GET IT FAIR

GIF FRAMEWORK
SYNTHESIS

5- BUSINESS ETHICS

2- SOCIAL

1- GOVERNANCE
MANAGEMENT
SYSTEM

4- ENVIRONMENT

3- HEALTH & SAFETY

2025– REV 02

Title of the document	GIF [Get It Fair] Framework
Revision N°	02
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Scope	Validation of the "GIF Responsible Organization" claim based on a based on a ESG rating that is an assessment [scoring] of the level of exposure to current or potential risks of events that may cause future adverse impacts to the organization and its stakeholders related to sustainability issues: - Governance and management system for social responsibility - Social [Human rights, labor practices and local communities] - Health and Safety - Environmental [Pollution, resource consumption, climate change and protection of the natural environment] - Business Ethics [Proper business practices, customer issues] The GIF Framework focuses on the risk assessment of one or more business units belonging to a legal entity. The GIF Framework is **not prescriptive and can be applied by any type of organization,** regardless of size, sector, or maturity
Exclusions	Ethical characteristics of products/services Product/service/process compliance with legal requirements or standards Compliance with requirements of management system standards
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Summary ⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯

Summary ⟋

Summary

Introduction

Responsible Organizations are distinguished by their ability to combine financial and economic performance with the protection of human rights and labor practices, the health and safety of workers in the workplace, the protection of the environment, and the conduct of fair business practices toward competitors and customers.

The evolving regulatory framework stimulates the demand for accurate, reliable, and credible information about companies' sustainability to enable stakeholders to decide how to relate to them. This demand concerns not only the impacts caused by the organization's activities on the external context and Stakeholders but also the impacts caused by the external context on the organization [e.g., effects of climate change]. The perimeter of sustainability information is not limited to the organization's boundaries but extends to its value chain.

In the context of increasingly long and fragmented value chains on local and global scales, there is growing exposure to the risk of upstream and downstream violations of human rights, the environment, and business ethics that cause adverse impacts on the organization and its Stakeholders. Therefore, a growing demand exists to disclose accurate information regarding ESG social risks along the value chain. Mandatory regulations such as EU Directive 2024/1760 [CSDD] introduce mandatory Due Diligence on suppliers to reduce exposure to social and environmental risks.

The ability to attract financial resources from investors and banks will increasingly depend on companies' ability to identify and assess risks and define appropriate mitigation plans. The cost of capital [debt or equity] will increasingly depend on reliable assessments of all sustainability issues. Insurance companies will define products and policies whose premiums will also depend on the level of exposure to future social and environmental risks with a focus on transition risks.

Buyers and contracting stations are inserting increasingly stringent supplier qualification requirements and will award contracts giving preference to those who demonstrate that they expose the buyer to lower risks of adverse impacts and unexpected costs due to sustainability issues. In public procurement, Green Public Procurement calls for increasingly stringent mandatory or reward criteria on sustainability aspects to be included in calls for tenders.

End consumers and, more generally, those who buy a product or service increasingly want to choose products and suppliers based on reliable and verified information on sustainability.

These trends require companies to not only provide information on historical data and results but also supplement it with future-oriented [Forward-Looking] information that allows them to estimate the level of exposure to future risks.

These drives for predictive information on all aspects of sustainability require organizations to develop a managerial management system based on a few key pillars:

- gathering and analyzing information on external and internal context trends that may have future impacts on strategic choices
- engaging and listening to Stakeholders and collecting input on their needs, expectations, and, most importantly, priorities regarding material sustainability-related issues
- defining policies and strategies with action plans and measurable short-, medium- and long-term objectives
- defining and implementing an integrated approach for identifying, assessing, and mitigating risks and impacts within the organization and along the value chain on all sustainability issues
- linking the risk management system with the management control system to determine short-, medium-, and long-term impacts on expected economic and financial performance
- actively managing relationships with suppliers and partners to mitigate social and environmental risks along the value chain

The Get It Fair program provides accurate, credible and reliable sustainability information about an organization that has been verified by an independent third-party assessment hinged on:

ONE	**GIF Framework** covering all sustainability aspects of an organization with reference to internationally recognized guidelines [OECD] and standards [ISO 26000]
UN	**Integrated Due Diligence Process** [compliant with ISO/IEC 17029] involving part of activities carried out at the organization's site and focused on assessing the level of exposure to current or potential risks and impacts on all aspects of sustainability
MULTIPLE	**Acknowledgements** to meet the sustainability information needs of different Stakeholders: 1] "GIF Responsible Organization" validated assertion 2] ESG rating 3] "GIF ethical label" [in accordance with ISO 17033] 4] attestation that the sustainability report complies with GRI or EFRAG standards

Get It Fair Framework

The basics of the Framework

Around the world, driven by various stakeholder and regulatory obligations, organizations are becoming increasingly aware of the need for and benefits of responsible, sustainable development-conscious behavior in a future perspective [short, medium, and long term].

ISO 26000 defines social responsibility as: "the responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that:

- contributes to sustainable development, including health and the welfare of society
- takes into account the expectations of stakeholders
- is in compliance with applicable law and consistent with international norms of behaviour
- is integrated throughout the organization and practised in its relationships"

The GIF Framework is based on documents published by international organizations, including the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and the Rio Declaration on Environment and Development. The OECD Guidelines provide voluntary principles and standards for responsible business conduct and are the reference point for a growing Number of sustainability-related legislations.

The ISO 26000 "Guide to Social Responsibility" describes principles and recommendations for responsible conduct on all aspects of sustainability. In addition, the GIF Framework incorporates the main sustainability reporting standards [EFRAG-ESRS and GRI] to link ESG risk assessment with sustainability reporting.

The GIF Framework can be integrated into the existing governance and management system of any organization and can be used in conjunction with other management system tools/methods.

Gif Framework: sustainability management model
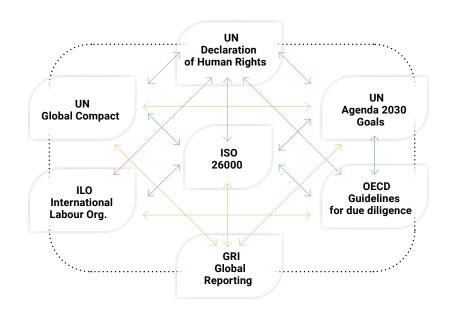
Responsible Organizations must define, implement, and improve a management system and **identify, assess, and mitigate** all risks of current and potential events that may result in future impacts to the organization itself and its stakeholders on all sustainability issues. The GIF Framework is a **non-prescriptive** [it contains no requirements to be applied but only exemplified requirements] and **performance-oriented** management model. The GIF Framework applies to any organization, independent of size, sector, activity, location, and maturity level. The GIF Framework supports organizations that wish to continuously improve the effectiveness of process to approaches and results with respect to all aspects of sustainability, going beyond the minimum requirements prescribed by applicable legislation.

The GIF Framework provides a tool for:

- a share a common language in the area of sustainability
- guide the definition, implementation and improvement of a management system geared toward reducing risks and impacts and improving results on all sustainability issues
- support self-assessment processes that enable the identification of strengths and areas for improvement
- support the conduct of Due Diligence aimed at assessing the level of exposure to sustainability risks of suppliers and partners that may cause adverse impacts on the organization and its Stakeholders
- facilitate the preparation of sustainability information in accordance with internationally recognized standards

In addition, the GIF Framework can be referred to as the template for conducting third-party assessments of sustainability risks and reporting.

The GIF Framework in no way constitutes a basis for legal actions, injunctions, or claims in any legal proceedings [Judicial and extrajudicial].

The structure

The GIF Framework consists of three integrated and interdependent components:

1. THE PRINCIPLES
2. THE CRITERIA
3. THE SCORE SYSTEM

THE PRINCIPLES OF RESPONSIBILITY [ISO 26000]

The GIF adopts the 7 [seven] principles defined by the ISO 26000 social responsibility standards that are closely related to the 10 [ten] Principles of the United Nations Global Compact for Sustainable and Socially Responsible Business.

Get It Fair encourages organizations to apply the seven Principles for Responsible Business in their operations and along the value chain and assumes that they will abide by them, in whether or not they are legally obligated to do so.

THE CRITERIA

The GIF Framework is a management model geared toward continuous performance improvement on all aspects of sustainability based on five [5] criteria.

The first criterion concerns the Governance and Management System and aligns with the main management system standards [ISO 9001, ISO 14001, ISO 37001, ISO 45001, ISO 50001, SA 8000]. Each of the other 4 [four] criteria relates to the results expressed in terms of the level of risk exposure on as many sustainability issues [social, health and safety, environmental, and conducted business ethics].

There are interconnections and interdependencies between the first criterion and the criteria related to the specific aspects and risks.

Regardless of the organization's size, complexity, industry, and maturity, the way it is governed and managed affects the results of its operations and activities and the level of exposure to risks.

The GIF Framework enables organizations to apply and translate the seven Principles into practice through specific Criteria. It also provides professionals [managers, consultants, evaluators] with a tool for understanding:

- the relationships between what the organization does to prevent risks that may cause a negative impact on the organization and/or its stakeholders
- the level of risk concerning each ESG aspect

THE SCORING SYSTEM

The third element of the GIF Framework is the scoring system. The GIF Framework not only enlists scoring elements and requirements but also includes the metrics for turning the judgment on qualitative elements into a quantitative assessment. The score-oriented evaluation metrics ["score"] allow to measure and compare over time:

- the measure of the effectiveness of the governance and management system and how the organization has defined, implemented, reviewed, and improved approaches to processes cover all aspects of sustainability
- the level of exposure to the risk of actual or potential events that may result in future negative impacts on the organization and its Stakeholders due to sustainability issues

The "Governance and Management System" criterion metric is based on the PDCA cycle logic [plan, do, check, act - program, implement, check, and improve] and allows to measure the level of effectiveness of approaches to each process and to verify alignment between:

- the effectiveness of the governance system
- stakeholder engagement
- the results of the assessment on material issues
- the Responsible Business Conduct [RBC] policy
- compliance management
- the risk management system
- sustainability planning [actions and objectives]
- the implementation of risk treatment
- the management control system
- improvement planning and implementation

The metrics for assessing specific risks ["Social," "Safety," "Environmental," and "Business Ethics"] are based on a judgment of how the organization identifies, analyzes, assesses, and treats risks for each aspect of sustainability. The metrics aim to verify the information needed to understand the organization's impacts on sustainability issues and how sustainability issues affect the organization's development, performance and position.

In particular, the metrics make it possible to assess:

- the level of effectiveness of the organization's business model and strategy, including the resilience of the business model and strategy to risks and opportunities related to sustainability issues
- the plans to ensure that the business model and strategy are compatible with the transition to a sustainable economy and with limiting global warming [in line with the Paris Agreement]
- how the business model and strategy take into account stakeholder interests and the organization's impacts on sustainability issues [verification and validation of the materiality matrix] and how the strategy has been implemented concerning sustainability issues
- the consistency of the goals related to sustainability issues set by the organization and the progress made toward achieving those goals
- the role of the governing, management, and supervisory bodies in sustainability matters
- the policies regarding sustainability [responsible business conduct]
- the approach to the due diligence process implemented regarding sustainability, the major actual or potential adverse impacts related to the organization, including its operations, products and services, business relationships and value chain, and any intra-actions taken, and the outcome of those actions, to prevent, mitigate or remedy the actual or potential negative impacts

- the major risks related to sustainability issues, including the organization's significant dependencies and how the organization manages these risks
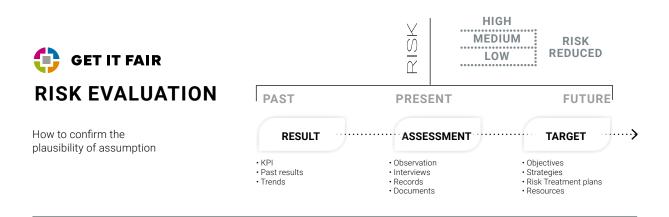
The GIF Framework also includes an assessment of risks related to intangible assets, including information on intellectual, human, social, and relational capital. The information in paragraphs 1 and 2 includes forward- and backward-looking information and qualitative and quantitative information.

The assessment metrics for confirming the plausibility of assumptions [Validation] regarding the level of risk exposure consider, in each Topic of the GIF Framework, a set of assessment elements that include:

- materiality with respect to business processes
- past performance [trends, targets, benchmarking]
- observations, documents, records and interviews
- analysis of mitigation plans for the future

Analyzing plans for the future is essential for making a forward-looking judgment about the level of exposure to risks.

Particular attention is paid to verifying the consistency of the established action plans and objectives with the needs and expectations of Stakeholders [thus with the results of the analysis of material issues], taking into account the actual available resources [financial, human, know-how, etc.] allocated for the implementation of the plan.

GET IT FAIR

RISK EVALUATION

How to confirm the
plausibility of assumption

RISK — HIGH / MEDIUM / LOW — RISK REDUCED

PAST — PRESENT — FUTURE

RESULT
- KPI
- Past results
- Trends

ASSESSMENT
- Observation
- Interviews
- Records
- Documents

TARGET
- Objectives
- Strategies
- Risk Treatment plans
- Resources

Gif framework and EU regulatory framework

The GIF Framework is defined in accordance with the principles of the main emerging international legislations, including:

- EU Regulation 2019/2088 "Sustainability Disclosures in the Financial Services Sector"
- EU Regulation 2020/852 "Establishment of a Sustainable Investment Framework [Environmental Taxonomy]"
- EU Regulation 2022/2453 "Disclosure of environmental, social and governance risks"
- EU Directive 2022/2464/EU on disclosure of non-financial information
- Directive 2024/1760 on the duty of care of companies for sustainability purposes

In addition, the GIF Framework [Principles, Criteria and Metrics] meets the recommendations specified in the European Banking Authority [EBA] documents:

- "Guidelines on Loan Origination and Monitoring [LOM]"
- "Report on management and supervision of ESG risks for credit institutions and investment firms"

GIF Framework and sustainability reporting

The GRI Framework incorporates disclosures required by internationally recognized sustainability reporting standards:

- GRI [Global Reporting Initiative]
- EFRAG ESRS and VSME
- IFRS

Narrative-type references to the standards are made explicit in the sections devoted to the assessment elements of each Topic of the GIF Framework.

References to leading or lagging performance indicators called out by the sustainability reporting standards to which the organization refers or used by excellent organizations [even if not called out in the reporting standards] are represented in a table for each area of the GIF Framework.

The table contains indicators defined by the reporting standards and examples of other performance indicators.

Accountability

Respect for Human Rights

Respect for international norms of behaviour

Transparency

Respect for the rule of law

Ethical behaviour

Respect for Stakeholder interest

THE PRINCIPLES OF SOCIAL RESPONSIBILITY UPON WHICH THE GIF FRAMEWORK IS BASED ARE DERIVED FROM ISO 26000 AND LISTED BELOW

THE PRINCIPLES

Accountability

In practice, Responsible Organizations:

- accept appropriate oversight and accept a duty to respond to such oversight
- maintain accountability in relation to laws and regulations to legal authority
- are accountable to those affected by its decisions and activities and society at large for their overall impact. The degree of accountability may vary but must always correspond to the extent or scope of authority
- pay attention to the quality of their decisions, assume responsibility for wrongdoing, respond in an appropriate way to remedy the wrongdoing, and take measures to prevent the event from recurring
- explain the results of its decisions and activities, including the consequences and the significant impacts on society and the environment; also, avoid the recurrence of unintended or unforeseen choices or activities

Trasparency

In practice, Responsible Organizations:

- reasonably and sufficiently disclose the policies, decisions, and activities for which they are responsible, including known and likely impacts on society and the environment
- ensure that sustainability information is readily available, accessible and understandable to those who have been or are likely to be significantly affected by adverse impacts
- present information in a clear and objective manner so that stakeholders can accurately assess the impact that the organizations' decisions and activities have on their respective interests
- are transparent about the governance structure, functions and control [internal audit] and financial and operational performance, the purpose, nature, and location of activities, how decisions are made, implemented, and reviewed, including the definition of roles, responsibilities, and authorities in different functions, their performance in relation to relevant and significant ESG risks, the source of their financial resources, the known and likely impacts of their decisions and activities on stakeholders, society, and the environment, and the identity of their stakeholders and the criteria and procedures used to identify, select, and engage them

Ethical behavior

> AN ORGANIZATION SHOULD BEHAVE ETHICALLY. THE ORGANIZATION'S BEHAVIOR SHOULD BE BASED ON HONESTY, FAIRNESS, AND INTEGRITY. THIS ETHIC IMPLIES A CONCERN FOR PEOPLE, ANIMALS, AND THE ENVIRONMENT AND A COMMITMENT TO ADDRESS THE IMPACT OF ITS ACTIVITIES AND DECISIONS ON STAKEHOLDER INTERESTS
>
> [ISO 26000 4.4]

In practice, Responsible Organizations:

- develop governance structures that help promote ethical conduct within the organization and in its interactions with others
- identify, adopt and apply standards of ethical behavior appropriate to their purpose and activities and consistent with the principles outlined in this Framework
- e ncourage and promote compliance with their own standards of ethical behavior
- define and communicate the standards of ethical behavior expected of its governance structure, staff, suppliers, contractors, and, where appropriate, owners, managers, and particularly those who have the opportunity to significantly influence the values, culture, integrity, strategy, and operations of the organization and its people, while preserving local cultural identity
- prevent or resolve conflicts of interest within the organization that might otherwise lead to unethical behavior
- establish oversight mechanisms and controls to monitor and enforce ethical behavior
- establish mechanisms to facilitate the reporting of unethical behavior
- recognize and address situations where local laws and regulations do not exist or conflict with ethical behavior
- respect the welfare of animals when it affects their lives and existence, including ensuring dignified conditions for their keeping, breeding, production, and use

Respect for Stakeholders' Interests

> L'ORGANIZZAZIONE DOVREBBE RISPETTARE, CONSIDERARE E RISPONDERE AGLI INTERESSI DEGLI STAKEHOLDER
>
> [ISO 26000 4.5]

In practice, Responsible Organizations:

- identify their stakeholders
- are aware of and respect the interests of their stakeholders and respond to their expressed concerns
- recognize the interests and legal rights of their stakeholders
- recognize that some stakeholders can significantly affect their activities
- assess and consider the relative ability of stakeholders to contact, interact with, and influence the organization
- consider the relationship between their stakeholders' interests, the broader expectations of society and sustainable development, and the nature of the stakeholder's relationship with the organizations
- consider the views of stakeholders who might be affected by a decision, even if they do not hold formal roles in the organizations' governance or are unaware of the impact of decisions and activities on them

Respect for the Rule of Law

AN ORGANIZATION SHOULD ACCEPT THAT RESPECT FOR THE RULE OF LAW IS MAN-
DATORY

[ISO 26000 4.6]

In practice, Responsible Organizations:

- comply with legal requirements in all jurisdictions [domestic and international] in which they operate
- ensure that their relationships and activities fall within the applicable legal framework
- keep abreast of their legal obligations
- periodically review their compliance with applicable regulations
- utilize appropriate international dispute resolution mechanisms, including arbitration, to resolve legal issues that arise between companies and host country governments

Respect for international norms of behavior

AN ORGANIZATION SHOULD RESPECT INTERNATIONAL NORMS OF BEHAVIOR, WHILE
ADHERING TO THE PRINCIPLE OF RESPECT FOR THE RULE OF LAW

[ISO 26000 4.7]

In practice, Responsible Organizations:

- strive to comply with international norms of behavior in countries where the law or its implementation does not provide minimum environmental/social safeguards
- strive to comply as much as possible with international norms of behavior in countries where the law or its implementation is in significant conflict with international norms
- review, where feasible and appropriate, the nature of their relationships and activities within the jurisdiction in situations where the law or its implementation conflicts with international norms of behavior and where failure to comply would have significant consequences
- they consider legitimate opportunities and channels to seek to influence relevant organizations and authorities to remedy any conflict
- avoid being complicit in the activities of other organizations that are inconsistent with international norms of behavior

Respect for human rights

In practice, Responsible Organizations:

- respect and promote the rights enshrined in the International Bill of Human Rights [consisting of the Universal Declaration of Human Rights and the main instruments in which it has been codified] and refrain from requesting or accepting exemptions not covered in the legal or regulatory framework relating to human rights
- accept these rights are universal, indivisible, and applicable in all countries, cultures, and situations
- in situations where the law or its implementation does not provide adequate protection of human rights, adhere to the principle of compliance with international norms of behavior
- avoid violating human rights and address negative human rights impacts in which they are involved
- prevent or mitigate human rights impacts that are directly related to their business operations, products, or services from a business relationship
- provide or cooperate in remedying adverse human rights impacts the organization has caused or contributed to
- respect human rights regardless of the state's ability and/or willingness to fulfill its human rights obligations
- take measures to respect human rights and avoid benefiting from situations where human rights are not protected
- adhere to the principle of respecting international standards of behavior in situations where the law or its enforcement does not provide adequate human rights protection

The image represents the Get It Fair reference model based on [five] 5 criteria.

