



Governance Policy v2.21 2016

Introduction to Verego's Governance Policy

This Governance Policy document serves to outline the processes and groups responsible for guiding and regulating Verego, its team members, and its outputs. The contents of this document include the Governance Principles and the description of all Verego bodies.

For each Verego body, their respective Responsibilities and Scope of Engagement are defined. Responsibilities apply to the entire governance body, unless roles are distinguished within that particular body. The Scope of Engagement will define the frequency and methodology for which these responsibilities are to be upheld.

The Governance Principles

The Governance Principles define the purpose and focus of Verego's oversight mechanisms. As the foundation for this document and the actions described within it, the Governance Principles of Stakeholder Inclusion, Impartiality, and Confidentiality are described below, along with examples of their application.

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

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 conflict of interest between Verego and an evaluated organization will be disclosed systematically

Confidentiality - security of information

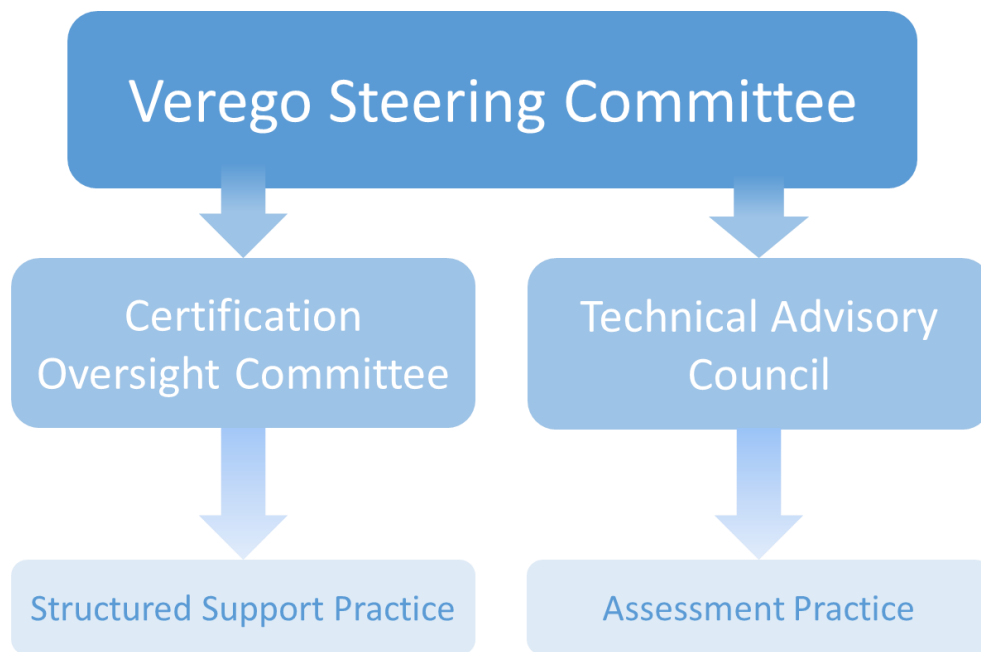
- All information and documentation received by the Client organization throughout the Verego Assessment Process is assumed to be private unless noted otherwise or already publicly available (i.e. through the Client's website)
- Regardless of whether the information is public or private, the information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

Integrity: Verego's Governance is critical to maintaining its integrity. By incorporating the guidance of leaders in Corporate Responsibility and Responsible Sourcing of the Verego Steering Committee, all work within Verego will be relevant, impactful, and grounded in collaboration.

Impartiality: The structure of Verego was designed to reinforce impartiality between its primary Governance bodies. The Consultancy, Support, and Assessment Practices are all distinct and regulated by a separate oversight mechanism and in accordance to our Conflicts of Interest Policy listed below.

Continuous Improvement: Expert leadership from not only the Verego Steering Committee but also the Certification Oversight Committee (COC), and Technical Advisory Council (TAC) ensure the offerings of Verego remain material. Additionally, each of these oversight mechanisms will review the work of their unique Practices body to monitor the accuracy and consistency of their results, while learning of the current issues and outputs from each.

