



Fundamental Principles v2.0

2015

VEREGO'S FUNDAMENTAL PRINCIPLES

These Principles serves as the foundation of Verego, all of its service offerings, and each of its team members. The Principles are categorized by Assessment Principles, Standard Principles, and Governing Principles. The Assessment Principles are to guide the Assessment Team to ensure consistency and reliability of all results and conclusions. The Standard Principles reflect the objectives of assessment requirements and procedures. The Governance Principles define the purpose and focus of Verego's oversight mechanisms.

The Assessment Principles (1-6)

1. Integrity - working ethically to create a solid, reliable foundation to every Assessment

- All work must comply with any applicable legal requirements
- Assessors are to remain impartial, fair, and unbiased, while aware of any potential influences on an individual's judgment
- Diligence, truthfulness, and competency must be upheld in every decision

2. Fair Presentation - representing all findings accurately and honestly

- Scores and reasonings must be based solely on the evidence and documentation given by the Client organization
- Any conflicting opinions regarding the appropriate score or Certification status must be resolved through collaboration within the Assessment Team or through the Certification Oversight Committee
- All conclusions based on these scores and reasoning must be ground in sound judgment, in alignment to the Verego Standard, and reported clearly and accurately

3. Professional Care - demonstrating competency in the Verego Assessment and Assessment Process

- These criteria and principles must be upheld in addition to the steps and procedures outlined in this manual being followed consistently for each Assessment
- To reinforce the same high standards the Clients have for Verego and its Assessment Process, each Assessment Team Member will validate the diligence and rationale of one another

4. Confidentiality - security of information

- All information and documentation received by the Client organization throughout the Verego Assessment Process is assumed to be private unless noted otherwise or already publicly available (i.e. through the Client's website)
- Regardless of whether the information is public or private, the information obtained from any Client should be used with discretion and cannot be used inappropriately, including for personal gain

5. Independence - maintaining impartiality and objectivity

- Biases and conflicts of interest will be avoided during the Verego Assessment Process. When biases cannot be avoided, it is important to account for this and collaborate with more objective members of the Assessment Team
- Any disputes around the objectivity of a score or reasoning should be taken to the Certification Oversight Committee, who will resolve the dispute based purely off of the evidence and logic

6. Evidence-Based Approach - conclusions based on rationale and given information

- The process and scoring methodology outlined in this manual should produce the same results, regardless of the member of the Assessment Team reviewing the evidence
- A consensus of the appropriate score and reasoning will be produced by Assessors independently drawing conclusions followed by a collaborative approach from the entire Assessment Team

The Standard Principles (7-11)

7. Materiality – approaches are periodically reviewed and updated to remain relevant and impactful

- Evaluation criteria will be updated based upon the criticality of changing issues within Corporate Responsibility and Responsible Sourcing
- Stakeholder feedback, academic literature, and current events are incorporated into decisions regarding assessment updates

8. Best Practice Focus – evaluation criteria will be set to reflect leading practices

- Assessment expectations will exceed legal compliance, whenever possible
- Research of industry leaders in Corporate Responsibility and Responsible Sourcing will create a knowledgeable foundation for all assessments
- Recommended Corrective Actions for any assessment compliance gaps will reflect best practices

9. Balance – assessments will take a holistic approach in topic and scope

- Evaluation criteria will be span a range of topics within the five main categories of Leadership, Ethics, People, Community, and Environment
 - **1.0 Leadership** – Focuses on the organization's commitment to CR, its focus on customers, and its approach to communicate this commitment to key stakeholders
 - **2.0 Ethics** – Focuses on the organization's conduct, and the processes it uses to procure goods and services through its supply chain and sourcing decisions
 - **3.0 People** – Focuses on the organization's protection of human rights, as well as critical employment
 - **4.0 Community** – Focuses on the organization's engagement and investment in the local communities in which it operates
 - **5.0 Environment** – Focuses on the organization's ability to effectively measure, report, and improve the organization's impact on the environment
- When applicable, topics will be evaluated on their structured approach, monitoring KPI's, and compliance instances
- Evaluation criteria will reflect the organization's level of commitment, implementation, and transparency
 - **Commitment** – defining a direct statement towards the structured approach of a Corporate Responsibility topic
 - **Implementation** – validating the structured approach is operational within the organization
 - **Transparency** – raising awareness among both internal and external stakeholders of the structured approach

10. Continuous Improvement – assessment criteria and methodology will be designed to allow perpetual growth for the evaluated organization

- Whenever possible, the monitoring of KPI's and commitments to continuous improvement will be evaluated
- Reporting progress toward specified goals or directional improvements to both internal and external stakeholders will be expected
- All commitments and recommendations to continuous improvement will exceed legal compliance and strive towards best practice

11. Responsible Sourcing – Corporate Responsibility will be addressed within the organization's Supply Chain

- Organizations will be assessed on their approach to monitoring the Promotion of Social Responsibility within their Supply Chain
- Expectations and evaluations will be established to ensure Corporate Responsibility in the construction and maintenance of a Supply Chain

The Governance Principles (12-13)

12. Stakeholder Inclusion – representatives of those impacted or interested by Verego and its Standards will be incorporated into supervisory processes

- The Verego Steering Committee will consist of leaders within Corporate Responsibility and Responsible Sourcing, and will be responsible for periodically evaluating the content and assessment results of Verego and its Standards
- The Technical Advisory Committee will consist of academic and industry experts within Corporate Responsibility and Responsible Sourcing, and will contribute to the knowledge base of Verego, specifically the relevance of key topics, metrics, and best practices

13. Impartiality – all decisions made within Verego will not be compromised by any unmerited external influence

- Integrity of the assessment, its results, and the Verego team will be safeguarded from undue input from those evaluated organizations
- Any potential relationship or conflicts of interest between Verego and an evaluated organization will be disclosed systematically