GET IT FAIR

GIF Framework

2022 – Rev 02

Document title	GIF (Get It Fair) Framework
Review N°	02
Review Date	11/10/2023
Scope	**Validation of the "GIF Responsible Organization" claim of responsibility for sustainable development based on a quantitative evaluation (scoring) of the exposure level to risks of actual or potential events that can result into future adverse impacts on the organization and its Stakeholders** related to the following ESG Aspects: - Governance and Social Responsibility Management System - Social (Human Rights, Labour Practices and Local Community) - Safety (Health and Safety risks) - Environment (Pollution, Resource Consumption, GHG emissions, Protection of the environment) - Business Ethics (Fair operating practices and Consumer issues) The GIF Framework is focused on the risk evaluation of one or more operational units belonging to a Legal Entity. The GIF Framework is **non-prescriptive and can be applied to any organisation**, regardless of size, sector, activity, or maturity.
Exclusion	Ethical characteristics of products/services Product/Service/Process conformity with legal requirements or standards Compliance with Management System standards.
History of the Document	Validation: July 2020 Review 00: July 2021 Review 01: October 2022 – Publicly available Review 02: April 2023 – Publicly available
Programme Owner	Holonic Network
Approval	This document belongs to the "GIF ESG Rating and assurance scheme" positively evaluated by Accredia (National Accreditation Body) as "suitable for accreditation" according to international standards and procedures.
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Introduction

Protecting human rights and labour practices, minimizing occupational health and safety risks, protecting the environment, promoting fair business practices, and upholding international law are issues of paramount importance for a sustainable and responsible development.

Traditional Corporate Responsibility Reporting focuses on statistical aspects. Such statistics lack of real information on the context and future impacts. The future of Corporate Responsibility Reporting is all about communicating exposure to **risks of future adverse impacts**, rather than analysis of past achievements.

The UN's Sustainable Development Goals (SDGs) are fuelling demands for future impacts data. Since 2011 OECD has been recommending comprehensive approaches to Due Diligence and responsible supply chain management based on the evaluations of risks of future adverse impacts.

Financial Stakeholders - including investors, and insurers – need to know what impacts an organisation is having on society and the environment, and how this could impact the future business performance. It is relevant for the organisations to take action that reduces risks, unlocks opportunities, and builds capacity **for future value creation**. Impact investing is a growth area that is putting pressure on companies to disclose their impacts on society **in a measurable and comparable way**.

Regulators (e.g.: EU Commission) are requested to launch plans focusing on shaping global supply chains sustainably, promoting human rights, social and environmental due diligence standards, and transparency. Such action plans should address the needs of those at the beginning of global supply chains, often located in developing countries, promoting and sustaining decent work agenda. There is an increasing demand for legal frameworks on sustainable corporate governance, including cross-sector corporate due diligence obligations along global supply. This could include a definition of risk management processes the companies should follow to identify, prevent, mitigate, and account for its adverse impacts.

Consumers, in particular the new generations, are more and more requesting for reliable and verified information regarding the sustainability of products and the social responsibility of organisations realizing such products.

Buyers are requested to collect and disclose accurate information on the ESG risks along their supply chains which, nowadays are complex, fragmented and with a conspicuous number of suppliers and intermediaries from all over the world. Supply chains due diligence challenges include lack of transparency due to inconsistent, missing, or fraudulent data, lack of interoperability of data systems between actors, time consuming paper-based processes, limited information on product traceability, and poor reliability of due diligence activities.

Consequently, comes the need for reliable and credible information regarding the exposure level to non-financial risks better known as ESG risks of organisations and their supply chains.

Get It Fair, third-party Rating Scheme based on ESG (Environmental, Social and Governance) risk evaluation has been developed by a multistakeholder initiative to provide customers, final consumers, and investors with reliable information regarding the Social Responsibility of an organisation and its potential future adverse impacts.

The Scheme is based on the following pillars:

One	**GIF Framework** covering all Social Responsibility aspects of an organisation and referring to recognized guidance (OECD) and standards (ISO 26000) to facilitate international recognitions and benchmarking. This allows to have a complete view of ESG risks
Single	**Due Diligence process** aiming to evaluate, according to quantitative approach, the actual and potential exposure level to risks that can result into future impacts for the organisation and its stakeholders. This reduces costs and time for duplicating audit
Multiple	**Recognitions** to meet the emerging need of credible and reliable information on the ESG risks coming from different stakeholders. This supports the issuance of: a) the "**GIF Responsible Organisation**" Validated Claim (in compliance with ISO 17033) b) the "**GIF ethical Label**" (in compliance with ISO 17033) c) the "**Corporate Sustainability Reporting**" (in compliance with Directive 2022/2464)

Get It Fair Framework: overview

The basis for the framework

Organisations around the world, and their stakeholders, are becoming increasingly aware of the need for and benefits of a socially responsible behaviour.

An "organization" is intended as "Person or group of people that has its own functions with responsibilities, authorities and relationships to achieve its *objectives.*

The aim of Social Responsibility (SR) is to contribute to sustainable development.

The definition of Social Responsibility according to ISO 26000 is: "*the responsibility of an organisation for the impacts of its decisions and activities on employees, society and the environment, through transparent and ethical behaviour that:*

a) *contributes to sustainable development, including the health and welfare of society*

b) *considers the expectations of stakeholders*

c) *complies with applicable law and is consistent with international norms of behaviour and*

d) *integrates Social Responsibility throughout the organisation and in its relationships*".

Responsible Organisations should base their behaviour on standards, guidelines or rules of conduct that are in accordance with accepted principles of right or good conduct in the context of specific situations.

GIF Framework is based on the OECD Guidelines and ISO 26000, both rooted in the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and the Rio Declaration on Environment and Development, among others.

The OECD Due Diligence Guidance for Responsible Business Conduct and the OECD Due Diligence Guidance for responsible supply chains provide voluntary principles and standards consistent with internationally recognized principles and inspire laws and regulations.

ISO 26000, for its part, describes the seven principles for Social Responsibility.

The reference to international guidelines and standards enables GIF Framework to share a common language within the organisation and between the organisation's management and its stakeholders.

The need for GIF Framework

Responsible Organisations need to establish, implement, and improve a Social Responsibility Management System aiming to **identify, evaluate and treat** all the **risks** that can result into adverse impacts for the organisation itself and its stakeholders.

GIF Framework is **non-prescriptive** and can be applied to any type of organisation, regardless of its size, sector, activity, or maturity.

The overall scope of the GIF Framework is to assist organisations in contributing to sustainable development. It encourages an organisation to undertake activities that go beyond legal compliance, as compliance with the law is a fundamental duty of any organisation and an essential part of its Social Responsibility.

The GIF Framework provides organisations with:

a) a common language in the field of Social Responsibility and ESG

b) a guidance for establishing, implementing, and improving an ESG risk-oriented SR Management System

c) a self-assessment tool to identify the ESG strengths point and improvement areas

d) a tool to evaluate organizations' ESG risks and meet the needs of financial markets participants

e) a reference frame to get the Corporate Sustainability Reporting certified according to international rules and standards.

The GIF Framework is not intended to provide a basis for legal actions, complaints, defences, or other claims in any kind of proceeding.
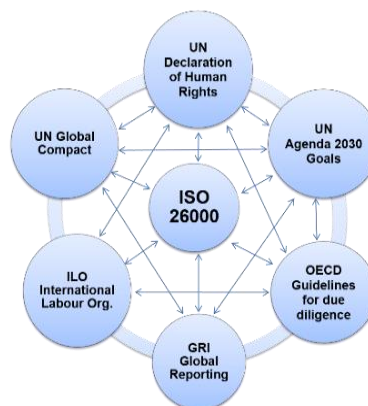
The GIF Framework structure

The GIF Framework structure consists of three integrated components:

a) the 7 (seven) Principles of Social Responsibility

b) the GIF Criteria

c) the GIF Scoring System.

The GIF Framework can be easily integrated in the existing governance and management system of any type of organisation and can be used in conjunction with other management system tools and methods.

1) The 7 Principles of SR (ISO 26000)

The Principles of Social Responsibility are the foundation for achieving corporate Social Responsibility and managing risks in all its aspects.

The GIF Framework is based on the 7 (seven) Principles of Social Responsibility laid down in the ISO 26000 standard for Social Responsibility, strictly interrelated with the 10 (ten) Principles of the UN Global Compact for sustainable and socially responsible business.

Get It Fair encourages organisations to apply the seven Principles for socially responsible business, across their operations and assumes that a Responsible Organisation respects and complies with them, regardless of whether legally obliged to do so or not.

2) The GIF reference Model

Get It Fair Model is a non-prescriptive framework based on 5 (five) Criteria.

At its centre there is the SR Governance and Management System Criterion as indicated in ISO 26000 and in accordance with the main management system standards (ISO 14001, ISO 45001, SA 8000).

Around it, the 4 (four) peripheral Criteria that cover the organisation exposure to specific risks: social, health & safety, environment, and business ethics.

Between the central aspect and the peripheral ones there are interconnections and a strong interdependence.

Irrespective of an organisation size, complexity, sector, and maturity the way the organisation is governed and managed is strictly connected to social, environmental, safety and business ethics risks associated with its operations and activities.

The GIF Model enables organisations to apply the Seven Principles of SR and convert them into practice.

It provides managers with a tool to understand:

a) the relationships between what the organisation does to prevent the occurrence of a risk that can result into an adverse impact on the organisation and/or its stakeholders and

b) the risk level with respect to every ESG aspect.

The GIF Reference Model is aligned with the following documents:

- EU Directives 2022/2464 as regards Corporate Sustainability Reporting
- EU Regulation 2020/852 "Environmental taxonomy"
- EBA (European Banking Authority) "Guidelines on Loan Origination and Monitoring" (LOM).

3) The GIF Scoring System

The third element, the Scoring System, is designed to reflect, in a quantitative manner, how the Responsible Organisation has implemented the seven principles and risk management approach into its management system which means its culture, strategy, processes and results.

The overall score reflects and combines two different aspects:

a) to what extent the Organisation has established, implemented, and reviewed an effective Governance and Management System to manage non-financial (or ESG) risks;

b) the risk exposure level to actual or potential events that may result into future adverse impacts on the organization and its Stakeholders due to non-financial (or ESG) issues (social, safety, environment, and business ethics).

The assessment score reflects the alignment of the organisation with the principles of ISO 26000, the recommendations of the OECD Guidance for Responsible Business Conduct requirements and of the OECD Due Diligence Guidance for Responsible Supply Chains sector-wise requirements.

The "Governance and management system" Criterion aims **to verify the alignment among**:
  - Stakeholder engagement
  - Materiality Assessment results
  - Policies
  - Risk management
  - Objectives
  - Risk treatment implementation
  - Risk monitoring
  - Review and
  - Improvement planning and implementation.

The evaluation of areas within the "Social", "Safety", "Environmental" and "Business Ethics" risks consists of a professional judgement taking through the consideration of several assessment points.

According to the EU Directive on Corporate Sustainability Reporting, a Due Diligence aims to verify the information necessary to understand the organization's impacts on sustainability matters, and information necessary to understand how sustainability matters affect the organization's development, performance, and position.

The assessment aims to verify in particular:

(a) the organization's business model and strategy, including:

I. the resilience of the business model and strategy to risks related to sustainability matters

II. the opportunities related to sustainability matters

III. the plans to ensure that the business model and strategy are compatible with the transition to a sustainable economy and with the limiting of global warming in line with the Paris Agreement

IV. how the business model and strategy take account of the interests of the organization's stakeholders and of the impacts of the organization on sustainability matters (Materiality Matrix verification and validation)

V. how the strategy has been implemented with regard to sustainability matters;

(b) a description of the targets related to sustainability matters set by the organization and of the progress the organization has made towards the achieving those targets;

(c) a description of the role of the administrative, management and supervisory bodies with regard sustainability matters;

(d) a description of the policies in relation to sustainability matters (Responsible Business Conduct);

(e) a description of:

I. the due diligence process implemented with regards to sustainability matters

II. the principal actual or potential adverse impacts connected with the organization's value chain, including its own operations, its products and services, its business relationships and its supply chain

III. any actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts;

(f) a description of the principal risks related to sustainability matters, including the organization's principal dependencies on such matters, and how the organization manages those risks;

(g) indicators relevant to the issues referred to in points (a) to (f).

The GIF Framework also includes risks related to intangibles, including information on intellectual, human, and social and relationship capital.

The information referred to in paragraphs 1 and 2 contain forward-looking and retrospective information, as well as qualitative and quantitative information.

Forward-looking ESG risks evaluation
Confirmation of plausibility of assumptions
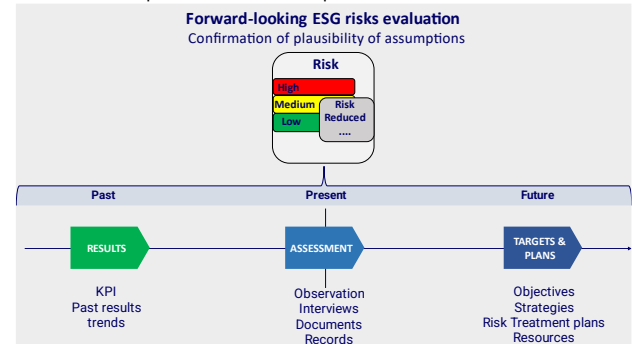
Therefore, the confirmation of plausibility of the assumptions (Validation) is determined at area level and is based on:
- past results (trends, objectives, benchmarking)
- observations, documents, records, and interviews
- analysis of objectives and plans for future.

The analysis of plans for future is crucial to determine a forward-looking evaluation of the exposure level to risks. Specific attention is dedicated to verify whether the objectives established for every relevant area (aligned with the materiality assessment results) are achievable taking into consideration the available resources (financial, human, etc.) allocated to implement a plan.

The overall purpose of the GIF Due Diligence process and the scoring system is to support the third-party certification of the Corporate Sustainability Reporting (according to the so called CSRD Directive) with reasonable level of assurance.