The central Criterion is considered the "Enabler", and the other [four] 4 Criteria are the "Results".

The "Governance and Management System" Criterion [the "Enabler"] focuses on how an Organization establishes, implements, monitors, and reviews a management system for Social Responsibility and how it can identify, prevent, and mitigate all risks related to ESG topics based on the needs of stakeholders.

The four "Result" criteria define what the organization achieves regarding exposure to specific risks: social, health and safety, environmental, and business ethics.

The results relating to the four criteria depend on the effectiveness of the Governance and Management System setup and can be improved by carefully analyzing specific risks. A definition is provided for each criterion to explain its high-level meaning.

Each criterion is divided into Areas that group specific Topics. For each Topic, an explanation of the Purpose [why the topic is important in the Framework] and the Metric [how the topic is measured] is defined. Within each Topic is a series of Assessment elements directly or indirectly linked to the seven principles of Social Responsibility.

The Assessment elements should not be considered exhaustive or always applicable to any organization; they are intended to provide valuable examples to support the interpretation of the Topic.

During the assessment phase, they are considered for calculating the score.

The "Criteria" distinguish the Topics into two categories:

- **Core Topics:** reflect the principles of the OECD Guidelines for Responsible Business Conduct and, more specifically, the principles of the OECD Due Diligence Guidance for Responsible Supply Chains.

- **Non-core Topics:** reflect the requirements of ISO 26000 relevant to Social Responsibility but involve minor negative impacts and, in any case, do not compromise the relationship with Stakeholders.

The Topics and Assessment elements are applied and considered in the scoring based on the business model and the organization's context.

1- GOVERNANCE MANAGEMENT SYSTEM

- 5- BUSINESS ETHICS
- 2- SOCIAL
- 3- HEALTH & SAFETY
- 4- ENVIRONMENT

5 CRITERIA

18 AREAS

72 TOPICS

OVER 500 ASSESSMENT ELEMENTS

The structure of the Gif Framework Topic

All Framework Topics have the same structure as described in this section.

ID Number AND TITLE

PURPOSE: The rationale of the topic within the Framework	**METRICS** How the topic is measured

DESCRIPTION

Brief explanation of the sustainability issue addressed in the topic and its importance in defining the level of ESG risk.

ASSESSMENT ELEMENTS

The evaluation elements are non-exhaustive lists and are not necessarily applicable to every type of organization. These elements are defined to guide organizations in managing continuous improvement in the effectiveness of process approaches and level of exposure to social, health and safety, environmental, and business ethics risks.

The assessment elements are grouped in distinct ways between the "Governance and Management System" criterion and the "Social" criteria, "Health and Safety," 'Environmental,' and "Business Ethics." In criterion 1, "Governance and management system," the evaluation elements are organized according to PDCA logic:

PLAN	Elements to assess whether and to what extent an approach is adequately defined [taking into account stakeholder needs and data and facts], integrated [to other approaches] and covers all aspects of sustainability
DO	Elements to assess whether and to what extent an approach is implemented systemically and in all areas of the organization
CHECK	Elements to assess whether and to what extent the organization conducts continue on the level of implementation of the approach and a periodic review of the effectiveness of the approach against the defined objectives and the needs and expectations of relevant stakeholders
ACT	Elements to assess whether and to what extent the organization, based on the results of the periodic review, modifies the approach to improve its effectiveness or to adapt it to changes that have occurred in the internal and external environment

In criteria 2-3-4-5, the assessment elements are organized according to the logic of the risk management process [identification, assessment, mitigation plans, and remediation plans].

They are designed to assess the level of risk exposure for each relevant sustainability issue. Specifically, for each topic, risks arising from the organization's activities with impact on Stakeholders that may cause negative impacts to the organization and its Stakeholders [ESRS, GRI, etc.] and risks of impacts on the economic-financial aspects of the organization arising from the external context [Ex: environment, local communities, etc.].

RELEVANCE	• Elements that enable the determination of the degree of importance of the issue in the context of the organization and its stakeholders
IDENTIFICATION	**Elements regarding how the organization has identified risks of events:** • Caused by the organization's activities with impacts on stakeholders • That may occur in the value chains or external environment [e.g., physical risks], causing actual or potential impacts on the organization
ASSESSMENT	**Elements regarding how the organization evaluated:** • The likelihood, consequences, and effects of events caused by the organization's activity with impacts on stakeholders • The probability, consequences and impacts of actual or potential risks of events occurring in the value chains with impacts on the organization • The potential economic and financial impacts on the organization [including costs, fines, penalties, financial losses, etc.]
MITIGATION ACTIONS AND PLANS	**Elements regarding how the organization has prepared plans to mitigate the impacts of risks:** • Caused by the organization in its operations and activities • Arising from other organizations in the value chain and the environment
REMEDIATION PLANS	• Elements regarding how the organization has prepared remedial plans to respond to events that may occur

Relevance directs the degree of depth the organization must devote to identifying, assessing, and mitigating the risks: the more relevant the topic is, the more evidence the organization will need to provide for the evaluation. For each element, where possible, it is specified whether it influences the assessment of "likelihood," "consequence," or both.

RELEVANT INDICATORS

This section makes explicit the numerical performance indicators [leading and lagging] relevant to the topic. For each indicator reporting standard, indicator description, unit of measurement and type are specified. The indicators referred to by the ESRS and GRI standards have the reference Number of the standard under consideration.

INDICATOR	UNIT	TYPE

Indicators are suggested without explicit reference to standards and are presented for illustrative purposes only. Each organization determines the indicators most appropriate to the nature of the processes and expected performance. An annex to this document shows the reference between each topic's indicators and the reporting standards' requirements.

1.

Governance &
Management System

RESPONSIBLE ORGANIZATIONS DEFINE, IMPLEMENT, MONITOR AND IMPROVE A SYSTEM OF GOVERNANCE AND MANAGEMENT SYSTEM THAT CONSIDERS ALL SUSTAINABILITY ISSUES [SOCIAL, ECONOMIC AND ENVIRONMENTAL] THAT ARE AFFECTED OR MAY AFFECT THE ORGANIZATION AND ITS STAKEHOLDERS, PURSUING, IN A BALANCED WAY, THE ACHIEVEMENT OF ECONOMIC AND FINANCIAL RESULTS AND THE SATISFACTION OF THE NEEDS AND EXPECTATIONS OF STAKEHOLDERS IN THE SHORT, MEDIUM AND LONG TERM

1.

AREAS

1.1. GOVERNANCE

1.2. CONTEXT AND STAKEHOLDER ENGAGEMENT

1.3. LEADERSHIP

1.4. PLANNING

1.5. SUPPORT

1.6. IMPLEMENTATIONE AND OPERATIONS

1.7. PERFORMANCE EVALUATION

The criterion focuses on how organizations define, implement, monitor and improve all approaches to governance and management system processes. Responsible Organizations pursue governance and management system excellence by extensively applying PDCA [Plan Do Check Act] logic and, in particular:

- Define approaches to processes following a clear rationale based on data, facts, and the needs of the stakeholders. Take into account all aspects of sustainability and align each approach with other approaches
- Implement the approaches in a structured and systematic way in all areas and functions of the organization by clearly establishing rules and procedures for the operation and accountability of the Governing Body
- Measure and monitor the effectiveness and efficiency of the approaches with appropriate leading [predictive measures focused on the volume of activity to achieve an expected outcome] and lagging [outcome measures] performance indicators
- Review and improve approaches to check their effectiveness against changes in context. Learning and creativity are used to generate opportunities for improvement and risk mitigation

Responsible Organizations have a robust governance system that demonstrates a clear commitment to improving the organization's sustainability performance, integrating the sustainability strategy with the business strategy, and conducting continuous risk and performance monitoring on all ESG aspects.

Responsible Organizations engage their stakeholders and develop policies and strategies with measurable objectives consistent with their needs, expectations, and priorities regarding material issues.

The core of the management system is an integrated approach to identifying, assessing, and mitigating current or potential risks of events that may cause future adverse impacts to the organization and its stakeholders on all sustainability issues and its linkage to the management control system. The corporate risk profile is concisely communicated to the governing body and enables appropriate decisions to be made.

The approach to risk management is not limited to considering the impacts caused by the organization's activities on its stakeholders and those caused by the external environment on it [e.g., physical and transition risk] but also extends to the actors operating along its value chain [supply and distribution chain].

Responsible Organizations do not simply act in accordance with minimum requirements prescribed by regulatory obligations but are constantly oriented to exceed them by pursuing the balance of economic and financial results with maximum stakeholder satisfaction.

Responsible Organizations document and disclose governance and management system information following internationally recognized sustainability reporting standards [e.g., GRI, EFRAG, IFRS], and to give greater confidence to their stakeholders, they require verification from independent third parties.

1.1

Governance

THE GOVERNING BODY OF A RESPONSIBLE ORGANIZATION DEFINES AND IMPLEMENTS PROCESSES, CHECKS, AND PROCEDURES TO MONITOR, MANAGE, AND CONTROL SUSTAINABILITY ISSUES AND RELATED RISKS, IMPACTS, AND OPPORTUNITIES WITH RESPECT TO CONTEXT, VISION AND MISSION

TOPICS

1.1.1. Governing body role␣␣␣␣␣␣␣␣␣␣␣␣␣␣␣␣␣␣␣␣␣␣␣␣␣␣␣␣␣␣␣␣␣␣

PURPOSE

Ensure that the governing body effectively guides in setting strategies and goals for improved performance on all ESG aspects and risks in the short, medium, and long term

METRICS

Degree of effectiveness of the governing body in defining and controlling the policies and strategies related to impacts, risks, and ESG opportunities and their disclosure to Stakeholders

DESCRIPTION

The governing body of Responsible Organizations defines, implements, reviews, and improves an approach for managing and controlling all sustainability issues and risks of the organization. The governing body guides the organization in pursuing its sustainable success by defining and communicating:

* the mission, which is the purpose that defines its intentions toward the organization's natural environment, society, and stakeholders
* the values of the organization and their consistency with the principles of sustainable development
* the objectives of value generation in the short, medium, and long term consistent with its purposes and following the organizational values and the natural environment, social and economic context in which it operates
* the organizational strategy, in accordance with the value creation model, to achieve the purpose by integrating objectives and plans for corporate responsibility and ESG risk minimization
* oversight of the organization's performance, ethical behavior, and compliance obligations to ensure that they meet the board's intentions and expectations; and
* its accountability to the organization and how it is informed by those to whom it has delegated responsibilities and functions

1.1.2. Governing body composition

PURPOSE

Ensure that the governing body has a balanced composition, an adequate level of independence and skill and competence appropriate for the expected tasks

METRICS

Degree of independence, competence and balance of the composition of the governing body to carry out the expected tasks

DESCRIPTION

Responsible Organizations' governing bodies define, implement, review, and improve an approach to defining and maintaining an appropriate composition to perform the expected functions.

The composition and structure of the governing body varies from one organization to another. However, the administration, as a collective, should remain adequately equipped to fulfill its role.

Depending on the organization's size, governing bodies may create committees to help them perform specific functions. These committees can be statutory or voluntary. Either way, they support the governing body with capacity, expertise, independence, diversity, and/or representation with additional stakeholders. If it relies on supporting committees, the governing body formally delegates the responsibilities and authorities necessary to carry out the expected functions to these committees.

At all times, the governing body acts collectively, performing interconnected activities in order to exercise its authority and fulfill its responsibility. Members of the governing body act in the interest of the organization. The administrative body comprises executive directors and non-executive directors, all of whom have professional skills appropriate to the tasks entrusted to them.

The number and expertise of non-executive directors should ensure that they have significant weight in board resolutions and effectively monitor management. A significant component of the non-executive directors should be independent directors. The organization applies diversity criteria, including gender criteria, for the composition of the board of directors in compliance with the overriding objective of ensuring adequate competence and professionalism of its members. The board of directors has adequate composition to ensure the independence and professionalism of its function.

1.1.3. Governing body functions

PURPOSE

Ensuring that the functioning of the governing body is based on effective rules, procedures, and division of roles to guarantee an efficient flow of information to directors on ESG impacts, risks, and opportunities

METRICS

Effectiveness of rules and procedures for the functioning and separation of roles in the governing body concerning the need to ensure an efficient flow of information to directors on ESG impacts, risks, and opportunities

DESCRIPTION

The governing body of Responsible Organizations defines, implements, reviews, and improves an approach for the functioning of the governing body. This body defines the rules and procedures for its functioning, particularly to ensure effective management of board information.

The governing body's Chairman plays a liaison role between the executive and non-executive directors and ensures the effective functioning of board meetings. The governing body ensures an adequate internal allocation of its functions and, where appropriate, establishes board committees with investigative, propositional, and consultative functions. Each director ensures that they have adequate time available for the diligent performance of their assigned duties.

1.1.4. Governance body appointment

PURPOSE

Ensure the implementation of a transparent appointment and succession process for directors, suitable for achieving the optimal composition of the governing body, and periodically verify its effectiveness

METRICS

Effectiveness of the appointment process for the governing body and periodic review

DESCRIPTION

The governing body of Responsible Organizations defines, implements, reviews, and improves an approach for appointing directors based on competence.

Appointments to the governing body should be transparent to stakeholders and consider, among other factors, the following criteria: competence [knowledge and understanding, relevant skills and experience], diversity and inclusion, independence of thought and action, ability, integrity, and commitment.

The governing body ensures, within its competence, that the appointment and succession process for directors is transparent and functional in achieving the optimal composition of the governing body.

The governing body periodically evaluates the effectiveness of its activities and the contribution made by its individual members through formalized procedures that it oversees the implementation of.

1.1.5. Remuneration of governing bodies member [and top management]

PURPOSE	METRICS
Ensure a transparent remuneration policy for directors and managers, consistent with ESG objectives and adequate to attract, retain, and motivate individuals with the necessary skills and professionalism for the organization	Degree of transparency and adequacy of the approach to defining remuneration policies for directors and top managers to achieve objectives related to ESG impacts, risks, and opportunities and to retain the professionals suited for the purpose

DESCRIPTION

The governing body of Responsible Organizations defines, implements, reviews, and improves the approach to remuneration policies for directors.
The remuneration policy for directors, members of the supervisory body, and top management aims to achieve the organization's sustainable success and takes into account the need to attract, retain, and motivate individuals with the skills and professionalism required for the role within the organization.
The governing body develops the remuneration policy through a transparent procedure.
The governing body ensures that the remuneration paid and accrued is consistent with the principles and criteria defined in the policy in light of the results achieved and other relevant circumstances for its implementation.

1.1.6. Internal auditing and ESG risk management

PURPOSE	METRICS
Ensure an effective and efficient internal control and risk management system, consisting of a set of rules, procedures, and organizational structures for managing the main ESG impacts, risks, and opportunities	The degree to which the governing body ensures an effective and efficient system of rules, procedures, and structures to identify, address, measure, and monitor impacts, risks, and opportunities across all ESG aspects

DESCRIPTION

Responsible Organizations ensure that the governing body defines, implements, reviews, and improves an approach for internal control and risk management related to all sustainability issues to reduce the impact of uncertainty on the organization's objectives and the achievement of expected strategic goals and outcomes.
The internal control and risk management system consists of a set of rules, procedures, organizational structures, and activities aimed at effectively and efficiently identifying, measuring, managing, and monitoring the main risks to contribute to the organization's sustainable success.

The governing body defines the guidelines for the internal control and risk management system in alignment with the organization's strategies and annually assesses its adequacy and effectiveness.

The governing body defines the principles regarding coordination and information flows between the various parties involved in the internal control and risk management system to maximize the system's efficiency, reduce activity duplication, and ensure the effective execution of the tasks of the supervisory body.

1.2

Contest e Stakeholder engagement

RESPONSIBLE ORGANIZATIONS DEFINE, IMPLEMENT, AND IMPROVE AN APPROACH TO COLLECT AND ANALYZE INFORMATION ON EXTERNAL TRENDS [ECONOMIC, SOCIAL, TECHNOLOGICAL, REGULATORY, POLITICAL, ETC.], INTERNAL CONTEXT [CAPACITY, COMPETENCIES, ETC.], AND THE FUTURE NEEDS AND EXPECTATIONS OF STAKEHOLDERS, TO USE THEM AS INPUT IN DEFINING POLICIES, OBJECTIVES, AND SUSTAINABILITY STRATEGIES

1.2.1. Understanding the organization and its context

PURPOSE

Understand the organization's external and internal aspects and the current and future trends relevant to all ESG aspects

METRICS

Degree of awareness and understanding of the organization's context and current and future trends regarding all ESG aspects

DESCRIPTION

Responsible Organizations define, implement, review, and improve an approach to analyze external and internal contexts. Understanding the developmental trends of both the internal and external context is essential for guiding the definition of the organization's policies and strategies on all aspects of sustainability.

Context analysis is not a description of the "present" but rather focuses on understanding the expected medium-to-long-term evolution of ongoing trends that may have a future impact on the organization, related to market, value chain [suppliers, customers, partners, etc.], competitors, regulations [international and national], technology, finance, stakeholders, environment, and society. Context analysis requires a systematic approach and process to ensure the acquisition and processing of useful [social, economic, and environmental] information and its relevance to the various stakeholders.

Responsible Organizations involve internal stakeholders [e.g., senior management, regional managers, etc.] to define the internal context analysis and understand the sustainability issues relevant to the organization. Context analysis covers all aspects of sustainability [social, health and safety, environment, and business ethics].

The results of the context analysis serve as the fundamental input for the stakeholder engagement process and for defining the organization's policies and strategies, as well as the associated risks and opportunities.

1.2.2. Understanding the needs and expectations of Stakeholders

PURPOSE

Constant engagement with stakeholders at all applicable levels and functions to understand their needs and expectations and to guide decisions regarding sustainability issues

METRICS

The degree to which the approach for identifying and engaging stakeholders is defined, implemented, and improved to understand their needs and expectations

DESCRIPTION

Responsible Organizations define, implement, review, and improve an approach to identify the needs, expectations, and relevant material issues of stakeholders.

The planning and implementation of the approach includes the identification and segmentation of stakeholders into homogeneous groups [employees, customers, suppliers, banks, investors, local authorities and communities, unions, etc.]; the definition of bidirectional communication channels [inside-out and outside-in]; and the systematic engagement of stakeholders through consultation and participation activities.

The aim of the approach is to define a method and process for gathering information on the needs and expectations of stakeholders and their priorities on material issues [to be compared with the organization's priorities on the same issues].

The information collected from stakeholders provides inputs for the organization to evaluate materiality, resolve trade-offs between different issues, and find a balance.

The output of this process serves as input for defining policies, goals, and strategies and for informing the risk management and assessment process.

1.2.3. Materiality, scope and boundary of the management system [CORE]

PURPOSE

Identify and prioritize material aspects among different stakeholders [internal and external] and define the scope and boundaries of the integrated management system for responsibility and sustainability

METRICS

Degree of clarity and completeness of the materiality analysis and the subsequent definition of the scope and boundaries of the integrated management system for responsibility and sustainability

DESCRIPTION

Responsible Organizations define, implement, review, and improve an approach for analysing material topics. They define the list of material aspects by adopting, if possible, standard definitions for the various aspects and risks to facilitate comparisons within the organization and with other organizations. They classify sustainability issues into different themes: governance, social [human rights and labor practices], safety, environment, and business ethics [fair business practices and customer issues].

Responsible Organizations ask stakeholders to assess the importance and impact of each material aspect according to an appropriate scale and compare the perceptions of internal stakeholders ["internal perspective"] with those of external stakeholders ["external perspective"] to identify the most relevant material topics for both.

