CRADLE TO CRADLE
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GUIDANCE FOR VERIFICATION OF DRAFT VERSION 4 SOCIAL FAIRNESS REQUIREMENTS
Version 2 – JULY 2020
Draft for Pilot Use

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I. How to Use this Document

Purpose

This *Guidance for Verification of Social Fairness Requirements* is a document for C2CPII staff and Assessors that provides additional detail to support the process of verification of Applicant submissions to meet the Cradle to Cradle Certified Social Fairness requirements.

This Guidance is primarily intended to guide Assessors through the overall verification process and provides details about specific requirements for verification.

This Guidance complements the Desktop Verification Tool. In that tool, *Documentation Required for Verification* is listed next to every requirement. Assessors must verify that the Applicant has completed all requirements. Assessors are expected to utilize this Guidance side-by-side with the Desktop Verification Tool. More details about these tools are provided in Section IV – *Social Fairness Toolkit*.

This Guidance also outlines specific Assessor requirements for each section, where either additional explanation is warranted beyond *Documentation Required for Verification*, and/or the Assessor must take specific steps to verify performance data or review materials submitted by the Applicant to conform with human rights / social/ labor norms. See Section VII for *Additional Requirements for Assessors*.

Roles & Responsibilities

C2CPII staff, Applicants/certification holders, and Assessors all have distinct roles in the certification process:

- **C2CPII** is responsible for development and maintenance of the certification standards and overseeing the certification process. C2CPII reviews Assessor's recommendations and Certification Reports to ensure completeness and accuracy after an Assessor has completed review of the certification application using the Desktop Verification Tool. C2CPII makes the final certification decision.

- **Applicants** are responsible for ensuring their business practices meet the Cradle to Cradle Certified Social Fairness requirements, and filling out the Self-Assessment Tool. Applicants must select an Assessment Body and fill in the Self-Assessment Tool in its entirety to submit for certification. Applicants must submit all supporting documentation to the Assessor for evaluation of performance data and evidence of processes, policies, management systems, and relevant risk assessment, management, and mitigation activities.

- **Assessors** are responsible for verifying that the Applicant's materials meet certification requirements. They conduct a desktop verification based on information provided by the Applicant in the Self-Assessment Tool, including reviewing performance data. Assessors create a Certification Report from the Desktop Verification Tool for submission to C2CPII for certification approval.

Certification Period and Recertification

Certifications are granted by C2CPII for a period of 2 years. At that time, certification holders are required to apply for recertification. At each achievement level, recertification requirements increase compared to the initial application, as specified in the standard. Each achievement level is additive – meaning, the lower level requirements are expected to be met to be approved for certification at the next highest level.

For recertification, Applicants may work with the same Assessor for their initial Assessment. Regardless of the continuity of Assessor in the recertification process, Assessors must verify data and progress on optimization strategies as specified in the standard. The Assessor must submit recertification reports to C2CPII for Certification review and approval.

II. Assessor Requirements & Training

Assessor qualifications and requirements are provided in the [Policy for Accrediting Assessment Bodies Operating within the Cradle to Cradle Certified™ Product Certification Scheme](#).

Assessor organizations must be approved by C2CPII as an Assessment Body to conduct verification of Social Fairness requirements. Individual Assessors at those Assessment Bodies must be approved and trained by C2CPII to perform the verification.

When Applicants submit their completed Self-Assessment Tool and supporting documentation for certification, they must include social performance data per the requirements in Section 8.5 of the standard. There are two types qualified parties that are permitted to generate performance data for an Applicant that has operations, final stage manufacturing, or tier 1 in high risk locations. These additional qualifications required are based on the risk level where these operations and suppliers are located (high vs. low risk locations are defined in Section 8.3):

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

The Applicant must provide the name of the qualified party and a copy of credentials in its submission, which must be reviewed by the Assessor. More details are provided in Section 8.5 of this Guidance.

III. Assessor Expectations

Verification vs. Audits

This *Guidance* specifies procedures and requirements for Assessors to complete the verification steps. The objective of verification is to validate the completeness of information provided by the Applicant to be in compliance with the Social Fairness requirements. It is important to note that Cradle to Cradle certification is dependent on all requirements met. The certification requirements do not require all non-compliances be analyzed according to a grading matrix or severity of non-compliances identified. As such, the verification process is an agnostic verification review. The following definition is provided for context:

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

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

Source: Oxford Learners Dictionary

IV. Social Fairness Toolkit

The Social Fairness Toolkit (SF Toolkit) is developed for Applicant and Assessor Use. The list of tools included, and applicability are as follows.

<u>Table 1</u>: Social Fairness Toolkit – Individual Tool Listing & Purpose

Tool:	Purpose:	Applicable For:	
		Applicant	Assessor
Cradle to Cradle Certified Standard, Version 4	Defines the Social Fairness requirements for certification.	X	X
User Guidance	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 *(this document)*	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.*

V. Steps for Assessors to Verify Social Fairness Requirements

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

1. Review Self-Assessment Submitted by Applicant

a. **Identify the Applicant's level for certification** – This should be provided by the Applicant in their certification submission, as identified in the details filled in the Self-Assessment Tool. Identifying the achievement level for certification will provide the Assessor with a guide for which criteria are relevant for verification.

b. **Confirm completion of the Self-Assessment**– Applicants are expected to complete the Self-Assessment Tool in its entirety before the Assessor begins the Verification process. This is tracked automatically in the Self-Assessment Tool at the bottom of the Excel-based tool (in red). If there is an alert that not all responses have been provided, the Assessor must send the Self-Assessment Tool back to the Applicant for completion.

c. **Perform a spot-check for quality of responses** – Applicants with Self-Assessment Tool submissions that include "yes" to all or nearly all questions with little commentary will most likely be required to answer follow up questions. Assessors should perform a "spot check" before proceeding to Step 2 to determine if this is the case. In that scenario, the Assessor can use discretion to request the Applicant spend more time with the Self-Assessment Tool to provide a more comprehensive submission. If the Assessor deems the information is adequate for the verification process, the Assessor may receive follow up questions from C2CPII before certification is approved.

d. **Pay specific attention to applications that use the Certification Preparation Tool for facility-level standards** – Per specifications defined in the SF Toolkit (above) for using the Certification Preparation Tool, Applicants are permitted to submit verification or audit reports as primary documentation for certification. The Certification Preparation Tool will identify requirements that are not matched between the selected facility-level standard vs. Cradle to Cradle requirements (for all Social Fairness requirements – including those applicable at the Applicant company or final manufacturing stage levels; where this occurs, Applicants must submit answers for all "non-matched" requirements in their Self-Assessment and provide relevant documentation that is not included by the selected facility-level standard. Where the Applicants' audit or verification report identifies non-compliances and/or corrective actions, the Assessor is required to review these details and Applicant responses as part of the verification process.

