):
A culture of social fairness that prioritizes human rights and the application of responsible business practices to all stakeholders is established, promoted, and improved by company leadership.

Applicable Achievement Level(s):
Bronze

Requirements:

Bronze

Bronze level: Demonstrate commitment and support for establishing and maintaining a culture whereby employees and business partners are able to achieve high levels of social performance.

Bronze Requirement Detail	Documentation Required for Verification
The Applicant's leadership team (i.e. C-level executive and/or Board of Directors) must demonstrate commitment and support by:	Documentation that the Applicant's leadership (CEO, executive or Board) demonstrates the commitment. This can be in the form of signed policy documents, company-wide communication (e.g. on its website, in a sustainability report, or in a speech provided, e.g.) and/or documentation of executive oversight.
1. Communicating the company's social aspirations and values, strategy for upholding human rights, and significance of respect for human rights to the success of the company internally and/or externally.	Any type of external communication that communicates the Applicant's social aspirations. This could include, but is not limited, to a press release, a Modern Slavery Act Statement, a sustainability report, a transcript from a public speech given by a C-suite representative. Provide the link and page number if applicable. Executive-level signature on a policy document that is publicly available and/or circulated to employees is acceptable.
2. Defining a position to actively lead on human rights, oversee implementation of the strategy, and drive continuous improvement efforts.	Any type of internal or external document that describes a designated position within the company to lead on human rights. The position often has responsibility for the human rights management plan, internal and/or external progress reporting on implementation efforts, and/or KPIs to measure and assess progress. If providing public documents, provide links and the specific page numbers where this information is listed.
3. Ensuring there are defined procedures for escalating human rights risks and identified impacts to the executive team.	Defined processes and procedures for escalating and reviewing human rights risks and identified impacts by the executive team. This may be an internal or external document. The process documentation must include criteria for which risks, under which circumstances, and a defined timeline in which human rights issues are escalated to the executive team.

Guidance:

Bronze

According to the UN Guiding Principles on Business and Human Rights, companies are expected to express their commitment to meet their responsibility to respect human rights by ensuring their human rights policy:

(a) Is approved at the most senior level of the business enterprise;
(b) Is informed by relevant internal and/or external expertise;
(c) Stipulates the enterprise's human rights expectations of personnel, business partners and other parties directly linked to its operations, products or services;
(d) Is publicly available and communicated internally and externally to all personnel, business partners and other relevant parties;
(e) Is reflected in operational policies and procedures necessary"

Communicating the company's position to respect human rights internally and externally shows that the company takes this commitment seriously and is accountable for its implementation.

It is important for a senior executive to have ultimate oversight for the Applicant's commitment to ensure there is accountability for its implementation. Common positions with these responsibilities can include:

- Board Director or Executive that has accountability for human rights, e.g. Head of Sustainability or Human Rights Committee or member of Executive team with accountability for People, Supply Chain, Compliance, etc. such as Chief People Officer and/or Chief Procurement Officer.

- Business Unit functional head that has accountability and responsibility for human rights. This could be a leader within Procurement, Purchasing, Sourcing, Risk Management, Internal Audit, Compliance, Supply Chain, Operations, Sustainability, Corporate Responsibility, Legal, Human Resources, etc. dept.

Creating accountability means instilling ownership through all levels and functions within the organization, and defined procedures to support implementation of the policy – including revision of existing procedures if necessary.

In assigning roles and responsibilities, the senior executive is expected to also have accountability for escalated human rights risks and identified impacts to the executive team. Examples of escalation procedures can include internal monitoring and reporting procedures, employee hotlines, grievance mechanisms and/or procedures maintained by Internal Audit, Ethics, or Risk Management departments. The escalation process must be included in training for key roles responsible for implementing the policy and demonstrating the organization's commitment to respect human rights.

References:

UN Guiding Principles on Business & Human Rights, see Principle 16 (United Nations, 2011)
The Corporate Responsibility to Respect Human Rights: An Interpretive Guide, see p. 26. (United Nations, 2012)
Doing Business with Respect for Human Rights, see Chapter 3.2. (Shift, Oxfam, Global Compact Netherlands, 2016)

8.8 Management Systems

Intended Outcome(s):

A management system for people and procedures is in place, ensuring that necessary corrective actions are taken, actions are effective, and that performance on protecting human rights is ultimately improved.

Applicable Achievement Level(s):

Silver and Gold

Requirements:

Silver

Silver level: Implement a management system that supports achievement of the human rights policy commitments within company operations.

Silver Requirement Detail	Documentation Required for Verification
For the Silver level, the management system must include the following elements:	N/A
1. Designated staff with social compliance responsibilities.	Internal organizational charts and/or descriptions of the functions, business units, or staff responsible for social compliance.
2. Designated oversight function and process.	Description of who and what processes create accountability for social compliance. This might include oversight by a Chief Procurement Officer or Human Rights lead, with support from a cross functional committee of business units such as Sourcing, Compliance, Sustainability, Product Development, Design, Legal, Human Resources, etc. It could alternatively be a particular leader of the social compliance organization and description of the process by which social compliance is managed within the company's own operations.
3. Business procedures that support implementation of the human rights policy within the company's workplace and across corporate functions and different levels of management.	Detailed information about how the policy is integrated into the organization – this may be through written procedures, description of processes, reference to several standard operating procedures, and/ or intra-department collaboration for managing the policy implementation or processes. Written procedures must reference the Applicant's human rights policy and social compliance program as part of defined ways of working. A procedure must include details about responsibilities of different functions (such as Sourcing, Compliance, Sustainability, Product Development, Design, Legal, Human Resources, etc.) and levels of management (managers, directors, business leaders).
4. Education for staff with social-related duties on human rights principles.	Examples of any internal human rights training for individuals with social-related duties. Provide examples of training materials and a training log to show completion of training.
5. Internal communication and employee involvement.	Internal communication to employees about the Applicant's human rights commitments and activities. Examples include announcements about the policy, reference in an employee handbook, internal emails announcing progress on goals, etc.
6. Procedures to measure and evaluate workplace activities against the human rights policy.	Key performance indicators or example progress reports to evaluate the effectiveness of implementation plans and the management system. This may include documentation for processes to review compliance with the human rights policy and also compliance with local laws. If third-party assessments of activities and/or reports have been conducted by an external stakeholder, provide this information to document supporting implementation of different activities.
7. Policies and procedures for the prompt implementation of corrective and preventive actions within the company's workforce.	Written policies and procedures that outline requirements for implementation of corrective and preventive actions if risks and/or impacts are identified.
8. For recertification at the Silver level: The policy, procedures, practices and/or programs must be reviewed to identify deficiencies and implement changes (if needed) that will lead to improved performance. Remedial activities (if needed) must be underway and seek to identify and address root causes.	For re-certification, the Applicant must demonstrate it has reviewed the design and effectiveness of its management systems (policies, practices, and programs) to identify deficiencies/ changes required for improved performance. Regular internal management reviews (annual review is recommended) of the social compliance system, where documentation is written records from management review meetings. The Applicant must demonstrate that improvements identified in the previous review are underway during re-certification.