Seven Principles of Social Responsibility

Accountability

An Organisation should be accountable for its impacts on society and the environment
(ISO 26000 Clause 4.2)

In practice Responsible Organisations:

- Accept appropriate scrutiny and accept a duty to respond to this scrutiny.
- Are answerable to the legal authorities with respect to laws and regulations.
- Are answerable to those affected by its decisions and activities, as well as to society in general, for the overall impact on society. The degree of accountability may vary but should always correspond to the amount or extent of authority.
- Have the ultimate authority, are likely to take greater care for the quality of their decisions and to accept responsibility where wrongdoing occurs, responding appropriately to remedy the wrongdoing and taking action to prevent it from being repeated.
- Account for:
  a) the results of their decisions and activities, including significant consequences, preventing repetition where these decisions or activities were unintended or unforeseen.
  b) the significant impacts of their decisions and activities on society and the environment.

Transparency

An Organisation should be transparent in its decisions and activities that impact on society and the environment. (ISO 26000 Clause 4.3)

In practice Responsible Organisations:

- Disclose in a clear, accurate and complete manner and to a reasonable and enough degree, the policies, decisions, and activities for which they are responsible, including the known and likely impacts on society and the environment.

- Assure that information is readily available, directly accessible, and understandable to those who have been, or may be affected in significant ways.

- Present information timely and in a clear and objective manner so to enable stakeholders to accurately assess the impact that the organisations' decisions and activities have on their respective interests.

- Responsible Organisations are transparent regarding:
  - the Governance structure, functions, and control (internal audit) and the financial and operational results;
  - the purpose, nature, and location of the activities;
  - the way decisions are made, implemented, and reviewed, including the definition of the roles, responsibilities, accountabilities, and authorities across the different functions;
  - standards and criteria against which they evaluate their own performance relating to ESG Aspects;
  - their performance on 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;
  - the identity of their stakeholders and the criteria and procedures used to identify, select, and engage them.

Ethical behaviour

An Organisation should behave ethically (ISO 26000 Clause 4.4).

The organisation behaviour should be based on honesty, equity, and integrity. These ethics imply a concern for people, animals and the environment and a commitment to address stakeholders' interests.

In practice Responsible Organisations:

- Develop governance structures that help to promote ethical conduct within the organisation and in its interactions with others.
- Identify, adopt, and apply standards of ethical behaviour appropriate to their purpose and activities and consistent with the principles outlined in this Framework.
- Encourage and promote the observance of their standards of ethical behaviour.
- Define and communicate the standards of ethical behaviour expected from their governance structure, personnel, suppliers, contractors and, when appropriate, owners, managers, and particularly from those that have opportunity to significantly influence the values, culture, integrity, strategy and operation of the organisation and its people, while preserving local cultural identity.
- Prevent or resolve conflicts of interest throughout the organisation that could otherwise lead to unethical behaviour.
- Establish oversight mechanisms and controls to monitor and enforce ethical behaviour.
- Establish mechanisms to facilitate the reporting of unethical behaviour without fear of reprisal.
- Recognize and address situations where local laws and regulations either do not exist or conflict with ethical behaviour; and
- Respect the welfare of animals, when affecting their lives and existence, including by ensuring decent conditions for keeping, breeding, producing, and using them.

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Respect of Stakeholder interests

The Organisation should respect, consider, and respond to the interests of the stakeholders (ISO 26000 Clause 4.5)

In practice Responsible Organisations:

- Identify their stakeholders.
- Are conscious of and respect the interests of their stakeholders and respond to their expressed concerns.
- Recognize the interests and legal rights of stakeholders.
- Recognize that some stakeholders can significantly affect their activities.
- Assess and consider the relative ability of stakeholders to contact, engage with and influence the organisation.

- Take into consideration the relation of their Stakeholders' interests to the broader expectations of society and to sustainable development, as well as the nature of the stakeholders' relationship with the organisations.
- Consider the views of Stakeholders that may be affected by a decision even if they have no formal role in the governance of the organisations or are unaware of their interest in their decisions or activities.

Respect for the rule of law

An Organisation should accept that respect for the rule of law is mandatory (ISO 26000 Clause 4.6)

In practice Responsible Organisations

- Comply with legal requirements in all jurisdictions (domestic and international) in which the organisations operate.
- Ensure that their relationships and activities fall within the relevant legal framework.
- Remain informed of all legal obligations.

- Periodically review their compliance.
- Use appropriate international dispute settlement mechanisms, including arbitration, as a means of facilitating the resolution of legal problems arising between enterprises and host countries governments.

Respect for international norms of behaviour

An Organisation should respect international norms of behaviour, while adhering to the principle of respect for the rule of law (ISO 26000 Clause 4.7)

In practice Responsible Organisations:

- Strive to respect international norms of behaviour in countries where the law or its implementation does not provide for minimum environmental/ social safeguards.
- Strive to respect international norms of behaviour to the greatest extent possible in countries where the law or its implementation significantly conflicts with such international norms.
- Review, as 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 behaviour, and where not following these norms would have significant consequences.

- Consider legitimate opportunities and channels to seek to influence relevant organisations and authorities to remedy any conflict.
- Avoid being complicit in the activities of other organisations that are not consistent with international norms of behaviour.

Respect for Human Rights

An Organisation should respect Human Rights and recognize both their importance and their universality (ISO 26000 Clause 4.8)

Responsible Organisations manage any risk related to Human Rights by:

- Respecting and foster the rights set out in the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights and the main instruments to which it has been codified) and refraining from seeking or accepting exemptions not contemplated in the statutory or regulatory framework related to human rights.

- Accepting that these rights are universal, that is, they are indivisibly applicable in all countries, cultures, and situations.

- In situations where human rights are not protected, taking steps to respect human rights and avoid taking advantage of these situations; and

- In situations where the law or its implementation does not provide for adequate protection of human rights, adhering to the principle of respect for international norms of behaviour.

- Avoiding infringing on the human rights of others and address adverse human rights impacts with which they are involved.

- Avoiding causing or contributing to adverse human rights impacts.

- Preventing or mitigate human rights impacts that are directly linked to their business operations, products or services by a business relationship.

- Providing or co-operate in the remediation of adverse human rights impacts where the organisation has caused or contributed to these impacts.

- Respecting human rights independently of State's ability and/or willingness to fulfil their human rights obligations.

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The GIF Reference model

The above image represents the Get It Fair Reference Model, a non-prescriptive Framework based on 5 (five) Criteria.

The central Criterion could be considered the "Enabler" and the other 4 (four) Criteria the "Results".

The "Management System and Governance" (Enabler criterion) addresses how an organisation establishes, implements, monitors, and reviews a management system for Social Responsibility, and how it is able to identify, prevent and mitigate all risks related to ESG issues according to the Stakeholders' needs.

The four Criteria focused on "Results" address the evaluation of the organisation exposure level to specific risks: social, health & safety, environment, and business ethics.

The Criteria "Results" depend on the "Governance and Management System" effectiveness and can be improved by analysing data from specific ESG risks related issues.

For each Criterion, a definition is given to explain the high level meaning of that Criterion.

Every Criterion is broken down into Topics consisting of a set of homogenous Areas.

An Area is a statement that describes what, typically, can be seen in Responsible Organisations and what should be considered during an assessment.

Within each Area there is a set of Assessment Points which are directly or indirectly linked to the seven principles.

The Assessment Points aim to provide users with examples to support interpretation of the Area and are considered during the assessment to determine the score.

There are two categories of areas:

a) **Core Areas**: that reflect the principles addressed by the OECD Guidance for Responsible Business Conduct and, more specifically, the principles of the OECD Due Diligence Guidance for Responsible Supply Chains.

b) **Non-core Areas**: that reflect the ISO 26000 requirements which are relevant for Social Responsibility, but that result in minor adverse impacts and in any case not compromising the relationship with the Stakeholders.

Areas and assessment points shall apply and be considered in the scoring according to the organization business model and context.
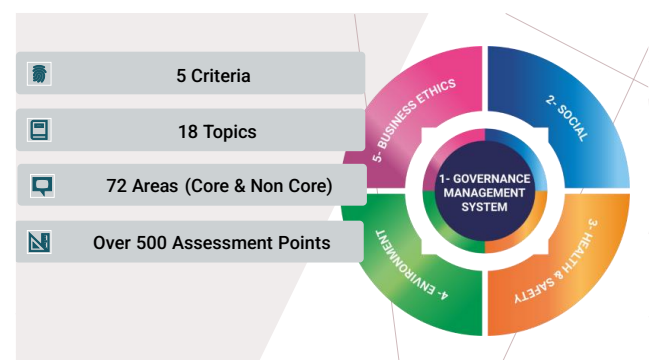
1 - GOVERNANCE & MANAGEMENT SYSTEM

1   Governance & Management System

> Responsible Organisations implement a Governance and a Social Responsibility Management System which considers social, economic, and environmental conditions being affected by or capable of affecting the organisations themselves and determine how to fulfil the stakeholder's requirements.

Responsible Organisations:

- Identify and periodically update the Stakeholders' list which might be affected by the activities and decisions of the organisation.
- Determine SR requirements, needs and expectations for each relevant stakeholder.
- Determine the criteria and methods to evaluate the relevance of the impacts of the organisation, with reference both to the stakeholders concerned and to the way in which the impact affects SR and sustainable development.
- Identify, register, and periodically update real and potential SR related impacts associated with their activities and decisions.
- Determine the criteria and methods needed to ensure that both the operation and control of SR requirements are effective.
- Ensure the availability of resources and information necessary to support the operation and monitoring of SR requirements.
- Monitor, measure where applicable, and analyse these requirements.
- Implement actions necessary to achieve planned results and continual improvement of the management system.
- When outsourcing any activity, maintain the responsibility of those activities within the organisation's scope. Controls and responsibilities necessary for the outsourced activities are identified within the SR management system.

FIGURE 1. DUE DILIGENCE PROCESS & SUPPORTING MEASURES
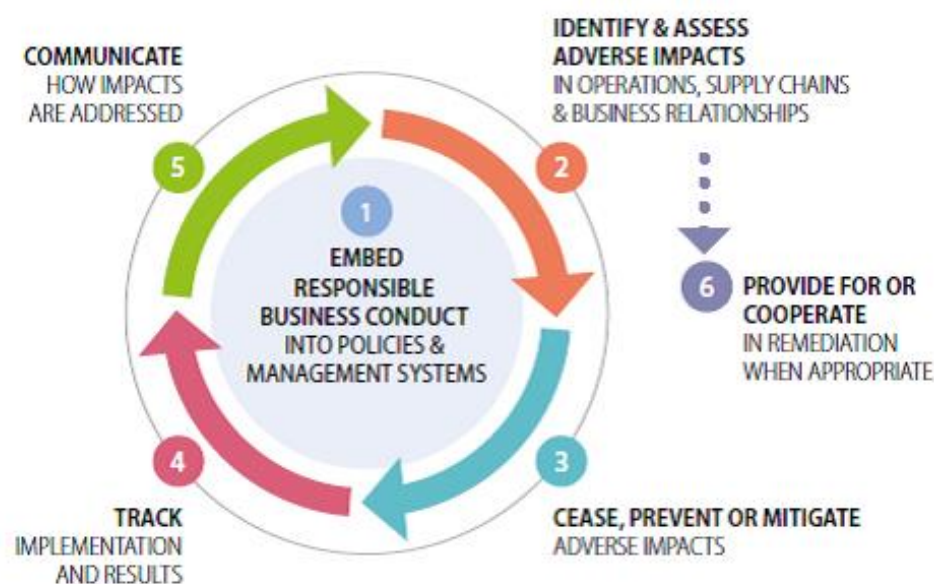
OECD Due Diligence Guidance for responsible business conduct: Due Diligence process

1.1   Governance

A Corporate Governance system is established to assure suitable and transparent composition, role and remuneration of the Governance Body and its clear functioning and accountability.
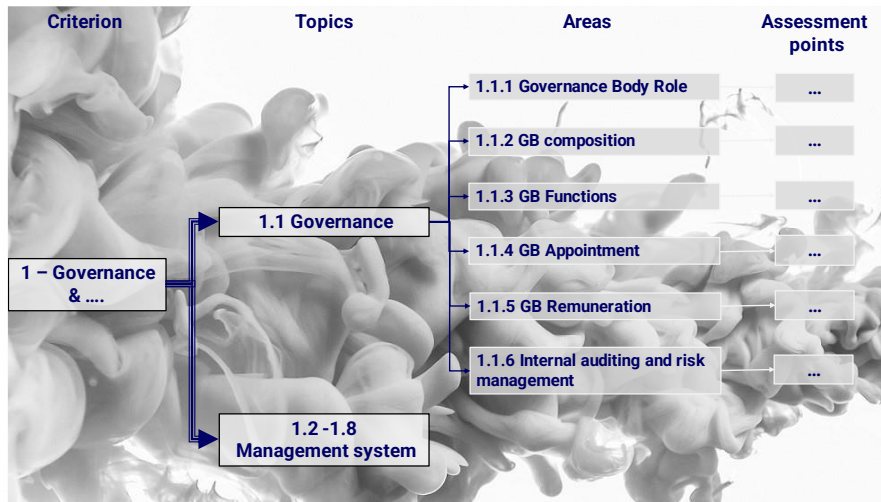
1.1.1   Governance Body role

INTENT	METRIC
Ensure that the Governance Body effectively leads the Social Responsibility and the ESG risks improvement	Degree of Governance Body in leading and monitoring policies and strategies related to ESG impacts, risks and opportunities and their reporting to Stakeholder

This area is designed to assess and evaluate the level of exposure to risks related to the Board commitment to Social Responsibility and ESG risks.

The Governance Body defines the strategies of the Organization and the group it heads and monitors its implementation.

Responsible Organizations' Governance Body defines, examines, and approves strategic plans for Social Responsibility and ESG risks minimization by defining a risk appetite consistent with the context of the organization and its Stakeholders' needs. The Board systematically evaluates the Social Responsibility and the ESG performance and assures that Corporate Sustainability Reporting is prepared, disclosed, and certified according to relevant international standards.

The Governance Body assures adequate time of directors to Social Responsibility and ESG risks issues. The Chairman leads the Social Responsibility and ESG risks issues at board level by assigning specific accountability as regards Social Responsibility and ESG risks to a competent director.

The Board promotes the dialogue and engagement with all the Stakeholders and make sure they are pro-actively involved.

Responsible Organizations report in accordance with international reporting standards.

GRI 2-12, 2-13(b), 2-14, 2-16

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1.1.2   Governance Body composition

INTENT	METRIC
Ensure that the Governance Body presents the balanced composition, an adequate level of independence and skills and competence that are appropriate to their tasks	Degree of independence, competence and balance of the composition of the Governance Body to perform the expected tasks

This area focuses on the level of exposure to risks related to Board composition and competence.