Governance Structure



In addition to representing Verego's Governance Structure, this figure also embodies many of the Principles that Verego upholds within its Assessments, Standards, and Governance.

Conflicts of Interest Policy

Purpose of Conflict of Interest Policy

Verego is committed to ensuring that our provision of Structured Support Practice does not conflict with our role as the Verego Assessment Practice as well as insure that each Verego director, officer,

and staff member conducts affairs in a manner consistent with the goals of Verego and not advance his or her personal interests. Each director, officer and staff member of Verego and its subsidiaries has a duty to serve the purposes to which Verego is dedicated and to conduct the affairs of Verego in a manner consistent with those purposes and not to advance his or her personal interests. This Conflict of Interest Policy is intended to ensure that the directors, officers and staff members of Verego act in Verego's best interest and comply with applicable legal requirements. The Certification Oversight Committee will oversee the implementation of and compliance with this Policy.

1. Eliminating Conflict of Interest within Assessment Services

a. Circumstances Constituting a Conflict of Interest

- i. **Definition** - Conflicts of interest exist in situations where interests or concerns of any director, officer, or staff member associated with Verego, Inc. or any of its Affiliates, or that person's Family/Friends/Other Relations, may be seen as competing with or in conflict with the interests or concerns of Verego. Conflicts of interest may occur within proposed transactions, agreements or other arrangements (including compensation) in which:
 1. Verego or an Affiliate would be a and one or more directors, officers, or staff members, or their associates would have a financial interest; or
 2. An actual or perceived conflict of interest exists for some other reason, such as when a director, officer or staff member, or their associates seek to enter into a transaction that competes with the interests of Verego

b. Procedures for Disclosing and Addressing Conflict

Each member of the Verego network and its Affiliates will enclose in writing at the earliest opportunity all potential and actual conflicts of interest (including all relevant facts involved with his or her interest) to Verego's Certification Oversight Committee. Verego's Certification Oversight Committee will oversee the review of all relevant factors and circumstances concerning the disclosed conflicts and will deliver an advisory recommendation on the conflict to all relevant parties. The relevant parties will review said recommendation from the Certification Oversight Committee and determine further course of action with the interests of all transactions, agreements or arrangement involving directors, officers and key employees in mind. In the case of approval of a potential conflict of interest transaction, agreement or arrangement, the Certification Oversight Committee must determine that it is fair, reasonable and in Verego's best interest, after obtaining further reliable data of comparable markets to the extent that the information is available. Should the proposed transaction or arrangement be found to have a "substantial financial interest" for a director, officer or staff member, or their associates, within the meaning of Florida Law, the Certification Oversight Committee is responsible for considering alternative options that avoid the conflict of interest, within

reasonable conditions. All decisions involving conflicts of interest require a majority vote of the Certification Oversight Committee in order for them to be enacted.

c. Recusal and Refrain from Influence

Any and all interested directors, officers or staff members who have made available the information of their conflict of interest will restrict themselves from attempting to influence deliberations, information gathering and voting involved on the matter and will not participate or be present for any activity relating to the deliberation of the conflict of interest. Upon request from the Certification Oversight Committee or the relevant parties, however, the interested director, officer or staff member will be granted the opportunity to present any relevant information or answer questions pertaining to the background matter of the conflict of interest issue.

d. Documenting Conflicts

Meetings of the Certification Oversight Committee discussing conflicts of interest that have been disclosed shall be documented and will reflect that the interested person did not take part in the deliberations, information gathering, did not attend the meeting and did not vote on the matter. The documentation of these meetings will detail the basis for determinations and approvals made by the Certification Oversight Committee. This will include the consideration of relevant external information of comparable market data and alternative options, agreements or arrangements, to the extent considered or known to be available.

e. Annual Policy Distribution and Disclosure Statement

This Policy, as well as, a conflict of interest disclosure statement, will be made available upon adoption and annually distributed to each director, officer, and staff member who is presently associated with Verego or any of its Affiliates. Additionally, all new directors are required to have been furnished with a copy of this Policy and relevant disclosure statement prior to his or her election. All officers and employees will be furnished with a copy of this Policy and the disclosure statement at the time of, before or recently after the commencement of his or her duties. Disclosure statements shall be completed and submitted to the Chair of the Verego Certification Oversight Committee, who will make available copies for all Certification Oversight Committee members for their review. All directors, officers and staff members must individually renew his or her disclosure statement as necessary to reflect changes during the course of the year.