In addition to the priorities of material aspects, Responsible Organizations collect information about the risk tolerance thresholds of each stakeholder group in order to find a balance between the perceptions of different stakeholders on each material topic.

The results of the materiality analysis serve as input for defining the scope and boundaries of the corporate responsibility management system and help guide the development and implementation of the RBC [Responsible Business Conduct] policy, risk management, priority setting of objectives, internal audits, and management reviews.

The boundaries of the management system should be systematically reviewed, considering changes in both the internal and external context.

1.3

Leadership

LEADERS OF RESPONSIBLE ORGANIZATIONS DEFINE, IMPLEMENT, AND IMPROVE AN APPROACH TO COLLECT AND ANALYZE INFORMATION ON EXTERNAL TRENDS [ECONOMIC, SOCIAL, TECHNOLOGICAL, REGULATORY, POLITICAL, ETC.], INTERNAL CONTEXT [CAPACITY, COMPETENCIES, ETC.], AND THE FUTURE NEEDS AND EXPECTATIONS OF STAKEHOLDERS, TO USE THEM AS INPUT IN DEFINING POLICIES, OBJECTIVES, AND SUSTAINABILITY STRATEGIES

1.3.1. Leadership and commitment [CORE]

PURPOSE

To exercise effective leadership to achieve sustainability objectives through due diligence on the risks of adverse impacts in the organization's own operations and across the value chain

METRICS

Degree of effectiveness of leadership commitment in defining and implementing responsibility and sustainability policies to minimize exposure to ESG risks

DESCRIPTION

Responsible Organizations define, implement, and improve leadership for sustainability. Top management's commitment to planning and leading the implementation process of a management system that covers all aspects and risks of sustainability is a fundamental condition for achieving adequate results. This commitment must be credible, results-oriented over time, and communicated within the organization and to its external stakeholders. Through their behaviour and attitudes, leaders play a key guiding role in inspiring the engagement of the entire company's personnel and its stakeholders in planning, implementing, monitoring, and improving all approaches and processes that lead to enhanced outcomes with an impact on sustainability.
Sustainability leaders promote the systematic and continuous engagement of stakeholders regarding all ESG aspects and seek solutions that establish a balanced approach even where conflicting expectations exist.

Sustainability leaders:

- define appropriate organizational structures; promote a culture of sustainability within the organization and its sphere of influence
- encourage the organization's participation in multi-stakeholder initiatives
- lead the process of defining sustainability policies and strategies and their development at various organizational levels
- guide the definition, implementation, and improvement of an integrated management system covering all sustainability aspects and risks
- actively promote risk management and its integration with management control
- support the organizational structure by providing adequate competencies and resources [human and financial] to drive change processes in the short, medium, and long term; guide the definition and implementation of internal control systems
- and promote sustainability reporting in accordance with internationally recognized standards [e.g., GRI, ESRS, etc.]

Leadership is the fundamental input for steering and sustaining the organization's change processes over time toward improved sustainability performance.

1.3.2. Responsible Business Conduct [RBC] Policy [CORE]

PURPOSE	METRICS
Define a Responsible Business Conduct [RBC] policy covering all aspects of responsibility and sustainability within the organization's activities and throughout the value chain	Degree of completeness, adequacy, and coverage of all ESG aspects in the Responsible Business Conduct policy communicated to stakeholders and periodically reviewed and updated

DESCRIPTION

Responsible Organizations define, implement, review, and improve an approach to their Responsible Business Conduct [RBC] policy in line with the recommendations of the OECD Guidelines, but above all, based on the results of the materiality analysis and the future needs and expectations of stakeholders.

The RBC policy represents the organization's commitment to address all aspects of sustainability and minimize exposure to current or potential risks that could have adverse future impacts.

The RBC policy serves as a valuable tool for the organization to define and communicate its priorities regarding due diligence in responsible business conduct.

It outlines how the company will uphold its responsibilities, approach to due diligence, stakeholder collaboration, and remedial measures. In this regard, the RBC policy defines intervention measures related to workers [including employees, temporary workers, and others performing work for the company], local communities, the environment, and conduct in its business relationships.

The RBC policy must be adapted to different contexts or local activities. For example, a subsidiary of a multinational with operations in countries with specific labor-related risks might adapt the parent company's RBC policy to address risks specific to the local context.

1.3.3. Roles, authorities and responsibilities of the organization for ESG impacts, risks and opportunities

PURPOSE	METRICS
Ensure that responsibilities and authorities for relevant roles related to ESG aspects and risks are assigned, documented, and communicated at all levels within the organization and to significant stakeholders	Degree of definition, documentation, communication, and periodic review of roles, responsibilities, and authorities related to ESG aspects and risks

DESCRIPTION

Responsible Organizations outline, implement, review, and improve an approach to defining responsibilities, roles, and authorities for sustainability at various organizational levels.

Top Management:
- assigns responsibilities to individuals/groups with delegated authority over sustainability aspects and ESG risks
- clearly documents the roles and responsibilities of the sustainability person/team
- communicates internally and externally who are the responsible parties.

1.4

Planning

RESPONSIBLE ORGANIZATIONS DEFINE, IMPLEMENT, AND IMPROVE AN APPROACH TO SUSTAINABILITY PLANNING BY OUTLINING OBJECTIVES AND STRATEGIES ALIGNED WITH THE RESULTS OF THE CONTEXT ANALYSIS, THE SYSTEM OF CONSTRAINTS ARISING FROM THE REGULATORY FRAMEWORK, AND THE INTEGRATED RISK MANAGEMENT SYSTEM [IDENTIFICATION, ASSESSMENT, AND TREATMENT] COVERING ALL SUSTAINABILITY ISSUES

1.4.1. Compliance obligations for ESG aspects ⟋

PURPOSE	METRICS
To ensure compliance with applicable legal and other requirements related to ESG aspects and risks within the organization's activities and across the value chain	Degree of effectiveness of the approach used to identify, collect, analyse, and make available information on regulatory obligations related to ESG aspects and risks that must be met within the organization and the value chain

DESCRIPTION

Responsible Organizations define, implement, review, and improve an approach to managing compliance obligations related to all ESG aspects and risks with respect to requirements contained in externally sourced documents.

These documents include, for example, requirements set forth in binding international, national, and regional regulations; voluntary international [e.g., ISO/IEC] and national [e.g., UNI, CEI] standards; and sustainability reporting frameworks.

Responsible Organizations adopt an approach to:

- monitor emerging regulations at both international and national on all ESG aspects
- identify relevant externally sourced documents
- collect externally sourced documents
- analyze these documents and verify which parts apply to the organization's processes
- make applicable documents available to the individuals involved in their implementation
- raise awareness and train the personnel concerned with the application of these documents
- systematically archive and keep externally sourced documents up to date

Organizations identify and assign responsibility for managing the process and define the resources for the processes and activities that may affect compliance with mandatory ESG-related requirements.

The analysis of the implications of ESG compliance obligations forms the basis for implementing an effective sustainability management system.

Responsible Organizations implement approaches and achieve outcomes that exceed mere compliance with applicable binding regulations [e.g., laws, regulations], using standards or other specifications when this leads to improved results for stakeholders. Responsible Organizations communicate any changes or relevant information related to compliance with the regulatory framework, standards, or other requirements to all relevant internal and external stakeholders.

1.4.2. ESG Risk Management [CORE]

PURPOSE	METRICS
Define and implement an effective, integrated, and systematic risk management process aligned with the materiality analysis results on all ESG aspects extended to the value chain	Degree of effectiveness, integration, and alignment with the materiality analysis of the risk management approach, systematically covering all aspects of responsibility and sustainability extended to the value chain

DESCRIPTION

Responsible Organizations define, implement, review, and improve an integrated approach for managing impacts, risks, and opportunities related to all sustainability aspects. The board of directors and senior management ensure that risk management is integrated into all processes and levels by approving the risk management policy, guaranteeing the allocation of necessary resources, and assigning authority, responsibility, and accountability to the appropriate levels within the organization [ISO 31000]. Risk management in an organization is a dynamic and iterative process tailored to its needs and corporate culture. It becomes an integral part of the organization's purpose, governance, leadership and commitment, strategy, objectives, and operations.

The sustainability risk management system must ensure alignment between the results of the context analysis, stakeholder engagement, and material topics relevant to the organization. It must adopt the same process for identifying, analysing, evaluating, and treating all sustainability-related aspects and risks. Responsible Organizations assess both the risks and opportunities arising from their activities that impact stakeholders and those linked to the impact that stakeholders [including the environment] have on the organization, following the principles and logic of "double materiality."

They continuously monitor and adapt the risk management system to address external and internal changes and plan actions to continuously improve its adequacy, effectiveness, and level of integration.

1.4.3. Sustainability planning

PURPOSE	METRICS
Define a sustainability plan with appropriate objectives, actions, responsibilities, and budget that covers all material aspects and aims to meet stakeholders' needs and expectations, improve outcomes, and minimize ESG and transition risks	Degree of effectiveness of the approach to planning the improvement of outcomes on all sustainability issues, in alignment with the policy and the results of the materiality analysis and risk assessment, and its integration with other strategic plans

DESCRIPTION

Responsible Organizations define, implement, review, and improve an approach for sustainability planning. The inputs of the sustainability planning process—covering social, environmental, and economic dimensions—include the results of the context analysis and stakeholder engagement; the organization's mission and vision; the medium- to long-term Responsible Business Conduct [RBC] policy; and the outcomes of the risk analysis interpreted according to the RAF [Risk Appetite Framework] model on all aspects of sustainability and aligned with material topic. The management of ESG aspects is integral to the organization's strategic planning process and process development. It also considers the value chain and the whole life cycle perspective of products/services. The planning process involves both internal and external stakeholders, following principles and logic defined by the organization. The process's output is a sustainability plan that outlines the actions, objectives, timelines, responsible parties, and allocated resources for each sustainability aspect.

The objectives defined in the sustainability plan must be:

- focused on key results [lagging indicators], including perception metric and expected financial and economic outcomes
- based on a clear rationale
- linked to the indicators related to the implementation of approaches [leading indicators]
- defined according to the SMART logic [Specific, Measurable, Assigned responsibility, Achievable, and Time-bound]
- broken down into short-, medium-, and long-term goals
- comparable with the results of other organizations

1.5

Support

RESPONSIBLE ORGANIZATIONS DETERMINE AND ENSURE THE AVAILABILITY OF RESOURCES [HUMAN AND SKILLS, INFRASTRUCTURE AND FACILITIES, TECHNOLOGY AND EQUIPMENT, FINANCIAL] NECESSARY TO ESTABLISH, IMPLEMENT, REVIEW, AND IMPROVE THE RESPONSIBILITY AND SUSTAINABILITY MANAGEMENT SYSTEM AND THE LEVEL OF EXPOSURE TO ESG RISKS

TOPICS

1.5.1. People

PURPOSE

Ensure the development of knowledge, skills, and capabilities of the people whose functions and/or roles contribute to creating value for the organization and improving its results over time on all ESG aspects

METRICS

Degree of implementation of an approach for developing people's skills to improve the organization's performance on all current and future ESG aspects and risks

DESCRIPTION

Responsible Organizations define, implement, review, and improve an approach to human resource management based on skills, measurement, and development.
This approach considers the scope and nature of impacts arising from its employment practices. It includes contextual information that guides the calculation of quantitative metric related to workforce composition [both employees and non-employees] on all ESG aspects and riskst.

The Responsible Organizations' approach to human resource management is based on the following pillars:

- definition of a skills map required to perform a given role
- assessment of people's skills against the defined map for each role, minimizing the risk of subjectivity and discrimination
- identification of training gaps relative to current skills and those planned for future
- planning and implementation of awareness and training activities on all aspects of sustainability to fill training gaps, also considering the expected organizational evolutions
- definition of monitoring systems for people linked to skills development
- definition of incentive systems based on skills development and linked to sustainability results

Responsible Organizations plan and implement awareness and training initiatives also addressed to people from other organizations operating along the value chain [e.g., suppliers, subcontractors, etc.], considering material topics and specific risks.
Plans, activities, and results of information and training activities are documented and communicated to stakeholders.

1.5.2. Infrastructure

PURPOSE

Manage, maintain, and innovate the infrastructures, facilities, technology, and equipment necessary to reduce impacts and risks on all relevant aspects of Responsibility and sustainability

METRICS

Degree of effectiveness in managing, maintaining, and innovating infrastructures, facilities, technology, and equipment necessary to reduce impacts and risks on all relevant aspects of Responsibility and sustainability

DESCRIPTION

Responsible Organizations define, implement, review, and improve an approach to managing infrastructures [buildings, machinery, information systems, etc.] and reducing all sustainability risks associated with them.
Infrastructures include buildings, equipment, plants, hardware, software, communication infrastructures, and means of transport.

- Responsible Organizations plan the strategy for the acquisition, use, and disposal of infrastructures considering criteria related to all sustainability aspects throughout their life cycle
- identify and assess the impacts, risks, and opportunities pertaining to infrastructures
- assign appropriate responsibilities and define clear processes for the acquisition and use of infrastructures
- define and implement plans related to the use of infrastructures that include all aspects concerning social, health and safety, and environmental impacts and risks
- define appropriate key performance indicators related to infrastructure use that take into account all sustainability aspects
- define preventive maintenance plans to avoid unexpected impacts on all sustainability and productivity aspects
- evaluate opportunities to improve infrastructures to reduce their impacts and risks continuously

Where appropriate, the organization obtains certifications and sustainability ratings for the design, construction, and management of processes, buildings, and infrastructure works based on internationally recognized schemes, with a preference for schemes suitable for accreditation purposes.

1.5.3. Comunication [CORE]

PURPOSE

Manage internal and external communication flows relevant to the responsibility and sustainability management system, including the sustainability report, in accordance with international reporting standards

METRICS

Degree of effectiveness of the internal and external communication system on all aspects of responsibility and sustainability to support the preparation of information in compliance with international standards

DESCRIPTION

Responsible Organizations define, implement, review, and improve an approach for internal and external communications with particular attention to ESG aspects.
Communication is essential to develop an organizational context consistent with the company's mission and values and to engage people by providing them, at all levels and functions, with information on all sustainability aspects.
Activating communication channels is vital for the exchange of knowledge and collaboration on all sustainability aspects and risks. Responsible Organizations prepare a plan that defines who communicates, what is communicated, to whom, who is responsible for communication flows, when communication takes place, and how it is done [channels and means].
Internal communications occur through appropriate channels [e.g., intranet, digital newsletters, press and video communications] and facilitate the possibility of receiving complaints, reports, and suggestions. The approach takes into account and respects all aspects related to diversity [e.g., gender, language, culture, literacy, disabilities].

Organizations communicate externally information related to:

- The sustainability management system
- the Responsible Business Conduct [RBC] policy
- participation in declarations signed by the company [e.g., adherence to manifestos and public sustainability commitments promoted collectively within multi-stakeholder or associative initiatives]
- commitment to stakeholder engagement
- events with negative impacts related to ESG aspects in operations and along the value chain
- systems for reporting complaints, suggestions, and reports
- recording and retention of communications

Responsible Organizations annually prepare and communicate sustainability reporting with reference to international reporting standard.

1.5.4. Documented information

SCOPO

To document and keep updated the information necessary for the effectiveness of the responsibility and sustainability management system

METRICA

Degree of effectiveness of the approach for the preparation and updating of documents and records supporting the responsibility and sustainability management systemt

DESCRIPTION

Responsible Organizations define, maintain, and update the documented information of their integrated management system for responsibility and sustainability.

The sustainability information includes:

- procedures and work instructions: the description of approaches to processes, including but not limited to purposes, activities, responsibilities, performance indicators
- documents of internal and external origin [e.g., technical rules and standards]
- forms and data collection sheets

Responsible Organizations define:

- the types of documents
- the document identification system
- the processes for preparation, approval, and issuance and the related responsibilities
- the methods for document review
- the methods for distributing documents to interested parties
- the processes for protection and security [for sensitive documents]

1.6

RESPONSIBLE ORGANIZATIONS DEFINE, IMPLEMENT, AND IMPROVE AN APPROACH TO PLAN OPERATIONAL ACTIVITIES AND MONITOR THE PROCESSES DEFINED IN THE SUSTAINABILITY PLAN TO MEET THE NEEDS AND EXPECTATIONS OF ALL STAKEHOLDERS RELATED TO ALL SUSTAINABILITY ISSUES

TOPICS

1.6.1. Operational planning and control [CORE]

PURPOSE

Definition, implementation, control, and maintenance of the processes necessary to meet the requirements of the management system for responsibility and sustainability, implement the actions defined in the sustainability plan, and achieve the established ESG objectives

METRICS

Degree of implementation and improvement of effective operational control systems to prevent and/or mitigate current and potential risks internally and in the value chain across all ESG aspects and risks

DESCRIPTION

Responsible Organizations define, implement, review, and improve an approach to process planning by establishing requirements that support pursuing strategic objectives while considering all sustainability issues and risks.

Planning of operational activities is essential to ensuring the effective implementation of a responsibility and sustainability management system and the achievement of desired and expected results.

Planning must be adequate to ensure the achievement of sustainability objectives and mitigate risks that could compromise business outcomes across all sustainability aspects.

The plans are supported by the necessary resources [human, financial, etc.] and by assigning responsibilities. Responsible Organizations maintain and preserve documented information to the extent necessary to ensure that operational processes have been carried out as planned and to demonstrate product and process compliance with sustainability requirements.

Responsible Organizations monitor planned and unplanned changes to processes and review their impacts, undertaking actions to mitigate any negative effects as necessary.

1.6.2. Value chain [CORE]

PURPOSE

Develop procurement policies and approaches that minimize actual or potential negative impacts on people and the environment, affecting the organization and the value chain

METRICS

Degree of effectiveness of the value chain management approach to minimize current or potential risks of adverse impacts on people and the environment within the organization and its value chain

DESCRIPTION

This Topic defines the elements for implementing and evaluating a responsible value chain management approach across all sustainability aspects in accordance with ISO 20400 "Guidance on Sustainable Procurement."
Responsible value chain management is a fundamental strategy for organizations wishing to contribute to achieving the United Nations Sustainable Development Goals [SDGs] by integrating sustainability issues into policies and management practices with suppliers, distributors, and other business partners.
The OECD recommends that Responsible Organizations contribute to the economic and social transition toward sustainability by identifying and, where necessary, prioritizing, preventing, mitigating, stopping, minimizing, and remedying actual or potential negative impacts on human rights and the environment related to their activities as well as those of their subsidiaries and business partners in the chains of activities in which the organizations participate, ensuring that people affected by non-compliance with this obligation have access to justice and remedies.
Due diligence for responsible value chains enables an organization to create more value, improve productivity, reduce risks of current or potential events that may occur along the value chain and adversely impact the organization and its stakeholders, communicate more effectively among buyers, suppliers, and all stakeholders, and encourage innovation.

1.6.3. Traceability and transparency

PURPOSE

To ensure an adequate system of traceability and transparency that allows the identification of product batches, their relation to batches of raw materials, components, and parts, their processing and assembly, and delivery records

METRICS

Degree of implementation of an effective traceability and transparency system to identify each product batch and its relationships with raw materials, components and parts, their processing, and delivery records

DESCRIPTION

Responsible Organizations define, implement, review, and improve an approach to product traceability and transparency that allows the identification of product batches and their producers.
Traceability records are kept for a defined period to enable the management of potentially hazardous products and the possible handling of complaints and product recalls.
Records must comply with legal and regulatory requirements as well as customer requirements.
Procedures for managing traceability information define how to link and record the flow of information concerning materials and products from incoming product batches to the coding of outgoing products.

The product traceability and transparency system is fundamental to the following:

- ensuring compliance with customer specifications, mandatory and voluntary standards
- determining the origin of the product/service
- facilitating product/service withdrawal or recall
- identifying responsible suppliers
- facilitating verification of specific product/service information
- disclosing product/service sustainability information to relevant interested parties
- complying with applicable local, regional, national, or international regulations

The traceability and transparency system must also allow, with the support of innovative technologies [e.g., blockchain], the collection and aggregation of data on specific indicators to develop aggregated sustainability indices and enable the customer or end user to understand the sustainability characteristics of a product and all suppliers along the supply chain.