Guidance:

To implement a management system that supports implementation of the human rights policy within a company's own operations, the policy must be embedded into the organization's business processes. This includes senior accountability and oversight, staff involvement throughout all functions and levels of management, and related training, internal communication, and monitoring processes.

A **credible management system** has the following components:

- Defined roles and responsibilities for implementation
- Shared ownership throughout the organization, including different functional responsibility and geographic responsibility where relevant for adequate implementation
- Required training to ensure staff with responsibilities have adequate knowledge of human rights and details contained in the policy
- Procedures that document how human rights are expected to be integrated into the company's operations
- Framework for reviewing the effectiveness of implementation. This can include required review of documentation and tracking of KPIs to measure progress against internal, or publicly made, goals
- Regular review of compliance with the policy, including compliance with legal requirements, emerging expectations in locations of operation and/or as compared to peers or best practices identified, and adequacy of company performance to meet stated commitments.
- Stated commitment for regular review / continuous improvement based on findings.

CSR Europe's [Blueprint for Embedding Human Rights in Key Company Functions](#) outlines six essential elements for embedding human rights into a company. Additional information is provided here to outline key expectations for implementation.

1. *Cross-functional coordination and leadership*. Assign accountability throughout all senior levels of the company and identify all business functions with responsibility to implement the policy. Define responsibilities in writing to ensure clarity and ownership.

2. *Shared responsibility*. Includes all departments and functions that would have responsibilities for activities or business relationships that could be connected to human rights risks. This can include the following examples:
   - *Senior management*: Leads senior-level accountability, review and decision-making. Involved in setting targets, incentives, and disincentives; fostering a culture that respects human rights from the top; and managing necessary change management.
   - *Human resources*: Helps embed human rights in relevant processes, such as recruitment, hiring, training, performance appraisal and dismissal. See Section 8.13 for additional detail.
   - *Procurement/Sourcing*: Ensures social fairness criteria is integrated into sourcing criteria and decisions. Can exercise influence with suppliers to minimize negative impacts on human rights and/ or enhance positive impacts on social fairness.
   - *CSR/sustainability*: Provides substantive expertise for the embedding phase on specific human rights policy elements or social fairness implementation criteria; can support design and implementation of staff training.
   - *Middle management*: Day-to-day responsibilities for implementing policy requirements and

business procedures, which can include management of corrective actions where necessary.

- *Communications*: Supports roll out of human rights policy coordination, informing staff of important developments, and disseminating key policies and commitments;

3. *Operational guidance and training*. Training focuses on the human rights policy commitment and the key issues and topics embedded within it per Section 8.4. A focus is also on building understanding of specific human rights issues, internal roles and expectations for management, and how to escalate issues. It is expected be tailored to individual roles and be supported by senior management. Section 8.13 has additional details about employee training, engagement and involvement.

4. *Two-way communication*. This occurs between management and operational staff, to ensure challenges are identified and course of action for addressing such challenges are reviewed and approved.

5. *Performance goals for staff to align incentives*. Ensure relevant staff have human rights or social fairness goals included in their annual performance evaluations. More information about this criteria is detailed in Section 8.13.

6. *Regular analysis of performance*. Maintain an inventory of internal policies and procedures for implementing the human rights policy, including identification of individuals responsible and support for annual reviews to determine where improvements are needed. Determine corrective and preventative actions in relevant areas of the business and ensure individual are accountable for addressing root causes of negative human rights impacts to prevent reoccurrence.

For recertification at the Silver level, the Applicant must demonstrate that It has conducted an internal management review of the social compliance system, which can include written records from management review meetings. Annual reviews are best practice. It is best practice to also include documentation of review against relevant laws and compliance. If a third-party has reviewed management systems, the resulting report is expected to be shared with the Assessor for review.

Gold

Gold level: Implement a management system that supports achievement of the human rights policy commitments within company operations.

Gold Requirement Detail	Documentation Required for Verification
For the Gold level, the responsible sourcing management system must include the following elements:	N/A
1. Designated staff with ethical sourcing responsibilities.	Internal organizational charts and/or descriptions of the functions, business units, or staff responsible for social compliance. Must include details about which function and staff have responsibility for ethical sourcing - e.g. procurement, sustainability, etc.
2. Designated oversight function and process.	Description of who and what processes create accountability for social compliance in the product's supply chain. This might include oversight by a Chief Procurement Officer or Human Rights lead, with support from a cross functional committee of business units such as Sourcing, Compliance, Sustainability, Product Development, Design, Legal, Human Resources, etc. It could alternatively be a particular leader of the social compliance organization and description of the process by which social compliance is integrated into sourcing decisions and regular supplier reviews.
3. Procedures to communicate to suppliers the company's human rights policy and any associated ethical sourcing business processes.	Written procedures and supplier requirements or guidance materials that set expectation for supplier compliance with human rights policy. This may include the supplier code of conduct, and documentation in the form of steps for communication and adherence, such as emails or contract terms that specify required compliance.

4. Supplier contractual requirements for human rights policy compliance and monitoring (e.g. supplier codes of conduct if defined as a contractual term). Contracts must require suppliers to extend social compliance expectations to their suppliers.	A supplier contract template and/or excerpts of a valid supplier contracts that include language requiring suppliers adhere to the Applicant's ethical sourcing requirements as a condition of business, and setting expectations for their suppliers to do the same. This could include a supplier code of conduct if the supplier is required to sign this as a contractual term. It is best practice to stipulate that suppliers will be monitored for social compliance.
5. Evaluation of new suppliers prior to the awarding of contracts to determine if the supplier can meet requirements.	Written procedures and/or guidance that stipulates how new suppliers are evaluated to determine if the supplier meets the Applicant's responsible sourcing and/or social compliance requirements. Written procedures and/or guidance that explain how evaluation of social compliance is included in decisions to award contracts to new suppliers.
6. Policies and procedures for the prompt implementation of corrective and preventive actions.	Written policies and procedures requiring corrective and preventive actions for suppliers if non-compliances are identified in their production facilities. Credible corrective action plans define timelines for expected corrective actions, which may relate to the severity of the non-compliance.
7. Education for sourcing and/or procurement team(s) on responsible sourcing and/or human rights principles.	Description of the training and/or a sample of training or education materials that explain key human rights issues and Applicant procedures for sourcing and procurement team(s) to incorporate into their everyday activities to achieve responsible sourcing goals.
8. Business procedures for identifying and documenting the cause and resolution of human rights issues and/or impacts in the supply chain that arise as a result of audits/reviews or concerns raised by employees or other third parties.	Written procedures for identifying and documenting human rights issues and/or impacts raised by employees or third-parties. This could include escalation and/or remediation processes, including identification of issues and corrective actions in audit reports in the supply chain.
9. For recertification at the Gold level: The policy, procedures, practices and/or programs must be reviewed to identify deficiencies and implement changes (if needed) that will lead to improved performance. Remedial activities (if needed) must be underway and seek to identify and address root causes. (Note: this applies to the responsible sourcing management system as well upon recertification at the Gold level.)	For re-certification, the Applicant must demonstrate it has reviewed the design and effectiveness of its management systems (policies, practices, and programs) to identify deficiencies/ changes required for improved performance. This may include regular internal management reviews (annual review is recommended) of responsible sourcing system, where documentation is written records from management review meetings. The Applicant must demonstrate that improvements identified in the previous review are underway during re-certification.