2. Eliminating Conflict of Interest within our Services

- i. **Structured Support** – Verego’s Structured Support services focus on adoption of best practices in alignment with the Verego SRS Standard. The objective is to transfer knowledge via our Best Practice Database to each assessed company on documented ways other companies are eliminating compliance gaps through the adoption of best practices. We aim to provide these database tools while maintaining an appropriate level of independence to current or potential Verego assessment customers.
 1. In providing support, we will:
 - a. focus on highlighting best practices that are potentially relevant for an organization and drawing on examples from other CR leaders
 - b. direct assessed companies to specific, relevant resources within the Verego network and beyond
 - c. provide explanations of what is meant by clauses in our Verego SRS Standard and other Verego documents.
 2. In providing support, we will not:
 - a. Edit or prepare any documentation on behalf of Verego assessed companies
 - b. Formally indicate whether an approach is compliant with our SRS Standard, except through the formal SRS Certification.
 - c. Allow any Verego staff members who participated in the assessed company’s formal Verego SRS or VSAP Assessment to provide Structured Support services or Vice Versa. This is to be done by completely separate individuals and teams as shown within the Governance Structure diagram on page 3.

The Verego Steering Committee

1. Responsibilities

b. Review of Verego Service Offerings

- i. Provide feedback on Verego's current approach to Corporate Responsibility Assessments, answering the following questions:
 1. Are all components of CR addressed within the Standard?
 2. Does the Assessment Process appropriately address these issues?
 3. What new ways can the Standard or the Process be improved?

c. Industry Trends and Best Practice Insights

- i. Provide insight to the following:
 1. What new practices are emerging within your industry?
 2. Are there significant gaps within CR in your industry? How can these be addressed?

d. Collaborate on Given Feedback

- i. Define the commonalities and differences among the Steering Committee members feedback
- ii. Identify any critical changes necessary to the SRS Standard or the Assessment Process
- iii. Brainstorm potential impacts of these changes to current and potential Certified Clients

e. Initiate Communication of Changes to the Assessment Process to affected Stakeholders

- i. For changes, deemed significant by the VSC, to the Assessment Process or Standard, it is the responsibility of the Steering Committee to communicate the pending changes to the Verego network – both clients and partners.
- ii. If the VSC determines the changes to the Assessment Process or Standard are minimal, then there is no need for immediate communication of the pending changes directly to all stakeholders. Under these circumstances it will be the role of the Assessment Practice to communicate the unsubstantial changes to the Assessment Process and/or Standard to existing customers upon their reassessment or with new customers when they sign up for their initial assessment.

2. Scope of Engagement

a. Annual Summit

- i. All Steering Committee members will be invited to convene annually to address the previously defined responsibilities
- ii. A survey will be sent out to the Steering Committee members within one month of the summit to collect any additional feedback on summit topics and comments regarding the summit itself for continuous improvement
- iii. Following the summit and survey results have been collected, presentation materials, meeting notes, and survey responses regarding the summit topics will be disseminated to the Certification Oversight Committee, and Technical Advisory Council

b. Balance and Rotation of Members

- i. There will be a conscious effort to ensure equal representation from a range of stakeholders with relevant, yet diverse backgrounds. Participants will include representatives from both NGOs and corporations, of whom will be from different industries.
- ii. Steering Committee members will be rotated to maintain the balance of stakeholder interests as needed with no individual remaining on the committee for longer than five years. All former members must remain off of the committee for at least two years before being reinstated.