1.6.4. Emergency and Remediation plans [CORE]

PURPOSE	METRICS
Minimize the consequences of adverse impacts by defining and communicating emergency and Remediation plans for each material ESG aspect	Degree of effectiveness of the emergency and remediation plans in minimizing the consequences of events with negative impacts related to each material ESG aspect

DESCRIPTION

Responsible Organizations define, implement, review, and improve an approach to managing Emergency and Remediation Plans for all events related to various sustainability aspects.

Responsible Organizations apply international norms and conventions for emergency management [for example, in the field of health and safety, they apply ILO Convention No. C121 on benefits in the case of occupational accidents and diseases].

Regardless of the effectiveness of the management system and its results, Responsible Organizations consider the possibility of events occurring that cause adverse impacts on stakeholders and prepare for such eventualities by defining procedures and systems to reduce the consequences of negative impacts on stakeholders. Particular attention should be given to the business continuity management system [in compliance with ISO 22301 requirements].

Awareness and training activities for employees and other stakeholders are fundamental to reducing the consequences of events resulting from the organization's activities that adversely impact stakeholders.

Responsible Organizations also define Remediation plans as a predefined sequence of actions to be implemented when events that require multiple remediation measures occur. They take into consideration the needs of stakeholders and their involvement in the preparation and execution of Emergency and Remediation plans.

1.7

Performance evaluation

RESPONSIBLE ORGANIZATIONS DETERMINE WHAT NEEDS TO BE MONITORED AND MEASURED, THE METHODS FOR MONITORING, MEASUREMENT, ANALYSIS AND EVALUATION TO ENSURE VALID RESULTS, WHEN MONITORING AND MEASUREMENT MUST BE CARRIED OUT, AND WHEN THE RESULTS OF PERFORMANCE MONITORING AND MEASUREMENT MUST BE ANALYZED AND EVALUATED

1.7.1. Monitoring, measurement, analysis and evaluation [CORE]

PURPOSE

Monitor, measure, analyse, and evaluate performance across all aspects of responsibility, sustainability, and ESG risks

METRICS

Degree of completeness, accuracy, and reliability of the approach for monitoring, measuring, analyzing, and evaluating performance across all aspects of responsibility, sustainability, and ESG risks

DESCRIPTION

Responsible Organizations define, implement, review, and improve an approach for monitoring, measuring, analyzing, and evaluating performance across all aspects of sustainability.

They determine:
*   what needs to be monitored through appropriate indicators related to activities [leading] and outcomes [lagging], as well as the definition of suitable objectives and benchmarks consistent with the results of materiality analyses
*   the methods for monitoring, measuring, analysing, and evaluating necessary to ensure valid results, referring, as far as possible, to international sustainability reporting standards
*   when and how monitoring and measurement must be performed
*   when and how the results of monitoring and measurement must be analysed
*   how to intervene in cases where analyses and evaluations indicate the need

Responsible Organizations periodically assess the performance and effectiveness of the sustainability management system and the evolution of risk exposure related to their activities and along the value chain. Responsible Organizations maintain appropriate documented information as evidence of the results achieved and any consequent actions undertaken.

1.7.2. Internal Audit and Due Diligence [CORE]

PURPOSE

To periodically evaluate the management system's compliance with the organization's requirements and its results relative to the planned objectives

METRICS

Effectiveness of the approach to planning and conducting internal audits and due diligence

DESCRIPTION

Responsible Organizations define, implement, review, and improve an approach for planning and conducting internal audits and due diligence on all aspects of sustainability. They plan and carry out a cycle of internal audits and due diligence at regular intervals appropriate to the size, nature, context, and severity of the risk of adverse impacts on various stakeholders, with the purpose of:

*   assessing the effectiveness of implementing and maintaining the integrated management system on all sustainability aspects [social, health and safety, environment, and business ethics]
*   evaluating the compliance of the sustainability management system with the requirements established by the organization
*   providing guidance on elements to be addressed to restore compliance or direct improvement actions

Internal audits are conducted by individuals possessing adequate competence, independence, and impartiality. Plans, results, and consequent actions are adequately documented and regularly reviewed. The results of internal audits and due diligence carried out internally and/or on suppliers and partners along the value chain are used as inputs for the annual management review and for preparing the sustainability plan for the following year.

1.7.3. Management review

PURPOSE

Review the management system's effectiveness and the results achieved on all material aspects and risks to identify opportunities for improvement

METRICS

Degree of effectiveness of the management review in evaluating the implementation of the management system for responsibility and sustainability and the results achieved concerning the planned objectives and strategies

DESCRIPTION

Responsible Organizations define, implement, review, and improve an integrated management review approach covering all sustainability aspects and risks. The management review is conducted at defined intervals and involves the organization's top management.

The objectives of the management review are to:

- verify the adequacy and effectiveness of the management system concerning the defined objectives and stakeholder needs
- identify opportunities for risk mitigation and continuous improvement of ESG results
- define changes in context, processes, and physical, human, and financial resources
- make necessary decisions when defined sustainability objectives have not been met
- suggest any modifications to the RBC policy, objectives, and sustainability management system

Based on an analysis of facts and performance indicators against objectives, the management review constitutes the fundamental input for initiating the next sustainability planning cycle.

1.8

Improvement

RESPONSIBLE ORGANIZATIONS IDENTIFY AND SELECT IMPROVEMENT OPPORTUNITIES FOR THE CONTINUOUS REDUCTION OF THE LEVEL OF EXPOSURE TO ESG RISKS TO MEET THE NEEDS AND EXPECTATIONS OF STAKEHOLDERS AND INCREASE THEIR LEVEL OF SATISFACTION

1.8.1. Non-conformities and corrective actions

PURPOSE

Manage non-conformities, incidents and other events that may have a negative impact by responding promptly and eliminating their root causes to prevent recurrence

METRICS

Degree of implementation and improvement of the approach to managing non-conformities [corrections] and corrective actions on all material aspects of responsibility and sustainability

DESCRIPTION

Responsible Organizations define, implement, review, and improve an approach for resolving non-conformities and incidents, as well as for planning and implementing corrective actions.

In the case of incidents and process non-conformities, they:
- record information related to events with negative impact
- act promptly to limit the effects of non-conformities and the incident
- carry out root cause analysis using appropriate methodologies and involving relevant stakeholders
- define corrective actions to remove the causes and prevent recurrence
- test the corrective actions and analyze the results
- implement corrective actions by modifying processes and their inputs and outputs

The methodology for managing corrections and corrective actions is consistent across all aspects of sustainability.

1.8.2. Continuous improvement

PURPOSE

Continuously improve the management system's results across all ESG aspects and risks to meet stakeholder needs and exceed their expectations

METRICS

Degree of effectiveness of the improvement process and the outcomes of the management system on all ESG aspects and risks

DESCRIPTION

Responsible Organizations define, implement, review, and improve an approach for the continuous improvement of the sustainability management system, its results, and mitigating risks across all sustainability aspects.

The approach must include:

- improvement of the sustainability characteristics of products and services
- prevention or reduction of unwanted impacts on all sustainability aspects
- enhancement of the performance and effectiveness of the sustainability management system's processes and approaches

Improvement may be driven by the following:

- the desire and opportunity to increase competitiveness
- the evolution of legal requirements
- the growing demand from stakeholders for increasingly accurate, credible, and reliable sustainability information
- opportunities arising from technological innovations, new markets, and new products/services

2.

Social

RESPONSIBLE ORGANIZATIONS MINIMI-
ZE SOCIAL RISKS—THAT IS, THE RISKS OF
ACTUAL OR POTENTIAL IMPACTS ON PE-
OPLE THAT MAY LEAD TO FINANCIAL AND
NON-FINANCIAL LOSSES [E.G., REPUTATIO-
NAL DAMAGE] IN THEIR ACTIVITIES AND
ALONG THE VALUE CHAIN.
IN LINE WITH THE RESULTS OF THE MATE-
RIALITY ANALYSIS, RESPONSIBLE ORGANI-
ZATIONS IDENTIFY, ASSESS, DEFINE, AND
IMPLEMENT MITIGATION AND REMEDY
PLANS FOR EACH SOCIAL ASPECT

2.

AREAS

2.1 HUMAN RIGHTS
2.2 LABOUR PRACTICES
2.3 LOCAL COMMUNITIES

The "Social" criterion focuses on the relevant impacts, risks, and opportunities related to social aspects that affect people—particularly the organization's workforce, workers employed by other organizations along the value chain, and local communities. Specifically, it addresses:

1. How the organization affects its workforce and workers along the value chain in terms of relevant, positive and negative, actual and potential social impacts
2. The nature, type, and magnitude of the organization's relevant risks and opportunities associated with its social impacts and dependencies concerning its workforce and the value chain and how the organization manages them
3. Actions taken to prevent, mitigate, or remedy negative actual or potential impacts and to address
4. Relevant risks and opportunities, as well as the results achieved
5. The financial effects on the organization in the short, medium, and long term caused by relevant risks and opportunities arising from its impacts and dependencies on its own workforce and along the value chain

Responsible Organizations strive for excellence in addressing each social aspect, risk, and impact by:

- focusing on the most relevant social aspects and risks emerging from stakeholder engagement and the results of the materiality assessment
- identifying current and potential social risks that could cause adverse impacts on the organization and its stakeholders by defining, for each aspect, the possible causes, risk events, and their direct effects on people and indirect impact on the organization
- assessing social risks in terms of likelihood and consequence, taking into account past results, existing mitiga-

tion measures, and especially future mitigation objectives and plans, using a single assessment logic and metric consistent with that used for other sustainability risks
- defining appropriate mitigation actions to reduce the likelihood and/or consequence of risk events, assigning clear responsibilities for their implementation, setting deadlines for implementation, and allocating the necessary OpEx [Operating Expenditures] and CapEx [Capital Expenditures] for their effective execution
- defining appropriate remedy plans proportional to the significance of the sustainability issue and the level of risk exposure, ensuring prompt and effective intervention in the event of adverse impact events

As indicated in the OECD and ILO guidelines, issues related to human rights and working conditions apply to all types of organizations, regardless of whether specific legislation is in place. The degree of their relevance may vary depending on the context in which the organization operates.

The management of social risks is dynamic and evolves over time in response to external conditions and changes occurring within the organization's internal processes and along the supply chain.

Responsible Organizations do not merely comply with the minimum requirements set by applicable laws; they consistently strive to go beyond them, aiming to balance economic and financial performance with the highest level of stakeholder satisfaction.

Responsible Organizations also document and disclose information on social risks in accordance with internationally recognized sustainability reporting standards (e.g., GRI, EFRAG, IFRS).

2.1

Human Rights

RESPONSIBLE ORGANIZATIONS RESPECT HUMAN RIGHTS AND RECOGNIZE THEIR IMPORTANCE AND UNIVERSALITY WITHIN THEIR SPHERE OF INFLUENCE AND THROUGHOUT THE VALUE CHAIN. THEY REGARD HUMAN RIGHTS AS ESSENTIAL TO THE RULE OF LAW, TO THE PRINCIPLES OF JUSTICE AND SOCIAL EQUITY, AND AS THE FOUNDATION OF SOCIETAL INSTITUTIONS

2.1.1. Avoidance of complicity

PURPOSE

Avoid any form of complicity in human rights violations within the organization and along the value chain

METRICS

Level of exposure to risks of complicity in human rights violations within the organization and along the value chain

DESCRIPTION

This Topic focuses on the organization's exposure to the risk of any form of complicity in human rights violations.
There are three types of complicity:

- **direct complicity:** the organization knowingly provides goods or services that will be used to commit abuses or knowingly witnesses a human rights violation
- **beneficial complicity:** the organization benefits from human rights violations, even if it did not witness or cause them
- **silent complicity:** theorganization remains silent or inactive in the face of systematic or ongoing human rights abuses [e.g., failing to report witnessed human rights violations to the competent authorities]

Responsible Organizations publicly condemn human rights violations, engage workers and trade unions in identifying risks of complicity, implement appropriate policies and remedial actions, and conduct awareness-raising and training activities for employees, contractors, and other relevant stakeholders on complicity-related issues.
Responsible Organizations go beyond the minimum legal requirements and comply with international standards where higher standards are shown to offer significantly better protection. They also establish appropriate outcome and perception indicators.

2.1.2. Child labour

PURPOSE

Avoid child labor within the organization or along the value chain

METRICS

Level of exposure to risks of child labor and/or youth labor involving workers engaged in hazardous work within the organization's activities and along the value chain

DESCRIPTION

This Topic defines the elements involved in assessing the risk of child labour with reference to ILO Convention No. C138 [minimum age] and Recommendation No. 146 accompanying Convention C138.

ILO Convention No. 138 [C138] sets the minimum working age, distinguishing between developed and developing countries and types of work [light, regular, hazardous]; light work for minors; prohibition of any youth work during school hours; and limits on time allocated to school, work, and transportation [10 hours daily]. Under no circumstances young workers shall work more than 8 hours per day.

All hazardous work is prohibited for minors, including heavy lifting, use of heavy machinery, night shifts, exposure to toxic chemicals, manufacturing of weapons, contact with violent or pornographic materials, and night work.

Responsible Organizations go beyond the minimum legal, regulatory, standard, and other applicable requirements regarding child labour where it is proven that higher standards provide significantly better protection.

Responsible Organizations determine the materiality level of child and youth labour and identify, analyse, assess, and mitigate all risks of child and youth labour within the organization and along the supply chain.

2.1.3. Discrimination and equal opportunities ⟋

PURPOSE

Avoid all forms of discrimination against individuals and/or vulnerable groups and promote effective equality of opportunity and treatment within the organization and along the value chain

METRICS

Level of exposure to risks of discriminatory practices and extent of actions taken [review, remediation, prevention] to reduce such risks

DESCRIPTION

This Topic focuses on the identification, assessment, and management of discrimination risks based on race, color, sex, age, nationality or national origin, ethnic or social origin, caste, birth, religion, marital status, sexual orientation, disability, health status [such as HIV/AIDS], union membership, political affiliation, or other political opinions in the organization's activities and throughout its value chain. Responsible Organizations mitigate the risks of potential or actual discriminatory behavior including, but not limited to: equal opportunity; actions and offenses against physical safety, crimes against persons; racism and xenophobia; discrimination against individuals and groups facing objective disadvantages; interference with employees' rights to observe practices or meet specific needs; threatening, offensive, exploitative, or sexually coercive behavior, including gestures, language, and physical contact, at the workplace and on all organizational properties; any form of abuse and harassment [physical, verbal, digital]; restrictions on verbal and/or physical freedom; pay disparities, including non-monetary compensation.
Responsible Organizations apply the following ILO Conventions: No. C100 [Equal Remuneration], No. C103 [Maternity Protection], No. C111 [Discrimination in Employment and Occupation], No. C118 [Equality of Treatment in Social Security], and No. C159 [Vocational Rehabilitation and Employment of Disabled Persons]. Responsible Organizations engage workers and unions and raise awareness about equal opportunities, harassment, and violence, as well as mechanisms available for filing complaints both inside and outside the workplace. They promote and implement equal opportunity and treatment in recruitment, hiring, compensation, training, promotion, termination, or retirement activities and prohibit and sanction any abuse or misconduct.
Responsible Organizations establish appropriate outcome and perception indicators related to discrimination and equal opportunities and collect and disclose information in accordance with international standards.

2.1.4. Forced Labour ⌀

PURPOSE	METRICS
Avoid any form of forced or compulsory labor within the organization and throughout its value chain	Level of exposure to risks of forced or compulsory labor in the organization's activities and throughout the value chain

DESCRIPTION

Responsible Organizations prohibit all forms of forced or compulsory labour, including, but not limited to: prison labour, restrictions on leaving the workplace, retention and storage of original documents, payment of deposits, withholding of wages, benefits, or personal property, denial of the right to leave the workplace after completing a standard workday, restrictions on contract termination, mandatory overtime, physical violence, human trafficking, threats to workers and their families, detention, state-imposed forced labour, and requirements for workers to reside on factory or production sites.

Responsible Organizations act in accordance with ILO Conventions No. 29 [Forced Labour] and No. 105 [Abolition of Forced Labour], considering the risk of forced labour when engaging with stakeholders and assessing material topics. They align their policies and goals with existing government and civil society initiatives aimed at combating forced labour. They engage with workers and trade unions and collaborate with governments, stakeholders, international organizations, and credible institutions operating in the field to identify high-risk activities and sourcing areas.

Responsible Organizations identify forced labour risks in contractual arrangements, including employment and retention practices, the use of subcontractors, private recruitment or placement agencies, state-imposed labour programs, worker credit agreements, and debt schemes, wage deductions at the point of hire, working hours beyond legal limits, and the absence of written contracts.Responsible Organizations incorporate "Forced Labour" into procurement policies, establish appropriate indicators, and disclose information in line with international standards.

2.1.5. Civil and political rights ⌀

PURPOSE	METRICS
Ensure the exercise of civil and individual rights within the organization and throughout the value chain	Level of exposure to risks of limitation of workers' civil and political rights within the organization and the value chain

DESCRIPTION

Responsible Organizations identify, assess, and mitigate risks of violations of individuals' civil and political rights, including but not limited to: the right to life with dignity; the right to security; the right to property; the right to personal freedom and integrity; freedom of opinion and expression; freedom of assembly and association; freedom of religion; freedom from arbitrary interference with family and the right to privacy; freedom to seek, receive, and impart information; the right to a fair process before any internal disciplinary action is taken; the right to proportionate disciplinary measures without corporal punishment or inhuman or degrading treatment; the right of access to public services; the right to participate in elections; and the right to work in a safe and protected environment. Responsible Organizations consider civil and political rights issues when engaging stakeholders and assessing material topics and accordingly align their policies, objectives, risk management, and controls. They prohibit and sanction any abuse, raise awareness among staff on civil and political rights issues, and collaborate with trade unions and civil society organizations to establish appropriate remedy mechanisms.

Furthermore, they incorporate respect for and protection of civil and political rights in procurement practices and contractual obligations with suppliers and partners. tResponsible Organizations promote the protection of civil and political rights in the countries where they operate, establish appropriate indicators, and disclose information in accordance with international standards.

2.2

Labour practices

RESPONSIBLE ORGANIZATIONS RESPECT LABOR PRACTI-
CES AND DO NOT TREAT WORKERS AS A FACTOR OF PRO-
DUCTION, SUBJECT TO THE SAME MARKET FORCES THAT
APPLY TO GOODS.

2.2.1. Employment

PURPOSE

Ensure the protection of social security rights [such as transparency in employment relationships, insurance for accidents and illnesses, pensions, termination benefits, etc.] within the organization and throughout the value chain

METRICS

Level of exposure to the risk of violations of legal responsibilities towards employees and labor rights within the organization or across the value chain and measures taken to reduce such risks

DESCRIPTION

This topic assesses the level of exposure to risks related to employment relationships, including but not limited to: the widespread use of casual, contingent, or temporary contracts; an insufficient permanent workforce; exceptional circumstances becoming regular or long-term; a permanent workforce lacking adequate professional skills for the tasks; and false apprenticeships.
Risks include: clarity on terms of employment; career development mechanisms; disciplinary and grievance procedures; terms of transfer and dismissal; skills development; compliance with legal obligations and contractual agreements on social security; retirement plans; protection of workers' data privacy.
Responsible Organizations apply the Universal Declaration of Human Rights [UDHR] and ILO Conventions No. C122 on Employment Policy, No. 150 on Labour Administration, No. 158 on Termination of Employment, and No. C183 on Maternity Protection.
Responsible Organizations consider employment relationships in stakeholder engagement, conduct materiality assessments, and align their policies, objectives, risk management, and controls accordingly. They also engage with workers and their representatives, conduct awareness and training initiatives, and establish grievance and remedy mechanisms. They include aspects related to "employment relationships" in procurement policies and practices, as well as in Due Diligence processes conducted on suppliers.
Responsible Organizations establish appropriate indicators regarding employment relationships [e.g., employee satisfaction level, etc.], collect related data and trends, and report the results

2.2.2. Working hours

PURPOSE

Ensure compliance with working hours regulations and international labor standards in its own operations and along the value chain

METRICS

Level of exposure to risks of violating working hours regulations and international labor standards in its own operations and along the value chain

DESCRIPTION

Issues related to working hours include breaks, rest periods, and defining holidays; workweek; voluntary overtime; personal illness and annual leave; rules and restrictions regarding vacations; maternity or paternity leave; breastfeeding breaks; calculation of absences; regulation of working hours for protected categories; calculation of rest days; respect for national or religious traditions.
Responsible Organizations apply ILO Conventions No. 1, No. C14 on weekly rest in the industry, No. C175 on part-time work, and No. C171 on night work. They consider working hours issues when engaging stakeholders, conduct a materiality analysis, and align their policies, objectives, risk management, and controls accordingly. They share working hours policies by involving workers and unions, establishing transparent grievance and remedy mechanisms, and conducting prompt and independent investigations in case of complaints.
Working hours aspects are included in their procurement policies and practices.
Responsible Organizations establish appropriate indicators regarding working hours [such as the People Satisfaction Index, etc.], collect data and trends, and report on the results.