2. Conduct Desktop Verification

a. **Reviewer Access for Desktop Verification Tool** – *Once Step 1 is completed, the Assessor is required to insert a password in the 'Reviewer Access' section of the Self-Assessment Tool submitted by the Applicant. The password should be obtained from C2CPII. This process ensures only the Assessor has access to the Desktop Verification Tool.*

b. **Evaluate Requirements Met** – The Assessor must review all responses, qualifying comments, and documentation provided by the Applicant in the Desktop Verification process.

** Each achievement level is additive – Meaning, the lower level requirements must be met to be approved for certification at the next highest level (if the Applicant seeks Silver level certification, the Assessor must verify they have met Bronze requirements in addition to Silver requirements).**

The Assessor must track if the individual requirements are met in the Desktop Review section of the tool (Answer choice: Yes/ No). The following steps support this process:

- Review Qualifying Comments – *To credibly determine if the Requirements are met, the Assessor must review any Qualifying Comments provided by the Applicant in the Self-Assessment Tool/application for certification.*

- Review Documents for Verification – *To credibly determine if the Requirements are met, the Assessor must review all Documentation provided by the Applicant. This Documentation serves as evidence in the Desktop Verification process. Documents should be referenced in the Applicant submission and provided as separate attachments.*

- Consult this Guidance for Verification of Social Fairness Requirements – *Additional guidance is provided for Assessors (this document) on how to review the requirements for verification, and the credibility of documentation provided. The Guidance document is meant to be a complement to the Desktop Verification Tool, which already lists Documentation for Verification requirements. Assessors should focus on the requirements and explanatory guidance relevant for the level of certification being reviewed.*

c. **Outline gaps (where present)** – If the Assessor determines a requirement has not been met, it must provide details outlining the gap in the Comments section of the Desktop Verification Tool.

- Assessors should add Comments in a standard format when possible. For Applicant responses that do not meet requirements ("No" response from the Assessor), provide as much detail as possible to ensure the issues are clearly understood. As applicable, answer the following questions: "Who? What? Why? Where? When? How?" are the requirements not met.

- When an Applicant does not meet requirements for legal stipulations, the Assessor should make specific reference to the actual name and section of the law in the Comments section. This may be applicable for responses related to operations, including policies and processes to implement commitments of the Applicant and/or practices of manufacturing its products.

- Assessors should include Comments to confirm if corrective actions are in progress vs. completed. This relates to requirements in the standard that specifically cover corrective actions (e.g. Section 8.5) as well as for any documentation submitted (e.g. audit report and related corrective action plan – CAP).

EXAMPLE: Comments for Requirements Not Met

> *Assessor Response:* No
>
> *Assessor Comment:* It was noted that a rate of only 100% of the employee normal rate was paid to workers for all types of overtime hours.
>
> *Reference to Legal Requirements:* In accordance with PRC Labor Law article 44, the overtime payment shall not be lower than 150%, 200% and 300% of employee normal rate for overtime on normal workdays, rest days and official public holidays respectively.
>
> *Comment about Corrective Action:* This finding was noted in the audit report submitted by the Applicant and has not yet been remediated. The factory is on a 30-day plan for updated overtime pay, including for back-wages owed.

3. Generate Certification Report

a. **Auto-generation of Certification Report** – Once the Assessor completes the Desktop Verification, click on the Generate Report button to auto-populate the Certification Report. The report will be generated based on Assessor verification inputs provided in the tool.

b. **Requirement Gaps (where present)** – Requirements that were not approved by the Assessor in Step 2 are summarized as "Gaps" in the Certification Report. The Requirement Gap section is auto-populated based on the Assessor answers and Comments in Step 2. The Requirements Gap section lists items according to the section of the standard, including individual indicator and status. The Assessor cannot submit the Applicant or Certification Report to C2CPII for certification approval until all Gaps are filled by the Applicant.

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

a. **Applicant reviews** final Certification Report, the Assessor's Comments in the Desktop Verification Tool.

b. **Applicant signs Submission Authorization Form.**

5. Submit Report and Authorization Form to C2CPII for review and approval

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

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

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

VI. Summary of Social Fairness Requirements

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.

Table 2: Requirements Summary

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.

VII. Additional Requirements for Assessors

This section complements the requirements outlined earlier in this Guidance document, including *Assessor Requirements and Training* specified in Section II and the *Verification Steps* outlined in Section V.

To ***Conduct the Verification in Step 2,*** the Assessor must verify each Cradle to Cradle Certified Social Fairness requirement has been met as specified by evidence requirements listed in the ***Documentation Required for Verification*** section of the **Desktop Verification Tool** (See Column O in the tool).

The information provided here in Section VII outlines *Additional Requirements for Assessors* to complete the verification, including:

- Explanation of key concepts that may not be common knowledge to social auditors, where additional explanation is warranted beyond Documentation Required. (See Assessor Training Materials for definitions of key human rights risks and practices).

- Required steps to verify performance data or other materials submitted, where needed beyond information outlined in Documentation Required in the tool.

Assessors are expected to utilize this Guidance side-by-side with the Desktop Verification Tool. As a result, please note the following:

- Where requirements are referenced by number (#) in the following sections, the requirement numbers align with those listed in the Desktop Verification Tool. (In the majority of cases the numbering aligns with the numbering in the Cradle to Cradle Certified standard, but in some cases the numbering differs – to ensure each component of every requirement is spelled out for verification purposes.)

- Not all requirements in the standard have additional requirements for Assessors. If Assessor Requirements for a particular level are not listed below, this means the *Documentation Required for Verification* section of the Desktop Verification Tool contains all required information for the Assessor to verify.

Finally, key concepts are called out in **bold** font and reference to specific requirements for Assessors are underlined and listed by number (# - within each Social Fairness section), for easy identification in this *Guidance*.

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.

Human Rights Risk Assessment

Assessors must review the Applicant's process for conducting a risk assessment in this section of the certification standard.

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.

Identification of Human Rights Risks

Per the UN Guiding Principles on Business and Human Rights and the related Interpretive Guide, human rights risks identified must 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.

Cradle to Cradle Certified requires Applicants to identify human rights issues in the risk assessment process, based on known risks in their industry or sector, geographies or operation or supplier locations, and informed by communities, potentially affected groups, and other relevant stakeholders.

Assessors must verify the Applicant has documented the process used to conducted the risk assessment and the list of issues identified by the Applicant – including issues identified in a company's human rights policy (see Section 8.4) and other issues related to the sector, geography, manufacturing processes, raw materials or other aspects. These aspects are defined in the requirements for this section of the Cradle to Cradle Certified v4 Standard. See Assessor Training for relevant definitions of international human rights that are required to be reviewed by Assessors in the verification process. The *User Guidance* also contains related resources, such as references to the International Bill of Human Rights and Fundamental Conventions of the International Labor Organization (ILO).

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. Assessors are required to verify that Applicants have provided this information. There are several places in the standard that require the Assessor to cross-reference locations specified to inform verification processes.