The Technical Advisory Council

1. Responsibilities

a. Review & Update Current Material Issues of the Standard

- i. Identify emerging and current issues within CR:
 1. Are these material issues addressed within the SRS Standard or the VAP Questionnaires?
 2. What are the appropriate metrics to addressing these issues (e.g. approaches, KPI's, thresholds, reduction targets, etc.)?
 3. Can the criticality of the issues be evaluated across industries?
 4. How would any of these changes affect potential or current Certified Organizations?

b. Review & Update Assessment Process

- i. Provide feedback on Verego's current approach to Corporate Responsibility Assessments, answering the following questions:
 1. Do the Assessment Processes sufficiently evaluate the identified issues?
 2. Are the Assessment Results reflective of the true scores?
- ii. Determine the alignment to ISEAL's Codes of Good Practice
 1. Assurance Code
 2. Standard Setting Code
 3. Impacts Code

2. Scope of Engagement

a. Annual Summit

- i. All Technical Advisory members will be invited to convene at least once per year to address the previously defined responsibilities
- ii. One month prior to each summit, all advisors will be sent a materiality questionnaire, the responses of which will be collated into a comprehensive materiality matrix to be reviewed during the summit
- iii. A report of the Certification Awards from the previous 12 months will be provided to all Technical Advisors one month prior to the summit

b. Balance and Rotation of Members

- i. There will be a conscious effort to ensure equal representation from a range of stakeholders with relevant, yet diverse backgrounds. Participants will include representatives from academia, NGOs, and corporations, of whom will be from different industries.
- ii. Technical Advisors will be rotated to maintain the balance of stakeholder interests as needed with no individual remaining on the committee for longer than five years. All former members must remain off of the committee for at least two years before being reinstated.

3. Most important Principles governing Technical Advisory Council

As the primary body responsible for the specific content of the Verego Standard and Assessment Process, the Technical Advisory Council is responsible for upholding the following Standard Development Principles:

- a. Materiality – approaches are periodically reviewed and updated to remain relevant and impactful
- b. Best Practice Focus – evaluation criteria will be set to reflect leading practices
- c. Balance – assessments will take a holistic approach in topic and scope
- d. Continuous Improvement – assessment criteria and methodology will be designed to allow perpetual growth for the evaluated organization
- e. Responsible Sourcing – Corporate Responsibility will be addressed within the organization's Supply Chain

The Verego Assessment Practice

1. Responsibilities of the Practice

a. Team Roles

- i. There will be a designated team assigned to each Client Organization, divided between the following responsibilities:
 1. **Project Manager** – Director of all steps in the Assessment Process and primary contact between Verego and the Client Organization
 2. **System Administrator** – technical administrator of the Verego Responsibility System
 3. **Senior Analyst** – coordinator between the System Administrator and Assessment Team, and manager of assessment results
 4. **Associate Assessors** – collaborative reviewers of assessment materials and creators of client-facing deliverables

b. Documentation of Responsibilities

- i. All members of the Assessment Team will be held responsible for upholding the contents of the following documents:
 1. Verego Assessor Guidance Manuals
 2. Verego Scoring Methodology Manuals

c. Communication of Unsubstantial Changes to the Assessment Process to affected Stakeholders

- i. If the VSC determines the changes to the Assessment Process or Standard are minimal, the Assessment Practice must communicate the unsubstantial changes to the Assessment Process and/or Standard to existing customers upon their reassessment or with new customers when they sign up for their initial assessment.

d. Support Continuous Improvement of the Assessment Process and Standard

- i. When conducting assessments, it is the Assessment Practice's responsibility to identify possible areas of continuous improvement that help make the assessment process more effective and efficient and recommend these areas of improvement to the Certification Oversight Committee and Technical Advisory Council.