2.2.3. Wages and compensation ⟍⟋

PURPOSE

Ensure compliance with international standards and guidelines regarding wages and salaries to support decent living standards within the organization's operations and along the value chain

METRICS

Level of exposure to risks of violations of national and international rules and regulations related to wages and salaries within the organization and throughout its value chain

DESCRIPTION

The aspects considered under this topic include fair remuneration, direct payment of wages, overtime compensation, sufficient and living wages, piece-rate pay, traceable payments, delayed wage payments, disciplinary restrictions and deductions, social protection, and the completeness and clarity of information related to remuneration and pay.
Responsible Organizations assess the risk by considering vulnerable groups such as migrant workers, informal workers, and workers with low levels of education.
They align their policies, objectives, risk management, and controls based on the results of materiality assessments, engage with workers and trade unions, provide information on pay structures, and incorporate "remuneration" aspects into procurement policies and practices.
Moreover, they ensure decent wage levels that go beyond the legal minimum and implement the provisions of ILO Convention No. C95 on the protection of wages, No. 100 on equal remuneration, No. C131 on minimum wage fixing, No. C132 on paid leave, and No. C99 on methods of setting minimum wages.
Responsible Organizations establish appropriate indicators for remuneration and wages, collect data, and report results in accordance with international standards

2.2.4. Social dialogue ⟍⟋

PURPOSE

Ensure social dialogue within the organization's activities and throughout the value chain

METRICS

Level of exposure to risks of violations of social dialogue within the organization's operations and across the value chain

DESCRIPTION

Social dialogue risks include, among others, issues such as: denial of the right to collective bargaining; strike bans; threats to collective bargaining; worker intimidation; discrimination against union members; failure to recognize worker representatives; operational changes without prior information to workers; employer interference; employer opposition and organized hostility toward unions; withholding of union dues and other fees; rights of minority unions and their members; use of short-term contracts and other forms of casual or informal labour to reduce worker representation.

Responsible Organizations consider social dialogue when identifying material topics and aligning their policies, objectives, risk management, and controls accordingly. They establish open dialogue with worker representatives, recognize freedom of collective bargaining, conduct awareness programs, and minimize the use of short-term and other non-standard or informal forms of employment.

Responsible Organizations mitigate exposure to social dialogue risks in accordance with the ILO Conventions No. 87 [Freedom of Association], No. 94 [Labour Clauses in Public Contracts], No. 98 [Right to Organize and Collective Bargaining], No. 135 [Worker Representatives], and No. 154 [Collective Bargaining]. They also integrate social dialogue considerations into procurement policies and practices, define appropriate indicators, collect data and trend analyses, and disclose relevant information in line with international standards.

2.2.5. Welfare and work life balance

PURPOSE

Harmonizing workers' work and private lives and offering welfare practices that go beyond the minimum legal requirements

METRICS

Degree of implementation of welfare and work-life balance policies that create a positive impact on the relationship between the organization and its workers in its own operations and along the value chain

DESCRIPTION

Responsible Organizations adopt an integrated approach to promote workers' well-being, aiming to improve workplace atmosphere and climate, reduce turnover, and enhance the organization's reputation.

Corporate welfare encompasses various benefits, including contributions to workers and their families for education and assistance, loans, healthcare, supplementary pension benefits, fringe benefits, and social activities.

Work-life balance initiatives include but are not limited to flexible working hours, maternity and paternity support, smart working or remote work arrangements, sabbaticals, financial assistance, promotion of sports and wellness, medical services, training, public transportation, loans, and supplemental pension plans.

Responsible Organizations consider well-being and work-life balance as material issues, aligning their policies, objectives, risk management, and control systems accordingly.

They establish an open and ongoing dialogue with workers' representatives to define and implement welfare and work-life balance initiatives, adopting appropriate indicators to monitor their effectiveness and appreciation.

2.3

Local communities

RESPONSIBLE ORGANIZATIONS DEVELOP AND MAINTAIN EFFECTIVE RELATIONSHIPS WITH THE COMMUNITY [AT THE LOCAL, NATIONAL, OR INTERNATIONAL LEVEL] AND WITH COMMUNITY STAKEHOLDERS TO GENERATE SOCIAL VALUE AND REDUCE THE RISK OF CONFLICTS

2.3.1. Relationships with the local communities ⟋

PURPOSE

Establish productive relationships with communities to build mutual value, minimizing misalignments that could generate risks for the organization

METRICS

Degree of exposure to risks arising from divergent interests between the organization and the local community in its operations and along the value chain

DESCRIPTION

This topic encompasses the elements necessary to assess the level of risk exposure and the impacts of the organization's activities and value chain on local communities.
Responsible Organizations incorporate the expectations of local communities into projects of mutual interest and mutual benefit. Elements to consider in identifying, assessing, and mitigating risks include, among others: the economic, social, and cultural rights of the community [the right to education, to adequate water and sanitation services; adequate food; clothing; adequate housing; medical care; an adequate level of health; living conditions adequate for physical and mental health and personal and family well-being; the practice of religion and culture]; the well-being and health of communities; environmental and social impacts related to the territory; public spaces; impacts on human rights defenders; rights of indigenous communities [free, prior, and informed consent; self-determination; cultural rights]; vulnerable groups; assistance and support in case of environmental or other types of disasters; support for charities and community groups; ESG education for local communities; research and networking activities; impacts on real estate and housing [availability, prices, etc.]; impacts on crime and liveability of an area.
Responsible Organizations define appropriate indicators related to relationships with the Local Community and report results in accordance with international standards

2.3.2. Social and financial values for the community ⟋

PURPOSE

Generate social value for the community through financial and non-financial contributions and projects

METRICS

Level of exposure to risks due to insufficient contribution to the needs of the local community

DESCRIPTION
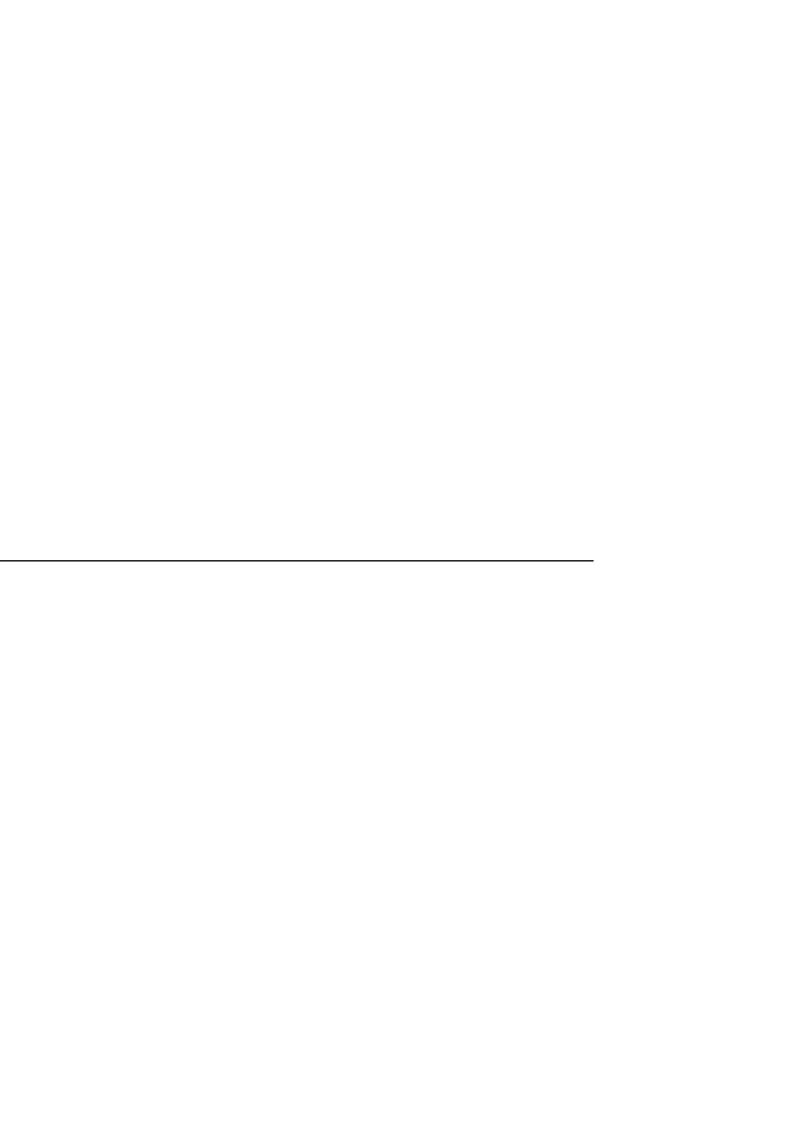
Responsible Organizations support economic prosperity and sustainable development for the local community through financial and non-financial contributions. They assist vulnerable groups with economic solutions and promote inclusion, supporting diversity and inclusion.
Elements to consider in identifying, assessing, and mitigating risks include, among others: impacts on residential or other social settlements located near the organization's offices or within its area of influence; groups of people sharing common characteristics who are affected by the organization; economic effects on the local community and local economies; operations with significant actual or potential negative impacts on local communities; commercial attractiveness; livability, well-being, and wealth of the community; and inclusivity.
Responsible Organizations establish appropriate indicators regarding the social and financial value for the community, collect data and trends, and report results in accordance with international standards.

3.

Safety

RESPONSIBLE ORGANIZATIONS MINIMIZE
WORKERS' EXPOSURE TO HEALTH AND SAFETY
RISKS THAT MAY LEAD TO LOSSES RESULTING
FROM THE NEGATIVE FINANCIAL IMPACTS OF
CURRENT OR FUTURE INCIDENTS AND ILLNES-
SES AFFECTING PERSONNEL WITHIN THEIR
OPERATIONS AND ACROSS THE VALUE CHAIN.
IN LINE WITH THE OUTCOMES OF THE MATE-
RIALITY ASSESSMENT, RESPONSIBLE ORGA-
NIZATIONS IDENTIFY, ASSESS, DEFINE, AND
IMPLEMENT MITIGATION AND REMEDIATION
PLANS FOR ALL ASPECTS RELATED TO WOR-
KERS' HEALTH AND SAFETY

3.

This criterion focuses on the relevant impacts, risks, and opportunities related to health and safety aspects that affect people, particularly the organization's own workforce and the workers of other entities along the value chain, including:

1. how the organization affects its workforce and workers across the value chain in terms of significant, positive and negative, actual and potential impacts on health and safety
2. the nature, type, and extent of the organization's relevant risks and opportunities associated with these impacts and dependencies concerning its own workforce and the value chain and how the organization manages them
3. the actions taken to prevent, mitigate, or remediate actual or potential negative health and safety impacts on workers and to address related risks and opportunities, as well as the outcomes achieved
4. the financial and non-financial effects on the organization in the short, medium, and long term resulting from the relevant risks and opportunities stemming from its impacts on workers' health and safety

The definition and implementation of a health and safety management system [ISO 45001] is a proper but not sufficient reference to provide information on the actual level of exposure to risks related to each aspect of health and safety.

Responsible Organizations pursue excellence in outcomes related to every social aspect, risk, and impact by:

- focusing attention on the most relevant health and safety aspects and risks identified through stakeholder engagement activities and the results of the materiality assessment
- identifying current and potential health and safety risks that may cause adverse impacts on the organization's workers and its stakeholders, and for each issue, defining possible causes, risk events, direct effects on people, and indirect effects on the organization
- assessing health and safety risks in terms of likelihood and consequence, taking into account past outcomes, existing mitigation measures, and—above all—future mitigation objectives and plans, using a single metric and

evaluation logic consistent with the risk assessment of other sustainability aspects
- defining appropriate mitigation actions to reduce the likelihood and/or consequence of risk events [e.g., accidents, injuries, etc.], assigning clear responsibilities for their implementation, setting deadlines for the implementation of mitigation actions, and allocating, for each action, the necessary OpEx [Operating Expenditures] and CapEx [Capital Expenditures] for effective execution
- establishing remedy plans appropriate to the significance of the sustainability issue and the level of risk exposure in order to respond promptly and effectively should an event with adverse impacts occur

As indicated in the OECD and ILO guidelines, workplace health and safety issues apply to all organizations based on the nature of their processes, regardless of whether specific legislation is in place.

The degree of relevance may vary depending on the context and the sector in which the organization operates.

Health and safety risk management is a dynamic process that evolves over time in response to external context and internal changes in process organization, both within the organization and across the supply chain.

Responsible Organizations do not merely comply with the minimum requirements set by applicable laws but are consistently committed to going beyond them, striving to balance economic and financial performance with the highest level of employee satisfaction. Responsible Organizations document and disclose information on health and safety risks in accordance with internationally recognized sustainability reporting standards [e.g., GRI, EFRAG, IFRS].

The risks considered under this criterion are grouped according to the classification in the Occupational Injury and Illness Classification Manual [OIICM] published by the U.S. Department of Labor, Bureau of Labor Statistics [2012], and aligned with C184 – Safety and Health in Agriculture Convention, 2001.

3.1

Health & Safety

THE ORGANIZATION MINIMIZES ALL RISKS OF EVENTS THAT COULD CAUSE INJURY OR ILLNESS TO ITS PERSONNEL AND OTHER COLLABORATORS WITHIN ITS OPERATIONS AND ACROSS THE VALUE CHAIN

TOPICS

3.1.1. Violence by animals or people ⬮

PURPOSE
Minimize the risk of injury or illness resulting from violence or other harm caused by people or animals during the organization's activities or across the value chain

METRICS
Degree to which the risks of injury or illness caused by violence from people or animals are identified, assessed, and mitigated in relation to the objectives within the organization's activities and across the value chain

DESCRIPTION

This Topic is focused on the risks of violence and other injuries caused by people or animals. It includes all intentional injuries, injuries involving weapons [or instruments designed to be used as weapons], and injuries resulting from direct physical contact with people, animals, or insects. Such injuries may be inflicted by another person, by oneself, or by an animal/insect.

The risks to identify, assess, and mitigate in this Topic include, among others
- **intentional injuries caused by people or oneself** [bites/cuts/lacerations/stabbings; beatings/kicks/hits/shoves; strangulation; rape/sexual assault; violent acts; self-harm]
- **accidental [or unknown intent] injuries caused by people:** accidental injuries or injuries resulting from direct physical contact with others
- **incidents related to animals and insects:** bites and stings [bees, wasps, hornets, jellyfish, spiders, scorpions, venomous snakes, etc.]; stings from non-venomous insects [mosquito, tick, flea, non-venomous snake]; bites from other non-venomous animals [cats, dogs, etc.]

Workplace violence is defined by ISO 45003 as "Incidents involving an explicit or implicit challenge to health, safety, and well-being at work; violence may be internal or external, or initiated by the client [abuse, threats, physical, verbal, or sexual assault, gender-based violence]".

Responsible Organizations apply ILO Convention No. C190 on violence and harassment and consider all risks [and related causes] of violence by animals or people in their operations and in the selection and evaluation of suppliers and partners along the value chain. Responsible Organizations define appropriate indicators to monitor incidents and near misses, collect data and trends, and report results in accordance with international standards.

They define objectives and develop appropriate mitigation plans to continuously improve the level of exposure to such risks in their operations and along the value chain, allocating adequate resources.

3.1.2. Transportation incidents

PURPOSE
Minimize the risk of injury or illness resulting from transport accidents in the organization's activities or along the value chain

METRICS
Degree to which the risks of injuries or illnesses caused by transport accidents are identified, assessed, and mitigated against objectives in the organization's activities and along the value chain

DESCRIPTION

his Topic covers events involving transport vehicles in which at least one vehicle [or mobile equipment] is in regular operation, and the injury or illness is due to a collision between the vehicle and the person [e.g., road accident, loss of control or a sudden stop, start, or jolt of a vehicle regardless of where the event occurred].

Generally, for a vehicle to be considered in normal operation, it must be used as a means of transportation between locations, and an occupant of the vehicle must be driving it.

The risks to identify, assess, and mitigate in this Topic include, among others, accidents with aircraft, railway vehicles, non-motorized vehicle transport, pedestrian vehicles, watercraft accidents, and road and non-road accidents involving motorized land vehicles.

Responsible Organizations consider all risks related to transport accidents in their operations and in the selection and evaluation of partners along the value chain.

Responsible Organizations define appropriate indicators regarding accidents and near misses, collect data and trends, and report results in accordance with international standards.

3.1.3. Fire and explosions

PURPOSE
Minimize the risk that an injury or illness results from fire or explosion in the organization's activities or along the value chain

METRICS
Degree to which the risks of injuries or illnesses caused by fire or explosion are identified, assessed, and mitigated in relation to the objectives in the organization's activities and along the value chain

DESCRIPTION

This Topic encompasses events in which injury or illness occurs because of an explosion or fire. It includes cases where the person fell or jumped from a burning building, inhaled a harmful substance, or was hit or struck by an object following an explosion or fire. This Topic also covers incidents in which the worker is injured because they were trapped in a fire or their respirator ran out of oxygen during a fire.
The risk sources to be identified, assessed, and mitigated in this Topic include, among others:

- **fuels and flammables** [electrical and mechanical heat sources, cooking activities, hot work, etc.] near combustible or flammable materials [paper, packaging, wood, furniture, oils, paints, gases, flammable liquids, etc.]
- **ignition sources:** hot work, electrical equipment, portable tools, welding equipmen
- **oxygen sources:** use, handling, and storage of gas cylinders and other oxidizing substances
- **heat sources:** use, handling, storage
- **flammable or explosive chemicals**
- **cooking operations** without adequate ventilation or fire protection systems

Responsible Organizations consider all risks related to fires and explosions in their operations, as well as the selection and evaluation of partners along the value chain.
Responsible Organizations define appropriate indicators regarding incidents and near-misses, collect data and trends, and report results in accordance with international standards.

3.1.4. Falls, slips, trips ⟋

PURPOSE
Minimize the risk of injury or illness resulting from falls, slips, or trips during the organization's activities or along the value chain

METRICS
Degree to which the risks of injuries or illnesses caused by falls, slips, and trips are identified, assessed, and mitigated concerning the objectives within the organization's activities and along the value chain

DESCRIPTION

Falls, slips, and trips include same-level falls, falls and jumps to a lower level, falls and jumps interrupted by personal fall arrest systems, as well as slips and trips that do not result in a fall. Slips occur on flat, smooth, or slippery surfaces. Trips happen when the injured worker comes into contact with an irregular surface or obstacle, such as a curb or an object.

The risks to be identified, assessed, and mitigated under this Topic include, among others:

- **same-level falls:** events in which the injury results from the impact between the injured person and another surface with no elevation. The movement causing the contact is that of the person, where gravity caused the person to lose balance [the person was unable to maintain an upright position], and the point of contact with the source of injury is at or above the same level as the surface that supported the person at the beginning of the fall
- **falls to a lower level:** events in which the injury results from the impact between the injured person and the source of the injury, where the movement and impact force were generated by gravity, and the point of contact with the source of injury is at a lower level than the surface that supported the person at the beginning of the fall
- **jumps to a lower level:** events where the injury occurs due to an impact following a voluntary jump by the employee from an elevation. Jumps differ from falls in that they are voluntary, even if the worker jumps to avoid an uncontrolled fall
- **fall or jump reduced by a personal fall arrest system:** includes events in which the injured person fell or jumped a certain distance but did not make contact with the ground surface due to the intervention of a personal fall arrest system and still sustained injuries

Responsible Organizations consider all risks related to fall, slip, and trip incidents within their operations and in the selection and evaluation of partners along the value chain.
Responsible Organizations define appropriate indicators regarding incidents and near misses, collect data and trends, and report results in accordance with international standards.