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 lists is provided below, but if more recent data are available from the World Bank, those may be used to override the SAI designations.

> **De facto High Risk Locations**
> *At the time of writing this Guidance (July 2020), the following locations were considered 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
>
> SAI list: http://www.saasaccreditation.org/countryriskassessment
> World Bank Worldwide Governance Indicators: https://info.worldbank.org/governance/wgi/#home

The Assessor must also review the output of any third party risk tools or consultant deliverables to verify the Applicant has identified well-known risks relevant to the industry/sector and country(ies) of operation and taken into account known and emerging issues.

Additional Verification Requirements for Bronze level

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.

Requirements for Verifying Human Rights Due Diligence

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

For requirement #3, which specifies aspects of the risk assessment required for company level, final manufacturing stage and tier 1 suppliers, Assessors are required to verify that an Applicant has identified human rights due diligence best practices to address the risks contained in its risk assessment. This is the same expectation set in requirement #8 – which applies to the risk assessment for suppliers beyond tier 1.

Assessors must verify that the Applicant has identified, planned, and/or already has existing practices for implementing human rights due diligence.

The United Nations Guiding Principles on Business and Human Rights (UNGPs) define human rights due diligence (HRDD) as:

a) Assessing risks
b) Managing risks/ impacts
c) Tracking effectiveness
d) Communicating

These terms are defined not as a social compliance checklist, but rather processes that underlie a business's approach to respecting human rights.

To verify that the Applicant has identified, planned, or implemented HRDD, the Assessor must review the following:

a) Assessing risks – requirements #1 and 2 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, requirements #1 and 7 satisfy this aspect.

b) Managing risks/ impacts – the Assessor must review records of any actions identified, planned or remediation taken, including internal progress reports, communications with affected parties and other staff, photos or training sessions.

c) Tracking effectiveness – the Assessor must review identification of defined metrics and/or milestones the Applicant 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 Assessor must review documentation of the Applicant's plans 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.

Requirements for Verifying the Impact and Importance of Identified Risks

Assessors must verify if Applicants' risk assessments have been informed by affected stakeholders, as specified in requirement #4 at the company-level, final manufacturing stage, and tier 1; and in requirement #8 for the risk assessment beyond tier 1.

The description of defining the impact and importance of identified risks must reference which potentially affected stakeholders and/or their representatives informed this process. The following definitions are provided:

- *Affected stakeholders* 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 may include unions, employee or worker committees and community groups. Affected stakeholders are either internal or external stakeholders.

- *Internal stakeholders* are typically anyone employed directly by the company and contract employees.

- *External stakeholders* include suppliers, communities, buyers, investors, civil society organizations, customers, and end-users of products.

The evidence required, as specified in *Documentation Required for Verification* of the Desktop Assessment Tool, states that Assessors must verify the Applicant's description of the impact and importance as well as a list of stakeholders provided who have informed the Applicant's analysis. If the Applicant has relied on publicly available information to understand how affected stakeholders are identifying the impact and importance of risks, the Assessor must review all references to research reports or other publicly available information provided by the Applicant to verify the perspectives of affected stakeholders are included.

Requirements for Verifying Prioritization of Risks and Opportunities

The *User Guidance* defines best practice for prioritization that aligns with the expectations of the UN Guiding Principles on Business and Human Rights. This process expects 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. This is not the only way an Applicant may describe its prioritization process, however.

The Assessor must verify the process for Prioritization aligns with the definitions above, as specified in requirement #5a-c for the company-level, final manufacturing stage, and tier 1 risk assessment; and requirement #10a-c for the risk assessment beyond tier 1.

If an Applicant has used any third-party risk tools or consultant deliverables to inform the Applicant's prioritization, the Assessor must review the output this work.

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

Several requirements relate to the requirement for the Assessor to verify that the Applicant is demonstrating ongoing efforts to improve visibility and assess risks within the certified product's supply chain (i.e. beyond tier 1).

For requirement #7 (for risk assessment beyond tier 1), the Assessor must verify the description provided by the Applicant regarding steps taken to further map its supply chain beyond tier 1, including tier 2 supplier mapping. In addition to the requirements specified in *Documentation Required for Verification* in the Desktop Verification Tool, the Assessor is required to review the following if a partial listing of tier 2 suppliers is provided:

- If the Applicant has included a percentage vs. a total number of tier 2 suppliers that are considered the highest risk because of factors in requirements #7a-c, based on severity (see definition above).
- If the Applicant has provided rationale for and decisions about what is included in the partial listing of tier 2 information (if that is what is provided); at re-certification the Applicant will be expected to have expanded upon the baseline submitted with the initial certification application.
- If the Applicant used any third party risk tools or consultant deliverables to confirm the Applicant has gathered information about known and emerging issues present in tier 2, for requirements #7a-c.

For requirement #12, Assessors must review the Applicant's description of how it is determining and further investigating supplier locations that have not yet been identified. In addition to *Documentation for Verification* Requirements in the Desktop Verification Tool, the Assessor must review how the Applicant reviews the materials in its products in the further investigation. This could include identification of any

material that does not have a known source or supplier and comparison against known risks – e.g. raw materials that are listed on the US Department of Labor List of Goods produced by Child Labor or Forced Labor and/or materials that are known to have social/ labor risks in their sourcing (e.g. cotton from Uzbekistan; if the Applicant does not know where cotton is sourced from, it must assume it is from a high risk location or using a process that poses high risk to workers).

Requirement #14 specifies that at recertification for the Bronze level, the Assessor must verify the Applicant is taking action to further map the certified product's supply chain, compared to the previous certification cycle.

Additional Verification Requirements for Gold level

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).

Verification Requirements for Components and Raw Materials Sourced from Areas with Human Rights Risks of High Concern

For requirement #1a, the Assessor must verify the Applicant has listed materials and components from **source countries where there is reason to believe that child and/or forced labor is involved.** The Assessor must verify The Applicant has used required 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.

Requirement #1b is based on the sourcing of minerals from **conflict-affected and high risk areas**, as defined by the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and specific Supplement on Tin, Tantalum and Tungsten*. The following are Assessor verification requirements:

The Assessor must verify if the Applicant has reported it is sourcing these materials as defined by "red flag locations of mineral origin and transit such as minerals that:

- o originate from or have been transported via a conflict-affected or high-risk area
- o 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)
- o are claimed to originate from a country in which minerals from conflict-affected or high-risk areas are known to transit.

The Assessor must also verify that the Applicant has reported if it is sourcing these materials as defined by red flags of the company's suppliers or other known upstream companies:

- o 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.
- o 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. The *User Guidance* has additional information from the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and specific Supplement on Tin, Tantalum and Tungsten*.

Verification Requirements if New Risks are identified at the Gold level

Requirement #2 at the Gold level reference requirements #3-6 at the Bronze level – these requirements are applicable for new risks and identify opportunities for improvement associated with the product's components and raw materials (regardless of supply chain tier).