Guidance:

Gold

Requirements at the Gold level are similar to the Silver level, with specific focus on responsible sourcing management systems to be applied throughout the supply chain.

This includes the same essential elements for embedding human rights, such as the following:

- Management communicates the importance of responsible sourcing throughout the company
- The Chief Procurement Officer (or other relevant sourcing leader) is involved in management review and decisions to implement the company's human rights policy within its supply chain management
- Job descriptions for sourcing managers include collaboration with compliance staff and business partners on responsible sourcing inputs
- Specialized training is developed for staff with key roles responsible for implementing within the supply chain (e.g. responsible purchasing practices for procurement and merchants; training on specific human rights risks related to key sourcing markets)
- Annual performance reviews include accountability and key performance indicators for staff carrying out responsible sourcing practices
- Supplier performance evaluation is utilized to drive compliance and corrective action where necessary. See Silver level (above) and Section 8.5 for more details.

Applicants are expected to communicate their human rights policy commitment to all business partners, including suppliers, and cascade implementation responsibilities to business relationships throughout the value chain. Communication can take the form of providing business partners with copies of the policy commitment and keeping records of communication with suppliers that promote responsible business practices.

Often, setting expectations with suppliers takes the form of communicating a Responsible Sourcing Policy or Code of Conduct, which suppliers are required to comply with as part of business terms. See Section 8.4 for additional context. It is a Cradle to Cradle Certified requirement to ensure supplier contracts extend social compliance expectations to suppliers – this is commonly manifested in the supplier posting a Code of Conduct in facilities.

Embedding the Code of Conduct or similar human rights policy expectations in an actual business contract is different than required posting of the Code of Conduct in a supplier facility. Best practice is to include supplier social compliance expectations in contract terms to ensure that an Applicant's suppliers implement the company's expectations, and that these terms include penalty or termination clauses for upholding social compliance expectations where necessary. Including this term in the actual supplier contract demonstrates its importance and signals social compliance is expected be treated on par with traditional business metrics such as cost, quality, on-time-delivery, etc. These expectations should be added to new business agreements before signed, and can be incorporating into existing supplier terms during an onboarding processes and/or in the cycle of contract renewal.

Once a supplier has received communication about social compliance expectations and committed to uphold these expectations through its contractual terms, monitoring of performance in the form of social compliance audits is conducted at 3-, 6-, 12-, or 24-month intervals depending on the buyer's specifications or requirements of particular standard or certification used. The Gold level also specifies evaluation of new suppliers to confirm compliance, prior to awarding contracts. This ensures the buyer understands risks present of the supplier prior to orders being placed. Section 8.5 has detailed information about monitoring and verification. Monitoring results may show minor or major violations with the buyer's human rights expectations, which are expected to be remediated by the supplier and measured in corrective action plans over time. The supplier must also work to improve its performance and build capacity to prevent these violations in the future.

Responsible sourcing practices define responsibilities for the buyer, including functions such as Procurement, Purchasing, Sourcing, Design, Production, Planning, and Contract Management (e.g. Legal), among others. A company is expected to implement internal education about responsible sourcing practices and impacts on suppliers. This can include building knowledge about the following:

1) Performance pressures, as buyers feel pressure to meet production goals and tight margins which in turn can put pressure on suppliers to deliver faster and cheaper;
2) Competing priorities, as buyers frequently prioritize price, quality and delivery above all else when rewarding or penalizing suppliers
3) Unequal power that buyers hold over suppliers when it comes to financial and negotiating terms. Suppliers commonly feel pressure to make their customers happy in any circumstance for fear of losing business.

A company can inadvertently create negative impacts on the people who are employed by suppliers through its purchasing practices, and this should be prevented. For instance, a rush order, last minute design change, or reduced price can lead to longer working hours for less pay and in unsafe conditions or falsified records to hide unauthorized subcontracting or other violations with the buyer's human rights policy or Code of Conduct. Even simple changes a buyer makes, like a color or material change, can create a major difference in manufacturing requirement. When buyers make order changes, it is best practice for these changes to be accompanied by altered pricing or timeline shifts, especially in the midst or at the end of a production cycle. Without such treatment, minor changes can provide perverse incentives for a supplier to violate human rights commitments in order to meet other contract terms. Instead, it is important for buyers to consider how to integrate social compliance into traditional business metrics to prevent such occurrence. Buyers can also consider the impact of creating incentives for suppliers to manage social and labor issues responsibly – such as reduced social monitoring, rewards and recognition, future orders, and more favorable contract terms for suppliers who have strong social

performance and continued improvement.

> **References:**
>
> [The Corporate Responsibility to Respect Human Rights: An Interpretive Guide](#) (United Nations, 2012)
> [Doing Business with Respect for Human Rights](#), see Chapter 3.2. (Shift, Oxfam, Global Compact Netherlands, 2016)
> [Blueprint for Embedding Human Rights in Key Company Functions](#) (CSR Europe, 2016)
> [Responsible Sourcing Management Model](#) (ELEVATE, 2019)
> [Step-by-Step Guide to Reviewing and Improving Purchasing Practices](#) (Ethical Trade Initiative, 2010)

8.9 Grievance Mechanisms

Intended Outcome(s):
A mechanism is in place by which employees, customers, suppliers, and other stakeholders may safely report negative effects of business activities and operations and other social fairness concerns to the company in order to obtain redress for those impacts.

Applicable Achievement Level(s):
Silver and Gold

Requirements:

Silver

Silver level: Provide a grievance mechanism that permits company employees and other stakeholders to obtain redress for negative human rights impacts. For any contract final manufacturing stage facilities, request that a grievance mechanism be made available.

Silver Requirement Detail	Documentation Required for Verification
For the Silver level, the Applicant company must have a grievance mechanism for company employees and other stakeholders that:	Documentation of a company's own grievance mechanism available to employees and other stakeholders.
1. Is supported by a non-retaliation policy.	A non-retaliation policy that is either free standing or incorporated into another policy. The non-retaliation policy must ensure confidentiality or anonymity of the individual who raised the grievance and ensure he or she is protected from retribution (direct or indirect).
2. Is capable of addressing the risks and potential adverse impacts on people	Documentation that the grievance mechanism is legitimate, predictable, a and rights compatible. Legitimacy evidence must show the grievance mechanism is used by the intended audience, as demonstrated in a log of complaints received. Predictability evidences must show the process by which a worker submits a grievance, and the process by which management reviews, makes decisions, communicates outcomes, and provides remedy (where relevant) about the grievance. Rights compatibility evidence must show that the Applicant evaluates grievances in alignment with human rights definitions and internationally recognized standards like the UN Declaration of Human Rights and ILO Conventions, as well as with local labor laws.
3. Addresses concerns promptly, using an understandable and transparent process based on local best practices that is readily accessible by any affected stakeholder.	Procedures with a defined timeline for responses. Documentation of a transparent process that is visible to all stakeholders. Visibility includes communication about the mechanism being provided in language and format that is easily understood by intended users, including local language or dissemination verbally (where illiterate workers or stakeholders are present). Transparency includes keeping parties informed about progress and communicating regularly about the overall mechanism's performance to build confidence in its use.
4. Provides feedback to those concerned, without their risking retribution.	Examples of how the Applicant has engaged individuals who have used the mechanisms to provide feedback/outcomes from the review. If the Applicant doesn't have an example, they must provide procedures of how it would respond in the event an issue is raised.
5. Includes informing direct employees about the mechanism at the time of hire.	Communication provided to employees informing them about the grievance mechanism when they are hired. Examples could be information included in new hire training, an employee handbook, or facility posters.
6. Does not impede or preclude access to judicial or administrative remedies that might be available under law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements.	Written policy(ies) that document the Applicant's grievance mechanism is not a substitute for existing judicial or arbitration procedures or a substitute for resources provided through collective agreements.
7. Includes written records and periodic reviews to identify and make necessary improvements.	Documentation of the review process for complaints, concerns, or suggestions received. Provide usage statistics for the grievance mechanism to demonstrate the Applicant maintains and reviews records. This may include data such as the number of complaints filed and types of complaints/ about which topics complaints are made, a log of outcomes after evaluation of complaints and what remedy has been provided, and . documentation