Responsible Organizations appreoint a Board by assuring appropriate composition (executive and non-executive directors, independent directors, diversity, etc.). They avoid risks due to concentration of power and conflicts of interest.

The Governance Body is comprised of executive and non-executive directors. All directors ensure professional skills and competence that are appropriate to their tasks.

The number and skills of non-executive directors ensure significant influence in the decision-making process of the board and guarantee an effective monitoring of management.

A significant number of non-executive directors is independent.

Responsible Organizations apply diversity criteria, including gender ones, to the composition of the board of directors, ensuring the primary objective of adequate competence and professionalism of its members. The control body's composition is appropriate for ensuring the independence and professionalism of its function.

Responsible Organizations report in accordance with international reporting standards.

> **GRI** **GRI 2-9, 2-11, 1-13(a), 2-15, 2-17, 405-1(a)**

1.1.3   Governance Body functions

INTENT	METRIC
Assure the Governance Body functioning is based on the effective rules and procedures and division of functions to ensure directors with an efficient flow of information to on ESG impacts, risks and opportunities	Degree of rules and procedure effectiveness and adequate function division of the Governance Body functioning order to ensure directors with and efficient flow of information on ESG impacts, risks and opportunities

The purpose of this area is to evaluate the exposure level to risks related to the assignment of roles and responsibilities to Board members and committees (if required).

Responsible Organizations assign the responsibility of overseeing the implementation of the RBC (Responsible Business Conduct) and the effectiveness of the management systems to a non-executive director or a Committee.

The Director/Committee has individual/collective competence, knowledge, and experience in the field of Social Responsibility and ESG risks.

The Director/Committee leads the promotion of a culture within an organisation that encourages ethical and Socially Responsible conduct, and a company-wide commitment to comply with and exceed the applicable rules and laws.

The Director/Committee is accountable for Social Responsibility and periodically reports to the Board as regards ESG risks status and improvement.

Responsible Organizations report in accordance with international reporting standards.

> **GRI** **GRI 2-14, 2-16**

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1.1.4 Governance Body appointment

INTENT	METRIC
Assure the implementation of process of appointment and succession of Directors which is transparent and functional to achieve the optimal composition of the Governance Body, and periodically review its effectiveness	Degree of transparency in the nomination of the Governance Body and frequency of Board review

This area is designed to assess and evaluate the level of exposure to risks related to the Board appointment process. Responsible Organizations establish and implement a process for identifying and selecting Board members and committees.

They introduce knowledge and experience criteria as regards Social Responsibility and ESG risks for selecting and appointing Board members.

Responsible Organizations report in accordance with international reporting standards.

> **GRI** **GRI 2-10**

1.1.5 Governance Body remuneration

INTENT	METRIC
Ensure a remuneration policy of directors, members of control body and top managers which is transparent, consistent with ESG objectives and adequate to have, retain and motivate people with the appropriate skills and professionalism for the role	Degree of transparency and suitability of the remuneration policies for Governance Body members and Top Managers to reach the objectives related to ESG impacts, risks and opportunities, and to hold appropriate skills and professionalism for the role

The purpose of this area is to evaluate the level of exposure to risk related to the remuneration policy for directors, members of control body and top management.

Responsible Organizations establish suitable remuneration policies for directors to attract, retain, and motivate people with the professional skills required to achieve the results as regards Social Responsibility and ESG risks.

They align the remuneration policy to balance the economic performance and the non-financial performance related to the ESG risks.

Responsible Organizations periodically evaluate the adequacy, the overall consistency, and the actual application of remuneration policy of directors and key management personnel also by taking into consideration all information provided by the managing directors related to the Social Responsibility management system implementation and the exposure level to the ESG risks.

Responsible Organizations report in accordance with international reporting standards.

> **GRI** **GRI 2-19, 2-20, 2-21**

1.1.6 Internal auditing and risk management

INTENT	METRIC
Ensures an efficient and effective internal control and risk management system consisting of rules, procedures and organizational structure to manage the key ESG impacts, risks	Degree to which the Governance Body ensures an effective and efficient set of rules and procedures and organizational structure to identify, treat, measure and monitor the ESG impacts, risks and opportunities

This area is designed to evaluate the level of exposure to risk related to the internal auditing and management review activity at Board level.

The Board of Responsible Organizations evaluate the ESG risks and performance by establishing and implementing an effective internal control on the risk management system consisting of rules, procedures and structures aiming to an effective identification, measurement, and management of relevant ESG risks (including those in the supply chain). Responsible Organizations appoint an accountable non-executive Director for Internal Auditing and ESG risk management and Social Responsibility and assign appropriate compensation and resources to perform the function with specific regard to compliance assurance.

They conduct, at least once in a year, a Board review and preferably assign this task to an independent third party (rather than a self-assessment) to evaluate its effectiveness in supporting the Social Responsibility management system and managing the exposure level to the ESG risks.

Responsible Organizations report in accordance with international reporting standards.

GRI **GRI 2-16, 2-18**

Management System

A Management System ("set of interrelated or interacting elements of an organization to establish policies and objectives, and processes to achieve those objectives) is established, implemented, monitored, and improved.

Responsible Organizations implement an effective management system for ESG risks by aligning the stakeholder engagement and its results (materiality assessment) with policies, objectives, risk management, operational controls, internal audits and management review to cease, prevent of mitigate adverse impacts, track implementation and results, communicate how impacts are addressed.
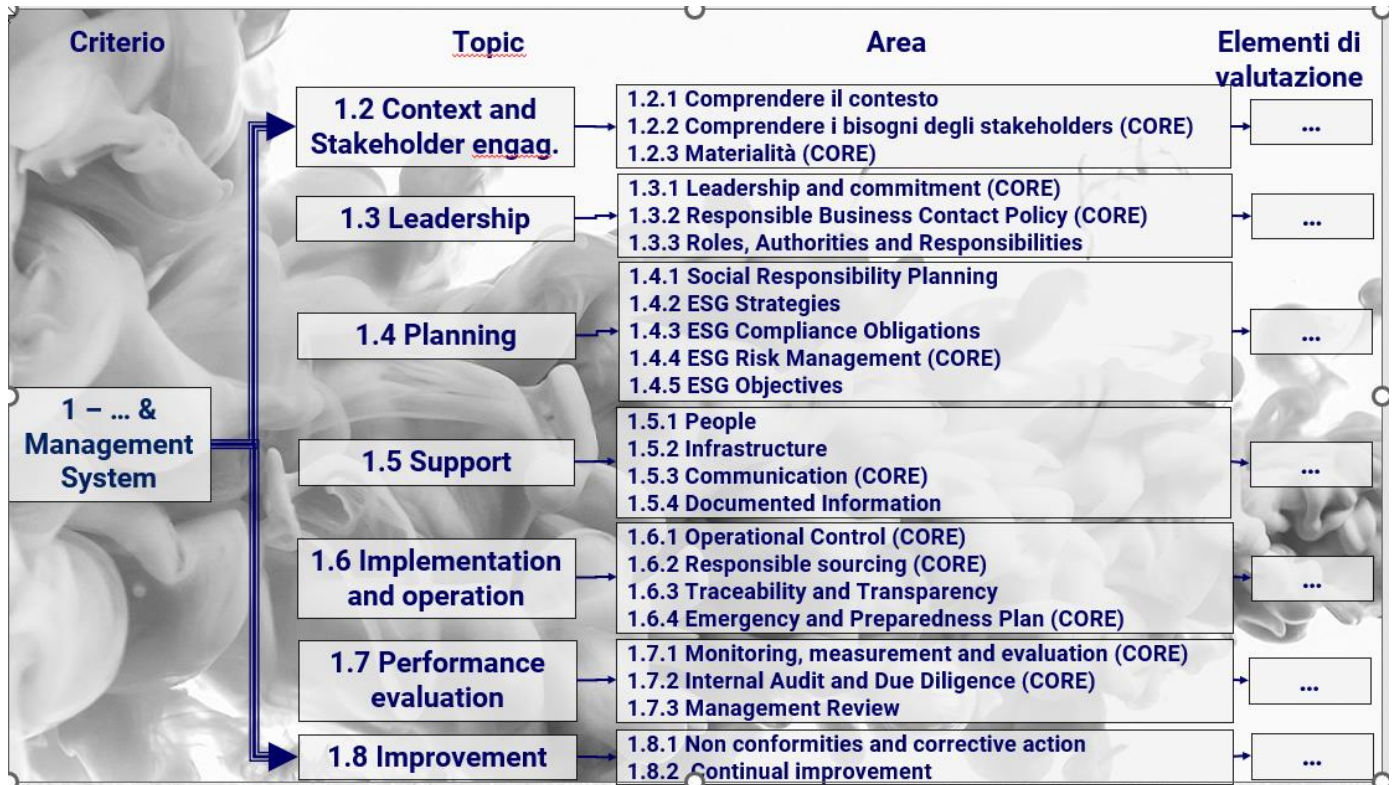
1.2 Context and Stakeholder engagement

1.2.1 Understanding the Organisation and its context [CORE]

INTENT	METRIC
Understand relevant external and internal issues on all ESG aspects	Degree of awareness and comprehension of the context of the organization with reference to all ESG aspects

The knowledge of internal and external context is essential for the definition of the strategy, as a development of its purpose, and of the necessary management system for its implementation.

It requires a systematic approach and process to guarantee the access and processing of transparent information (social, economic, and environmental) and their relevance for different stakeholders.

Responsible Organizations engage internal Stakeholders (i.e., executive leadership, directors, regional managers, etc.) to outline the internal perspective as regard the sustainability issues supposed to be relevant for the Stakeholders.

Internal Stakeholders are engaged in different processes such as RBC policy definition, ESG risk management (hazards identification, risks' treatment) etc.

GRI GRI 2-6, 2-7, 2-8

1.2.2 Understanding the needs and expectations of the Stakeholders [CORE]

INTENT	METRIC
Sustained stakeholder engagement (including local communities) and involvement at all applicable levels and functions to understand the needs and expectations of the Stakeholders and to lead decisions regarding the ESG issues	Degree to which an approach for stakeholder identification and engagement is established, implemented, and improved to understand Stakeholders' needs and expectations

Effective Stakeholders' engagement approach is essential in the field of non-financial and ESG issues.

The risk evaluation considers, among others:

- the identification and segmentation of stakeholders in homogenous clusters (employees, customers, suppliers, banks, investors, local authorities and communities, trade unions, etc.)
- the establishment of a two-way line of communication
- the systematic engagement with stakeholders by involving them in consultation and participation activities.

The purpose of the approach is to collect information regarding the external perception and the Stakeholders' needs and expectation to be analyzed. Such information provides the organization with inputs for the materiality assessment and resolving trade-offs among different issues to find out a balance.

GRI 2-29, 403-4

1.2.3 Material issues and management system scope and boundaries [Core]

INTENT	METRIC
Identification and prioritization of the material aspects and definition of the scope and boundaries of the SR Management System	Degree of clarity and completeness of the Materiality analysis and of the consequent definition of the Social Responsibility management system scope and boundaries

The materiality assessment consists of a prioritization of Social Responsibility and ESG issues by engaging different stakeholders and comparing the "internal perspective" and the "external perspective".

Responsible Organizations define the list of material topics by adopting, if possible, standardized labels for every issue and risks to facilitate the comparison within the organization and with other organizations. They categorize sustainability issues according to the following criteria: governance, social (Human Rights and labour practices), safety, environmental and business ethics (fair business practices and customers' issues).

Internal and external Stakeholders are requested to rate the importance and impact of each indicator according to an appropriate scale. Responsible Organizations prepare the materiality matrix and resolve the misalignments between the internal and the external perspectives.

They prepare the materiality matrix with a method that allows for a comparison, also graphically, of the perceptions of internal stakeholders with those of external stakeholders.

Beyond the prioritization of material issues, Responsible Organizations collect information regarding the risk tolerance thresholds of every stakeholder group with a method that aims to find a balance between the perceptions of the various stakeholders on the same aspects.

The results of the materiality analysis are the input for the Social Responsibility management system scope and boundaries definition and are the most important inputs to lead the definition and implementation of the RBC policy, risk management, prioritization of objectives, internal audits and management review.

The organization implements the ESG activities to exceed the compliance with legal obligations.

Scope and boundaries are systematically reviewed considering the internal and external changes.

GRI 3-1, 3-2, 3-3

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1.3   Leadership

1.3.1   Leadership and commitment [CORE]

INTENT	METRIC
Provide effective leadership and commitment to achieve Social Responsibility goals throughout a proper due diligence on risks of harm in its own operations and in its value chain	The degree to which the Top Management has made specific Social Responsibility commitments and instituted Social Responsibility policies to minimize ESG risks

An effective ESG policy implementation requires a clear definition of Social Responsibility objectives and goals at the different levels of the organization and along its supply chain.

The leadership and a culture oriented to the achievement of the Social Responsibility objectives are crucial.

A commitment to a systematic and continuous engagement of Stakeholders with reference to all ESG aspects that establishes a fair balance between conflicting expectations.

Clear communication of the Social Responsibility commitments inside and outside the organization is a prerequisite for the desired outcomes.

GRI GRI 2-22

1.3.2   Responsible Business Conduct (RBC) policy [CORE]

INTENT	METRIC
Define a comprehensive Responsible Business Conduct (RBC) policy to achieve SR objectives and targets in its own operations and in the value chain	Degree of completeness and suitability of a sound and integrated RBC Policy covering all the ESG Aspects, effectively communicated to the interested parties and, periodically reviewed and updated

A comprehensive RBC policy covers all ESG aspects that can generate risks for the Organization, including applicable Social, Environmental, Safety and Business ethics, considering the internal issues and the supply chain.

Responsible Organizations align the RBC policy with the results of the Stakeholders engagement and its results (Materiality Matrix).

The RBC policy aims to create a framework for establishing the "high level KPIs" and setting the Social Responsibility objectives.

The RBC policy is documented, approved by the Governance Body and implemented by the senior management.

A systematic update of the policy is the way to guarantee its relevance in the changing context and for the increasing expectations of the stakeholders.

For an effective implementation, the policy is the basis for the development of processes, activities and plans related to ESG aspects.

GRI GRI 2-23, 2-24, 2-25, 2-26

1.3.3   Organisational roles, authorities, and responsibilities for ESG risks

INTENT	METRIC
Ensure that the responsibilities and authorities for relevant roles for ESG aspects and risks are assigned, documented, and communicated at all levels within the Organisation and to their significant Stakeholders	Degree of detail and documentation, communication and periodical review for the roles, responsibilities, and authorities related to ESG aspects and risk

A clear definition of responsibilities, roles, and authorities at different levels of the Organization is essential.