3.1.5. Exposure to hazardous environments or substances

PURPOSE
Minimize the risk of injury or illness resulting from a hazardous environment or hazardous substances present in the organization's activities or along the value chain

METRICS
Degree to which the risks of injuries or illnesses caused by hazardous environments or hazardous substances are identified, assessed, and mitigated in relation to the objectives in the organization's activities and along the value chain

DESCRIPTION

This Topic examines the risks associated with events that result in injury or illness due to a condition or substance present in the work environment. The risks to be identified, assessed, and mitigated include, among others:

- **contact with electricity:** Contact can occur "directly" from the power source to the person [e.g., touching a live wire or being struck by an electric arc] or indirectly [e.g., a conductive material touching a power source]. The assessment considers risk sources, including electrical wires and cables, service wells and conduits, substations, equipment, switches, electrical panels, and metal coverings, as well as standby power, lightning protection systems, circuit protection, grounding, exposure to heat, moisture, and water, and fire resistance and flame propagation
- **exposure to noise:** includes risks from noise exceeding legally defined limits and duration of exposure
- **exposure to light and other radiation:** Includes risks where injury or illness results from exposure to any ionizing or non-ionizing radiation [e.g., exposure to various types of light: ultraviolet and visible, laser light, infrared light, sunlight, and welding flashes, exposure to radiation, etc.] for short or prolonged periods capable of causing temporary or permanent harm to the person
- **exposure to extreme temperatures:** Includes risks where injury or illness results from exposure to general heat or cold in the environment or contact with hot or cold objects or substances [e.g., heat stroke, frostbite, freezing, or hypothermia]. Contact with hot objects or substances includes sources of heat such as stoves, welding torches, heated fluids, campfires, torches, cigarettes, and furnaces. Contact with cold objects includes contact with dry ice, freezer surfaces, liquid nitrogen, and other similar substances
- **exposure to other hazardous substances:** Includes risks where injury or illness results from inhalation, absorption [skin contact], injection or needle stick, or ingestion [swallowing] of harmful substances [chemical agents, biological agents, infectious agents, harmful substances, banned chemicals, specific agents - asbestos, viruses, carbon monoxide, cement, legionella, leptospira, dust, wood dust, silica – and fumes]. Risks include poisoning, allergic reactions, and contagious and infectious diseases
- **exposure to oxygen deficiency:** Includes cases where injury or illness occurs due to a lack of oxygen, without involvement of harmful substances [e.g., drowning and non-fatal diving incidents]
- **exposure to traumatic or stressful events:** Includes cases where a person is injured or becomes ill due to stressful work-related events. This also covers people injured or ill because they witnessed accidents or other traumatic events

Organizations apply ILO conventions, including C115 on radiation protection, C120 on hygiene [commercial companies and offices], C136 on benzene, C139 on occupational cancer, C148 on workplace environment protection [air pollution, noise, and vibration], C162 on asbestos, and C170 on chemicals. Responsible Organizations consider all risks related to harmful work environments in their operations, as well as in the selection and evaluation of suppliers and partners along the value chain. They reduce risk by avoiding or minimizing exposure time, providing technical solutions, ensuring proper conditions, clothing, and personal protective equipment [PPE], raising worker awareness, and conducting health surveillance. Responsible Organizations define appropriate indicators regarding incidents and near-misses, collect data and trends, and report the results.

3.1.6. Contact with objects and equipment

PURPOSE
Minimize the risk of injury or illness resulting from contact with objects or equipment during the organization's activities or along the value chain

METRICS
Degree to which the risks of injury or illness caused by contact with objects or equipment are identified, assessed, and mitigated in relation to objectives within the organization's activities and along the value chain

DESCRIPTION

This Topic considers the risks of events in which injury or illness results from contact between the injured person and the source of the injury. Responsible Organizations apply ILO Convention No. C119 on the protection of machinery and equipment. The risks to identify, assess, and mitigate include, among others:

- **struck by an object or equipment:** events in which injuries are caused by forced contact or impact between the injured person and the source of the injury when the movement causing the contact is primarily that of the source of the injury
- **struck against an object or equipment**: events in which injuries are caused by forced contact or impact between the injured person and the source of the injury when the movement causing the contact is primarily that of the injured person [e.g., bumping into objects, stepping on objects, kicking objects, being pushed or thrown into or against objects]
- **trapped or compressed by equipment or objects:** events in which a person, or part of a person's body, is compressed, caught, or crushed by operating equipment, between gears or moving objects, between two fixed objects, or in a wire or rope
- **stuck, trapped, or crushed in a structure, equipment, or material collapse:** events in which a person, or part of a person's body, is crushed, pinched, compressed, or trapped in landslides, collapses, falling structures, or other collapsing materials, except where a transport accident, fire, explosion, or violent act caused the collapse. This also includes drowning and asphyxiation resulting from collapses
- **rubbed or abraded by friction or pressure:** events in which injury or illness is caused by friction or pressure between the person and the source of injury or illness. Typically, injuries or illnesses resulting from these events involve superficial injuries, such as blisters, scratches, or abrasions, or damage to nerves or the circulatory system due to blows, vibrations, or repeated pressure
- **rubbed, abraded, or shaken by vibrations:** events in which injury or illness is caused by vibration between the person and the source of injury or illness, including nerve damage resulting from repetitive voluntary movements and repetitive movements involving micro-activities

Responsible Organizations consider all risks associated with contact events involving objects and equipment in their operations, as well as in the selection and evaluation of partners along the value chain.

3.1.7. Bodily Strain and Reactions

PURPOSE
Minimize the risk of injury or illness resulting from free body movement, excessive physical effort, repetitive body movement, assuming an unnatural posture, or staying in the same positions for prolonged periods

METRICS
Degree to which risks of injury or illness caused by body exertion or reactions are identified, assessed, and mitigated in relation to the objectives in the organization's activities and along the value chain
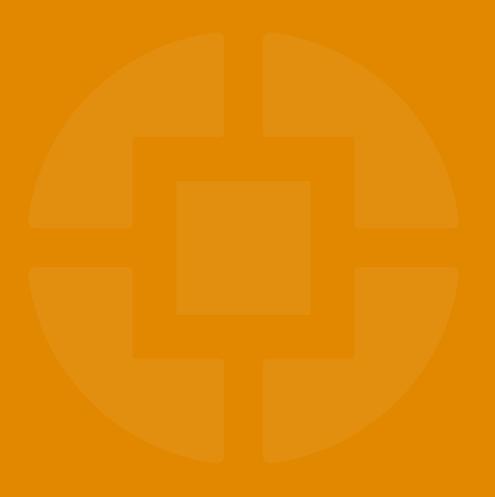
DESCRIPTION

This Topic considers all risks of events, usually without significant impact, in which injuries or illnesses result from free body movement, excessive physical exertion, repetitive body movements, assuming an unnatural posture, or remaining in the same position for an extended period.

The risks to be identified, assessed, and mitigated under this Topic include, among others:

- **excessive exertion involving external sources:** events, usually without impact, where the injury or illness results from excessive physical effort directed toward an external source of injury or illness. Physical effort includes lifting, pulling, pushing, turning, handling, holding, carrying, or throwing the subject that is the source of injury or illness. The injury can result from a single episode or from repetitive efforts involving external sources, such as repetitive lifting. Generally, if the injury arises from transporting or lifting an object or person, it is considered excessive exertion involving an external source

- **repetitive movements involving microtasks:** includes risks of events where the movement imposes stress or strain on specific body parts due to the repetitive nature of the activity [e.g., repetitive use of tools]. Repetitive use of the hands not involving tools includes repetitive movements [e.g., sign language] or other office activities

- **other bodily exertions or reactions:** risks where injuries or illnesses arise from a single or prolonged case of free movement causing stress or strain on some part of the body [e.g., an unnatural posture for a prolonged period, eye fatigue from prolonged vision]. These risks cause strains, sprains, tears, nerve damage, stress fractures, or other injuries or illnesses resulting from assuming an unnatural position or from voluntary or involuntary movements induced by sudden noise or fright. Included are risks of events that result in injuries and illnesses arising from prolonged sitting, standing, or vision impairment, as well as musculoskeletal or other injuries or illnesses resulting from performing personal movements such as walking, climbing, or bending, when such movement itself is the source of injury or illness

Responsible Organizations consider all risks related to bodily exertion and reactions in their operations and in the selection and evaluation of suppliers and partners along the value chain.

Responsible Organizations define appropriate indicators regarding incidents and near misses, collect data and trends, and report the results.

3.2

Workers' wellbeing

THE ORGANIZATION MINIMIZES THE RISKS OF EVENTS THAT MAY AFFECT THE PROMOTION AND MAINTENANCE OF THE PHYSICAL, PSYCHOLOGICAL, AND SOCIAL WELL-BEING OF ALL WORKERS OPERATING WITHIN IT

TOPICS

3.2.1 WORK ORGANIZATION
3.2.2 FACILITIES AND SERVICES FOR EMPLOYEES

PURPOSE

Minimize the risk of injury or illness resulting from violence or other harm caused by work organization within the organization's activities or along the value chain

METRICS

Degree to which risks of injuries or illnesses caused by work organization are identified, assessed, and mitigated in relation to objectives within the organization's own activities and along the value chain

DESCRIPTION

This Topic focuses on organizational, interpersonal, and relational risks in the workplace that can lead to stressful situations and the spread of a perception of discomfort within companies.

The factors that increase organizational risk include, among others, hectic work rhythms, toxic relationships with colleagues and superiors, poor career prospects, excessive responsibilities, and other factors that can overload the worker, leading to feelings of heaviness and discomfort, both psychological and physical.

Shift management, for example, can cause an overload of responsibilities and tasks for individual employees, preventing them from resting sufficiently or feeling fulfilled. Relationships with colleagues can cause excessive nervousness and stressful situations, especially if episodes of violence or abuse occur.

Even if these events often do not result in physical assaults, episodes of mobbing, strain, abuse of power, etc., can cause psychological damage that affects people's private and work life.

The responsibility of management, therefore, consists of respecting applicable regulations and conducting a thorough risk assessment to improve the working conditions and well-being of workers in the environment where they perform their tasks.

3.2.2. Facilities and services for employees

PURPOSE
Minimize the risk of an injury, illness, or dissatisfaction arising from inadequate employee services within it's the organization's operations or along the value chain

METRICS
Degree to which risks of injuries, illnesses, or dissatisfaction caused by inadequate employee services are identified, assessed, and mitigated against operations' objectives and along the value chain

DESCRIPTION

An adequate work environment and atmosphere reduce the risks of injuries or illnesses, facilitate employee loyalty, and decrease turnover and dismissals. Facilities consider all physical and psychological needs and requirements of workers.
Responsible Organizations apply ILO Conventions No. C19 on equality of treatment [work injuries], No. C130 on medical care and sickness benefits, and No. C161 on occupational health services.
Risk assessment considers, among other things:
- drinking water, sanitary facilities, washing facilities, etc.
- seating facilities, coffee break areas, cafeterias, etc.
- changing rooms, showers, restrooms, and covered spaces
- first aid equipment, medical and health assistance
- facilities for pregnant women, nursing mothers, persons with disabilities, etc.

Responsible Organizations provide facilities that take into account all the physical and psychological needs and requirements of workers.
They include facility-related aspects in their procurement policies and practices.
They define appropriate indicators regarding incidents and near-misses, collect data and trends, and report results according to internationally recognized reporting standards.

4.

Environmental

RESPONSIBLE ORGANIZATIONS MINIMIZE THE LEVEL OF EXPOSURE TO ENVIRONMENTAL RISKS THAT MAY RESULT IN LOSSES DUE TO NEGATIVE FINANCIAL EFFECTS CAUSED BY THE CURRENT OR FUTURE IMPACT OF INCIDENTS IN THEIR OPERATIONS AND ALONG THE VALUE CHAIN.

IN ACCORDANCE WITH THE RESULTS OF THE MATERIALITY ANALYSIS, RESPONSIBLE ORGANIZATIONS IDENTIFY, ASSESS, DEFINE, AND IMPLEMENT MITIGATION AND REMEDIATION PLANS FOR EACH ENVIRONMENTAL ASPECT

4.

The criterion focuses on the level of exposure of the organization—and its business partners along the value chain—to risks related to various environmental aspects [i.e., risks that may lead to economic-financial and reputational losses due to present or future impacts], including factors associated with the environmental transition.

This criterion considers relevant impacts, risks, and opportunities associated with environmental aspects such as:

1. climate change mitigation
2. climate change mitigation
3. climate change adaptation
4. sustainable use and protection of water
5. transition to a circular economy
6. pollution prevention and control
7. protection and restoration of biodiversity

The definition and implementation of an environmental management system [ISO 14001, ISO 45001] provides a valuable—but not sufficient—reference to determine the actual level of exposure to risks related to each environmental aspect.

Responsible Organizations for sustainability strive for excellence in results related to each environmental aspect by:

- focusing attention on the most relevant environmental aspects and risks that emerged from stakeholder engagement activities and the results of the materiality assessment
- identifying current and potential risks that may cause adverse environmental impacts, defining for each topic the possible causes, risk events, direct effects on the environment, and indirect effects on the organization
- assessing environmental risks in terms of probability and consequence, taking into account past results, mitigation measures already implemented, and, above all, future mitigation objectives and plans, using a single metric and evaluation logic consistent with the assessment of risks in other sustainability areas

- defining appropriate mitigation actions to reduce the probability and/or consequence of risk events [e.g., pollution, resource waste, etc.], assigning clear responsibilities for their implementation, setting timelines within which mitigation actions must be implemented, and allocating for each action the necessary OpEx [Operating Expenses] and CapEx [Capital Expenditures] for their effective execution
- defining remedy plans appropriate to the relevance of environmental issues and the level of risk exposure in order to intervene promptly and effectively should an event with adverse impacts occur.

Not all environmental issues apply to all organizations in the same way, as processes can vary significantly from one organization to another, regardless of whether applicable legislation exists. Risks must include both those related to the impacts deriving from the organization's activities and those related to the impacts caused by the environment [e.g., physical and transition risks] on the organization.

The degree of their relevance may depend on the context and the sector in which the organization operates. The management of environmental risks is dynamic and evolves over time, adapting to the external context [especially the regulatory framework] and changes within the organization's processes and along the supply chain. Responsible Organizations define appropriate indicators on all relevant environmental aspects, establish SMART improvement objectives, and monitor the pursuit of these objectives over time.

Responsible Organizations do not limit themselves to acting in compliance with the minimum requirements prescribed by binding regulations but are oriented toward going beyond them by pursuing a balance of economic and financial results while minimizing environmental impacts in the short, medium, and long term.

Responsible Organizations document and disclose information on environmental risks in accordance with internationally recognized sustainability reporting standards. [e.g.: GRI, EFRAG, IFRS].

4.1

Pollution and emissions

RESPONSIBLE ORGANIZATIONS MINIMIZE ANY RISK OF DISPERSION OF POLLUTANTS [SUBSTANCES, VIBRATIONS, HEAT, NOISE, LIGHT, OR OTHER CONTAMINANTS] INTO THE AIR, WATER, OR SOIL THAT MAY BE HARMFUL TO HUMAN HEALTH OR THE ENVIRONMENT, MAY CAUSE DAMAGE TO MATERIAL PROPERTY, OR MAY COMPROMISE OR INTERFERE WITH THE LEGITIMATE USES OF THE ENVIRONMENT

4.1.1. Soil pollution

PURPOSE
Reduce the risks of soil pollution

METRICS
Level of exposure to present or future risks of landfill disposal and soil pollution, and extent of the measures adopted to reduce such riskst

DESCRIPTION

This Topic focuses on the level of exposure to soil pollution, defined as the surface layer of the earth's crust located between the bedrock and the surface, composed of mineral particles, organic matter, water, air, and living organisms.
Soil pollution means the introduction into the soil [at the production site or externally through the use of products/services] as a result of human activities, of substances, vibrations, heat, or noise that may harm human health, living beings, or environmental quality; cause deterioration of material goods; or damage recreational values of the environment or other legitimate uses. Soil pollutants include a] inorganic pollutants, b] persistent organic pollutants [POPs], c] pesticides and fertilizers, d] nitrogen and phosphorus compounds, etc.
Responsible Organizations prevent soil pollution by reducing or eliminating the use of polluting substances or causes of pollution [e.g., heat], controlling direct, intentional, or accidental discharges into the soil, unintentional runoff or infiltration into the soil, and properly managing soil pollutants by considering the life cycle and applying circular economy systems.
They measure the impacts of soil pollution resulting from their activities and those of other organizations in the value chain, as well as impacts stemming from the external context, with particular attention to their economic and financial results.
Finally, they prepare reporting on impacts, risks, and opportunities in accordance with international standards.

4.1.2. Water pollution

PURPOSE
Reduce water pollution

METRICS
Level of exposure to present or future risks of water pollution and extent of measures adopted to reduce such risks

DESCRIPTION

Water is a scarce resource: its conservation and the prevention of pollution that compromises its safe use by any living being should be a concern for every organization.
"Water pollution" means "the direct or indirect introduction, because of human activity, of pollutants into water that could harm human health, any living being, and/or the environment, cause the deterioration of material goods or cause damage or disturbances to recreational values of the environment or other legitimate uses."
The risk assessment considers, among other things: a] the quality of water effluents; b] water bodies and their related habitats affected by discharges and/or water runoff [size of the water body, related habitat; protected area; biodiversity value, such as total number of protected species]; c] water pollutants and their impacts [improper sewage disposal, fertilizer runoff, oil spills, chemical waste dumps, radioactive waste discharges]; d] hazardous substances established according to international rules and criteria; e] pesticides and fertilizers.
Responsible Organizations establish appropriate indicators to measure the impacts of water pollution resulting from their activities, as well as from the activities of other organizations in the value chain and from the external context, on their economic and financial results, and prepare reports in accordance with international standards.

4.1.3. Air pollution _____

PURPOSE	METRICS
Reduce the risks related to pollutant emissions into the air	Level of exposure to present or future air pollution risks and extent of the measures adopted to reduce such risks

DESCRIPTION

Responsible Organizations minimize the negative impacts of atmospheric pollutants.

"Pollutant" means a substance, vibration, heat, noise, light, or other contaminant present in the air that can be harmful to human health or the environment, that can cause damage to material property, or that can impair or interfere with services and other legitimate uses of the environment.

The risk assessment considers, among other things, atmospheric emissions resulting from processes, products, and services the organization's activities, including those of business partners along the value chain, as well as emissions indirectly generated from the use or end-of-life management of their products and services, or the consumption of energy.

The list of atmospheric pollutants includes, among others: carbon monoxide [CO]; lead [Pb]; ozone [O3]; nitrogen oxides [NOx]; sulfur dioxide [SOx]; particulate matter; carbon dioxide; methane; chlorofluorocarbons; volatile organic compounds [VOC]; mercury; depleting substances.

Responsible Organizations adopt a life cycle–based approach to reduce the impacts of air pollution and apply circular systems in accordance with international standards and guidelines.

Responsible Organizations establish appropriate indicators regarding air pollution, collect data and trends.

4.1.4. Hazardous substances and working environment _____

PURPOSE	METRICS
Reduce the risks due to toxic substances, hazardous chemicals, or other sources of pollution that can harm the environment	Level of exposure to present or future risks due to chemical or toxic products or other sources of pollution and extent of the measures adopted to reduce such risks

DESCRIPTION

This Topic focuses on toxic and hazardous chemical substances, as well as other sources of pollution such as noise, odours, visual pollution, vibrations, radiation, infectious agents, and other biological risks. Responsible Organizations identify and assess risks arising from their processes, products, and services, as well as those in their value chain.

They prevent and mitigate pollution risks, adopt a life cycle approach, and implement circular systems in accordance with international standards.

They establish appropriate indicators regarding the use of toxic and hazardous chemical substances, collect data and trends by defining a baseline, and report the results, including incidents or near misses.

4.2

Circular economy and
sustainable resource

RESPONSIBLE ORGANIZATIONS MINIMIZE THE RISK OF AD-VERSE IMPACTS DUE TO EXCESSIVE CONSUMPTION AND WASTE OF RESOURCES [RAW MATERIALS, ENERGY, AND WA-TER] IN ALL PHASES OF THE LIFE CYCLE

TOPICS

4.2.1 MATERIALS
4.2.2 ENERGY
4.2.3 WATER AND MARINE RESOURCES

4.2.1. Materials

PURPOSE	METRICS
Reduce the use of natural virgin resources and minimize the amount of valuable materials sent to landfills	Level of exposure to present or future risks associated with the consumption and waste of natural virgin resources and the extent of measures adopted to mitigate such risks

DESCRIPTION

Responsible Organizations minimize the level of exposure to risks related to excessive consumption [waste] of extracted and processed materials and natural resources, as well as the energy used to produce and transport them within the organization and the value chain, and the generation of waste destined for incineration or landfill.