	of procedures for assessing the grievance mechanisms' effectiveness and processes to make improvements.

Gold

Gold level: For contract final manufacturing stage facilities, ensure that a grievance mechanism is available that permits employees and other stakeholders to obtain redress for negative human rights impacts.

Gold Requirement Detail	Documentation Required for Verification
For the Gold level, the grievance mechanism may be provided by the contract manufacturer or by the Applicant.	Documentation of an existing grievance mechanism available to employees and other stakeholders in an Applicant's supply chain.
1. Is supported by a non-retaliation policy.	A non-retaliation policy that is either free standing or incorporated into another policy. The non-retaliation policy must ensure confidentiality or anonymity of the individual who raised the grievance and ensure he or she is protected from retribution (direct or indirect).
2. Is capable of addressing the risks and potential adverse impacts on people	Documentation that the grievance mechanism is legitimate, predictable, a and rights compatible. Legitimacy evidence must show the grievance mechanism is used by the intended audience, as demonstrated in a log of complaints received. Predictability evidences must show the process by which a worker submits a grievance, and the process by which management reviews, makes decisions, communicates outcomes, and provides remedy (where relevant) about the grievance. Rights compatibility evidence must show that the Applicant evaluates grievances in alignment with human rights definitions and internationally recognized standards like the UN Declaration of Human Rights and ILO Conventions, as well as with local labor laws.
3. Addresses concerns promptly, using an understandable and transparent process based on local best practices that is readily accessible by any affected stakeholder.	Procedures with a defined timeline for responses. Documentation of a transparent process that is visible to all stakeholders. Visibility includes communication about the mechanism being provided in language and format that is easily understood by intended users, including local language or dissemination verbally (where illiterate workers or stakeholders are present). Transparency includes keeping parties informed about progress and communicating regularly about the overall mechanism's performance to build confidence in its use.
4. Provides feedback to those concerned, without their risking retribution.	Examples of how the Applicant has engaged individuals who have used the mechanisms to provide feedback/outcomes from the review. If the Applicant doesn't have an example, provide written procedures of how it would respond in the event an issue is raised.
5. Includes informing direct employees about the mechanism at the time of hire.	Communication provided to employees informing them about the grievance mechanism when they are hired. Examples could be information included in new hire training, an employee handbook or facility posters.
6. Does not impede or preclude access to judicial or administrative remedies that might be available under law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements.	Written policy(ies) that document the Applicant's grievance mechanism is not a substitute for existing judicial or arbitration procedures or a substitute for resources provided through collective agreements.
7. Includes written records and periodic reviews to identify and make necessary improvements.	Documentation of the review process for complaints, concerns, or suggestions received. Provide usage statistics for the grievance mechanism to demonstrate the Applicant maintains and reviews records. This may include data such as the number of complaints filed and types of complaints/ about which topics complaints are made, a log of outcomes after evaluation of complaints and what remedy has been provided, and . documentation of procedures for assessing the grievance mechanisms' effectiveness and processes to make improvements.

Guidance:

Silver   **Gold**

To receive approval for Silver and/or Gold certification, grievance mechanism(s) must be in place, functioning, and effective.

The UN Guiding Principles on Business and Human Rights expect companies to implement operational grievance mechanisms for employees, non-employees, and communities that can be negatively affected by a company's operations and business activities. Businesses are expected to be able to receive, process, and provide adequate response or remedy to grievances raised. This includes defining procedures for:

1. Workers and individuals to file grievances,
2. Management investigations of grievances submitted by workers and non-workers to make remedy decisions,
3. Management communication of the outcomes after the investigation,
4. Documenting and maintaining outcomes.

Grievance mechanisms can take many forms, including a suggestion box, talking to supervisor or Human Resources staff person, internal hotlines, external hotlines, union or worker committees, or other forms. Grievance mechanism hotlines operated by an outside third-party are an acceptable option that may be implemented by the Applicant and/or contract manufacturer for cases where a functioning mechanism is not available.

Grievance mechanisms are only effective if workers know about, trust, and are confident using them.

Within a properly functioning grievance mechanism, a non-retaliation policy must ensure confidentiality or anonymity of the individual who raised the grievance and ensure he or she is protected from retribution (direct or indirect). Additionally, any person(s) bringing a complaint must be informed about the resolution of the investigation and any corrective action taken.

The UNGPs outline 8 criteria for effectiveness of grievance mechanisms, which have been summarized by Ergon Associates in their white paper "Access to Remedy – operational grievance mechanisms" for the Ethical Trading Initiative as the following:

1. Legitimate: *Fair and trustworthy*
2. Accessible: *To all those they are designed for*
3. Predictable: *In terms of process and available outcomes*
4. Equitable: *Meaning fair and equal access to information, advice and expertise for both stakeholders raising a grievance as well as those managing the process*
5. Transparent: *About the process and progress of responding to grievances*
6. Compatible: *With internationally recognised human rights standards and local laws*
7. A source of continuous learning: *For organisations to improve its system to best support its stakeholders' needs*
8. Based on engagement with stakeholders: *With the affected stakeholders, and relevant experts when necessary*

Grievance procedures are often utilized as part of remedy required when negative human rights impacts occur. The concept of remedy aims to restore individuals or groups that have been harmed to the situation they would have been in had the impact not occurred. Accordingly, grievance procedures should reflect the size and scale of its operations and the needs of its workers and the communities affected by its business operations.

A mechanism may be non-functioning if:

- There are no grievances reported in the prior 12 months
- There are no documented follow-up actions taken in response to grievance reports made
- Actions taken are or appear to be insufficient to resolve the case.

If there are no cases recorded within 12 months of grievance procedure operation, then it must be assumed that the process is non-functioning. In this case, to achieve at the Silver level, the Applicant must assess the problem, identify barriers to effective functioning (if any), and take action to correct the issue(s). At the Gold level, this may require intervention with the contract manufacturer (as relevant).