- Requirement #3 in this section is similar to Bronze level HRDD requirements, but applicable for risks and identify opportunities for improvement associated with the product's components and raw materials (regardless of supply chain tier – therefore the requirement described for the Bronze level above is the same and must be utilized by the Assessor.

- Requirement #4 in this section is similar to Bronze level requirements for Applicants to identify the impact and importance of identified risks as defined by affected stakeholders – therefore the requirement described for the Bronze level above is the same and must be utilized by the Assessor.

- Requirement #5 in this section is similar to Bronze level requirements Prioritization of Risks and Opportunities – therefore the requirement described for the Bronze level above is the same and must be utilized by the Assessor.

8.4 Human Rights Policy

Intended Outcome(s)

The applicant is formally committed to respecting and upholding human rights as defined by international standards.

Policy Requirements

The policy must meet Cradle to Cradle Certified requirements, which are detailed in the Desktop Verification Tool for Assessors. There is no additional guidance other than the policy itself having specific reference to/ evidence of the provisions listed in the certification standard.

An Applicant can submit its Human Rights policy, Human Rights Statement, Supplier Code of Conduct, Responsible Sourcing Policy, Responsible Sourcing Standards or any other relevant policy.

If the policy only covers a portion of the required indicators, the Applicant has not fully met the defined requirements and will not receive credit.

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.

Assessor Requirements for Performance Data Generation

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.

Performance must be measured on all of the required policy elements listed in section 8.4, including any additional issues identified per the risk assessment in section 8.3. Applicants are expected to identify and track quantitative metrics to back up all of their answers, and provide these details in the documentation submitted with their Self-Assessment Tool to the Assessor for review.

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 in Table 3 on the next page. Section II of this document defines the following as qualified parties:

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.

Table 3 - Bronze and Silver level Requirements for Performance Data Generation

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

*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.

Table 4: 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.)

Assessor Requirements for Performance Data Verification

The Assessor must review all data submitted by the Applicant in the verification process. This may include verification of data that was generated by a different qualified party; in this case, the Assessor will review the data submitted to confirm it meets Cradle to Cradle certification requirements.

Where the qualified party is the same entity that generates the data, no additional verification is required. Additionally, if the Applicant is using a third party audit or verification report as primary documentation, the Assessor may not need to verify all details in the application – see below for detailed explanation about the use of audit or verification reports as primary documentation and use of the Certification Preparation Tool.

Utilizing Other Standards to Measure Performance

Applicants are permitted to use a variety of tools to measure performance to meet requirements in this section. When an Applicant uses a third party standard and submits the resulting audit, verification, or other type of report as primary documentation, the Assessor is expected to verify all information in this report meets Cradle to Cradle requirements, in addition to information contained in the Applicant's submission in the Self-Assessment Tool.

For Applicants that use audit, verification, or reports from third or other party standards as primary documentation, Assessors should 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) and issues of high concern listed in Bronze level requirements #2 a-g of this Section. Assessors must use their judgement, as an accredited Assessor that has received training on social/ labor issues and Cradle to Cradle Certified Social Fairness requirements, to determine if additional information is needed from the Applicant to verify information submitted. 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.

The *Certification Preparation Tool for facility-level standards* described in *Section IV: SF Toolkit* is designed to aide Applicants' understanding of C2CPII requirements as compared to other standards that the Applicant has used to gather performance data. It can also be a reference for Assessors to help support knowledge of other standards.

Currently, the *Certification Preparation Tool for facility-level standards* provides comparisons against SLCP, SA8000, SMETA. For C2CPII 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. Assessors are expected to verify the violations information in addition to details in the Self-Assessment Tool and submitted documentation. 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.

When an Applicant uses a third party audit or verification report as primary documentation, the Assessor must review the violations identified in the report and verify they are listed in the Certification Preparation Tool. The Assessor is also required to verify the Applicant has put a corrective action plan in place for the identified violation, and review all other information submitted in the Self-Assessment Tool – which is required because none of the facility-level standards are recognized as mutual recognition.

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). In this

example, the Assessor is required to verify the violations and the CAP, but not the data contained in the SA8000 report itself. The Assessor is required to verify any separate answers in the Self-Assessment Tool.

Note for Assessors: while a separate, corporate-level Certification Preparation Tool has been created for Applicants, this is a reference document and Applicants that use it are still required to fill in the Self-Assessment Tool in full. The Assessor should review the information in the Self-Assessment Tool (and relevant supporting documentation) to fulfill the verification task when corporate-level standards are referenced.

Verifying Corrective Actions

Several requirements in this section outline requirements for corrective action, which is commonly tracked in **Corrective Action Plan** (CAP). 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 operations and throughout the value chain.

Assessors are required to verify corrective action has been taken for specific Cradle to Cradle Certified requirements (see details below). This verification step will be most common when an Applicant submits documentation from a Qualified 3rd Party Auditor that has provided audit data; audit reports are expected to identify issues that need improvement. It may also be warranted if an Applicant generates its own data and identifies a particular issue; in this case, the Applicant should develop a CAP to track progress for improvement or remediation.

When an Applicant's submission for certification identifies or makes reference to a violation or issue of non-compliance, the Assessor is expected to 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). The Assessor must review primary documentation submitted, which will typically be in the form of an audit or verification report from use of a third party standard.

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. This is not a checklist, but a guide for Assessors in their review.

- 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

Additional Verification Requirements for Bronze Level

All Applicants must provide performance data for the applicant company and final stage manufacturing facility(ies). Note that requirements #1-4. 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 must review these locations as part of the verification requirements in this section to confirm the Applicant has selected the appropriate party to generate and verify performance data submitted.

The Assessor must confirm the performance data provided in this section is appropriate for the risk level at each location – that is, that the Applicant has not only selected the appropriate party if high risk, but also that the risk is being measured relevant to level of severity and actual location as defined in the requirements in Section 8.3 (e.g. based on well-known industry risks, human rights violations, and locations that are reputed to have conflict, corruption, widespread human rights violations, and/or weak governance).

Requirements for Verifying Performance Data for issues in the Human Rights Policy

The Assessor must verify that the Applicant has measured performance for all of the required policy elements, as defined in Section 8.4.

Below is specific guidance for Assessors for requirement #1a-g in this section. This guidance is presented in addition to the mandatory documentation review that the Assessor must complete (see Desktop Verification Tool for specific documentation requirements).