2. Scope of Engagement

a. Statement of Work Timeline

- i. The timeline for any Client Organization's SRS Assessment will be defined by the Project Manager, during the SOW Development phase
 1. Within the SOW, the timeline for each phase of the Assessment Process will be defined with clear deliverables to mark the end of each phase
 2. All Assessment Team members will be held to the timeline defined within the SOW, which will be translated into a Project Management Plan and Timeline to guide both the Client Organization and Verego's Assessment Team

3. Most important Principles governing the Assessment Team

As the primary body responsible for the Assessment Process, the Verego Assessment Team is responsible for upholding the following Assessment Principles:

- a. Integrity - working ethically to create a solid, reliable foundation to every Assessment
- b. Fair Presentation - representing all findings accurately and honestly
- c. Professional Care - demonstrating competency in the Verego Assessment and Assessment Process
- d. Confidentiality - security of information
- e. Independence - maintaining impartiality and objectivity
- f. Evidence-Based Approach - conclusions based on rationale and given information

The Certification Oversight Committee

1. Responsibilities of the Committee

a. Review Certification Recommendation from Assessment Team

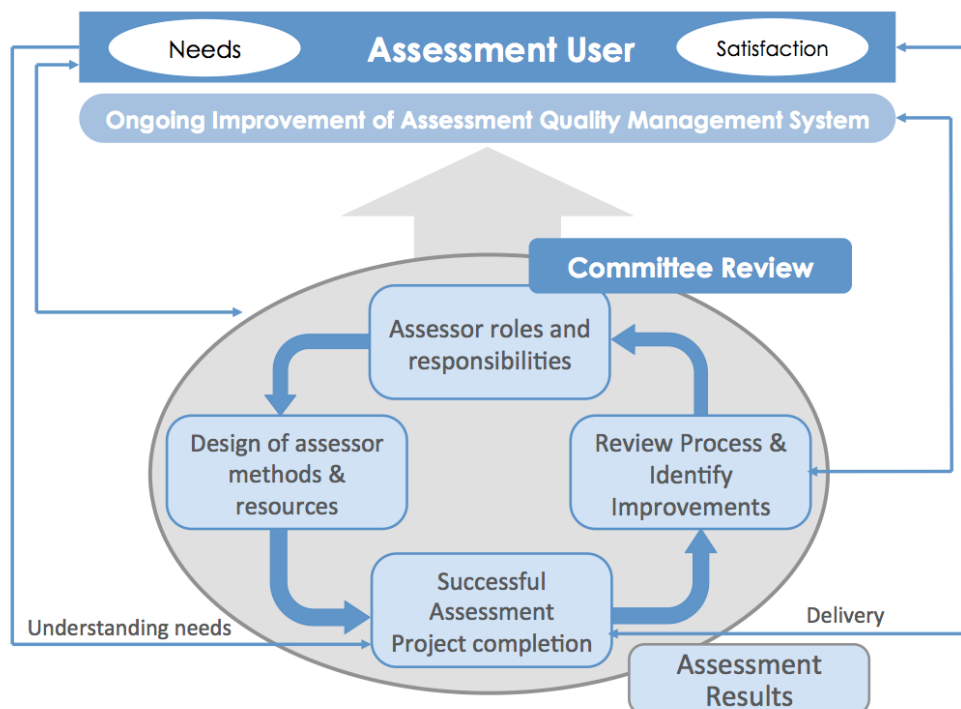
- i. Confirm the accuracy of all scores and reasonings
- ii. Based upon the Review, either confirm or reject the Certification Recommendation from the Assessment Team
 1. If a Rejection occurs, substantial reasoning must be given to the Project Manager of the Assessment Team
- iii. The Project Manager will then review the results with the rest of the Assessment Team and produce a new Certification Recommendation to be again reviewed by the Oversight Committee until an agreement is reached