> **References:**
>
> UN Guiding Principles on Business and Human Rights (United Nations, 2011)
> Access to Remedy – operational grievance mechanisms (Ergon Associates for the Ethical Trading Initiative, 2017)

8.10 Positive Social Impact Project

Intended Outcome(s):
Positive impact on a social issue of significant importance to the company and/or value chain of the product.

Applicable Achievement Level(s):
Silver and Gold

Requirements:

Silver

Silver level: Implement a positive impact project that measurably improves the lives of employees, the local community, or a social aspect within the value chain of the product.

Silver Requirement Detail	Documentation Required for Verification
For the Silver level, the following are required:	N/A
1. The Applicant must invest in a social impact project that involves issues or opportunities that were identified in the risk assessment process (per Section 8.3) or that are otherwise material to the company.	Description of which issue(s) or opportunity(ies) are addressed from the risk assessment process. If the project focuses on an issue separate from those identified in the risk assessment process, provide an explanation of how this issue was chosen - which must include relevance to at least one stakeholder group (as defined in 8.3).
2. The project goal(s) must be supported by one or more key performance indicators that are tracked before, during, and after the project.	Description of measurable outcomes that are planned for the project, and one or more KPIs that is being tracked, before, during and after the project to demonstrate improvement/ change.
3. Project selection must incorporate employee input.	Documentation of employee input received and/or employee engagement process. This could include email communication, meeting notes, or survey responses, etc.

Guidance:

Silver

A **Social Impact Project** is a project implemented often through community investment or community development efforts, where an Applicant is engaged in activities to help address wider issues affecting people – including employees – in the communities where the Applicant does business or its products are made. Positive social impact projects can vary widely. They can focus on access to water & sanitation or accessible childcare & education in the supply chain, or employees volunteering with at-risk youth or reducing local food insecurity through community gardening – as some examples.

Applicants are highly encouraged to select social fairness projects that focus on human rights and other social issues, rather than environmental issues which are already addressed by the other program categories. Projects focusing on environmental issues are only eligible if the Applicant can show a clear connection to the risk assessment conducted per section 8.3, or otherwise demonstrate the project will contribute to respecting the rights of people and/ or benefits those people or their communities. If the project selected focuses on an issue separate from those identified in the human rights risk assessment process (e.g. otherwise material to the company), the Applicant must provide an explanation of how this issue was chosen and the explanation must demonstrate the project is relevant to at least one stakeholder group (as defined in 8.3).

Ensuring a focus on respecting human rights in the selection of the social impact project is consistent with the UN Guiding Principles prioritization of salient human rights risks which focus on risk to people, as compared to material issues which focus on risk to the business – although increasingly salience and

materiality are related. Definitions of salient human rights are provided in Section 8.3. In the UN Guiding Principles Reporting Framework *Resources: Salient Human Rights Issues* states that using 'salience' means change from being a resource drain on companies to being an investment in putting in place processes that enable the company manage key risks to people.

One or more Key Performance Indicators (KPIs) must be selected and tracked before, after and during the project. It is important to understand the difference between inputs, outputs, and impacts. The LBG Measurement Framework defines these different types of indicators as follows. Because focus is on measurable improvement of the lives of employees, the local community, or a social aspect within the value chain of the product, it is recommended to focus on Impact indicators if there is only one KPI for the project.

- *Inputs: what is contributed*, e.g. financial or in-kind, initiative focused on issues such as education, health, economic development, environment, arts and culture, social welfare, etc. in a specific location
- *Outputs: what happens*, e.g. number of individuals or communities supported, employees involved, suppliers, reached, stakeholders engaged, etc.
- *Impacts: what change occurs*, e.g. depth of impact on people, behavior or attitude change, quality of life improvement or well-being change, etc.

Incorporating employee input into the project is a minimum requirement. Involving employees in additional aspects of the project is highly encouraged. For example:

- The project's design has included involvement of Applicant and/or supplier employees (as relevant) through a documented needs assessment process.
- Employees have provided feedback on program design elements
- Employees participate in project governance
- If a trade union is established at relevant facility(ies), the trade union has been consulted in the project design and been involved in project implementation.

It is best practice to also engage with external stakeholders – particularly those community members that the positive social impact project is meant to serve, including disadvantaged and/or vulnerable groups. This process can include stakeholder mapping (see Section 8.10) to identify groups that are interested in or affected by the Applicant's activities. Project planning and implementation are expected to be inclusive, considering multiple perspectives and paying particular attention to vulnerable groups or those that may be underrepresented in the most visible community groups.

References:

UN Guiding Principles Reporting Framework: Salient Human Rights Issues (UNGP Reporting Framework, 2015)
LBG Framework
LBG Measurement Framework - Guidance Manual (Corporate Citizenship, 2019)
World Bank Community Driven Development

Gold

Gold level: Conduct an assessment to determine the impact of the positive impact project using quantitative metric(s).

Gold Requirement Detail	Documentation Required for Verification

Conduct an assessment to determine the impact of the positive impact project using quantitative metric(s).	A quantitative impact assessment has been conducted to evaluate the impact of the project.
1. For the Gold level, impact assessment must be performed based on the defined key performance indicator(s).	A copy of impact assessment report, including tracking of defined KPI(s) for evaluation. The impact assessment must draw on the KPI(s) that were developed at the Silver level, and must evaluate and demonstrate measurable progress since the project initiation.
2. For recertification, measurable progress must be demonstrated.	The impact report indicates an improvement in KPI(s) demonstrating positive impact.

Guidance:

Gold

Impact assessment of the positive impact project is required for this level, and for recertification. The impact assessment must draw on the KPI(s) that were developed as part of certification requirements to evaluate and demonstrate measurable progress since the project initiation.

It is recommended that projects are monitored periodically against KPIs, at the beginning, midterm or several interim points, and end of the project. Regular monitoring and evaluation ensure projects can be adjusted as needed based on local contexts to ensure objectives are achieved It is not uncommon for positive impact projects to be slightly adjusted to reflect local realities. The monitoring process can also include community members in participatory evaluation – this is an important way to drive inclusiveness and also ensure feedback from local stakeholders is incorporated.

The impact assessment is expected to focus on outcomes, such as indicators that focus on *Impacts*, as explained above. For example, if an Applicant implements a training for small scale producers that results in an increased number of qualified workers to perform skill-based work, neither the training or the number of workers are KPIs that show the impact of the project. In this case, the impact was improved productivity, capacity, logistics and market efficiency of the producer's operations which increased profits and the ability to support their families.

8.11 Transparency & Stakeholder Engagement

Intended Outcome(s):
The Applicant company is held accountable for any negative human rights impacts, encouraging ever improving performance.

Applicable Achievement Level(s):
Gold

Requirements:

Gold

Gold level: Use open and transparent governance and reporting, incorporating stakeholder engagement and feedback to shape strategy and operations.