Responsible Organizations define actions to prevent or mitigate negative impacts, actual or potential, resulting from resource use, including measures aimed at reconciling economic growth with excessive use or waste of materials.

They align the business model with the principles of the circular economy, focusing on waste minimization, maximizing the value of products, materials, and other resources, and promoting their efficient use in both production and consumption.

Responsible Organizations determine the financial effects on the business in the short, medium, and long term caused by relevant risks and opportunities arising from excessive resource use and the recovery and reuse of process waste.

Finally, they report on how they progressively reduce the consumption of non-renewable materials and increase the circularity of products, using appropriate and recognized indicators.

4.2.2. Energy

PURPOSE	METRICS
Enhance energy efficiency by minimizing overall energy consumption and utilizing renewable energy sources	Level of exposure to present or future risks of energy inefficiency and energy consumption, and the extent of measures adopted to mitigate such risks

DESCRIPTION

This Topic focuses on the level of exposure to risks related to energy efficiency, understood as "the more efficient use of energy in all stages of the energy chain from production to final consumption" up to disposal. In particular, energy derived from non-renewable fossil fuel sources is becoming increasingly scarce, and organizations should strive to minimize their dependency on energy from these sources.

Risk assessment considers, among other things:

- reduction of energy consumption as a result of conservation and energy efficiency initiatives
- reduction of energy intensity, meaning the ratio between total energy cost and GVA [Gross Value Added]; reduction of the energy demand of offered products and services
- improvement in the percentage of renewable energy replacing non-renewable energy

Responsible Organizations define and implement an energy management system in accordance with ISO 50001 and obtain certification from an accredited body. Responsible Organizations establish appropriate indicators for energy consumption, collect data and trends, create a baseline, and report results according to internationally recognized standards.

4.2.3. Water and water marine resources

PURPOSE
Minimize the actual and potential positive and negative material impacts on freshwater and marine water consumption

METRICS
Level of exposure to current or future risks related to water consumption and, more generally, water use, and the extent of measures adopted to reduce such risks

DESCRIPTION

With a changing climate and a growing population, the future of water security remains uncertain. Responsible Organizations reduce overall water consumption, particularly drinking water. Alternative water sources, such as rainwater runoff, can be captured and reused for various purposes without compromising the overall water resource. Monitoring and studying water availability is crucial to verify the balance between a community's water consumption and available resources.

Responsible Organizations analyse water interactions, including how and where water is withdrawn, consumed, and discharged. They define plans aimed at adapting their strategy and business model with a life cycle approach to align with the adoption of sustainable water resource use based on the protection of aquatic ecosystems and the long-term restoration of marine and freshwater habitats. Responsible Organizations define appropriate indicators related to water consumption, collect data and trends by establishing a baseline, and report on the results.

4.3

Climate change

RESPONSIBLE ORGANIZATIONS IDENTIFY, ASSESS, AND MITIGATE THE LEVEL OF EXPOSURE TO RISKS OF EVENTS THAT MAY COMPROMISE THE OBJECTIVE OF KEEPING THE INCREASE IN THE GLOBAL AVERAGE TEMPERATURE BELOW 2°C AND PURSUING EFFORTS TO LIMIT IT TO 1.5°C COMPARED TO PRE-INDUSTRIAL LEVELS, AS ESTABLISHED BY THE PARIS AGREEMENT

TOPICS

4.3.1 GHG [GREENHOUSE GASES] EMISSIONS
4.3.2 PHYSICAL AND TRANSITIONAL RISK

4.3.1. GHG [Greenhouse gases] emissions

PURPOSE

Reduce greenhouse gas emissions in own activities and along the value chain to reduce impacts on climate change

METRICS

Degree of exposure to present or future risks of greenhouse gas [GHG] emissions caused by the organization's activities and extent of measures adopted to reduce such risks along the value chain

DESCRIPTION

The purpose of thisTopic is to evaluate and estimate the risks associated with greenhouse gas [GHG] emissions and the ways Responsible Organizations mitigate the negative impacts of these emissions, including the damages caused by climate change, such as floods, droughts, water scarcity, extreme weather conditions, and the security of critical resources essential for human health.

The risk assessment considers greenhouse gases generated by processes, products, and services including: carbon dioxide [CO2], methane [CH4], nitrous oxide [N2O], hydrofluorocarbons [HFCs], perfluorocarbons [PFCs], sulfur hexafluoride [SF6], and nitrogen trifluoride [NF3]. Greenhouse gas emissions are mainly associated with the direct consumption of non-renewable energy, fuel consumption for transportation, and energy embedded in products and goods. In the case of unavoidable CO2 emissions, Responsible Organizations resort to CO2 offset programs. Responsible Organizations develop scenario analyses, establish appropriate indicators regarding greenhouse gas emissions, collect data and trends, establish a baseline, and report the results in relation to international standards.

4.3.2. Physical and transitional risk

PURPOSE

Reduce the economic impacts on the organization resulting from "acute" or "chronic" natural events

METRICS

Level of exposure of the organization and its assets to current or future physical hazards, including both chronic and acute risks

DESCRIPTION

Responsible Organizations identify, assess, and mitigate physical risks, including the economic impact caused by natural events. Physical risks are distinguished between "chronic" physical risks, brought about by climate events that progressively occur, and "acute" physical risks, brought about by the occurrence of extreme environmental phenomena related to climate change that increase in intensity and frequency. "Chronic" and "acute" physical hazards distinguish situations based on temperature, wind, water, and solid masses.

These types of events can significantly impact production activity and even compromise it permanently. Responsible Organizations actively manage "transition risk," defined as "risks to the business from the transition to a low-carbon, climate-resilient economy." Transition risk refers to the risk of not having the financial resources necessary to adapt the organization and its processes not only to reducing impacts on and adapting to the natural environment but also to changes in the regulatory framework and technological developments, changing consumer preferences, and market confidence that reward organizations that are more ready to develop business models that are more attentive to environmental impacts. These risks also influence traditional prudential risks, including credit, market, operational, and liquidity risks.

4.4

Environmental protection

RESPONSIBLE ORGANIZATIONS PREVENT THE RISKS OF NEGATIVE IMPACTS ON ECOSYSTEMS THAT MAY LEAD TO THE LOSS, DECREASE OF ABUNDANCE, OR EXTINCTION OF SPECIES AND/OR NATURAL HABITATS, PHYSICAL ALTERATIONS OF THE MARINE ENVIRONMENT, LOSS OF BIODIVERSITY, OR UNSUSTAINABLE USE OF WILDLIFE

TOPICS

4.4.1 NATURAL SYSTEMS
4.4.1 ANIMAL WELFARE

4.4.1. Natural systems

PURPOSE

Minimize impacts on natural systems [hydrological, nutrient cycles, habitats, etc.]

METRICS

Level of exposure to present or future risks of impacts on natural systems caused by activities, products, and processes within the organization and along the valuet chain and the extent of measures adopted to reduce such risks

DESCRIPTION

This Topic focuses on the risks of actual and potential positive and negative impacts on marine, terrestrial, and freshwater biodiversity and ecosystems, understood as a dynamic, complex system of plant, animal, and microorganism communities and their nonliving environment, interacting as a functional unit.

"Ecosystem services" refers to the direct and indirect contributions of ecosystems to the economic, social, cultural, and other benefits that people derive from those ecosystems.

"Biodiversity" refers to the variability among living organisms derived from all sources, including terrestrial, marine, and other aquatic ecosystems, as well as the ecological complexes of which they are part. This includes diversity within species, between species, and among ecosystems. Responsible Organizations take a life-cycle approach to products and services by integrating the protection of natural systems and biodiversity into their decision-making strategies. This involves establishing appropriate indicators for impacts on natural systems, collecting data and trends, and reporting and disseminating the results using recognized sustainability reporting standards.

4.4.2. Animal welfare

PURPOSE

Improve the protection and welfare of animal species and genetic biodiversity

METRICS

Degree of exposure to present or future risks of negative impacts on animals and species biodiversity in own activities and the value chain, and extent of measures adopted to reduce such risks

DESCRIPTION

The objective of this Topic is to evaluate and estimate the level of exposure to risks related to animal welfare. Responsible Organizations mitigate risks related to animal welfare in their processes, products, and services and assess impacts on animals and species biodiversity.

The risk assessment considers, among other things: the adoption of sustainable agricultural, fishing, animal welfare, and forestry practices as defined in major international standards; the implementation of humane treatment of farm animals; respect for animal welfare when it concerns their life and existence; the guarantee of dignified conditions, exceeding minimum legal requirements, for the breeding, production, transport, and use of animals; the preservation of animals by avoiding global, regional, or local extinction of species; prevention of distribution or proliferation of invasive species; protection of species and habitats and the adoption of measures to preserve endemic or endangered species or habitats that could be damaged.

Responsible Organizations raise awareness among workers, clients, and consumers and improve the animal welfare management performance of other organizations within their control or sphere of influence.

They establish appropriate indicators regarding the protection of plant and animal species, collect data and trends, and report the results.

5.

Business Ethics

RESPONSIBLE ORGANIZATIONS MINIMIZE THE LEVEL OF EXPOSURE TO THE RISKS OF BUSINESS ETHICS THAT MAY CAUSE LOSSES RESULTING FROM NEGATIVE FINANCIAL EFFECTS DUE TO THE IMPACT, PRESENT OR FUTURE, ON THE RELATIONSHIP WITH OTHER ORGANIZATIONS [PUBLIC ENTITIES, PARTNERS, SUPPLIERS, CONTRACTORS, COMPETITORS, AND THE ASSOCIATIONS OF WHICH THEY ARE MEMBERS] IN THEIR ACTIVITIES AND ALONG THE VALUE CHAIN.

IN ACCORDANCE WITH THE RESULTS OF THE ANALYSIS OF MATERIAL TOPICS, RESPONSIBLE ORGANIZATIONS IDENTIFY, EVALUATE, DEFINE, AND IMPLEMENT MITIGATION AND REMEDY PLANS FOR EVERY ASPECT RELATED TO PROPER BUSINESS PRACTICES [CORRUPTION, COMPETITION PROTECTION, INTELLECTUAL PROPERTY PROTECTION, ETC.] AND THE RELATIONSHIP WITH THE CUSTOMER [FAIR MARKETING PRACTICES, CUSTOMER SAFETY, DATA AND PRIVACY PROTECTION, CUSTOMER SERVICE, COMPLAINT AND DISPUTE MANAGEMENT, ETC.]

5.

The criterion focuses on the relevant impacts, risks, and opportunities related to business ethics in the relationships with other organizations and with customers in own activities and along the value chain.

Responsible Organizations adopt fair operating practices and determine the level of exposure to relevant risks and impacts associated with their operations, the value chain, their products, or services through its business relationships.

The definition and implementation of anti-corruption management systems [ISO 37001], data protection [ISO 27001], and ethics provide a proper but not sufficient reference for assessing the actual level of exposure to risks related to each aspect of business ethics.

Responsible Organizations for sustainability pursue excellence in results related to every aspect of ethics:

- focusing attention on the aspects and risks related to fair business practices and consumer issues most relevant as emerged from stakeholder engagement activities and the results of the analysis of material topics
- identifying current and potential risks that may cause adverse impacts by defining, for each topic, the possible causes, risk events, and the direct effects on the environment and the indirect ones on the organization
- evaluating business ethics risks in terms of probability and consequence, taking into account past results, mitigation measures already implemented, and especially future mitigation objectives and plans, and using a single metric and evaluation logic for the risk assessment on other sustainability aspects
- defining appropriate mitigation actions to reduce the probability and/or consequence of risk events [e.g., corrup-

tion, consumer safety protection, etc.], assigning clear responsibilities for their implementation, defining the timeframes within which the mitigation actions must be implemented, and allocating, for each mitigation action, the OpEx [Operating Expenses] and CapEx [Capital Expenses] costs necessary for their effective implementation
- defining appropriate remedy plans according to the relevance of the ethics issues and the level of risk exposure to intervene promptly and effectively in case an event with adverse impacts occurs

Not all business ethics topics apply to all organizations in the same way, as processes can vary significantly from one organization to another, regardless of the existence of applicable legislation.

The management of ethical risks is dynamic and evolves over time, depending on the external context [especially the regulatory framework] and internal process changes within the organization and along the supply chain.
Responsible Organizations define appropriate indicators on all relevant aspects of business ethics, establish SMART improvement objectives, and monitor the pursuit of these objectives over time.

Responsible Organizations do not limit themselves to acting in compliance with the minimum requirements prescribed by mandatory regulations but are oriented toward exceeding them by pursuing a balance of economic and financial results while minimizing short, medium, and long-term environmental impacts.

Responsible Organizations document and disclose information on environmental risks in accordance with internationally recognized sustainability reporting standards [e.g., GRI, EFRAG, IFRS].

5.1

Business | Ethics

RESPONSIBLE ORGANIZATIONS MINIMIZE ANY RISK OF ADVERSE IMPACT DUE TO UNFAIR PRACTICES IN RELATIONSHIPS WITH OTHER ORGANIZATIONS [PARTNERS, SUPPLIERS, CONTRACTORS, COMPETITORS, ASSOCIATIONS, ETC.]

TOPICS

5.1.1. Active and passive corruption

PURPOSE

Prevent any abuse of power that generates a private advantage, whether personal or for the organization [including extortion and corruption]

METRICS

Level of exposure to present or future risks of corruption or events of active and passive corruption in own activities or the value chain

DESCRIPTION

This Topic focuses on the management and evaluation of the level of exposure to risks of extortion and corruption. Responsible Organizations identify the risks of corruption and extortion in all their processes, including, for example:

- sales and marketing [e.g., illegal agreements to acquire orders]
- procurement [e.g., illegal agreements to win tenders]
- project management [e.g., illegal agreements to insert lower-quality products]
- value chain management [e.g., illegal agreements to obtain authorizations and permits]
- human resources [e.g., illegal agreements of HR managers to influence hiring, promotions, etc.]
- corporate affairs [e.g., illegal donations to political parties]
- safety and quality management [e.g., falsification of records that prove violations of the law]
- processes and activities that require regulatory licenses, etc.

Responsible Organizations encourage employees, partners, and suppliers to report violations of the organization's policies and to improve the anti-corruption and anti-fraud management of other organizations within their sphere of influence by defining appropriate indicators

5.1.2. Unfair competition

PURPOSE

Avoid unfair competition and anti-competitive behaviors that may harm the market and damage reputation, as well as create legal issues

METRICS

Level of exposure to current or future risks of unfair competitive behaviors in one's own activities and in the value chain, and extent of the measures adopted to reduce such risks

DESCRIPTION

This Topic addresses the management and evaluation of the level of exposure to risks related to unfair competition practices. Responsible Organizations identify the risks of unfair behavior in their own operations and along the value chain, including, but not limited to:

- agreements and cartels
- collusion
- price fixing
- manipulation of competitive supply
- exclusive dealing
- definition of restrictions or output quotas
- agreed division of markets
- application of predatory or below-cost prices [dumping]
- improper use of patents and copyrights
- refusal to negotiate/sell
- criteria for calculating transfer prices between countries with different tax systems [transfer pricing]

Responsible Organizations promote awareness among employees and business partners of the importance of complying with fair competition rules, improve the performance of antitrust and antidumping management in other organizations under their control or sphere of influence, are aware of the social context in which they operate, and do not exploit social conditions, such as poverty or dependency, to obtain unfair competitive advantages.

5.1.3. Promotion of social responsibility in the sphere of influence

PURPOSE

Disseminate the objectives and practices of responsibility and sustainability within the organization's sphere of influence

METRICS

Level of effectiveness of initiatives for the promotion of responsibility and sustainability in its sphere of influence

DESCRIPTION

Responsible Organizations promote the culture of corporate responsibility and sustainability in their sphere of influence [suppliers, clients, competitors, Public Entities, associations, etc.].
They promote and/or participate in multistakeholder organizations that aim to promote sustainable development and the development of knowledge and practices to improve sustainability outcomes.
Responsible Organizations collaborate with other organizations not only to create a context of values and principles that they commit to respect but also to share ideas, approaches, and best practices on all sustainability issues.
Responsible Organizations establish appropriate indicators for promoting corporate responsibility, collect data and trends, and report the results.

5.1.4. Respect for property rights

PURPOSE

Protecting physical and intellectual property rights, including interests in land and other physical assets, copyrights, patents, funds, moral rights, and other rights

METRICS

Level of exposure to current or future risks of violation of property rights in the organization's own activities and along the value chain, and extent of measures adopted to reduce such risks

DESCRIPTION

Responsible Organizations protect intellectual property [copyrights, patents, trademarks, trade secrets], considering the loss or decrease in the value of property as an asset or the reduction in revenues from licenses or products, following legal findings of nullity, inapplicability, or challenges to title or ownership.
Responsible Organizations meet societal expectations, human rights, and the fundamental needs of individuals when exercising and protecting their Property Rights, both intellectual and physical.
They encourage other organizations to respect property rights and investigate to ensure the legal use of titles or property and to guarantee fair compensation for property rights that are acquired or used.
Responsible Organizations establish appropriate indicators regarding respect for property rights, collect data and trends, and report results in accordance with international reporting standards.

5.2

Consumer issues

RESPONSIBLE ORGANIZATIONS, IN ACCORDANCE WITH THE UNITED NATIONS GUIDELINES FOR CONSUMER PROTECTION, MINIMIZE RISKS RELATED TO MARKETING PRACTICES, CONSUMER HEALTH AND SAFETY, SUSTAINABLE CONSUMPTION, DISPUTE RESOLUTION AND REDRESS, DATA AND PRIVACY PROTECTION, AND ACCESS TO ESSENTIAL PRODUCTS, SERVICES, AND INFORMATION

5.2.1. Fair marketing, factual and unbiased information and fair contractual practices

PURPOSE

Enabling customers to make informed decisions and compare products or services while minimizing unfair marketing, distorted information, and unfair contractual practices regarding products or services

METRICS

Level of exposure to current or future risks from misleading information on products and services [labeling, marketing and communication, advertising, promotion, and sponsorship] within the organization's own operations and along the value chain, and the extent of measures adopted to reduce such risks

DESCRIPTION

This Topic focuses on the management and evaluation of marketing practices and associated risks, understood as "any action, omission, conduct or statement, commercial communication including advertising and marketing, carried out by a professional, directly related to the promotion, sale or supply of a product to consumers."

The risks considered under this topic include, but are not limited to:

- misleading advertising
- incomplete, inaccurate, unclear, incomprehensible, unverified, non-transparent, or misleading contractual clauses
- incomplete, unclear, or misleading price information
- unclear conditions regarding product warranties
- the use of stereotypes [e.g., portraying women as sexual objects] to sell a product or service
- untruthful sustainability information

Responsible Organizations implement strategies aimed at receiving verification or validation of ethical claims from a third party, in accordance with international standards [such as ISO 17033]. They prepare and publish a Corporate Sustainability Report in accordance with international or national standards, requesting conformity assessment by an accredited third party.

5.2.2. Consumer health and safety

PURPOSE

Protect the health and safety of consumers by avoiding the provision of products or services that are unsafe or that pose an unacceptable risk of harm to health if used or consumed improperly

METRICS

Degree of exposure to present or future risks of impacts on the health and safety of consumers arising from unsafe products or services and extent of measures taken to reduce such risks

DESCRIPTION

This Topic focuses on the assessment of the level of exposure to health and safety risks caused to consumers and/or end-users by products [under normal and reasonable conditions of use and under foreseeable improper use conditions] or that may, in any case, cause harm to the health of the consumer and/or end user in the short or long term.

Responsible Organizations identify and evaluate the health and safety risks associated with products and services for consumers and/or end-users, including vulnerable groups.

They carry out the health and safety risk assessment of the product/service for consumers and/or end users from the design and production stages before their introduction to the market and adopt measures that prevent the products from becoming dangerous due to improper handling or storage under the care of consumers and/or end users.