b. Review Certification Recommendation from Structured Support Team

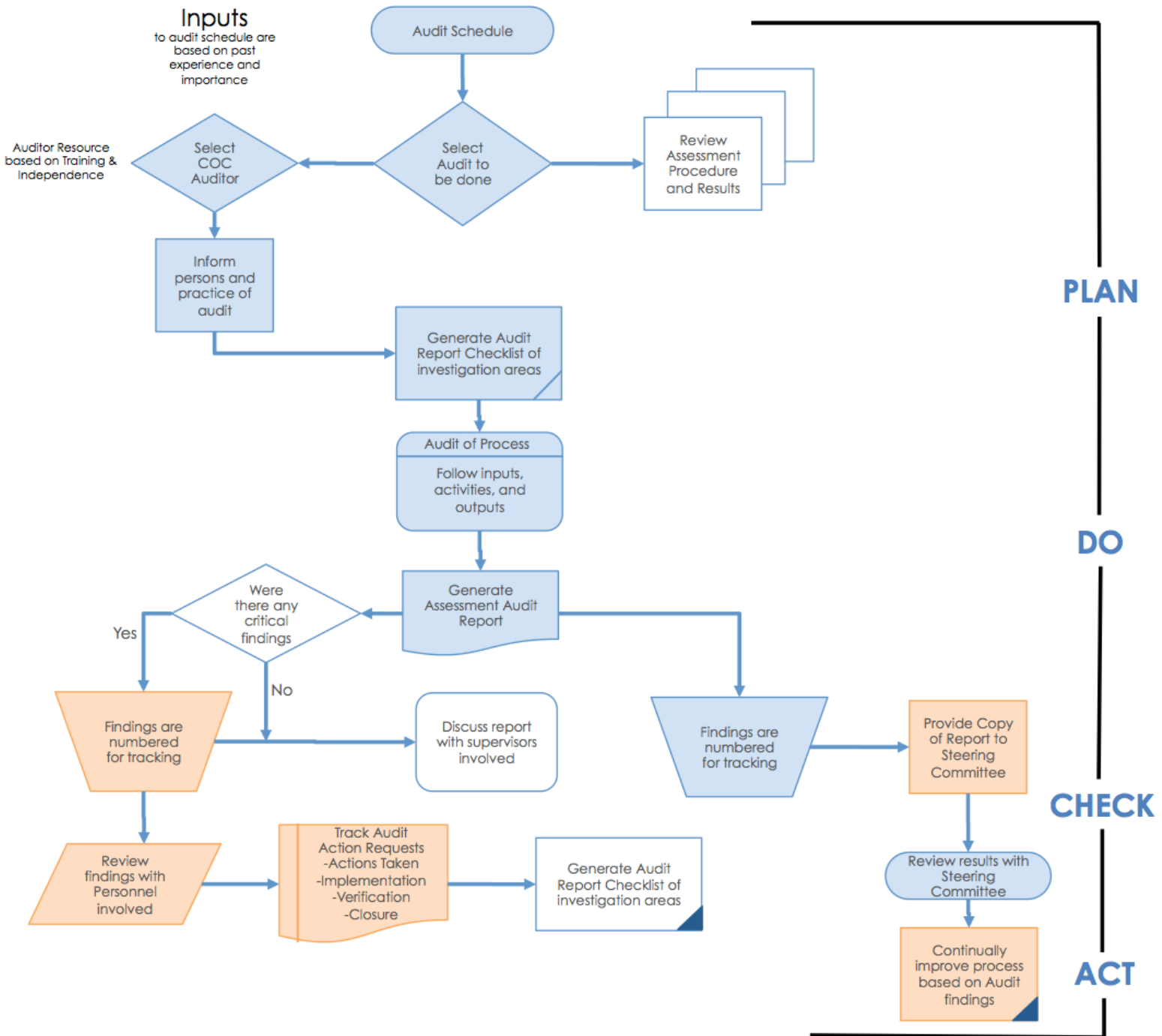
- i. Confirm the completion of Improvement Action Plan(s)
- ii. Based upon the Review, either confirm or reject the Certification Recommendation from the Support Team
 1. If a Rejection occurs, substantial reasoning must be given along with the implications for the Structured Support Project

c. Continually Improve Assessment Quality through annual reviews

- i. In order to continually improve the Quality of the Assessment Process and associated results, the Oversight Committee has the responsibility of maintaining the Verego Assessment Quality Management System as outlined in the following diagram. The objective of Verego's Assessment Quality Management System to continually make the Assessment Process and results more useful to the users of the Verego SRS and VSAP.