Gold Requirement Detail	Documentation Required for Verification
The Applicant must make the following information available to stakeholders:	N/A
1. The human rights policy, objectives, progress towards achieving objectives, and a description of impacts.	The Applicant makes its human rights policy, objectives and activities available to stakeholders either via public disclosure or upon request. If information is available in the company's Sustainability Report, website, Human Rights Report, or Modern Slavery Act, a link to where this information is disclosed publicly must be provided. If the information is only available upon request, the Applicant must provide documentation of how stakeholders make such a request (e.g. statement on its website or other public location) and an example of what information is shared when a request is received.
2. Sourcing information including number of suppliers by geographic location. Required for the final manufacturing stage, direct suppliers to the final manufacturing stage, and high-risk components and raw materials (per Section 8.3).	A link to where the Applicant publicly discloses the number of suppliers by country, indicating what type of supplier by final manufacturing stage and/or high risk components or raw materials.
3. The Applicant must have a robust process for accepting or soliciting, and responding to, stakeholder feedback. Input from stakeholders must be regularly obtained and used to shape the strategy for implementing the human rights policy, management systems, and related operations.	A written process for accepting or soliciting, and responding to, stakeholder feedback. This could be a defined process and/or disclosed in an external document like a Sustainability report, Human Rights report, or Modern Slavery Act statement.

Guidance:

Gold

The UN Guiding Principles on Business and Human Rights expect a human rights policy statement be publicly available, and communicated actively to entities with which the enterprise has contractual relationships; others directly linked to its operations, which may include State security forces; investors; and, in the case of operations with significant human rights risks, to the potentially affected stakeholders.

Under both the UNGPs and the OECD Guidance for Responsible Business Conduct, companies are expected to communicate about their efforts to prevent and address human rights risks as part of their due diligence process. That means communicating with:

- internal stakeholders, including executives and business units that are involved in assessing and managing human rights risks; and

- external stakeholders, including affected groups, civil society organizations, local communities, topic experts, investors, and anybody else who might be interested in or concerned about your human rights impacts.

Wherever and whenever an Applicant identifies a human rights risk (See Section 8.3), it is expected to communicate with potentially affected stakeholders to explain how it is addressing the risk. In this communication, it is important to consider literacy, language and cultural communication barriers.

Communication can take the form of internal reporting, external disclosure, and private and public communication with stakeholders. Cradle to Cradle Certified expects Applicants to be open and transparent, and incorporate stakeholder engagement and feedback in their human rights policy, objectives, progress towards achieving objectives, and a description of impacts. However, Cradle to Cradle requirements do allow that information can be made available upon request, rather than required to be communicated through public disclosure. Where information is available upon request, the Applicant must provide evidence of communication with stakeholders to demonstrate it is actively providing information.

For requirement #2, the Applicant is expected to make sourcing location information available to stakeholders, and in this communication it is important to include information about specific locations for tier 1 suppliers and the final manufacturing stage. Where sourcing locations beyond tier 1 are unknown, an Applicant is expected to go as far into the supply chain as possible and consider traceability studies for improved knowledge (and eventual transparency and risk management) of sourcing locations. Where sourcing is unknown, the Applicant must document and provide details about why information is unavailable.

For requirement #3, stakeholder feedback may come from investors, suppliers, other business partners, civil society, employees, workers within the supply chain, or community members and locally affected populations – and may be both positive and negative. Feedback may be received through formal and/or informal channels (in contrast to grievance mechanisms, which must be through formal defined processes). For organizations new to stakeholder engagement, the AccountAbility Stakeholder Engagement Standard AA1000SES provides credible step-by-step guidance focused on steps to plan, prepare, engage, and review/ improve.

AA1000SES advises organizations plan for stakeholder engagement by first conducting stakeholder mapping to have a clear understanding who relevant stakeholders are and how they can engage with the organization. This includes understanding the following of individual and organizational stakeholders:

- "knowledge of the issues associated with the purpose and scope of the engagement;
- expectations of the engagement;
- existing relationship with the organisation (close or distant; formal or informal; positive or negative);
- dependence on the organisation,
- willingness to engage;
- level of influence;
- type (civil society, government, consumer, etc.);
- cultural context;
- geographical scale of operation;
- capacity to engage (e.g. language barriers, IT literacy, disability);
- legitimacy and representation; and
- relationships with other stakeholders."

AA1000SES states that mapping can be "based on any of the criteria used to characterise the stakeholders, per above, and should focus on determining which groups and individual representatives

are most important to engage with in relation to the purpose and scope of the engagement. Some considerations include evaluating stakeholder's influence vs. willingness to engage, type of stakeholder vs. level of influence, or capacity to engage and knowledge of issues against expectations. Setting clear criteria for mapping stakeholders better enables the owners of the engagement to steer the engagement away from being driven by non-strategic considerations such as the 'noisiest' stakeholders, the short-term focus of the media, or the comfort zone of managers. While initial profiling and mapping may take place without the systematic involvement of stakeholders, as engagement takes place and practice matures, relevant stakeholders should be involved in this process and outcomes adjusted accordingly."

Note that stakeholder feedback policies are required as part of ISO 9001. Certification to ISO 9001 may be used to demonstrate compliance with the stakeholder feedback portion of this requirement.

Disclosure (for required points #1 and #2) may either be proactive, such as publication on a web site. Potential disclosure formats include Sustainability or Corporate Social Responsibility reports, annual business reports, supplier manuals, etc.

References:

UN Guiding Principles on Business and Human Rights (United Nations, 2011)
OECD Guidance for Responsible Business Conduct (OECD, 2018)
AccountAbility Stakeholder Engagement Standard AA1000 SES (AccountAbility, 2015)
ISO 9001 (ISO, 2015)

8.12 Collaborating to Solve Social Issues

Intended Outcome(s):
Industry-wide progress is made towards solving widely recognized intractable social issues.

Applicable Achievement Level(s):
Platinum

Requirements:

Platinum

Platinum level: Collaborate to develop and scale solutions to an intractable social issue within the value chain of the product.

Platinum Requirement Detail	Documentation Required for Verification
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:	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.
1. Support implementation of the company's social strategy and policy.	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.	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 Applicant must acquire documentation from the initiative, signed by a staff member. Signature by email is accepted.
3. Ensure that ground rules for the partnership allow for adequate voice for all participants.	The initiative must provide bylaws or governance process that indicates how decisions are made. 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 Applicant must acquire documentation from the initiative, signed by a staff member. Signature by email is accepted.
4. Include ongoing assessment of partnership impact.	Project plans and/or Applicant documentation indicating that a review of the program and activities occurs regularly. This documentation may be generated by the Applicant to review the effectiveness of the program and its participation there within, or it may be generated by the multi-stakeholder program and distributed to participants.

Guidance:

Platinum

Multi-stakeholder programs, or multi-stakeholder initiatives, bring together businesses, governments, civil society, and/ or other stakeholders to address issues of mutual concern. They do this through for the purpose of collective action, creating new market frameworks, serving as intermediaries, and overall focus on collaboration to address social (and environmental) issues. Their efforts can focus on advocacy, trade, public policy, new business incentives, certification schemes, supply chain alignment, agreements with worker organizations, and other topics at national, regional, or sector levels.