Furthermore, they create awareness by instructing consumers on the correct use of products and conveying information about product hazards using international symbols, where possible, in addition to other verbal and textual information. Finally, they implement programs to recall unsafe products that are still on the market.Responsible Organizations establish appropriate indicators regarding the health and safety of consumers and/or end users, collect data and trends, and report the results.

5.2.3. Sustainable consumption

PURPOSE

Minimize unsustainable consumption by providing customers with accurate information about the sustainability characteristics of the product and the organization that produced it

METRICS

Level of exposure to present or future risks of unsustainable consumption and the extent of measures adopted to reduce such risks considering the life cycle of products/services and the entire value chain [supply and distribution]

DESCRIPTION

This Topic focuses on assessing the risks associated with unsustainable consumption. Responsible Organizations promote the production and consumption of goods and services that improve environmental and social impacts by extensively applying Life Cycle Thinking and DNSH (Do Not Significant Harm) in their operations and along the value chain.

Responsible Organizations promote sustainable consumption by providing customers and consumers with transparent information regarding (among others) country of origin, environmental characteristics (in accordance with standards such as ISO 14021 and ISO 14025), social responsibility, ethical product characteristics, ethical claims (according to ISO 17033) and other verified information about products and services.

Using a life-cycle approach, they design products that are reusable, repairable, and recyclable and, where possible, offer take-back, repair, recycling and disposal services.

Responsible Organizations promote awareness for sustainable development and lifestyles in harmony with nature and encourage other organizations in their sphere of influence toward more sustainable consumption, define appropriate indicators for sustainable consumption, collect data and trends, and report results.

5.2.4. Consumer service, support, complaint and dispute resolution

PURPOSE

Effectively manage customer services [before and after the sale], complaints, and dispute resolution

METRICS

Level of exposure to present or future risks related to poor customer services or support, inadequate mechanisms for complaint and dispute resolution, and the extent of measures adopted to reduce such riskst

DESCRIPTION

This Topic considers the elements that contribute to determining the level of exposure to risks related to customer service and support, complaint management, and dispute resolution.

Responsible Organizations identify and assess risks related to:

- customer service [nonexistent or unreachable service, long waiting and response times, poor customer attention, lack of experience and knowledge, unprofessional and impersonal interactions]
- complaints [lack of accountability, inadequate transparency and clarity in complaint terms and conditions, barriers to accessing complaint procedures, inadequate competence and experience in complaint handling, uncertain or unpredictable response times, warranty terms inconsistent with those defined by legislation and standards, etc.]
- dispute management [inadequate transparency of dispute management procedures]

Responsible Organizations establish appropriate indicators to measure the effectiveness of customer service and support, including complaints and the timing and costs of dispute resolution. They collect data and report results in accordance with internationally recognized standards.

5.2.5. Consumer data protection and privacy

PURPOSE

Protecting consumers' right to privacy by limiting the types of information collected and the methods by which such information is obtained, used, and protected

METRICS

Level of exposure to present or future risks related to customer privacy breaches and to leaks, theft, or loss of customer data, and extent of measures taken to reduce such risks

DESCRIPTION

This Topic considers the elements for assessing the level of exposure to risks related to the collection, use, and protection of data [loss, theft, or damage of data as well as harm due to violation or loss] and the protection of customer data privacy [collection and processing of sensitive and personal data].

Responsible Organizations limit the collection and disclosure of personal data to the information required by law and essential for the provision of products and services or provided with the informed and voluntary consent of the customer and/or consumer; they define and communicate the purposes of collecting personal data; they ensure customers the possibility to refuse any optional data collection and guarantee the right of the customer/consumer to verify the data concerning them and to contest such data, with the possibility of deletion, correction, completion, or modification as appropriate.

Responsible Organizations improve data and privacy protection, establish appropriate indicators, collect data, and report the results.

5.2.6. Consumer education and awareness

PURPOSE

Enhance the education and awareness of customers and consumers to increase their understanding of aspects of responsibility and sustainability when making purchasing decisiono

METRICS

Level of exposure to present or future risks caused by improper and incomplete consumer education and awareness, and extent of the measures adopted to reduce such risks

DESCRIPTION

This Topic focuses on assessing the risk of events that may cause adverse impacts on the organization resulting from inadequate education and awareness among consumers in the field of responsible consumption.

Responsible Organizations identify and assess risks related to incomplete, unclear, or misleading information in products and services and meet the needs of consumer education and awareness.

The risk assessment considers, among other things:
- information to consumers on their rights regarding laws and regulations, on the appropriate way to obtain remedies, and on organizations for consumer protection
- the provision of clear, practical labels and information related to the product or service
- the creation of awareness on sustainable consumption

Responsible Organizations establish appropriate indicators regarding consumer education and awareness, collect data and trends, and report the results

GIF
SCORING
SYSTEM

I. Why the metric-oriented score

The scoring system [GIF Scoring System] is the third constitutive element of the GIF Framework, providing guidance on the correct application and evaluation of the Criteria.

Since the distinctive feature of a statement lies in the fact that the requirements are expressed in terms of outcome [performance], in the Get It Fair program, the performance subject to validation in the ESG rating is the level of exposure to current or potential impact risks related to sustainability issues [governance, social, health and safety, environmental, and business ethics].

Therefore, the evaluation metric goes beyond the binary logic of "compliant/non-compliant/NA" with a requirement and measures a level of outcome, transforming a judgment on a set of qualitative elements into a semi-quantitative score that expresses the level of exposure to risks across all sustainability aspects that can have impacts on the organization and its Stakeholders.

The overall ESG rating scoring system, based on the criteria of the GIF Framework, is structured to provide a score on:

- the effectiveness of the Governance and Management system in preventing ESG risks
- the organization's level of exposure to risks that could generate negative impacts, arising both from its direct operations and along the value chain

The "Governance and Management System" criterion serves as an enabling factor [Enabler]. It evaluates the extent to which the organization defines, implements, monitors, and continually im-

proves the effectiveness of its process approaches over time.

The four "Result" criteria, on the other hand, measure exposure to specific sustainability risks, highlighting areas that are potentially vulnerable. Between the two types of criteria, there is the following correlation: "The more the organization defines, implements, and improves a governance and integrated management system covering all aspects of sustainability, the more it is reasonable to expect that the level of exposure to risks will be lower."

Furthermore, the measured level of risk exposure enables the identification of areas where the management system is unable to, or will not, ensure an acceptable level of risk and, therefore, requires improvement in line with stakeholder expectations.

The second axiom of the GIF Framework is the following: "One cannot claim that, just because the organization has an excellent governance and management system, the level of risk exposure will be low in all sustainability aspects."

The organization must identify, assess, and develop mitigation plans for risks that are appropriate considering the level of materiality of the topic.

The evaluation system takes into account both the effectiveness of implementing the sustainability governance and management system and the level of exposure to risks associated with each sustainability issue and can provide an accurate and reliable judgment of the organization's overall ESG risk exposure.

I.I Advantages

The score-oriented evaluation system presents several fundamental advantages for both those who must prepare and those who must evaluate sustainability information, as well as the level of exposure to risks with a future perspective.

Unlike the "binary" type of evaluation logic, the score-based metric allows for:

- comparing the level of performance achieved by the organi-

zation at different points in time. The GIF Framework [Principles, Criteria, and Metrics] is a system for measuring continuous improvement across all aspects of sustainability
- comparing the level of performance achieved by the organization with the level of performance achieved by other organizations [benchmarking]
- estimating the level of current and potential risk exposure with a forward-looking perspective in support of active risk management

II. Score per Topic

The first step in the GIF scoring system is determining the "Score per Topic".

II.I Criterion "Governance and Management System"

In the "Governance and Management System" criterion, the evaluation of each Topic is based on the PDCA logic.

It involves assigning a higher score the more the approach to a process is defined, implemented, monitored, reviewed, and improved over time.

To assign a good score, it is not enough to have simply defined

an approach [for example, through written policies and procedures]; it is necessary to evaluate to what extent the approach is implemented, monitored, and improved over time.

The score for each Topic under the "Governance and Management" criterion is determined by considering the evaluation elements defined in the GIF Framework and assigning a value, based on the evidence collected, regarding:

- **plan:** the extent to which a process approach is clearly defined, is based on a clear rationale, takes stakeholder needs into account, is integrated and aligned with other approaches, and covers all aspects of sustainability
- **do:** the extent to which the defined approach is systematically implemented in every Topic of the organization through defined and structured processes
- **check:** the extent to which the implementation of the approach is monitored with appropriate "leading" indicators [linked to activity volume] and periodically reviewed with

"lagging" indicators [outcomes] to verify its effectiveness concerning expected results
- **act:** the extent to which the approach is modified and improved over time to adapt to new needs of the organization's internal and external context and to improve expected performance

The Topic score is assigned on a scale of 0 to 100, where each quintile is interpreted as described in the following table.

0-19	**Very Poor** Few ESG aspects are covered by the approach. No sporadic evidence of a defined and implemented approach. No evidence of monitoring, review, and improvement.
20-39	**Poor** ESG aspects are partially covered in the approaches. Sporadic evidence of implementation and monitoring. No evidence of review and improvement.
40 – 59	**Adequate** All ESG aspects are covered in every process. Evidence of a defined and implemented approach. Some evidence of monitoring, review, and improvement.
60-79	**Good** All ESG aspects are covered in every process. Clear evidence of a well-defined, systematically implemented, monitored, and reviewed approach. Some evidence of improvement.
80-100	**Very Good** All ESG aspects are covered in every process. Complete evidence of a well-defined, systematically implemented, monitored, reviewed, and improved approach.

II.II Criteria "Social," "Health and Safety," "Environmental," and "Business Ethics"

In the topics belonging to the four specific risk Criteria [Social, Safety, Environmental, and Business Ethics], the metric aims to estimate the level of current or potential risk exposure according to the following logic: the lower the level of risk exposure, the higher the score.

Within the "GIF ESG Rating and Reporting Assurance Scheme," the term "Risk" is defined as "the effect of uncertainty on objectives" and is "expressed in terms of a combination of the consequences of an event and the associated likelihood of occurrence" [ISO 31000].

RISK = PROBABILITY X CONSEQUENCE

Therefore, the score represents an estimate of the level of risk exposure in each Topic. The judgment on each Topic of the risk-related criteria takes into account, first of all, the degree of relevance of the sustainability topic with respect to the context in which the organization operates, the processes, and the activities, as well as the relevance attributed to the material topic by stakeholders.

Relevance: The relevance of the topic highlights the extent to which a sustainability issue is relevant to the organization and its stakeholders. The evaluation of relevance does not affect the calculation of the score. Still, it guides the level of depth re-

quired for the assessment and the quantity and quality of evidence to be collected to formulate the judgment: the greater the relevance, the greater the quantity and quality of evidence that must be collected with respect to the elements of the GIF Framework. Each Topic of the GIF Framework related to the result criteria contains a table with a non-exhaustive list of elements that contribute to the risk evaluation, organized according to the characteristic logic of a risk assessment process.

Identification: The evaluation elements guide the formation of a judgment on how the organization has identified risk events, their sources and causes, current and potential risk factors, the direct consequences, and the impacts of such consequences in the short, medium, and long term for the organization and its stakeholders. Appropriate risk identification strongly directs both the risk assessment and the mitigation strategy, considering the probability and consequences of the event and, therefore, the potential impacts.

Assessment: The evaluation elements guide the judgment on how the organization has appropriately assessed the likelihood of an event occurring and its consequences. The assessment of risks takes into account facts and results achieved in the past [e.g., if an event has never happened until today, it reduces the likelihood it may occur, but it is not sufficient to exclude that such an event could happen in the future], the

number of risk sources, the number of parties exposed to the risk, and the mitigation measures already implemented to reduce the probability and consequence. Risk assessment is not limited to considering operations and activities carried out within the organization's perimeter but also along its value chain.

Mitigation actions and plans: The characteristic element of prospective "looking forward" risk assessment consists of evaluating plans and actions to mitigate the probability and consequences of an event on the organization and its stakeholders in the short, medium, and long term.

The more relevant a topic is to the organization and its stakeholders, the greater the weight and importance of evaluating mitigation plans should be. Plans must be clearly defined, objectives set according to the SMART logic [Specific, Measurable, Accountable, Realistic, and Time-Bound], responsibilities and timelines for implementation clearly established, and the necessary resources [human, financial, etc.] must be effectively allocated and included in the organization's forecast budget.

Remediation plans: The evaluation elements included in this category guide the judgment on how the organization is prepared to manage an unexpected event to promptly and effectively remediate the damages caused to itself and its stakeholders.

Planning how the organization should react to an event that generates adverse impacts becomes fundamental to minimizing the financial and reputational effects the organization may suffer in the future. Since not all evaluation elements apply to or are relevant to all organizations, the risk assessment must consider the relevance of the Topic in the internal and external context of the organization. The determination of the score does not occur mechanically but is based solely on professional judgment regarding the set of evaluation elements specified in the GIF Framework and their actual applicability to the organization's processes.

The variety and number of factors influencing the formulation of a judgment at the Topic level, along with their possible combinations, do not allow for a deterministic description of the score levels for all quintiles on the 0 to 100 scale.

However, a general reference can be outlined that describes the conditions to be met to determine when a risk can be considered acceptable. Therefore, it is possible to assign a score between 40 and 60 [i.e., the quintile of "sufficiency" of the score].

It is the responsibility of the organization [in the self-assessment phase] or the external evaluator [in the evaluation phase] to determine whether the evidence collected on the evaluation elements organized in the categories in which they are classified allows the formulation of a judgment on the probability and consequence of the event, taking into account the relevance of the sustainability aspect for the organization and its stakeholders as well as past and present data and, above all, future mitigation plans and their actual necessity and feasibility.

The following table provides an indicative descriptor associated with a score between 40 and 60 points. Scores in the other quintiles can be assigned by taking the situation described in the table as a reference.

0-40	-
40-60	**Applicability and Relevance** • The risk applies to the organization and/or along the supply chain • The risk is relevant to the organization and/or along the supply chain • If relevant, the risk is adequately addressed in guiding documents [e.g., policies, codes] and management documents [e.g., procedures, instructions, etc.] **Identification** • The risk is identified within the organization and in the supply chain • There is evidence of understanding of the correlation with causes and effects [based on direct experience, stakeholder information, legislative constraints, etc.] **Assessment** • The risk is assessed using a defined and appropriate methodology to determine probability and consequence, also taking into account historical data [even if not fully integrated with the methodology used to assess other types of risk] • Some evidence of leading and lagging indicators in accordance with international standards • The number of sources and/or exposed parties does not generate a high likelihood of occurrence, also considering mitigation actions in place • Severity, consistency for stakeholders, reversibility, and costs do not lead to an assessment of potentially high consequences **Mitigation** • Evidence of mitigation plans and actions appropriate to the results of the current assessment • Some evidence of mitigation objectives and plans for the future [even if not linked to economic-financial data] within the organization and along the value chain, appropriate • Evidence of controls and monitoring of risk exposure levels [and implementation of defined mitigation measures] within the organization and along the value chain • Some evidence of remediation plans to promptly resolve and minimize damages in situations where an undesired event occurs
60-100	-

Score by Areas: The model's Topics are grouped into Areas. For example, the Topics "Avoiding Complicity," "Gender Discrimination," "Child Labor," "Forced Labor," and "Civil Rights" are grouped under the Area "Human Rights."

The score for each Area is calculated as the arithmetic mean of the scores assigned to the individual Topics grouped within it. The arithmetic mean can be adjusted [by an internal or external evaluator] taking into account the different weights of individual Topics, provided that the variation does not change the quintile determined by the arithmetic mean.

The score adjustment that changes the final score quintile [compared to that of the arithmetic mean] is possible if and only if there is a significant difference in the weight of each Topic relative to the context and processes of the organization and the score assigned to that area is very high/low: in such case, it is up to the assessor [internal or external] to provide documented evidence supporting this score adjustment.

Topics not applicable to the organization's specificity are not considered in calculating the score of an Area.

Score by Criterion: The score for each Criterion [Governance and Management System, Social, Safety, Environment, and Ethics] is initially calculated as the arithmetic mean of the scores assigned to the Areas grouped within each Criterion.

The Criterion score can be adjusted [by an internal or external evaluator] taking into account the different weights of the Areas provided that the variation does not change the quintile of the arithmetic mean.

The score adjustment that changes the final score quintile [compared to that of the arithmetic mean] is possible if and only if there is a significant difference in the weight of each Area relative to the context and processes of the organization: in such case, it is up to the assessor [internal or external] to provide explanations supporting this adjustment.

The Criterion score is divided into five quintiles, and the meaning attributed to the "Governance and Management System" criterion reflects the PDCA logic of the score assigned at the Topic level.

In contrast, the meaning of the score related to each "results" criterion [social, health and safety, environmental, and business ethics] expresses the overall level of exposure to risk according to the "probability times consequence" logic.

The following table expresses the meaning attributed to each quintile [on a scale from 0 to 100] for each type of criterion:

	Governance and Management System	Social / Health and Safety / Environmental / Ethics
0-19	**Very Poor** Only one ESG aspect is covered by the approach. No or sporadic evidence that an approach is defined and implemented. No evidence of monitoring, review, or improvement.	**Very High** Exposure to catastrophic risks even in "core topics."
20-39	**Poor** ESG aspects are partially covered in the approaches. Sporadic evidence of implementation and monitoring. No evidence of review and improvement.	**High** High level of exposure to risks in both "core" and "non-core" topics.
40 – 59	**Adequate** All ESG aspects are covered in every core process. Evidence of a defined and implemented approach. Some evidence of monitoring, review, and improvement.	**Adequate** Acceptable level of risk exposure in both "core" and "non-core" topics.
60-79	**Good** All ESG aspects are covered in every process. Clear evidence of a well-defined approach, systematically implemented, monitored, and reviewed. Some evidence of improvement.	**Low** Low level of exposure to risks in both "core" and "non-core" topics.
80-100	**Very Good** All ESG aspects are covered in every process. Complete evidence of a well-defined approach systematically implemented, monitored, reviewed, and improved.	**Very Low** Very low exposure to risks in all core and non-core topics.

Overall Score The total score is determined by averaging the scores assigned to each criterion and expresses the overall level of the organization's exposure to ESG risks. The Overall Score reflects the degree of integration of the core principles of the GIF Framework into the governance and management system [culture, strategy, processes, and outcomes] and the level of overall exposure to the risks of adverse impacts arising from social, safety, environmental, and ethical business issues.

The overall **ESG Rating** is expressed on five [5] levels according to the following table:

RATING	BB [+/-]	B [+/-]	A [+/-]	AA [+/]	AAA [+/-]
SCORE	0-19	20-39	40-59	60-79	80-100
RISK LEVEL	Very High	High	Acceptable	Low	Very Low
DESCRIPTION	• Organization exposed to very high risks in every ESG aspect. Timely, systematic, and robust improvement actions are necessary to reduce the level of exposure to risks.	• Organization exposed to high risk in various ESG aspects, which may result in significant costs and negative impacts on stakeholders. Corrective actions and solid improvement actions need to be planned and implemented.	• Organization exposed to risks of acceptable negative impacts in all or some ESG aspects, but should be periodically monitored to prevent escalation.	• Organization exposed to low ESG risks and capable of managing them without exposing stakeholders to unexpected costs and the most significant negative impacts. No corrective actions are required, or only limited corrective actions are needed, and ongoing improvement actions should continue.	• Organization exposed to very low ESG risks in every aspect and capable of monitoring and managing them without exposing stakeholders to unexpected costs or negative impacts. The defined treatment and improvement plans appear adequate to meet the needs.

The Rating is the literal representation of the numerical score obtained in the evaluation. The letters BB, B, A, AA, and AAA represent a score close to the central value of the percentile [e.g., 50]. The +/- signs indicate a score close to the higher or lower value of the percentile [e.g., 40 or 55].

II.III Validation Thresholds

The assessment is considered successfully concluded, and the organization may receive the validation of the claim and the relative trademark "GIF Responsible Organization" only if the following criteria and score thresholds are met:

• MINIMUM OVERALL SCORE = 40

• MINIMUM SCORE FOR "GOVERNANCE & MANAGEMENT SYSTEM" = 40
• MINIMUM SCORE FOR EACH "CORE" AREA = 40

If any of these three conditions are not met, the outcome of the evaluation cannot be considered positive.

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