The Top management clearly documents roles and responsibilities and communicates them internally and externally.

An effective management of roles and responsibilities requires a systematic verification by appointed managers and teams.

1.4   Planning

1.4.1   Social Responsibility planning

INTENT	METRIC
Establish a Social Responsibility plan that suitable for the scope, scale, and complexity of an Organisation to improve Social Responsibility performances and minimize ESG risks	Degree of effectiveness of the planning approach to achieve the objectives of Social Responsibility performances and to minimize ESG risks according to the policy and the result of the materiality assessment

An effective Social Responsibility planning is defined starting from the context analysis and the understanding of the stakeholder needs and expectations.

Planning takes into consideration the profile of current and potential risks on all material aspects related to sustainability that can cause adverse impacts on the organization and its stakeholders, possible emergency situations and the definition of actions, projects and processes to minimize and continuously reduce the level of risk.

Inputs from the Stakeholder engagement and the materiality analysis guide the Organization in the definition of objectives, timing, resources, and level of priority of the actions/projects, with an approach directed to the continuous improvement and risk reduction.

1.4.2   ESG Strategies

INTENT	METRIC
Incorporate Social Responsibility principles and ESG Aspects into Organisation's strategy and operations as well as own value chain to minimize the risk of associated negative impacts	The degree to which the Organisation identifies, prioritizes and integrates ESG Aspects (derived from the Materiality Assessment) into its business strategies

For a Responsible Organization, the management of the ESG Aspects is an integral part of the whole business strategy and business processes taking also into consideration the supply chain and the whole life cycle perspective.
Responsible Organizations define, implement, review and improve an approach to integrate the needs and expectations of stakeholders and the management of material aspects and related risks in the definition of policies and objectives and in the preparation of strategies and action plans to achieve these objectives by minimizing the level of exposure to risks relating to ESG aspects.

1.4.3   ESG compliance obligations

INTENT	METRIC
Assure to comply with legal and other requirements applicable to ESG aspects and risks in operations and in the value chain	Degree of approach effectiveness to identify, collect, analyse, make available and archive the legal requirement with reference to ESG aspects and risks to comply with in the organization and in the value chain

Responsible Organizations identify and systematically update obligations, rules, standards, guidelines, and other requirements related to all the ESG Aspects in different operating context.

They appoint responsibilities, define resources to processes and activities that may compromise compliance with requirements defined by mandatory regulations on ESG aspects.

They collect such documents, analyze how external documents affect their processes, and communicate to all relevant internal and external stakeholders any change or relevant information regarding compliance with regulatory framework, standard and other requirements.

The analysis of the implication of the ESG compliance obligations constitutes the baseline for an effective Social Responsibility management system.

Responsible Organizations implement approaches and achieve results beyond the compliance with applicable laws and regulation (local, national and international), standards and other specifications where there is evidence that these higher requirements would achieve significantly better Stakeholders' protection.

GRI 2-27, 403-1

1.4.4 ESG Risk Management [CORE]

INTENT	METRIC
Establish and implement an effective, integrated and systematic risk management process, aligned with the results of the materiality analysis and extended to the value chain covering all ESG aspects	Degree of effectiveness, integration and alignment with the materiality analysis of a Risk Management approach covering, in systematic manner, all Social Responsibility aspects and extended to the value chain

This Area is designed to evaluate how Responsible Organizations establish, implement, and improve an integrated risk management approach by taking into consideration all Social Responsibility and ESG Aspects (governance, social, safety, environmental and business ethics).

Responsible Organizations segment the results of the Stakeholders' engagement, analyze the differences among Stakeholders' priorities (materiality matrix), balance their priorities also considering the differences in risk acceptance of every Stakeholder.

They establish and implement a risk management approach according to internationally recognized standards (such as ISO 31000 "Risk management – principles and guidelines").

The Risk Management Process starts from the understanding of Stakeholder's needs and expectation and involves all employees and relevant partners along the supply chain.

Responsible Organizations define risk criteria (for likelihood, consequence, and impact), identify internal and external risks related to processes, resources and products and systematically implement a process to assess, evaluate, treat, mitigate, and cease risks. They prepare a risk register, maintain, and update it, by taking into consideration changes in the external context as well as within the Organization boundaries.

GRI 3-3, 403-2, 403-7

1.4.5 ESG objectives

INTENT	METRIC
Set "SMART" objectives for all material aspects of the Social Responsibility at relevant functions and levels	Degree of effectiveness of the approach to the definition, documentation and communication of the ESG objectives and alignment with the results of the materiality analysis, the Policies and the risk treatment

The definition of Social Responsibility objectives is a crucial aspect for the ESG risk management.

They are consistent with the needs and expectations of all relevant Stakeholders, guide the organization towards a continuous improvement and the reduction of risk level and allow an effective monitoring of the organization's treatment plans.

The Social Responsibility objective setting takes into consideration all Social Responsibility Aspects, compliance obligations, technological options, financial operational and business requirements, risks, and opportunities.

1.5 Support

The Organisation determines and provides the resources (human resources and skills, know-how, infrastructure and facilities, technology, and equipment, financial resources) needed to establish, implement, review, and improve the Social Responsibility Management System.

1.5.1 People

INTENT	METRIC
Increase the knowledge, skills, and capacity of persons whose functions and/or job positions may influence the relevant ESG Aspects and Social Responsibility Management System to reach a level which create value for the organization and to improve their employability	Degree of implementation of a competence empowerment approach to increase workers' employability and the Organization Social Responsibility performances according to the ESG objectives and actual and future strategies

Responsible Organizations identify competences necessary to guarantee an efficient and effective support to the Organization's Social Responsibility strategy. They align the competence needs with the available competences through training, mobility or hiring as well as personal development, empowerment, and communication able to guarantee the best contribution to the organization's Social Responsibility management system and to the Social Responsibility policies implementation.

Responsible Organizations provide people in their sphere of influence (such as suppliers, sub-contractors, etc.) with periodical awareness and training programs taking into consideration the prioritization of the sustainability issue defined in the materiality assessment.

Education and training plans, activities, and results are documented, reviewed, and communicated at all levels.

GR **GRI 403-5, 404-1, 404-2**

1.5.2 Infrastructure

INTENT	METRIC
Manage, maintain, and innovate the infrastructure and facilities, technology and equipment needed to minimize the impacts and risks on all Social Responsibility relevant aspects	The degree of management, maintenance and innovation of infrastructure and facilities, technology and equipment needed to reduce impacts and risk of all Social Responsibility relevant aspects

An effective provision and maintenance of infrastructures necessary to implement the Social Responsibility management system is essential to guarantee the risk control and reduction.

Proper responsibilities are assigned, and clear processes defined for acquisition, use and maintenance of suitable infrastructures.

Responsible Organizations preferably use sustainable offices and facilities and assessed according to internationally recognized rating schemes for green building (such as LEED, BREAM, etc.) and infrastructure (such as Envision). They establish and implement energy management system according to international standards (such as ISO 50001).

New possibilities and improvements, also considering the technology evolution, are evaluated.

GR **GRI 203-1**

1.5.3 Communication [CORE]

INTENT	METRIC
Define internal and external communications relevant to the Social Responsibility Management System included the Corporate Sustainability Reporting according to recognized internationals reporting standards	Degree of effectiveness of the internal and external communication system on all ESG aspects. Degree of compliance and reliability of the Corporate Sustainability Reporting according to standards and its external assurance reliability

A clear, complete, and transparent communication on all ESG Aspects is necessary to guarantee that a proper information is made available to concerned people and relevant Stakeholders.

Moreover, the communication is essential to generate the people involvement and to provide them, at all level and functions, the necessary information to perform according to the Social Responsibility management system requirements.

A Two-ways communication with Stakeholders is fundamental to exchange knowledge, collaboration and contribution in the identification, evaluation, and treatment of ESG issues.

The communication of Responsible Organizations is transparent, clear, complete, and timely, with proper media to support an effective communication.

1.5.4 Documented information

INTENT	METRIC
Document and keep updated and up to date the information as being necessary for the effectiveness of the Social Responsibility management system	Degree to effectiveness of the approach for the preparation and update of documents and records supporting the Social Responsibility Management System

Responsible Organizations generate, maintain, and update documented information of its Social Responsibility management system.

Documented information relates to organizational structure, assigned tasks and responsibilities, processes, projects, plans, results, and communication.

For an effective management of documented information related to the SR management system, the Responsible Organizations define:

- the type of internal and external information to keep
- the emission and control processes and related responsibilities
- the availability for concerned parties
- the protection and security processes.

1.6   Implementation and operation

1.6.1   Operational control [CORE]

INTENT	METRIC
Plan, implement, control, and maintain the processes needed to meet requirements of Social Responsibility Management System and to implement the actions determined in the planning to achieve established ESG objectives	Degree of implementation and improve of effective operational control systems suitable to prevent or mitigate current and future risks in operations and in the value chain

Operational controls are crucial to ensure the effective implementation of the Social Responsibility management system and the achievement of desired and expected results.

They require proper plans with assigned responsibilities and an implementation that takes into consideration the risk level, the expected results, and the priorities, according to the Organization's scope and results of the Materiality Assessment.

Changes in products, processes, structure and working conditions are carefully considered, along with changes in standards and other requirements, with a future perspective.

1.6.2   Responsible sourcing and value chain [CORE]

INTENT	METRIC
Develop responsible value chain policies and approaches that minimize actual and adverse impacts on environment and people, with respect to the organization and its value chain	The degree of effectiveness of the sourcing approach to minimize the actual and potential risks of adverse impacts on environment and people on the organization and its value chain

An effective Social Responsibility management system is not limited to internal operations, but considers the whole supply chain of partners, suppliers and contractors and their processes and products.

Responsible Organizations establish and implement a responsible Procurement Management System and systematically implement the Due Diligence on suppliers by referring to the principles and requirements of international documents (e.g.: ISO 20400 Sustainable Procurement and OECD Guidelines for supply chains responsible and responsible business conduct).

Responsible sourcing policies define clear rules for the supply chain management:

- according to the relevance of the supplier for the organization and the concerned stakeholders and different phases of the relationship (from the supplier identification to its management)
- assuring communication, engagement, and support.

A continuous monitoring and a review on the effectiveness of the responsible sourcing system allows to minimize the risk and impacts along the supply chain.

GRI GRI 308-1, 308-2, 403-3, 403-4, 414-1, 414-2

1.6.3   Traceability and transparency

INTENT	METRIC
Ensure a suitable traceability and transparency system that enables the identification of product lots and their relation to batches of raw materials, components & parts, processing up to the delivery records	Degree of implementation of an effective traceability and transparency system to identify every product lot and its relations with raw materials, components & parts, processing, up to the delivery records

An effective traceability system is important to assure an effective Social Responsibility management system.

Traceability allows the identifications of relationships of products with materials, processes and production devices and is crucial for the root-cause analysis of the problems. Traceability enables the handling of potentially unsafe products and, in necessary, their withdrawal.

The traceability system is designed and put in place and traceability records are prepared and maintained for a suitable period, considering applicable rules and regulations (such as UN-UNECE standard).

The traceability effectiveness review can support a continuous improvement and the decrease of the risk level.

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1.6.4   Emergency and preparedness plan [CORE]

INTENT	METRIC
Minimize the consequences of adverse impacts with the definition, communication of emergency and remediation plans for each material ESG aspect	Degree of effectiveness of emergency and remediation plans to reduce the consequence of negative events for each material ESG aspect

A well planned and verified response (i.e.: through simulations) supports the identification of actions for prevention and/or mitigation of consequences.

Irrespective of the effectiveness of the Social Responsibility system and its results, Responsible Organizations consider the possible occurrence of emergency situations and plan to prevent adverse impact to significant Stakeholders to reduce its consequences.

Awareness of employees and of other interested parties and effective response reduce the risks of all ESG aspects.

Planning of response to possible emergency situation and verification of its effectiveness take into consideration the relevance of the possible emergency situation (probability of occurrence, possible consequences).

Responsible Organizations consider stakeholders' needs and their involvement as appropriate in the preparation and execution of emergency plans.

A well planned and verified response (i.e. through simulations) supports the identification of actions for prevention and/or mitigation of consequences.

GRI 2-25, 403-2

1.7 Performance evaluation

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

INTENT	METRIC
Monitor, measure and analyse the performances on all Social Responsibility aspects and ESG risks	Degree of completeness, accuracy, and reliability of the approach to monitoring, measurement, analysis, and evaluation of the performances of Social Responsibility impacts and ESG risks

In any Organization monitoring is the way to assess the adequacy of the Social Responsibility management system and processes to the established SR objectives as indicated in the scope and developed in the Social Responsibility strategy.

Measurement and analysis of results is crucial, starting from the definition of proper indicators, targets, and benchmarks through which the effectiveness and competitiveness of the Organization are assessed.

A solid monitoring system requires at least:
- the definition of what, how and when has to be monitored
- the relevance and the priorities of monitoring, related to level of risks and relevance derived from the Materiality
- the definition of appropriate Key Performance Indicators with objectives, targets and benchmarks related to the operative environment
- a systematic review of the monitoring system.

GRI **GRI 3-3(e), 203-2, 403-2(d), 403-9, 403-10**

1.7.2 Internal Audit & Due Diligence [CORE]

INTENT	METRIC
Periodically assess the management system compliance with the defined requirements and its performance against the planned objectives	Effectiveness of the approach to the planning and conduction of the internal audit and due diligence

To control the coherence between the policies and the management system for Social Responsibility and its effective implementation (specific attention paid to the risks' mitigation), Responsible Organizations manage internal auditing activities and plan, with a clear definition of responsibilities to ensure competencies and independency and covering all processes and functions capable of affecting Social Responsibility management system.

Appropriate frequency and approach are implemented according to the context and risks.

Plans, results, and consequent actions are properly documented and regularly reviewed.

1.7.3 Management Review

INTENT	METRIC
Review the effectiveness of the Management System implementation and the performances achieved on all material aspects and ESG risks to identify opportunities for improvement	Degree of effectiveness of the management review to evaluate the Social Responsibility Management System implementation and of the performances, with respect to the established objective and strategies

The management review, at proper defined intervals, allows the verification of the adequacy and the effectiveness of the Social Responsibility management system to reach the intended results consistent with the Social Responsibility strategy.