It is important to consider the objectives of multi-stakeholder initiatives in the purpose of solving a problem. Credible multi-stakeholder initiatives have well-established program governance, membership criteria, participation qualifications, and requirements for implementation. Many also require fees and can offer resources for engagement and to support the initiative's objectives and outcomes. Best practice

is for multi-stakeholder initiatives to publicly communicate these elements. According to the World Economic Forum on Corporate Citizenship, there are seven success factors for effective partnership:

1. Openness, transparency and clear communication to build trust and mutual understanding;
2. Clarity of roles, responsibilities, goals and "ground rules";
3. Commitment of core organizational competencies;
4. Application of the same professional rigour and discipline focused on achieving targets and deliverables that would be applied to governing, managing and evaluating other types of business alliances;
5. Respect for differences in approach, competence, timeframes and objectives of different partners;
6. Focus on achieving mutual benefit in a manner that enables the partners to meet their own objectives as well as common goals;
7. Understanding the needs of local partners and beneficiaries, with a focus on building their own capacity and capability rather than creating dependence.

It is insufficient for the Applicant to simply sign on to an initiative; rather, there must be evidence of active participation and ongoing effort.

The Applicant's participation in a multi-stakeholder initiative can include providing technical expertise, enrolling suppliers as participants in the initiative, participating in advocacy work or public campaigns, or other efforts that result in implementation of a program. Participation may also include financial support. Financial support may be cash, grants, in-kind products/services, or staff secondment.

The Applicant must demonstrate its efforts to implement solutions and/or initiatives developed through the multi-stakeholder initiative or program into their own operations or value-chain as applicable. In the case where that is not yet available, the Applicant is expected to advocate with appropriate stakeholders for systemic changes to be made.

References:

Partnering for Success: Business Perspectives on Multi-stakeholder Partnerships (World Economic Forum on Corporate Citizenship, 2005).

Increasing the effectiveness of multi- stakeholder initiatives through active collaboration (World Bank Group, 2014)

Leadership, Accountability and Partnership: Critical Trends and Issues in Corporate Responsibility. (The Corporate Social Responsibility Initiative, Kennedy School of Government, 2004)

8.13 Fostering a Culture of Social Fairness

Intended Outcome(s):
Socially fair business practices in its governance and management approach are applied by the Applicant company. This is reflected by a diverse, inclusive, and engaged workforce and through training, remuneration, and payment of a living wage.

Applicable Achievement Level(s):
Platinum

Requirements:

Platinum

Platinum level: Foster 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.

Platinum Requirement Detail	Documentation Required for Verification
1. New employee and executive selection and hiring processes must consistently include an evaluation of whether the Applicant shares the company's social values.	Examples of interview questions, hiring criteria to determine if the Applicant shares similar social values.
2. Hiring and promotion processes must be evaluated and amended, if needed, to ensure diversity and inclusion.	Procedures describing how the Applicant evaluates and updates its hiring and promotion processes to ensure diversity and inclusion.
3. Access to training on key social issues must be provided to all executives and employees.	Examples of any internal human rights training for executives and employees. Training materials must specifically focus on social issues as identified in the risk assessment (Section 8.3) and/or human rights policy (Section 8.4). Provide examples of training materials and a training log to show completion of training. An example of a log is a schedule of training sessions and list of Executive participants.
4. Awareness training must be provided to all staff, including information on, human rights, diversity and inclusion, gender equality, and anti-discrimination.	Examples of any internal human rights training for executives and employees on topics specified. Training materials and examples must specifically focus on social issues as identified in the risk assessment (Section 8.3) and/or human rights policy (Section 8.4). Training KPIs and/or training attendee lists indicating all staff has received this type of training with examples of training. Attendee lists must indicate the percentage of employees who have participated for the Applicant's entire organization.
5. Social performance metrics must include ethnicity-, race-, sex- and age-disaggregated indicators on hiring, compensation, promotion, demotion, training and mentoring for employees of all levels.	A list of its social performance metrics that meet the requirements. If the Applicant reports this information externally, provide a link to the relevant indicators.
6. Data must be collected to evaluate pay equity. The evaluation must include a comparison of the average wages by ethnicity, race, and gender for work of equal value, and the ratio of the compensation of the CEO or equivalent to the median and average wage of a full-time worker.	Processes for collecting data to evaluate pay equity. Data sheets with the information collected to demonstrate the Applicant conducts all of the indicator-specified wage comparisons.
7. Pay equity data must be published externally and made publicly accessible. An explanation of differences that may be realized or quantified over time must be included.	A link to the pay equity data the Applicant publishes externally to verify it meets all of the requirements of this indicator. If this is published in the company's Sustainability Report, website, Human Rights Report, or other location, provide a link to where this information is disclosed publicly.
8. Data on gender-based violence in the workplace must be documented where it has occurred.	A process to document gender-based violence in the workplace. The Applicant is expected to provide current data as proof that it is actively collecting this data.
9. Performance assessments of any executives or employees with designated social responsibilities must include consideration of criteria or metrics derived from the human rights policy and strategy.	Inclusion of human rights and/or social responsibility goals in annual performance objectives and assessments. Metrics included in performance assessments may include implementation of employee training, risk assessment, sourcing decisions that include social performance evaluation, supplier management, evaluation of supplier non-compliances, etc. Applicant must provide a sample of executives or employees performance reviews to demonstrate that designated social responsibility criteria / are included.

a. Social performance results must be considered in compensation packages / incentive plans for top company executives and management with social management or oversight functions (i.e., from C-level executives to business unit and functional heads).	The Applicant must provide compensation package or incentive plans for executive(s) and/or management with oversight for social fairness. Where an Applicant may have several executives and/or management team members with these responsibilities, providing 1-2 plan(s) is sufficient. The Applicant must provide a description of compensation package terms for executives and management with social responsibility objectives, to confirm inclusion of social performance results/ criteria.
10. Diversity and equal opportunity employment must be included in the organization's social strategy and implementation. The company must:	Internal strategy documents and/or external documents indicate diversity and equal opportunity employment is included in the organization's social strategy and activities. External documents may include relevant information provided by the Applicant in an annual report or sustainability report.
a. Conduct an evaluation to understand why ethnicity, race, and gender differences exist in the boardroom, the workplace, and the first tier of the supply chain and put in place a remedial plan.	Documentation of process for evaluating differences that exist based on ethnicity, race, and gender. This may include evaluation of cultural norms or other factors. Documentation of recommendations for increasing diversity and equal opportunity where needed.

The Applicant must document its understanding of differences based on location, cultural, and legacy contexts in its submission. These factors may differ at each level of the organization – e.g. board room, workplace and first tier of supply chain; therefore, documentation must clearly identify applicability for different contexts (where the Applicant has multiple entities or management processes within an organization). It is not enough to provide a statement that evaluation is considered and/or takes place. |
| b. Develop and implement a plan for remedying any differences, if they exist. | Documentation of the Applicant's efforts to achieve its diversity strategy. This may include focused recruiting efforts and internal KPIs to measure the Applicant's progress on its diversity targets. |
| c. Investigate, encourage, and promote equal opportunities for women and racial, ethnic, religious, or economically disadvantaged minorities into supervisory and management roles in the workplace, particularly if they are under-represented in such roles. | Documentation of existing demographics in supervisory and management roles to compare to full employee population statistics as baseline information.

Documentation of activities for promotion of minorities in supervisory or management roles, where under-representation exists. Evaluation of the need to create an environment for promoting minorities into supervisory and management roles, which may include an analysis of existing management's willingness to change existing practices. Promotion activities could include developing processes and training provided for minority groups to encourage upward advancement such as training seminars, eLearning modules, mentoring circles and/or programs.