Table 5: Additional Guidance for Verifying Performance Data for issues in the Human Rights Policy (Requirement #1a-g)

Bronze Requirement Detail	Additional Guidance for Assessors
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).	
a. Discrimination	• Employees receive equal pay for equal work regardless of gender, race, religion, age, disability, sexual orientation, nationality, marital status, political opinion, social group or ethnic origin. • Employees have equal opportunity for promotion, training, termination and retirement based on their ability and not on personal characteristics and beliefs. • Medical examinations are not used to prevent an employee from being hired or as a condition of employment. Such medical examinations may include but are not limited to Hepatitis B, HIV or other tests prohibited by law. • Pregnancy testing, or questioning of pregnancy as a condition of employment, is not required. • A woman's pregnancy is not the basis for making decisions that result in dismissal, threat to dismiss, loss of seniority, or deduction of wages. • Pregnant women are not required to engaged in work that creates substantial risk to the health of the pregnant woman or their reproductive health. Women that might previously have been in such roles should be offered alternative work. • All applicable laws and regulations governing 'Non-Discrimination' are complied with.
b. Harassment and abuse	• Security practices shall be gender-appropriate and non-intrusive; Body searches, if conducted, are not conducted by the opposite gender. • The Applicant complies with all applicable laws and regulations governing 'Harassment or Abuse'.
c. Excessive working hours	• There are reasonable meal and rest breaks, which, at a minimum, shall comply with local laws. • There is an established a mechanism to determine, monitor and control the overtime hours of employees. • The Applicant complies with all applicable laws and regulations governing 'Hours of Work'.

d. Freedom of association and collective bargaining,	• There is no discrimination against union members by refusing to hire them or by terminating employees based on legal union affiliation or organizing efforts. • Where a collective bargaining agreement (CBA) in place, the legal terms of the agreement are adhered to. The collective bargaining agreement (CBA) should be negotiated freely, voluntarily and in good faith. • Employee representatives are freely elected without employer interference. • Employee representatives are allowed to carry out activities relating to employee's rights and interest without employer interference. • Employee representatives are allowed regular access to employees, management and workplaces in order to carry out their representative functions.
e. Legal minimum wage and all legally mandated benefits including employer contributions for social security benefits and services,	• All communication to employees is in the language of the employee, including the wages, incentive systems, benefits, and bonuses to which all employee are entitled and under the applicable law. • Workers are provided with an understandable wage statement, which includes days worked, wage or piece rate earned per day, hours of overtime at each specified rate, bonuses, allowances and legal or contractual deductions. • The employer forwards all legally required withholdings to appropriate government authorities in a timely manner as required by law. • The employer complies with all applicable laws and regulations governing 'Wages and Benefits'.
f. Health & Safety, including the following:	No additional guidance
i. Access to water, sanitation, and hygiene (WASH),	No additional guidance
ii. Emergency preparation and response,	No additional guidance
iii. Hazardous materials handling procedures,	No additional guidance
iv. Management systems that address health and safety risks, and	No additional guidance
v. Appropriate building construction, electrical, and fire safety.	No additional guidance
g. Additional priority issues identified in the risk assessment	No additional guidance

Requirements for Verifying Issues of High Concern

The Assessor is required to verify that any issues of high concern listed in requirements #2a-g are resolved prior to recommending certification. If these risks are present and/or an audit report submitted as documentation for verification has a relevant non-compliance finding, the Assessor must verify that corrective action has been taken, the issue has been remediated, and a corrective action plan (CAP) is closed in order to recommend the Applicant for certification. Below is specific guidance for Assessors to verify the Applicant has no issues of high concern – this guidance is presented in addition to the mandatory documentation review that the Assessor must complete (see Desktop Verification Tool for specific documentation requirements). Note that all "Additional Guidance" presented below is expected of all company-level and final manufacturing stage performance data provided by the Applicant at the Bronze level. This applies to verification of performance data for Applicants that have operations and facilities in developed country locations, as well as high risk locations.

Table 6: Issues of high concern must be resolved prior to certification or recertification (Requirement #2a-g)

Bronze Requirement Detail	Additional Guidance for Assessors
2. If identified, the following issues must be resolved prior to certification or recertification	
a. Child labor,	The Assessor must review performance data to verify the following: • There is no worker employed by the company currently below the age of fifteen (15) or in breach of local minimum age for work or mandatory schooling. This is feasible to verify by reviewing employee files provided that show proof of age documentation. • Compliance with all applicable laws and regulations governing child labor. This is feasible to verify by reviewing local and national labor age requirements (laws) and comparing them to proof of age documentation provided by the Applicant.
b. Forced labor,	The Assessor must review performance data to verify the following: • The company does not use any type of involuntary labor who are trafficked, prisoned (not in compliance with ILO Convention 29), bonded, or indentured. • Employees and/or workers shall not be required to pay recruitment fees or other related fees for their employment. If any such fees are found to have been paid by workers, such fees shall be repaid to the worker within 90 days after on board. • Employees and/or workers shall not be required to lodge deposits or security payments. • Employees and/or workers maintain possession or control over original government issued identification and personal documentation, such as passports, identity papers, travel documents, and other personal legal documents. • There is no portion of employees' and/or workers' wages withheld for payment upon the end of the contract period. No mandatory saving program applicable or required for employees and/or workers. • Any form of – or threat of – physical violence, including slaps, pushes or other forms of physical contact is prohibited to be used as a means to maintain labor discipline. • There is no toleration for, and there is a commitment to, a workplace free of sexual harassment. • All employees and/or workers are provided with at least one day off (24 hours) in every 7-day period or as required by applicable law whichever is stricter. • Wages paid for regular worked hours are at least legal minimum wage or industry wage agreed within a collective bargaining agreement (CBA) whichever is higher. • There are written procedures to ensure employees and/or workers receive a written copy of their contract prior to departure that is understandable to them. If they cannot read the contract, support must be provided to explain the contract terms. The procedure must include that contracts signed by the employee and/or worker in the country of origin are not modified once the worker arrives in the country of destination without consent. • Employees and/ have the right to enter into and to terminate their employment freely without being penalized financially, the threat of physical or mental coercion or facing unlawful notice periods.
c. Corruption/bribery,	The Assessor must verify the existence of policies, procedures, training content and whistleblowing channels and any performance data associated. The Assessor must report any attempts to bribe Assessor(s), including from performance data generated by a Qualified 3rd Party or Qualified Internal Auditor. Bribery may take the form of offering any form of monetary compensation, gifts or favors. This may include paying for an auditor's lunch if an on-site assessment is performed, and if this is prohibited by the customer or auditing firm.
d. Unauthorized subcontracting,	The Assessor must review performance data to verify the following: • Appropriate records of approved subcontractors are maintained and that such records are kept for at least 12 months. • Compliance with all applicable laws and regulations governing subcontracting.
e. Missing or deficient permits (i.e. business license, building permit, and environmental permit(s) if required by local regulations),	No additional guidance

f. Any immediate threat to life or safety (e.g. poor fire safety, structural safety hazard), and	The Assessor must review performance data to verify the following: • 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.
g. Denial of access to the facility, workers, or files.	The Assessor must review documentation that confirms receipt of written policies by business partner(s) of the Applicant. The Assessor must verify that denied access has not occurred at the headquarters or final manufacturing stage. Indications of denied access may include the following. If the following records or instances occur in the verification process and/ or are referenced (or missing) in any performance data provided, request further information for verification needs: • No payroll records provided; • No attendance records provided (in cases where attendance recording systems are present); • Denied access to all physical areas (for on site assessments); • Refused interview with worker(s) (for on site assessments).