A sound management review includes proper inputs and outputs and has adequate level of participation at the top management of the Organization.

In Responsible Organizations the outputs of the management review indicate actions, projects, responsibilities, and resources to improve the adequacy of the SR management system and to reduce the related ESG risks.

1.8   Improvement

1.8.1   Non-conformity and corrective action

INTENT	METRIC
Manage occurred events and non-conformities that may result into adverse impacts reacting in a timely manner and removing the cause in order that it does not recur or occur elsewhere	Degree of deployment and improvement to the non-conformity, corrective actions, and improvement actions approach regarding all material aspects

Non-conformities (included claims and complaints) can arise in any process related to Social Responsibility management system, and the organization demonstrate its engagement promptly implementing actions to remove the issue (correction) and to prevent the reoccurrence (corrective actions).

It requires a clear process of control, root-cause analysis and a timely corrective action implementation.

The analysis of non-conformities is used to identify possible necessary change of Social Responsibility management system and processes.

GRI **GRI 403-2(d)**

1.8.2   Continual improvement

INTENT	METRIC
Continual improvement of the Social Responsibility Management Systems and ESG aspects performances to meet stakeholders need and exceed their expectations	Degree of effectiveness of the improvement process of the Social Responsibility Management System and of the ESG performances

Irrespective of the achieved results in terms of risk mitigation and prevention measures, Responsible Organizations evaluate further improvements of its Social Responsibility management system. This can be motivated by:

- necessity to maintain and increase its competitiveness
- growing and more severe legal requirements
- growing attention of Stakeholders towards ESG aspects
- availability of new and high-performance technologies.

The scope of the Organization, the needs and expectations of Stakeholders and the cost/benefit ratio guide the definition of priorities and resources to commit to different potential improvements.
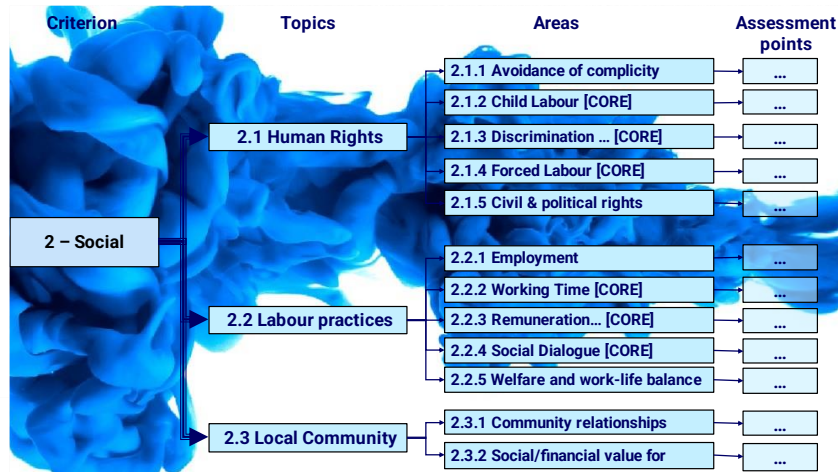
2 - SOCIAL

2 Social

Responsible Organisations minimize the risks of adverse impacts related to:
- a) Human Rights
- b) Labour Practices
- c) Local Communities

that can affect their employees, workers, and other significant Stakeholders

Responsible Organisations minimize the level of exposure to risk of adverse impacts due to human rights and labour practices issues in their operations and in the supply chains by:

- **Embed responsible business conduct into policies and management systems**
  - Periodically engaging internal and external stakeholders and addressing every area of human rights and labour practices.
  - Proactively engaging with standard setters to improve the social aspects.
  - Assuming responsibility for the social impacts caused by processes, products and services
- **Identify and treat actual and potential adverse impacts associated with the Organization's operations, products, or services**
  - Identifying and treating Human Rights and Labour Practices risks.
  - Implementing specific Social Operating Practices customized and detailed for the sector, location, and size of the organization.
  - Exceeding compliance with applicable laws and regulation (local, national, and international), standards and other specifications where there is evidence that these higher requirements would achieve significantly better protection.
  - Establishing and implementing a risk-based approach.
  - Providing adequate awareness and training for all relevant social matters.
  - Reporting social matters and issues to stakeholders and relevant authorities.
  - Establishing and implementing risk management approaches to prevent adverse impacts caused by human rights and labour practices issues.
  - Adequately enforcing social rules, codes, and standards.
  - Applying responsible sourcing strategies by identifying, evaluating, selecting and monitoring suppliers with regards to their human social aspects and impacts
- **Ceasing, preventing, and mitigating adverse impacts**
  - Implementing improvement plans to cease, prevent and mitigate social risks and impacts.
  - Recording and investigating all social issues in its own operation and in the supply chain.
  - Requesting social third-party assessment and audits.
  - Conducting third-party Due Diligence on suppliers focused on human rights and labour conditions
  - Establishing and implementing appropriate mechanisms for resolving grievances.
  - Engaging in social projects aimed at supporting and advancing human rights issues in regions of concerns
  - Planning and implementing improvement actions to reduce and minimize the level of risk of future adverse impacts due to Human Rights or Labour Practice issues.
- **Tracking implementation and results**
  - Monitoring and measuring results.
  - Establishing applying mechanism for remediation.
  - Assessing and improving the social management system for further risk reduction.

2.1 Human Rights

> Responsible Organisations respect Human Rights and recognize both their importance and their universality in their sphere of influence and along the value chain.
>
> They regard Human Rights as essential to the rule of law and to concepts of social justice and fairness and as the basic underpinning of the most essential institutions of society such as the judicial system.

2.1.1 Avoidance of complicity

INTENT	METRIC
Avoid complicity assisting or staying silent in the commission of wrongful acts that the Organisations knew, or should have known	Degree to which the complicity risk is identified, analysed, and reduced in the selection of customers and any other business partnership and extent of the measures taken to reduce such risk in own operations and the value chain

The purpose of this area is to estimate the level of exposure to risks of complicity in wrongful acts that the organization knows or should know.

Responsible Organizations do not assist and stay silent in the event of contribution or cause to adverse Human Rights impacts, breach of Human Rights independently of State's abilities and/or willingness to fulfil Human Rights obligations, complicity either direct (knowingly assisting in a violation of HR), beneficial (benefiting directly from HR abuses, like toleration action of force, benefitting economically, etc) or silent (failure in raising with the appropriate authorities the question of HR violations).

Responsible Organizations publicly condemn Human Right abuses and engage workers and trade unions in the identification of risks and to implement policies and treatment actions.

They provide awareness and training (employed, contracted or sub-contracted) on avoidance of complicity issues according to standards of Human Rights.

Responsible Organizations exceed minimum requirements by law, regulations and comply with international standards where there is evidence that higher requirements achieve significantly better protection.

Responsible Organizations set appropriate KPIs regarding avoidance of complicity, collect data & trends and report on results

GRI 410-1, 414-1, 414,2

2.1.2 Child Labour [CORE]

INTENT	METRIC
Avoid child labour in its own operations or in its value chain	Degree of exposure, in own operations and the supply chain, to risks of presence of child labour and/or young workers exposed to hazardous work and extent of the measures taken to reduce such risks

This area allows to evaluate the level of exposure to risks related to Child Labour and covers issues regarding minimum age, light work for children, young workers limitations, time limitations, night work.

Responsible organizations implement due diligence policies on issues addressed by the fundamental ILO Convention 5 and 6.

Responsible Organizations ensure the alignment between the results of the materiality assessment and their policies, objectives, risk management and operational controls regarding Child Labour. They engage employees, trade unions and other stakeholders to create awareness of the relevance of Child Labour topics with regards to internationally recognized principles and standards.

Responsible Organizations include Child Labour issues in their sourcing policies and practices.

Responsible Organizations exceed minimum requirements by law, regulations and comply with international standards where there is evidence that higher requirements achieve significantly better protection.

Responsible Organizations set appropriate KPIs regarding Child Labour, collect data & trends and report on results.

GRI 408-1, 414-1, 414-2

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2.1.3   Discrimination, equal opportunities [CORE]

INTENT	METRIC
Avoid discrimination of vulnerable persons and/or groups and facilitates effective equality of opportunity and treatment in its own operations and its value chain	Level of exposure to risks related to discrimination practices and extent of the actions taken to reduce such risks in own operations and the value chain

The purpose of this area is to estimate the level of exposure to risks related to Discrimination, Vulnerable Groups and Unequal Opportunities and treatment.

Responsible Organizations implement due diligence policies on issues addressed by the fundamental ILO Convention 8.

Discrimination may refer to race, colour, gender, 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 opinion.

Responsible Organizations evaluate any potential or actual threatening, abusive, exploitative, or sexually coercive behaviour including gestures, language, and physical contact, in the workplace.

Issues regarding discrimination are considered in the materiality assessment and are aligned with policies, objectives, risk management and operational controls.

Responsible Organizations engage workers and trade unions and create awareness of Equal Opportunities, harassment, and violence as well as available mechanisms to raise complaints within and outside of the workplace.

They promote and implement equal opportunities and treatment in hiring, remuneration, access to training, promotion, termination or retiring prospective and prohibit and punish any abuse and incorrect behaviour.

Responsible Organizations set appropriate KPIs regarding Discrimination and Equal Opportunities, collect data & trends and report on results.

GRI **GRI 202-1 401-1, 401-2, 401-3, 404-1, 404-3, 405-1(b), 405-2, 406-1, 414-1, 414-2**

2.1.4   Forced Labour [CORE]

INTENT	METRIC
Avoid Forced Labour either in its own operation or in the value chain	Degree of exposure to risks of incidents for Forced or Compulsory Labour in own operations and in the value chain and extent of the measures taken to reduce such risks

This area focuses on the level of exposure to risks related to Forced Labour practices.

Responsible organizations implement Due Diligence policies on issues addressed by the fundamental ILO conventions 3 and 4.

Forced Labour includes prison labour, restriction to leave the workplace, retention of original documents, payment of deposits, withhold part of any personnel's salary, or benefit or property, freedom of leaving the workplace premises after completing the standard workday, restrictions in contract termination, forced overtime and human trafficking.

Responsible Organizations consider Forced Labour when engaging Stakeholders and conducting materiality assessment. They align their policies and objectives with existing initiatives implemented by government and civil society organisations to tackle Forced Labour.

They engage workers and trade union and cooperate with governments, stakeholders, international organization and credible institutions operating on-the-ground to identify higher-risk activities and sourcing areas.

They provide awareness and training aligned with international standard regarding Forced Labour.

Transparent complaint and remediation mechanisms is assured, along with the punishment of abuses.

Responsible Organizations include "Forced Labour" in the sourcing policies and practices.

Responsible organizations set appropriate KPIs regarding Forced or Compulsory Labour and collect data according to international standards.

GRI **GRI 409-1, 414-1, 414-2**

2.1.5   Civil and political rights

INTENT	METRIC
Ensure individual civil and political rights in own operation and in the value chain	Degree of exposure to risks related to workers' civil and political rights limitation within the organization and its value chain and extent of the measures taken to reduce all forms of such limitations

This area addresses the need to preserve and enhance civil & political rights according to ILO recommendations.

Responsible Organizations recognize civil and political rights (the rights to life of individuals with dignity; right to security; right to own property; right to liberty and integrity of the person; freedom of opinion and expression; freedom of assembly and association; freedom of religion; freedom from arbitrary interferences with family and the right to privacy; freedom to seek, receive and impart information; free access to due process and the right to fair hearing before any internal disciplinary measure is taken; right to access to public services; right to take part in election).

Responsible Organizations consider civil and political rights when engaging Stakeholders and conducting materiality assessment and align their policies, objectives, risk management and controls accordingly.

Responsible Organizations, prohibit and punish any abuse, provide awareness on topics related to civil and political rights and partner with trade unions and civil society to define appropriate remediation mechanisms.

Civil and political rights are included in the organization sourcing policies and practices and contractual obligations are established for suppliers and subcontractors.

In general, Responsible organization promote employment, employment development and advancement of the host country, if operating internationally.

Responsible organizations set appropriate KPIs regarding Civil and Political Rights, and collect data according to international standards.

GRI **GRI 407-1, 411-1, 414-1, 414-2**

2.2   Labour practices

Responsible Organisations respect labour practices and do not treat workers as a factor of production and subjected to the same market forces that apply to commodities.

2.2.1   Employment and employment relationships

INTENT	METRIC
Ensure the social protection rights (transparency in the employment framework, illness and accident insurance, retirement, unemployment insurance, etc.) in its own operation and in the value chain	Degree of exposure to risks of incidents due to breaches of legal responsibilities for employees and social protection rights in own operations and in the value chain, and extent of the measures taken to reduce such risks

The purpose of this area is to evaluate the level of exposure to risks related to employment relationships (clear framework on recruitment terms; disciplinary and grievances procedure; transfer or relocation terms; termination procedures; training and skill development; condition of work; workers legal recognition; contracting arrangements and obligations by law on social security; secure employment; timely information; arbitrary dismissal; workers' privacy protection).

Responsible Organizations consider employment relationships when engaging Stakeholders and conducting materiality assessment and align their policies, objectives, risk management and controls accordingly.

Responsible Organizations facilitate the employment relationships by the mean of workers and trade union engagement, awareness and training initiatives and transparent complaint and remediation mechanisms.

Responsible Organizations include aspects relating to "employment relationships" in their sourcing policies and practices and exercise due diligence in supervising contractors and intermediaries according to the UDHR and relevant ILO labour standards.

Responsible organizations set appropriate KPIs regarding employment relationships (such as People Satisfaction Index, etc.), collect data & trends and report on results.

GRI   **GRI 2-30, 201-3, 401-2, 402-1, 414-1, 414-2**

2.2.2   Working Time [CORE]

INTENT	METRIC
Ensuring the respect of working time either in its own operation or in the value chain	Degree of exposure to risks of violation of working time regulation and international labour standards in own operations and the value chain and extent of the measures taken to reduce such risks

The working time is addressed by several international labour standards (e.g.: ILO convention n.1, 14, 47, etc) and affect deeply the life of workers. Issues regarding working time include breaks, rests, leaves and holidays; work week; voluntary overtime work; personal sick and annual leaves; annual leave taking and restrictions; maternity and paternity leave; breastfeeding breaks; calculation of absence; protected workers regulation on hours of work; calculation of day off; observance of national or religious traditions.