Documentation of planning, training, or programs for upward advancement are relevant for both the Applicant and tier 1. |
| 11. Employees are paid a living wage. This is defined as being paid sufficiently for a standard workweek (i.e. not including overtime) to afford a decent standard of living for their families, inclusive of: food, water, housing, education, health care, transportation, clothing, and other essential needs including savings for unexpected events and some disposable income. | Analysis for how the Applicant has calculated and implemented a living wage, including supporting evidence (e.g. specific wage data and evaluation of whether wages paid meet criteria for living wage). Documentation must include review of the Applicant's lowest paid position compared to the living wage. |
| 12. Program(s) must be implemented to regularly engage employees (including other workers on the premises or under the supervision of the company) on the company's social vision and goals, and to identify actions that will help the company to achieve them. | Any type of employee communication (i.e. town hall meetings, email communication, an associate portal, training, video messages) to engage employees on the Applicant's social vision and how they support activities. |

Guidance:

Platinum

Fostering a Culture of Social Fairness is expected to be embedded in every aspect of business operations, including governance, accountability, engagement, and evaluation structures. Social Fairness must be communicated by senior leaders of the organization regularly as part of the organization's everyday communication and engagement.

The culture of social fairness begins with ensuring employees and other stakeholders know the company's commitments to social fairness. This can be communicated internally and through public mediums, and is expected to be a key topic for new hire and annual trainings. Trainings must focus on the human rights policy commitment and the key issues and topics embedded within it per Section 8.4 – including human rights, diversity and inclusion, gender equality, and anti-discrimination, among other

issues identified in the organization's risk assessment process (per Section 8.3). Trainings are expected to also include details about how the policy is operationalized throughout business operations and partnerships. The organization must implement employee engagement programs on its commitment to social fairness on a regular basis. Formal training can be complemented by coaching, mentoring, or networks for knowledge sharing on social fairness within the company.

All employees are expected to understand the policy and know how it applies to their job and daily activities. In this way, job descriptions must include details that make this clear – for example, Procurement or Compliance teams have clear responsibilities for responsible sourcing and supplier management, and Human Resources has clear responsibilities for tracking social performance metrics that must include ethnicity-, race-, sex- and age-disaggregated indicators on hiring, compensation, promotion, demotion, training and mentoring for employees of all levels. Each function in an organization has a role to play in implementing social fairness. See Section 8.8 for more examples of specific responsibilities and actions.

Data collection, strategic planning, and performance assessment are also core parts of fostering a culture of social fairness, and include the following:

- **Social performance metrics** must evaluated, and be appropriate to the local and national context for gender, racial, ethnic, religious, and economically disadvantaged minorities as well as accommodations for employment of disabled employees. The specific categories of minority or vulnerable groups being tracked will vary according to locality and must include gender-disaggregated data, as well as information on gender-based violence in the workplace (per requirement #8) where it has occurred. **Gender-based violence** is defined as any form of – or threat of – physical violence, including slaps, pushes or other forms of physical contact as a means to maintain labor discipline, or any form of sexual harassment.

- It is important that data is not collected for reporting purposes only. **Diversity and equal opportunity** must be included in the organization's social strategy and implementation. Social performance metrics collected can inform strategic planning for investigating, encouraging, and promoting equal opportunities in the workplace – including at the highest levels of the board and with business partners. It will be important to consider vulnerable or other populations that are not traditionally in management roles or are under-represented, including women and racial, ethnic, religious, or economically disadvantaged minorities.

- **Performance evaluation** is expected to include social fairness metrics, especially for any executives or employees with direct accountability or responsibility for implementing the human rights policy. Social fairness indicators must be evaluated in the same manner as traditional performance metrics, and hold equal weight in these evaluations. This includes performance evaluation for executives, business unit leaders and functional heads, including incentive plans; for example a Vice President in a management role may be evaluated on resource allocation that supports social fairness executives. Other examples of social fairness metrics in performance evaluations could include the number of trainings that contain social fairness topics for an HR lead responsible for implementing employee programs, rating for Purchasing staff on the successful completion of due diligence procedures, or percentage of contracts that require compliance with the organization's human rights policy or Code of Conduct for a Legal professional.

- **Hiring, recruitment, advancement, demotion and career development** decisions must also include social fairness performance for any and all positions that have an operational responsibility to implement the social fairness policy.

Renumeration is an important part of credible implementation of a social fairness strategy. **Pay equity** is a

part of renumeration. Pay equity is a means of eliminating discrimination in the wage system, or put more simply "equal pay for equal work". Organizations are expected to collect data and evaluate pay equity across a range of employee demographics as well as review the ratio of compensation between the CEO and regular workers. Publishing this data shows the organization's commitment to achieving more equitable ratios.

Paying legally mandated wage levels is a standard expectation of renumeration. The Cradle to Cradle requirements for this section also expect Applicants to implement a **living wage**. In many countries, few companies pay a living wage to all employees. It is also quite unusual for companies to have completed the necessary calculations to determine that a living wage is paid, as there is no internationally agreed definition for living wage. Cradle to Cradle requires Applicants provide explanation, supporting evidence (i.e. supporting wage data and an explanation of how it was determined that a living wage is paid) for certification at the Platinum level. One commonly used approach that meets the Cradle to Cradle Certified requirement is the Anker Methodology. The Anker Methodology estimates cost of a basic but decent lifestyle for a worker and his/her family in a particular place, and then determines if that estimated living wage is being paid to workers. The methodology requires transparency and detailed documentation and analysis to ensure that the living wage estimate is solid and credible, and requires considering not only gross cash payment, but also deductions from pay, overtime pay, bonuses, and in-kind benefits. More information can be found: https://www.globallivingwage.org/about/anker-methodology/. The GLWC keeps a resource library of calculations and case studies, by industry and country (some are in progress) – found at https://www.globallivingwage.org/implementation// Current industries include bananas, coffee, floriculture, garments/ textiles, manufacturing, seafood processing, tea. Current countries include Bangladesh, Brazil, China, Colombia, Costa Rica, Dominican Republic, Ecuador, Ethiopia, Ghana, Guatemala, India, Kenya, Malawi, Mexico, Nicaragua, Pakistan, South Africa, Sri Lanka, Uganda, Vietnam. If an Applicant's submission is not included in these industries or countries, the Applicant must provide documentation of their alternate methodology and how it meets the Cradle to Cradle requirements. In this case, the Applicant must provide the following in its application for certification:

- A detailed explanation regarding how the living wage has been calculated and references used
- The Applicant's rationale for using this method rather than the Anker Methodology
- A list of other organization(s) that have used and/or support the method that the Applicant has submitted

Some standards include living wage in their requirements, such as Social Accountability International (SAI); SAI is the owner of the SA8000 standard and promotes the Anker Methodology as a founding member of the Global Living Wage Coalition. However, SA8000 requirements for implementing a living wage are not in cadence with Cradle to Cradle Certified requirements, as SAI timeline is 18-24 months to achieve a living wage vs. for Cradle to Cradle Certified requirements expect an Applicant to have already demonstrated achievement of a living wage when they apply for certification.