Requirements for Poor Performance Issues

For requirement #3, Applicants must plan corrective actions for other issues identified (e.g. relevant to discrimination, freedom of association, health and safety), which relates to all items in requirement #1 in this section. This means the Assessor is required to verify that the Applicant's answer here for poor performance on specific "other issues" matches the answers from the Applicant of identifying "other issues" in the risk assessment process (see Section 8.3) and/or in the Applicant's human rights policy (see Section 8.4) beyond the requirements specified in #2a-g.

The Assessor must identify that a corrective action plan (CAP) has been put in place for these "other issues" where poor performance exists. This is separate than requiring resolution, as described in requirement #2a-g. At the Bronze level, the Applicant is not required to demonstrate progress or close the CAP for these "other issues" – this comes later at the Silver level (see below).

Requirements for recertification

At recertification, Assessors must verify the Applicant has made progress on poor performance issues – which is requirement #4 in this section. 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 must 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 must verify progress towards remediation.

Additional Verification Requirements for Silver Level

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.

Requirements #1 and #2 in this section focuses on requesting data from high-risk tier 1 suppliers. The Assessor must review communication requests and supplier responses as evidence provided by the Applicant. Requirements #1 and #2 in this section are similar to Bronze level performance data requirements, but applicable for high-risk tier 1 suppliers. To generate and/or verify performance data, the locations of high-risk tier 1 supplier operations must be identified in Section 8.3 by the Applicant, and the Assessor must 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.

Requirements #3-5 in this section specify what the Assessor must review regarding the qualified party permitted to collect information from suppliers and expectations about quality and process.

Requirements for Verifying Performance Data for issues contained in the Human Rights Policy

The Assessor must confirm that performance has been measured for high-risk tier 1 suppliers on all of the required policy elements, as defined in Section 8.4. The Assessor must confirm the performance data provided in this section is appropriate for the risk level at each location – that is, that the Applicant has not only selected the appropriate party but that the risk is being measured relevant to level of severity and actual tier 1 supplier location.

The same *Bronze level Requirements for Assessors* above for requirement #1 must be reviewed and utilized in filling in the Desktop Verification Tool at Silver level requirements.

Requirements for Verifying Issues of High Concern

Requirement #2 expects that Assessors verify performance data submitted for issues of high concern for requirements #2a-g in this section, using the same specifications defined in Bronze #2a-g above – that is, the *Bronze level Requirements for Assessors* above must be reviewed and utilized in filling in the Desktop Verification Tool at Silver level requirements as well.

Requirements for Poor Performance Issues

Requirement #6 in this section is similar the requirements listed in to Bronze level performance data requirement #3, but applicable for high-risk tier 1 suppliers – therefore the Additional Guidance described above is the same and must be utilized by the Assessor.

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, the requirements for this 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 (see requirement #3 for Silver).

Requirement #7 specifies that at recertification, 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. 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.

If the supplier does not provide requested information within 1 certification cycle (2 year period), the Assessor must verify that the Applicant has 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. Evidence requirements are specified in the *Documentation for Verification* section of the Desktop Verification Tool.

Verification for Supplier Management

Requirement #8 specifies that at Silver level recertification, the Applicant must provide evidence of supplier management. All evidence requirements are specified in the *Documentation for Verification* section of the Desktop Verification Tool – including requirements #8a-c for encouraging suppliers to complete corrective actions, tracking timelines, and taking steps to suspend or terminate suppliers that fail to make progress on remediation.

The Assessor must verify progress by the Applicant to show corrective action at the supplier level for Silver level certification. See above for additional criteria relevant for Assessors to evaluate the credibility of a Corrective Action Plan. Because recertification takes place 2 years after initial certification, this warrants closure of a CAP and remediation achieved.

Additional Verification Requirements for Gold Level

For components and raw materials associated with high-risk of child labor, forced labor, or support of conflict, the Assessor must verify at the Gold level that the Applicant utilized a C2CPII-recognized certification (if available) or equivalent that includes performance requirements aligned with the human rights policy.

The Gold level social fairness requirements align with the review of high-risk components and raw materials specified in requirements for the Materials Section of the Cradle to Cradle standard (i.e. the same materials subject to review for Material Health are subject to review for these Social Fairness requirements and the same exemptions apply).

For requirement #1, The Assessor must verify the Applicant has identified their high-risk component and raw material suppliers and locations in Section 8.3. The Assessor must confirm the performance data provided in this section is appropriate for the risk level of the supplier location.

C2CPII recognized certifications are those that include performance requirements addressing the required human rights policy elements – the Assessor must compare the certification reported by the Applicant to the Applicant's answers in Section 8.4 for this verification. The Assessor must also verify that the selected certification meets the C2CPII certification program eligibility requirements (per Appendix to this Guidance). This currently includes Better Cotton Initiative, Fair Trade Certified, and Forest Stewardship Council.

Requirements for Gold recertification

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 requirement #2, the Assessor must 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. In addition to the evidence requirements are specified in the *Documentation for Verification* section of the Desktop Verification Tool, Assessor must:

- Review the Applicant's plans for mitigating negative human rights impacts that may be found to be connected to the identification of high risk components and raw materials. These 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.

- Verify the intent and steps taken in the traceability exercise. The objective of performing a **traceability exercise** is to determine which supplier lots and serial numbers were used in finished products, and how to track and trace raw materials from the origin through delivery to the supplier to customer, and all stages in between.

8.6 Strategy for Policy 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.

Additional Verification Requirements for Bronze Level

At the Bronze level, the Assessor must verify the Applicant has developed a strategy for implementing the human rights policy and report on implementation progress at each recertification. The Assessor must compare the Applicant's answers for requirement #1 to the priority risks and opportunities identified in Section 8.3.

Additional Verification Requirements for Silver Level

For the Silver level, the Applicant is required to analyze performance data for the effectiveness of the strategy every 2 years. The Assessor must compare performance data provided by the Applicant in answers at the Bronze level to answers provided to Silver level requirements. The requirements at the Silver level allow the Applicant to demonstrate aspects of effectiveness of the strategy. Accordingly, the Assessor must verify evidence requirements specified in the *Documentation for Verification* section of the Desktop Verification Tool, and also review if any changes have been made as a result of strategy implementation in the 2 years prior.

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.

Additional Verification Requirements for Bronze Level

At the Bronze level, the Assessor must verify the Applicant has demonstrated commitment and support for establishing and maintaining a culture whereby employees and business partners are able to achieve high levels of social performance. This includes communications, defining an accountable position, and defining a process for escalating human rights risks all within the company.