Responsible Organizations consider working time issues when engaging Stakeholders and conducting materiality assessment, aligning their policies, objectives, risk management and controls accordingly.

Responsible Organizations share working time policies by involving workers and trade unions.

They establish transparent complaint and remediation mechanisms and adopt prompt and independent investigation in case of complaints.

Working time aspects are included in their sourcing policies and practices.

Responsible organizations set appropriate KPIs regarding employment relationships (such as People Satisfaction Index, etc.), collect data & trends and report on results.

GRI   **GRI 414-1, 414-2**

2.2.3   Remuneration and Wages [CORE]

INTENT	METRIC
Ensuring compliance with rules and international guidelines on remuneration and wages and approaches to support decent standards of living either in own operation or in the value chain	Degree of exposure to risks of violation of national and international rules and standards regarding remuneration and wages in own operation and the value chain and extent of the measures taken to reduce such risks

Responsible Organizations ensure decent remuneration and wages level, beyond provisions established by law.

Responsible Organizations implement due diligence policies on issues addressed by the fundamental ILO convention 7.

Issues considered in this area include equal compensation; direct payment of salary; overtime compensation; sufficient wage and living wage; multiple rates for minimum wages; compensation rate per piece; workers living on-site; traceable payments; late payment of salaries; disciplinary restrictions and deductions; social protection; completeness and accuracy of information regarding remuneration and wages.

Responsible Organization complete the risk analysis considering vulnerable groups like migrant, informal, young workers and illiterate or low-education workers.

Remuneration and wages issues are topics of the Stakeholders engagement and materiality assessment. Responsible Organizations align their policies, objectives, risk management and controls according to the results of the materiality.

Responsible organizations involving workers and trade unions, provide workers with clear information in the payroll and include aspects of "remuneration" in their sourcing & purchasing policies and practices.

Responsible organization set appropriate KPIs regarding remuneration and wages, collect data & trends and report on results.

GRI 202-1, 405-2, 414-1, 414-2

2.2.4   Social Dialogue [CORE]

INTENT	METRIC
Ensure social dialogue either within the Organization or in the value chain	Degree of exposure to risks of violation of social dialogue in own operations and the value chain and extent of the measures taken to reduce such risks

Responsible Organization are proactively committed to establish and improve positive social dialogue with workers.

Responsible Organizations implement due diligence policies on issues addressed by the fundamental ILO conventions 1 and 2.

Issues related to social dialogue include: enforcement of legal protections for workers; protection of civil and political liberties; right to collective bargaining; prohibitions on bargaining, or strikes banning; threats to collective bargaining; intimidation of workers and anti-union behaviour; discrimination of union members; missed recognition of organisations representing workers; changes in operation without preliminary information of workers; employers' dominated workers representatives; employer interference; systemic or organised employer opposition and hostility to trade unions; deduction of union dues and other fees; rights of minority Unions and their members; use of short-term contracts and other forms of casual contracts and informal employment to reduce the ability of workers to organise.

Responsible Organizations consider social dialogue aspects when engaging Stakeholders and conducting materiality assessment, aligning policies, objectives, risk management and controls accordingly.

Responsible Organizations establish an open and systematic dialogue with workers representatives and trade unions, recognize freedom of collective bargaining and assure awareness programs and remediation mechanisms.

Responsible Organizations include "social dialogue" issues in their sourcing & purchasing policies and practices.

Responsible organization set appropriate KPIs regarding Social Dialogue, collect data & trends and report on results.

GRI 407-1, 414-1, 414-2

2.2.5 Welfare and work-life balance

INTENT	METRIC
Harmonize workers' working and private lives and provide welfare practices	Degree of welfare and work-life balance policies implementation that generates positive impact on the relationships between Organization and workers in own operation and the value chain

Responsible Organization are proactively committed to establish a positive welfare approach to improve workers' happiness which ultimately brings to worker's loyalty and devotion and positive brand image.

Issues related to company welfare can include contributions to workers and their families for education and assistance, contributions for loans, contribution for health assistance and supplementary pension, fringe benefits, social activities.

Responsible Organization are aware that a positive work-life balance can generate a more peaceful approach to the work activity, a less conflicting atmosphere and a safer ambience. Examples of possible work-life balance initiatives: flex time, support to maternity and paternity, smart or home working, sabbaticals, etc.

Responsible Organizations consider welfare and work life balance when engaging Stakeholders and conducting materiality assessment, and align policies, objectives, risk management and controls accordingly.

Responsible Organizations establish an open and systematic dialogue with workers representatives to define welfare and work balance initiatives and implement indicators to verify the appreciation and effects of them.

GRI 403-6, 414-1, 414-2

2.3 Local Community

Responsible Organisations develop and maintain effective relationships with community (at local, national or international level) and relevant community stakeholders to generate mutual value and to reduce risks of conflicting interests.

2.3.1 Community relationships

INTENT	METRIC.
Establish productive relationships and dialogue to build mutual value and to minimize misalignment that could generate risks for the Organization	Degree of exposure to risks due to divergent interests between the Organization and its local community in own operations and the value chain, and extent of the measures taken to reduce such risks

The purpose of this area is to verify initiatives and projects of the organization having positive and productive relationships with local community to generate shared value.

Organization's activities and infrastructure can have significant economic, social, cultural and / or environmental impacts on local communities. In addition to environmental impacts (see GIF Environment criterion) several and consistent are the other impacts deriving from economic, social and cultural relations. A negative impact can constitute a risk for the organization's strategies, while a positive impact can help the achievement of goals.

The positive relationship with the organization requires constructive sharing of interests and objectives. The contribution from the organization to the community, also through specific initiatives and projects, can generate shared value and minimize risks for the organization.

Accurate stakeholder identification and engagement allows Responsible Organizations to incorporate expectations into projects of mutual interest and mutual benefit. Establishing lines of communication and systematic contacts, open communication and sharing of relevant strategies can allow generation of shared value and interdependencies.

The relevance of the relationships with the local community is evaluated by the organization during the Materiality assessment and related priorities are accordingly defined. Shared value creation actively engages and involves leaders who define specific strategies, policies and objectives and monitor their effectiveness.

Appropriate KPIs regarding community relationships, can collect results on community relationships.

GRI 202-2, 203-1, 204-1, 411-1, 413-1, 413-2

2.3.2   Social/financial value for community

INTENT	METRIC
Generate value for the community through financial /non-financial contributions and projects	Degree of exposure to risks due to poor contribution of the Organization to support local communities needs

Responsible Organizations support economic prosperity and sustainable development for the local community through financial and non-financial contribution including:

- job growth and capacity building
- productivity
- business attractiveness
- liveability, wellbeing, and wealth for the community
- inclusiveness

Responsible organization support vulnerable groups with economical solutions as well as facilitate inclusion and support diversity. Responsible Organizations set appropriate KPIs regarding the waste management, collect data & trends on the amount and significant and type of waste establishing a baseline and reporting results.

GRI 203-1, 413-1, 413-2

3 - SAFETY

3   Safety

Responsible Organisations promote and maintain the highest degree of physical, mental, and social well-being of workers and the prevention of harm to health caused by working conditions. They protect workers from risks to health & safety and adapt the occupational environment to their physiological and psychological needs.
Health and safety concerns arise over dangerous facilities, equipment, processes, practices, and substances (chemical, physical and biological).
Responsible Organizations minimize any risk of adverse impacts related to Health and Safety

This criterion aims to verify the exposure level to health and safety risks.
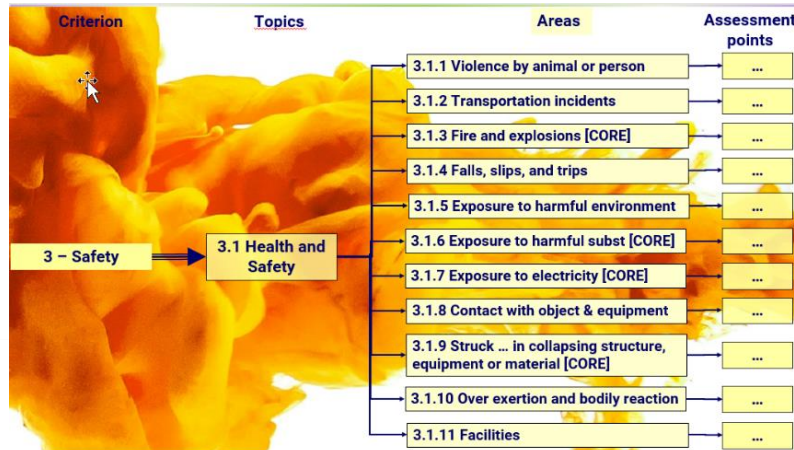
Responsible Organisations minimize the level of exposure to risk of adverse impacts due to occupational health and safety in their operation and the supply chain by:

- **Embed responsible business conduct into policies and management systems**
  - Periodically engaging stakeholders to obtain information concerning the best practices used to minimize H&S risks.
  - Appointing a responsible person/committee to manage safety risks and competent persons appointed to manage specific risks. They consult employees and workers on risks related to their work and refuse any work that is reasonably considered to pose an imminent danger to their people life or safety. They seek outside advice from workers' and others who have expertise.
  - Adopting a the two-way communication approach that enables to define the safety priorities to be considered in the materiality matrix. Responsible Organization ensure the alignment among materiality matrix, H&S policy, KPIs and objectives. The safety policy includes the goal of exceeding compliance with applicable laws.
- **Identify and assess actual/potential adverse impacts associated with the Organization's operations, products or services**
  - Understanding and systematically implementing an approach to avoid H&S risks and impacts from processes, products, and services.
  - Identifying the sources of H&S risks, analysing the risk, evaluating the likelihood and consequence, and treating risks according to the hierarchy of controls: elimination, substitution, engineering controls, administrative controls, work procedures and PPE.
  - Involving workers and other stakeholders to identify and evaluate safety risks and internally communicate information about the safety requirements and practices workers should always follow.
  - Providing adequate awareness and training for all relevant H&S risks
  - Implementing responsible sourcing strategies by identifying, evaluating, selecting and monitoring suppliers taking into consideration their safety strategies. They prefer products or services, making use of independent and reliable third party verified MDS (Material Data Sheets) and other safety certifications.
- **Track implementation and results**
  - Identifying suitable KPIs and establishing a baseline to describe the current trends of H&S incidents, accidents and near misses
  - Recording and investigating, with the involvement of workers, on any incident, accident and near miss to minimize or eliminate the probability of their reoccurrence
- **Cease, prevent and mitigate adverse impacts**
  - Preparing adequate emergency and preparedness plans to prevent incidents and accidents and manage emergencies.
  - Allocating adequate resources (financial, people, etc.) to implement such plans for constantly improving the risk profile and prevent future adverse impacts.

3.1   Health and Safety risks

3.1.1   Violence by animal or person

INTENT	METRIC
Minimize the risk that an injury or illness results from violence or other injuries by persons or animals	Degree of exposure to risks of injury or illness resulting from violence by persons or animals and extent of the measures taken to reduce such risks

The purpose of this area is to evaluate the risks related to injury or illness caused by violence or other injuries by persons or animals.

The risk evaluation considers:
- Intentional injury by person or by oneself (shooting; stubbing/ cutting/slashing/ piercing; hitting/kicking/beating/ shoving; strangulation; rape/sexual assault; violent act; self-inflicted injury)
- Unintentional (or intent unknown) injury by person: unintentional injuries or injuries resulting from direct physical contact with others
- Animal and insect-related incidents: bites and stings (bees, wasps, hornets, jelly fish, spider, scorpion, venomous snake, etc); nonvenomous insect bite (mosquito tick and flea, nonvenomous snake); other animal bites nonvenomous (cats, dogs, etc.).

The responsible Organizations consider all the issues relating to violence by animals or people in their policies and supply and purchase practices.

Responsible Organizations set appropriate KPIs regarding the waste management, collect data & trends on the amount and significant and type of waste establishing a baseline and reporting results.

GRI 403

3.1.2   Transportation incidents

INTENT	METRIC
Minimize the risk that an injury or illness results from transportation incidents	Degree of exposure to risks of injury or illness resulting from transportation incidents and extent of the measures taken to reduce such risks

This area evaluates the level of exposure to risk related to transportation.

The risk evaluation considers, among others:
- aircraft incidents,
- rail vehicle incidents,
- non-motorized vehicle transportation incidents,
- pedestrian vehicular incidents,
- water vehicle incidents,
- roadway incidents involving motorized land vehicle,
- non-roadway incidents involving motorized land vehicles.

Responsible organizations consider all the issues related to transportation incidents in their sourcing and purchasing policies and practices.

Responsible Organizations set appropriate KPIs regarding the waste management, collect data & trends on the amount and significant and type of waste establishing a baseline and reporting results.

GRI 403

3.1.3 Fire and Explosions [CORE]

INTENT	METRIC
Minimize the risk that an injury or illness results from an explosion or a fire	Degree of exposure to risks of injury or illness resulting from fire and explosion and extent of the measures taken to reduce such risks

This area focuses on risks of injury or illness caused by fire & explosions.

It includes cases in which the person falls or jumps from a burning building, inhales a harmful substance, or is struck by or struck against an object as a result of an explosion or fire.

The risk evaluation considers:
- all combustible and flammable sources (fuel sources; heating sources; electrical, mechanical, cooking activities, hot works, smoking, sun) in the proximity of combustible or flammable material (paper, packaging, wood, furniture, highly oil, paints, chemicals, flammable liquids, and gases)
- ignition sources (such as hot works, electrical equipment, portable tools and heaters; welding equipment);
- oxygen sources and heating sources (electrical, mechanical, cooking activities, hot works, smoking); handling, using or storing gas cylinders and other oxidising substances
- all processes in use, handling, storage, of fire sources
- all flammable or explosive chemicals
- cooking operations that produce grease laden vapours without suitable ventilation and a fire protection system.

Responsible organizations consider all the issues related to fire and explosion in their sourcing and purchasing policies and practices.

Responsible Organizations set appropriate KPIs regarding the waste management, collect data & trends on the amount and significant and type of waste establishing a baseline and reporting results.

GRI 403

3.1.4 Falls, slips, trips

INTENT	METRIC
Minimize the risk that an injury or illness results from slip or trip with or without fall, fall on the same level, falls, and jumps to lower levels	Degree of exposure to risks of injury or illness resulting from falls, slips, trips and extent of the measures taken to reduce such risks

This area is designed to assess the level of exposure to injuries due to falls, slips or trips.
- The risk evaluation considers: falls on the same level
- falls and
- jumps to lower levels
- trips that occur when the injured worker makes contact with uneven surface or obstruction
- Slips that generally occur on flat, smooth, or slippery surfaces.