- ii. An Oversight Committee audit of Assessment Quality will be conducted annually through an internal audit of a sampling of assessment projects for process consistency, assessor competency, and reliability/of results. The Oversight Committee members responsible for the continuous improvement of the Assessment Process will follow the auditing path described below.



c. Address Certification Appeals

- i. It is the responsibility of the Certification Oversight Committee to review any appeal brought up by the Client Organization regarding their Certification Status as defined in the Appeal Board Overview document, including:
 1. Specific sub-area or question score(s)
 2. Specific sub-area or question reasoning(s)
 3. Applicability of a sub-area or question
 4. Overall Certification Award

2. Scope of Engagement

a. As Needed Basis

- i. The Certification Oversight Committee will be responsible for reviewing Certification Recommendations and Certification Appeals as needed as well as conducting a Assessment Quality Audit once per year.

3. Most important Principles governing Certification Oversight Committee

As the primary body responsible for Certification Awards, the Certification Oversight Committee is responsible for upholding the following Assessment Principles:

- a. Integrity - working ethically to create a solid, reliable foundation to every Assessment
- b. Fair Presentation - representing all findings accurately and honestly
- c. Professional Care - demonstrating competency in the Verego Assessment and Assessment Process
- d. Confidentiality - security of information
- e. Independence - maintaining impartiality and objectivity
- f. Evidence-Based Approach - conclusions based on rationale and given information

Structured Certification Support Practice

1. Responsibilities of the Practice

a. Conditional Certification Projects

- i. As part of the SRS Certification process, the Structured Support Practice team will be responsible for the Conditional Certification step of the process, and which include the following:
 1. **Review of Critical Compliance Gap(s)** – outlined within the Impact Report developed by the Assessment Practice team, Critical Compliance Gaps are those that inhibit Full Certification and are categorized into Informational, Improvement, or Implementation Gaps
 2. **Coordinate Improvement Action Plan(s)** – given the Action Plan Template, the Client Organization and the Structured Support Practice team will establish a timeline and deliverables for closing all Critical Compliance Gaps through the adoption of best practices listed in the Best Practice Database
 3. **Oversee Improvement Action Plan(s)** – provide structured support via the Best Practice Database to the Client Organization in completing their Action Plan(s) through regular communication to assess progress and provide feedback of reviewed evidence according the Best Practice Database
 4. **Submit Recommendation to Certification Oversight Committee** – based upon the Client Organization's completion of the Improvement Action Plan, including implementation of key deliverables, provide the COC a recommendation of the Client Organization's Certification Status

b. Documentation of Responsibilities

- i. All members of the Support Team will be held responsible for upholding the contents of the following documents:
 1. Verego SRS Assessor Guidance Manual
 2. Verego SRS Scoring Methodology Manual
 3. Verego Assurance Program Scoring Methodology Manual

2. Scope of Engagement

a. Engagement Timeline

- i. The timeline for any Client Organization's Structured Support Project will be defined during the Engagement Development phase
 1. The general timeline for the Support Project will be defined with a deadline for the Improvement Action Plan(s)
 2. More specific milestones will be established within the Improvement Action Plan(s), including key deliverables for each milestone

3. Most important Principles governing the Support Team

As the primary body responsible for the Structured Support Projects, the Verego Structured Support Team is responsible for upholding the following Assessment Principles:

- a. Integrity - working ethically to create a solid, reliable foundation to every Assessment
- b. Fair Presentation - representing all findings accurately and honestly
- c. Professional Care - demonstrating competency in the Verego Assessment and Assessment Process
- d. Confidentiality - security of information
- e. Independence - maintaining impartiality and objectivity
- f. Evidence-Based Approach - conclusions based on rationale and given information