For requirement #2, the Assessor must verify a position has been created or defined for existing staff to lead on human rights and take action as defined in the requirement. For Assessors who may be less familiar within internal corporate structures, the following is provided to outline common positions that

have this responsibility. The Applicant may have a different position defined, but this list is intended to assist the Assessor in verifying the specific position has been defined.

Common positions to lead on human rights, oversee implementation of the strategy and drive continuous improvement 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 the Procurement, Purchasing, Sourcing, Risk Management, Internal Audit, Compliance, Supply Chain, Operations, Sustainability, Corporate Responsibility, Legal, Human Resources, etc. department.

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.

Additional Verification Requirements for Silver Level

Assessors are required to verify if Applicants have implemented a management system that supports the achievement of the human rights policy commitments specifically within the company's own operations.

For requirement #1, Assessors must verify that a designated social compliance responsibility is defined in Applicant's submission, either by position title in an organizational chart or specific definition in other documents.

For requirement #2, Assessors must verify the description of the designated oversight function according to requirements specified in the *Documentation for Verification* in the Desktop Verification Tool. This may include description of the function and staff that have accountability for the human rights policy, and the process by which the policy is implemented. Reference to an implementation plan, standard operating procedure, or other management systems are examples of process.

For recertification at Silver level, Assessors must review in requirement #8 that the Applicant has identified deficiencies/ changes required for improved performance, including confirmation that the Applicant has evaluated the management system since the initial certification approval. The Assessor must confirm improvements identified in the previous review are underway during re-certification.

Additional Verification Requirements for Gold Level

Assessors are required to verify if Applicants have implemented a responsible sourcing management system that supports achievement of the human rights policy commitments within the supply chain.

An effective responsible sourcing program strengthens the supply chain by making it more predictive and adaptive to changing market needs, helping the company develop resilience, mitigate risk, improve efficiency, and better manage supplier relationships. The following list defines components of a credible

responsible sourcing management system; the Assessor is expected to verify specific requirements listed in the *Documentation for Verification* section of the Desktop Verification Tool, but it is recommended to keep the following in mind at the Gold level:

- **Strategy and Commitment**: focus on risk management in the supply chain, ensures sourcing teams have accountability for supplier commitment and alignment to buyer goals, dedicated staff for responsible sourcing functions.

- **Communicating, Reporting and Engaging**: focus on communication of the strategy, stakeholder input for ensuring it is responsive to changing supply chain dynamics.

- **Internal Alignment**: an approach that integrates social compliance into traditional business decisions and management of suppliers, including contracts, payment terms, audits, etc. This is typically a collaboration between Legal, Finance, Sourcing, Procurement and Responsible sourcing/ CSR staff, among others.

- **Supplier Monitoring and Engagement**: regular monitoring of supplier compliance against the buyer's stated commitments, which can be found in a human rights policy and/or supplier code of conduct. In addition to monitoring, it is best practice to require corrective action, provide incentives for improved performance, encourage capacity building and training, and engage workers. See Section 8.5 for guidance for Assessors on what constitutes credible corrective action.

- **Transparency & Traceability**: commitment to understanding social/ labor risks of raw materials and component suppliers, with increasing best practice expectations to manage risks based on cascading expectations throughout different tiers of the supply chain.

In addition to the evidence requirements specified in *Documentation for Verification* of the Desktop Verification Tool, Assessors must follow these additional requirements:

For requirement #1, Assessors must verify that a designated social compliance responsibility is defined in Applicant's submission, either by position title in an organizational chart or specific definition in other documents.

For requirement #7, Assessors must confirm that key human rights issues specified in the human rights policy (see Section 8.3, requirements #2a-j) are included in the training materials provided by the Applicant.

For recertification at Gold level, Assessors must verify in requirement #9 that the Applicant has identified deficiencies/ changes required for improved performance, including confirmation that the Applicant has evaluated the responsible sourcing management system since the initial certification approval. The Assessor must confirm improvements identified in the previous review are underway during re-certification.

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.

About Grievance Mechanisms

A **grievance mechanism** can be any confidential means to voice complaints, concerns or suggestions. This can be a suggestion box, direct access to someone other than a supervisor for this purpose, a hotline, email process, worker committee, designated space for worker meetings, and/or meetings between management and workers' representatives. All stakeholders that can be impacted by the Applicant or its business partners should have access.

The requirements in the Cradle to Cradle Certified standard have been developed based on the UN Guiding Principles for Business and Human Rights, including the Effectiveness Criteria contained therein. For this reason, the requirements for this section go beyond the typical social compliance approach for evaluating the existence of a grievance mechanism to further include verification of the Effectiveness Criteria and functionality of a grievance mechanism. Detailed information is provided to Applicants in the *User Guidance* and the effectiveness criteria is embedded within the evidence requirements in *Documentation for Verification* in this section of the Desktop Verification Tool. **Ultimately, grievance mechanisms are only effective if the people they serve know about, trust, and are confident using them.**

Additional Verification Requirements for Silver and Gold Levels

Assessors are required to verify if the Applicant has a grievance mechanism in place that permits company employees and other stakeholders to obtain redress for negative human rights impacts.

At the Silver level, Assessors must verify that for any contract final manufacturing stage facilities, the Applicant has requested that a grievance mechanism be made available.

At the Gold level, a grievance mechanism is required to be available at the contract final manufacturer (i.e. supplier) level.

All specific requirements for grievance mechanisms are the same at different achievement levels– as specified above regarding intended audience(s) of the grievance mechanism at the Silver and Gold levels. It is important to note that the UN Guiding Principles set expectations that grievance mechanisms are available to all potentially affected stakeholders for any business entity. As such, the following are requirements for Assessors the in addition to the evidence requirements in *Documentation for Verification* of the Desktop Verification Tool for requirements at both levels:

For requirement #2, the Assessor must review if local laws differ from international standards regarding grievance mechanism implementation and processes, and verify that the Applicant has adhered to the latter in this scenario.

For requirement #7, the Assessor will review the following documentation provided by the Applicant to make a judgement about the Applicant's efforts to evaluate the effectiveness of the grievance mechanism. This documentation should be considered as examples and/or in addition to the requirements defined:

- Number of complaints filed
- Types of complaints filed/ about which topics
- Outcomes of evaluating/ providing remedy for complaints
- Using case studies or more detailed information about handing of cases
- Satisfaction of persons who lodged the complaint
- Record of internal review and/ or identification of improvements needed

8.10 Positive Impact Project

Intended Outcome(s)

Positive impact on a social issue of significant importance to the company and/or value chain of the product.

About Social Impact Projects

A social impact project is often implemented through community investment or community development efforts, where an Applicant is engaged in activities to help address wider issues affecting in the communities where the Applicant does business, or its products are made. The *User Guidance* provides more detail about expectations for Applicants and measurement criteria commonly used in credible social impact projects.

Additional Verification Requirements for Silver Level

Assessors are required to verify if an Applicant has implemented 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.