Responsible organizations consider all the issues related to falls, slips and trips in their sourcing and purchasing policies and practices.

Responsible Organizations set appropriate KPIs regarding the waste management, collect data & trends on the amount and significant and type of waste establishing a baseline and reporting results.

GRI 403

3.1.5 Exposure to harmful environment

INTENT	METRIC
Minimize the risk that an injury or illness results from a condition or substance in the work environment	Degree of exposure to risks of injury or illness resulting from harmful environment and extent of the measures taken to reduce such risks

This area focuses on the exposure to events in which the injury results from a condition in the work environment.

The risk evaluation considers all sources of harmful environment:
- noise
- ionizing and non-ionising radiation
- extreme temperatures
- artificial humidification
- oxygen deficiency
- exposure to traumatic or stressful events and work-related stress.

They reduce the risk avoiding or reducing exposure, providing technical solutions, securing appropriate conditions and clothing & PPE, providing workers with awareness and health surveillance.

Responsible organizations consider all the issues related to harmful working environment in their sourcing and purchasing policies and practices.

Responsible Organizations set appropriate KPIs regarding the waste management, collect data & trends on the amount and significant and type of waste establishing a baseline and reporting results.

GRI 403

3.1.6 Exposure to harmful substances [CORE]

INTENT	METRIC
Minimize injury or illness resulting from use of drugs and alcohol, inhalation of harmful substances, ingestion (swallowing) of substances, exposure to harmful substances through skin eyes or other exposed tissue by absorption	Degree of exposure to risks of injury or illness resulting from harmful substances and extent of the measures taken to reduce such risks

The purpose of this area is to estimate the level of exposure to events in which the injury or illness results from harmful substances.

The risk evaluation considers hazardous and harmful substances like:
- chemical agents
- biological agents
- infectious agents
- harmful substances
- banned chemicals
- specific agents (asbestos, viruses, carbon monoxide, cement, legionella, Leptospira, dust, wood dust, silica),
- fumes.

Responsible organizations consider all the issues related to harmful substance in their sourcing and purchasing policies and practices.

Responsible Organizations set appropriate KPIs regarding the waste management, collect data & trends on the amount and significant and type of waste establishing a baseline and reporting results.

GRI 403

3.1.7 Exposure to electricity [CORE]

INTENT	METRIC
Minimize injury or illness resulting from contact with electricity including lightning and both direct and indirect exposure to electricity	Degree of exposure to risks of injury or illness resulting from contact with electricity and extent of the measures taken to reduce such risks

This area evaluates the level of exposure to the events in which the injury or illness results from direct or indirect contact with electricity.

The risk evaluation considers all sources of risks such as electrical layout drawings, electrical wires and cables, service shafts and bus duct, substations, equipment and accessories, switches, switchboards and metal clads, standby power, lightning protection, protection of circuits, earthing, exposure to heat, moisture, and water, and resistance to fire & flame propagation.

Responsible organizations consider all the issues related to exposure to electricity in their sourcing and purchasing policies and practices.

Responsible Organizations set appropriate KPIs regarding the waste management, collect data & trends on the amount and significant and type of waste establishing a baseline and reporting results.

GRI 403

3.1.8 Contact with objects and equipment

INTENT	METRIC
Minimize injury or illness resulting from the contact with objects or equipment	Degree of exposure to risks of injury or illness resulting from the contact with objects or equipment and extent of the measures taken to reduce such risks

The purpose of this area is to estimate the level of exposure to injuries produced by contact between the injured person and the source of injury.

The risk evaluation considers injury or illness produced by needle stick, forcible contact or impact by object or equipment, forcible contact or impact against object or equipment, compression by equipment or object, rubbing or abrasion by friction or pressure, rubbing or abrasion by vibration

Responsible Organization include issues related to contact with object or equipment in their sourcing and purchasing policies and practices.

Responsible Organizations set appropriate KPIs regarding the waste management, collect data & trends on the amount and significant and type of waste establishing a baseline and reporting results.

GRI 403

3.1.9 Struck, caught, or crushed in collapsing structure, equipment, or material [CORE]

INTENT	METRIC
Minimize injury or illness of a person, or part of a person's body, is squeezed, pinched, compressed, or crushed in landslides, cave-ins, collapsing structures, or other collapsing materials	Degree of exposure to risks of injury or illness resulting from a person, or part of a person's body, squeezed, pinched, compressed, or crushed in landslides, cave-ins, collapsing structures, equipment or materials and extent of the measures taken to reduce such risks

This area evaluates the level of exposure to events in which the injury or illness results from collapsing structure, equipment, or material. The risk evaluation considers excavation or trenching cave-in, collapsing temporary or permanent structure, collapsing material.

Responsible Organization provide workers and employees with awareness, training, and suitable PPE.

Responsible Organizations include issues related to collapsing structure, equipment or material in their sourcing and purchasing policies and practices.

Responsible Organizations set appropriate KPIs regarding the waste management, collect data & trends on the amount and significant and type of waste establishing a baseline and reporting results.

GRI 403

3.1.10 Over exertion and bodily reaction

INTENT	METRIC
Minimize injury or illness resulting from free bodily motion, from excessive physical effort, from repetition of a bodily motion, from the assumption of an unnatural position, or from remaining in the same position over a period	Degree of exposure to risks of injury or illness resulting from over exertion and bodily reaction and extent of the measures taken to reduce such risks

This area estimates the exposure level to a variety of risks related to the work position and motion of workers.

The risk evaluation considers:

- work type
- ergonomic
- space constraints
- illumination
- overexertion (lifting/lowering, single or repetitive actions of pushing/pulling/turning, holding/carrying or wielding, throwing or catching)
- repetitive motion (typing, key entry, texting or mousing, repetitive use of tools, repetitive grasping, placing or moving objects, repetitive use of hands)
- other types of exertion or bodily reaction.

Responsible Organizations provide workers and employees with awareness, training, and health surveillance.

They treat the risk with suitable illumination and space, ergonomic workplaces, job rotation, recovery time, etc.

Responsible Organizations include issues related to overexertion and bodily reaction in their sourcing and purchasing policies and practices.

Responsible Organizations set appropriate KPIs regarding the waste management, collect data & trends on the amount and significant and type of waste establishing a baseline and reporting results.

GR **GRI 403**

3.1.11 Facilities

INTENT	METRIC
Minimize injury or illness resulting from lacking or poor facilities	Degree of exposure to risks of injury, illness or other diseases resulting from lacking or poor facilities and extent of the measures taken to reduce such risks

An appropriate working environment and atmosphere reduces risks of injuries or illness, facilitates loyalty and reduces turnover.
Facilities take into consideration all physical and psychological needs and requirements of workers
The risk evaluation considers, among others:

- drinking water, toilets and washing facilities, etc.
- sitting facilities, coffee spaces, canteens etc.
- changing rooms, rest rooms or shelters
- first aid appliances, medical and health assistance
- facilities for pregnant women, breastfeeding mothers, etc.

Responsible Organizations provide facilities that take into consideration all physical and psychological needs and requirements of workers.
Responsible Organizations consider all the issues related to working facilities in their sourcing and purchasing policies and practices.

Responsible Organizations set appropriate KPIs regarding the waste management, collect data & trends on the amount and significant and type of waste establishing a baseline and reporting results.
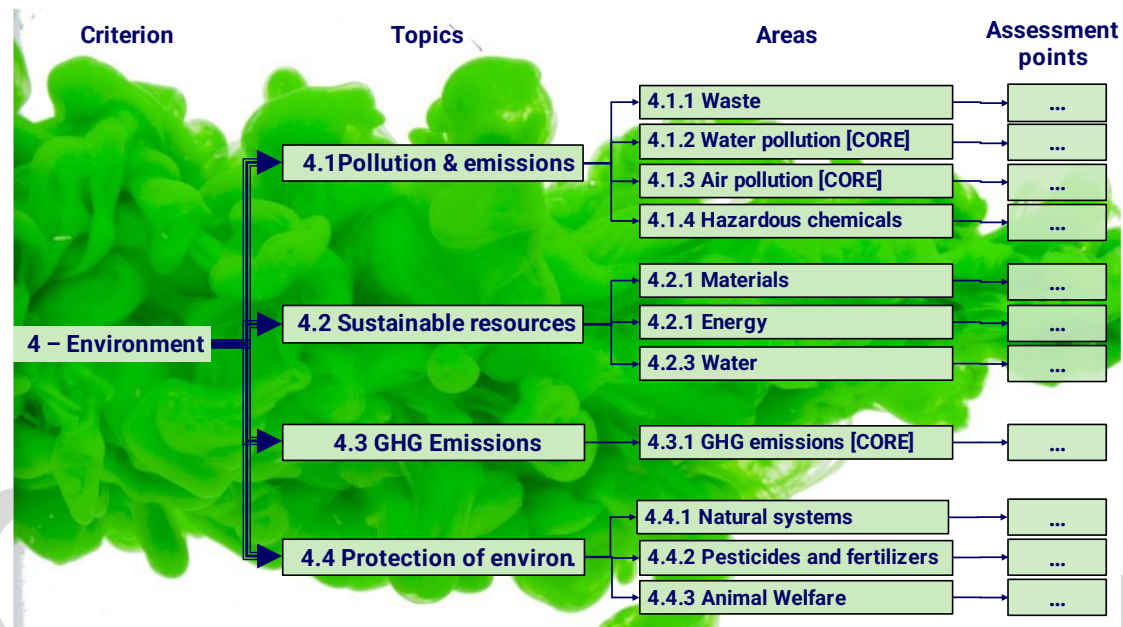
4 - ENVIRONMENT

4   Environment

Responsible Organisations minimize the risk of environmental impacts associated with the use of living and non-living resources, the location of the activities, the generation of pollution and waste, and the implications of activities, products, and services for natural habitats. They identify and implement options to reduce ad eliminate unsustainable volumes and patterns of production and consumption. (ISO 26000 – 6.5.1)

The criterion aims to estimate the exposure level to environmental risks that can affect the following objectives (Regulation EU 2020/852 "Environmental Taxonomy"):
  (a) climate change mitigation
  (b) climate change adaptation
  (c) the sustainable use and protection of water
  (d) the transition to a circular economy
  (e) pollution prevention and control
  (f) protection and restoration of biodiversity.
The criterion also aims to evaluate the "requirements for technical screening criteria" (T) which:
  a) identify the most relevant potential contributions to the given environmental objective while respecting the principle of technological neutrality, considering both the short- and long-term impact of a given economic activity;
  b) specify the minimum requirements that need to be met to avoid significant harm to any of the relevant environmental objectives, considering both the short- and long-term impact of a given economic activity;
  c) be quantitative and contain thresholds to the extent possible, and otherwise be qualitative;
  d) where appropriate, build upon Union labelling and certification schemes, Union methodologies for assessing environmental footprint, and Union statistical classification systems, and take into account any relevant existing Union legislation;
  e) where feasible, use sustainability indicators as referred to in Article 4(6) of Regulation (EU) 2019/2088;
  f) be based on conclusive scientific evidence and the precautionary principle enshrined in Article 191 TFEU;
  g) take into account the life cycle, including evidence from existing life-cycle assessments, by considering both the environmental impact of the economic activity itself and the environmental impact of the products and services provided by that economic activity, in particular by considering the production, use and end of life of those products and services;
  h) take into account the nature and the scale of the economic activity, including:
     i. whether it is an enabling activity as referred to in Article 16; or
     ii. whether it is a transitional activity as referred to in Article 10(2);
  i) take into account the potential market impact of the transition to a more sustainable economy, including the risk of certain assets becoming stranded as a result of such transition, as well as the risk of creating inconsistent incentives for investing sustainably;
  j) cover all relevant economic activities within a specific sector and ensure that those activities are treated equally if they contribute equally towards the environmental objectives set out in Article 9 of this Regulation, to avoid distorting

competition in the market; and (k) be easy to use and be set in a manner that facilitates the verification of their compliance.

- **Embed responsible business conduct into policies and management systems**
  - Periodically engaging stakeholders and addressing every area of environmental issues.
  - Proactively engaging with standard setters to determine environmental priorities
  - Assuming responsibility for the environmental impacts caused by processes, products and services.

- **Identify and treat actual and potential adverse impacts associated with the enterprise's operations, products or services**
  - Identifying and treating environmental risks.
  - Implementing specific environmental operating practices for the sector, location and size.
  - Exceeding minimum requirements by laws (local, national and international) and standards.
  - Implementing a risk management approach to avoid environmental risks and impacts from processes, products, and services.
  - Providing adequate awareness and training for all relevant environmental aspects.
  - Implementing environmental programs based on a life cycle thinking and adopting a product life cycle approach (from raw materials, to production, distribution, consumer use, and disposal of the product by the consume), and examining the product's global impacts.
  - Identifying drivers of environmental impacts and the future impacts of consumer behaviour.
  - Fulfilling customer needs with alternatives options like lease, renting or sharing, product pooling, etc.
  - Adopting clean production, improving maintenance practices, introducing BATs; reducing materials and energy use; using renewable energy; rationalizing the use of water; eliminating or safely managing toxic and hazardous materials and wastes.
  - Adopting precautionary approach: lack of scientific certainty is not a good reason for postponing cost-effective measures to prevent environmental impacts.
  - Internally communicating information about the environmental requirements and practices and providing adequate awareness and training for all relevant environmental issues.
  - Applying responsible sourcing strategies by identifying, evaluating, selecting, and monitoring suppliers considering their environmental impacts.
  - Making use of independent and reliable third party verified environmental claims (ISO 14021), labels (ISO 14024) and declaration such as EPD - Environmental Product Declaration (ISO 14025).

- **Cease, prevent and mitigate adverse impacts**
  - Recording and investigating environmental incidents in operations and in the supply chain.
  - Implementing plans to cease, prevent and mitigate environmental risks.
  - Contributing substantially to climate change mitigation (T).
  - Contributing substantially to climate change adaptation (T).
  - Contributing substantially t the suitable use and protection of water and marine resources, achieving the good status of bodies of water and the good environmental status of marine waters (T).
  - Contributing substantially to the transition to a circular economy, including waste prevention, re-use and recycling (T).
  - Contributing substantially to pollution prevention and control (T).
  - Contributing substantially to the protection and restoration of biodiversity and ecosystem (T).
  - Applying mechanism for remediation.