For requirement #1, the Assessor must confirm the Applicant specifies which issues from its risk assessment process (see Section 8.3) are being addressed by the project identified. **If the Applicant focuses on an issue separate from those identified in the risk assessment process, the Assessor must review documentation provided by the Applicant to confirm the issue has been raised by at least one stakeholder group.** The Assessor must mark the issue or opportunity in the Comments section of the Desktop Verification Tool and flag for C2CPII that it is not an issue identified in the risk assessment.

For requirement #2, the Assessor must review if key performance indicator(s) are defined and tracked for the project. There are **different types of KPIs: a) inputs (what the Applicant contributes); b) outputs (what happens as a result of the input – e.g. number of stakeholders reached); or c) outcomes (what change occurs).** These KPI types are outlined in more detail in the User Guidance. If the Applicant only provides one KPI, identifying an "impact type" KPI is best practice, but this is not required to meet Silver level requirements; however, this is required for the Gold achievement level.

8.11 Transparency & Stakeholder Engagement

Intended Outcome(s)

The applicant company is held accountable for any negative human rights impacts, encouraging ever improving performance.

Additional Verification Requirements for Gold Level

The Assessor must verify the Applicant uses open and transparent governance and reporting, incorporating stakeholder engagement and feedback to shape strategy and operations.

For <u>requirement #2</u>, the Assessor must verify the Applicant has made sourcing information available to stakeholders including number of suppliers by geographic location for final manufacturing stage, direct suppliers to the final manufacturing stage, and high-risk components and raw materials (per Section 8.3). The Assessor must verify the Applicant has listed the locations of suppliers in its public disclosure.

8.12 Collaborating to Solve Social Issues

Intended Outcome(s)

Industry-wide progress is made towards solving widely recognized intractable social issues.

About Multi-stakeholder Programs

Multi-stakeholder programs bring together businesses, governments, civil society, and/ or other stakeholders to address issues of mutual concern. This requirement is focused on the need for collaboration and scale to drive solutions for the industry and society. **The Assessor must verify evidence that demonstrates the Applicant's participation in a multi-stakeholder initiative for the purpose of solving a problem.** Credible multi-stakeholder initiatives have well-established program governance, membership criteria, participation qualifications, and requirements for implementation. It is insufficient for the Applicant to simply sign on to an initiative; rather, there must be evidence of active participation and ongoing effort.

Additional Verification Requirements for Platinum Level

The Assessor must verify the Applicant's activities to collaborate to develop and scale solutions to an intractable social issue within the value chain of the product.

For <u>requirement #1</u>, the Assessor must compare the description of the program with the Applicant's answers to section 8.4 and 8.6 to confirm alignment of this multi-stakeholder program with the answer provided for this question.

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.

Additional Verification Requirements for Platinum Level

Assessors are required to verify the Applicant 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.

Many of the requirements contained in this section are not regularly evaluated at the facility-level in social compliance audits. For this reason, the additional requirements provided here contain some key

definitions. As always, the Assessor must verify the Applicant meets the evidence requirements specified in the *Documentation for Verification* of the Desktop Verification Tool.

Hiring and promotion are typically managed by a Human Resources department. The Assessor must verify that the Applicant's procedures submitted include specific criteria for diversity and inclusion in documentation for requirement #2.

Social performance metrics on **ethnicity-, race-, sex- and age-disaggregated indicators on hiring, compensation, promotion, demotion, training and mentoring for employees** are commonly owned by the Human Resources department. For requirement #5, the Applicant must provide this information, which the Assessor must verify to show the Applicant's equal opportunity demographics and statistics. The Applicant's metrics must be appropriate for the local and national laws related to gender, racial, ethnic, religious, and economically disadvantaged minorities as well as accommodations for employment of disabled employees.

To evaluate **pay equity**, the Assessor must verify the following as additional verification inputs for requirement #6:
- The Applicant has made available legally required payroll documents, journals, and reports that are complete, accurate, and up-to date;
- All compensation has been paid by the Applicant in a timely manner within legally defined time limits;
- Compensation calculations include accounting for mandated benefits and accurately calculated legal withholdings i.e. taxes, social security, pension, or healthcare from employee wages as required by law.

For requirement #7, the Assessor must verify public availability and accessibility of pay equity data.

Data on **gender-based violence in the workplace** is required to be supported by processes and data to document occurrence(s). For requirement #8, the Assessor must review performance data to verify the following is prohibited - and instances of gender-based violence are tracked when they occur in the workplace, including the following:

- Any form of – or threat of – physical violence, including slaps, pushes or other forms of physical contact as a means to maintain labor discipline.
- Any form of sexual harassment.

Verifying the inclusion of metrics derived from the human rights policy or strategy in **performance assessments of any executives or employees with designated social responsibilities** shows measurable accountability. For requirement #9, the Assessor must verify performance assessments provided by the Applicant include human rights and/or social responsibility criteria related to the Applicant's answers provided in Section in 8.4 or 8.6.

Requirement #9a specifies the importance of adding social performance metrics to executive accountability by stating that social performance results must be considered in compensation packages / incentive plans for top company executives and management with social management or oversight functions. Here, the Assessor must verify that social performance objectives and results are included in the documentation of compensation packages or incentive plans provided by the Applicant.

It is challenging to verify an Applicant is implementing a **living wage**, because there is no internationally agreed definition for living wage. Requirement #11 requires that the Applicant provide evidence it is paying a living wage at the time of certification. As stated in the Documentation for Verification requirements in the Desktop Assessment Tool, the Assessor must verify the Applicant has documented its analysis for calculating and implementing 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.

Cradle to Cradle Certified recommends the **Anker Methodology**, which is supported by ISEAL, Fairtrade International, GoodWeave International, Rainforest Alliance, Social Accountability International (SAI), as managing partneres of the Global Living Wage Coalition (GLWC). 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 is available at: 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 does not utilize the Anker Methodology, or the Applicant's product is not included in the industries or countries listed above, the Applicant must provide documentation of their methodology and how it meets the criteria developed. If the Applicant has an alternate methodology for calculating living wage, details and the Applicant's submission for this indicator must be submitted to C2CPII and include the following information:

- 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

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For requirement #12, the Assessor must verify the Applicant is implementing regular **employee engagement** regarding the company's social vision and goals, and to identify actions that will help the company to achieve them.

The Applicant's communication may focus on any part of the Applicant's social vision and goals, including but not limited to topics identified in the risk assessment (Section 8.3), Human Rights policy (8.5), supplier monitoring (8.5), strategy (8.6), grievance mechanisms (8.9), positive social impact project, (8.10), transparency and stakeholder engagement (8.11), fostering a culture of social fairness (8.13). Communication may be included in Management responsibility for identifying actions, such as part of an Applicant's responses to how management systems are implemented (Section 8.8) or training and performance evaluation (as contained in this section – 8.13).