- **Track implementation and results**
  - Monitoring and measuring results.
  - Assessing and improving the environmental management system for further risk reduction.

4.1 Pollution and emissions

4.1.1 Waste

INTENT	METRIC
Minimize the risks of waste and diver waste streams	Degree of exposure to present or future risks of waste to disposal and extent of the measures adopted to reduce these risks

Responsible Organizations identify the source of waste from processes, products, and services of their operations and evaluate their impacts of the waste generated:

- reducing the quantities of waste (including reuse of products, or extending the product life cycle)
- preparing for reuse (means checking, cleaning, or repairing recovery operations, by which part of products that have become waste are prepared to be re-used without any other pre-processing)
- recycling (any recovery operation by which waste materials are reprocessed into products, materials, or substances whether for the original or other purposes, but not including energy recovery or the reprocessing into materials that are to be used as fuels or for backfilling)
- managing in a proper way the unavoidable waste.

Responsible Organizations prevent waste using the waste hierarchy (Directive 2008/98/EU):
  (a) prevention
  (b) preparing for re-use
  (c) recycling
  (d) other recovery, e.g.: energy recovery and
  (e) disposal

They adopt a life cycle thinking to reduce impacts of products and services throughout their life cycle and apply circular systems according to international standards and systems.

Responsible Organizations take measures before a substance, material or product has become waste, to reduce:
  (a) the quantity of waste, including through the re-use of products or the extension of the life span of products
  (b) the adverse impacts of the generated waste on the environment and human health or
  (c) the content of harmful substances in materials and products.

Responsible Organizations set appropriate KPIs regarding the waste management, collect data & trends on the amount and significant and type of waste establishing a baseline and reporting results.

GRI 306, 308-1, 308-2

4.1.2 Water pollution [CORE]

INTENT	METRIC
Reduce risks due to the use of water pollutants	Degree of exposure to present or future risks of water pollution and extent of the measures adopted to reduce these risks

According to the UN SDG principles, water is a world scarce resource: preservation of it and avoidance of pollutions that could compromise its safe use by people should be a concern for every organization.

"Pollutant" means a substance, vibration, heat, noise, light or other contaminant present in air, water or land which may be harmful to human health or the environment, which may result in damage to material property, or which may impair or interfere with amenities and other legitimate uses of the environment.

The risk evaluation considers, among others:

- the water bodies and related habitats affected by water discharges and/or runoff (size of the water body, related habitat; protected area; biodiversity value, such as total number of protected species),
- the water pollutants and their impacts (improper Sewage Disposal, fertilizer run-off, oil Spills, chemical waste dumping, radioactive waste discharge)
- substances of concerns established according to international rules and criteria
- water pollution directly from the organization's facilities or be caused indirectly by the organization.

Responsible Organizations prevent water pollution through direct, intentional, or accidental discharges into surface water bodies, unintentional runoff to surface water or infiltration to groundwater and properly manage unavoidable water pollutant. They adopt a life cycle thinking and apply circular systems. They set appropriate KPIs regarding the water pollution, collect data & trends on the amount and significant and type of water pollution establishing a baseline and report on results.

GRI 303-1, 303-2, 303-4, 308-1, 308-2

4.1.3   Air pollution [CORE]

INTENT	METRIC
Reduce the risk of emissions of air pollutants	Degree of exposure to present or future risks of air pollution and extent of the measures adopted to reduce these risks

Responsible Organisations minimize the adverse impacts of air pollutants.

"Pollutant" means a substance, vibration, heat, noise, light or other contaminant present in air, water or land which may be harmful to human health or the environment, which may result in damage to material property, or which may impair or interfere with amenities and other legitimate uses of the environment.

The risk evaluation considers, among others:

- the air emissions coming directly from processes, products, services in the organization own operations
- the air emissions coming indirectly by the use or end-of-life handling of its products and services or the generation of consumed energy.

Air pollutants list includes, among others: carbon monoxide (CO); Lead (Pb); Ozone (O_3); nitrogen oxides (NOx); sulphure dioxide (Sox); particulates matter; carbon dioxide; methane; Chlorofluorocarbons; Volatile organic compounds (VOCs); mercury; depleting substances.

Responsible Organizations adopt a life cycle thinking to reduce air pollution impacts and apply circular systems according to international standards and systems.

Responsible Organizations set appropriate KPIs regarding air pollution, collect data & trends establishing a baseline and report on results, included near misses, incidents, and accidents.

GR **GRI 305-6, 305-7, 308-1, 308-2**

4.1.4   Toxic, hazardous chemicals and other sources of pollution

INTENT	METRIC
Reduce any risk of pollution due to toxic and hazardous chemicals and other sources of pollution	Degree of exposure to future risks of pollutants from toxic and hazardous chemicals and other sources of pollution and extent of the measures adopted to reduce these risks

This area focuses on toxic, hazardous chemicals as well as other source of pollution like noise, odors, visual pollution, vibration, radiation, infectious agent, and other biological hazards.

Responsible Organizations identify and evaluate risks resulting from processes, products, and services in their own operations and in their value chain.

Responsible Organizations prevent pollution risks, adopt a life cycle thinking and apply circular systems according to international standards and systems.

They set appropriate KPIs regarding toxic and hazardous chemicals, collect data & trends establishing a baseline and report on results included near misses, incidents, and accidents.

GR **GRI 308-1, 308-2**

4.2   Sustainable Resources

Responsible Organizations minimize the risk level of adverse impact due to resources consumption

4.2.1   Materials

INTENT	METRIC
Reduce the use of virgin natural resources and avoid sending useful materials to landfills	Degree of exposure to present or future risks of consumption of virgin natural resources and the extent of the measures adopted to reduce these risks

Responsible Organizations minimize the exposure level to risks related to consumption of materials and virgin resources that are extracted and processed, as well as the energy used to produce and transport them within the organization and the value chain.

Reduction of material needs a balance between the safety, stability, and durability of products and services. The source of materials is of equal importance, and preference should be given to local ones, provided they are of same type and quality.

The risk evaluation considers:
- the reduction of the total quantity of materials (in weight or volume) used to produce and package the primary products and services
- the improvement of the percentage of reclaimed products and their packaging materials for each product category
- the increase the percentage of recycled or reused content
- the increase the ability to be recycled/reused at the end of life
- the improvement the durability and adaptability of products.

Responsible Organizations improve their contribution to the circular economy systems by designing products for recycling, remanufacturing and refurbishment and creating a close loop system, based on the idea of preserving "virgin" material, reducing waste creation and maximizing waste reuse.

Responsible Organizations set appropriate KPIs regarding material consumption, collect data & trends establishing a baseline and report on results.

They analyse and determine the circularity of their products according to appropriate and recognized indexes.

4.2.2 Energy

INTENT	METRIC
Improve energy efficiency by reducing overall energy consumption and using renewable energy	Degree of exposure to present or future risks of energy inefficiency and energy consumption and the extent of the measures adopted to reduce these risks

The purpose of this area is to estimate the level of exposure to risks linked to the energy efficiency.

'Energy efficiency' means the more efficient use of energy at all the stages of the energy chain from production to final consumption (Regulation EU 2020/852). In particular, energy derived from non-renewable fossil-fuel sources are becoming scarce and organizations should minimize the impact on non-renewable energy.

The risk evaluation considers, among others:
- reduction of energy consumption as a result of conservation and energy efficiency initiatives
- reduction of energy intensity
- reduction of energy requirements of sold products and services
- improvement of the percentage of renewable energy replacing non-renewable energy.

Responsible Organizations set appropriate KPIs regarding energy consumption, collect data & trends establishing a baseline and report on results.

GRI 302, 308-1, 308-2

4.2.3 Water

INTENT	METRIC
Reduce overall water consumption while encouraging the use of greywater, recycled water, and stormwater to meet water needs	Degree of exposure to present or future risks of consumption of potable water and overall water and the extent of the measures adopted to reduce these risks

With a changing climate and increasing population, future water security is uncertain.

It is therefore critical for Organizations to reduce overall water use, particularly potable water. Alternative water sources, such as stormwater runoff, can be captured and reused for many functions without reducing the overall water resource.

Monitoring and studying water availability is an important step in validating whether a community's water consumption is in balance.

Responsible Organizations analyse the interactions with water, including how and where water is withdrawn, consumed, and discharged and the water related impacts the source of processes, products, and services and the water consumption impacts.

The risk evaluation considers:

- analysis of the source of water consumption
- reduction of the water withdrawal
- reduction of the water discharge.

They adopt a life cycle thinking and apply circular systems according to international standards and systems.

Responsible Organizations set appropriate KPIs regarding water consumption, collect data & trends establishing a baseline and report on results.

GRI 303-1, 303-3, 303-4, 303-5, 308-1, 308-2

4.3   Greenhouse gas emissions and climate change

4.3.1   GHG (Greenhouse gas) emissions [CORE]

INTENT	METRIC
Reduce greenhouse gas emissions it its operations and in the value chains to reduce the contribution to climate change	Degree of exposure to present or future risks linked to Green House Gas emissions and the extent of the measures adopted to reduce these risks

The purpose of this area is to assess and evaluate the risks related to GHG emissions.

Responsible Organisations minimize adverse impacts of greenhouse gas emissions and the damages associated with climate change such as floods, drought, or water scarcity, intense cold or heat, the security of other resources critical to human health.

Greenhouse gas from processes, products and services include (Regulation EU 525/2013 - Annex 1):

- Carbon bioxide (CO_2)
- Methane (CH_4)
- Nitrous oxides (N_2O)
- Sulfur hexafluoride (SF_6)
- Hydro-Fluor-Carbon (HFCs)
- Per-Fluor-Carbon (PFCs).

Greenhouse gases absorb and emit infrared radiation and their increase enhances the greenhouse effect causing the Earth's surface and lower layer of the atmosphere average temperature to rise. Greenhouse gases are factored according to their global warming potential (GWP) meaning the total contribution to global warming resulting from the emission of one unit of that gas relative to one unit of the reference gas, CO_2, which is assigned a value of 1.

Greenhouse gas emissions are primarily associated with direct non-renewable energy consumption, transportation fuel consumption, and the embodied energy of products and goods.

In case of unavoidable CO_2 emissions Responsible Organization recur to CO_2 compensation programs.

They conduct scenario analysis and always adopt a life cycle thinking approach integrating climate risk and climate change adaptation into decision strategies.

Responsible Organizations actively manage the "transition risk" defined as "risks to the company that arise from the transition to a low-carbon and climate-resilient economy. They include policy risks, legal risks, technology risks, market risks, and reputational risks. (EU Commission "Guidelines on non-financial reporting").

Responsible Organizations develop a scenario analysis, set appropriate KPIs regarding GHG emissions, collect data & trends establishing a baseline and report on the results.

GRI   GRI 201-2, 305, 308-1, 308-2

4.4   Protection of the environment

Responsible Organisations prevent risks of negative impacts on ecosystems which may result into loss, decrease in abundance, or extinction of species and/or natural habitats, physical alterations to the marine environment, loss of biodiversity or non-sustainable use of wildlife (including overfishing, over hunting or elimination of species in danger of extinction).

4.4.1   Natural systems

INTENT	METRIC
Minimize impacts on natural systems (hydrologic, nutrient cycles, habitats, etc.)	Degree of exposure to present or future risks of impacts on the natural systems caused by the activities, processes and products and its value chain and the extent of the measures adopted to reduce such risks

This area addresses the need to preserve and enhance the eco systems, considered as a dynamic complex of plant, animal, and micro-organism communities and their non-living environment interacting as a functional unit.

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

"Biodiversity" means the variability among living organisms arising from all sources including terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part and includes diversity within species, between species and of ecosystems. (Regulation EU 2020/852).

The risk evaluation considers, among others:

- the promotion and adoption of sustainable fishing, agricultural, and forestry practices
- the protection of biodiversity and ecosystem services
- the sustainable use of land and natural resources
- the enhancing of functional habitats and the protection of hydrologic connections, water quality, aquatic habitat, and sedimentation
- the enhancing of wetland and surface water functions
- the protection and restoring of the ecosystem functions of streams, wetlands, waterbodies, and their riparian areas
- the control of invasive species including non-indigenous or non-native flora, fauna, insects, and aquatic life that adversely affect the habitat or bioregions they invade
- the protection of the soil health including healthy plants and tree growth.

Responsible Organizations adopt a life cycle thinking approach integrating natural system protection into decision strategies.

Responsible Organizations set appropriate KPIs regarding impacts on natural systems, collect data & trends and report on the results.

GRI **GRI 304-2, 304-3, 304-4, 308-1, 308-2**

4.4.2   Pesticides and fertilisers

INTENT	METRIC
Reduce soil pollution by reducing the quantity, toxicity, bioavailability and persistence of pesticides and fertilizers	Degree of exposure to present or future risks due to quantity, toxicity, bioavailability, and persistence of pesticides and fertilizers used, unsuitable selection of plant species and use of integrated pest management techniques in own operations and in the value chain, and the extent of the measures adopted to reduce such risks

This area estimates the level of exposure to soil pollution defined as the top layer of the Earth's crust situated between the bedrock and the surface, which is composed of mineral particles, organic matter, water, air and living organisms (Regulation EU 2020/850).

Pesticides and fertilizers are a major non-point source pollutant. A persistent problem is the over-application of pesticides and fertilizers. They can contaminate runoff and pollute streams, rivers, lakes and groundwaters.

Responsible Organizations reduce or eliminate the use of pesticides and adopt alternative approaches or techniques, which may include non-chemical alternatives to pesticides, (in accordance with Directive 2009/128)

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Responsible Organizations avoid chemicals with concern including, but not limited to ozone-depleting substances, persistent organic pollutants (POPs) and chemicals covered under the Rotterdam Convention.

They chose better-suited plants to grow in a particular climate and condition without fertilizers and to resist pests.

Responsible Organizations identify the pesticides and fertilisers risks in processes, products, and services and analyse impacts within their organization and in the supply chain.

Responsible Organizations set appropriate KPIs regarding impacts due to pesticides and fertilizers, collect data & trends developing a baseline and report on the results.

GRI **GRI 308-1, 308-2**

4.4.3   Animal welfare

INTENT	METRIC
Improve the protection of plant and animal species, genetic diversity, and natural ecosystems	Degree of exposure to present or future risks of negative impacts of activities, products and services on animals and biodiversity of species in own operations and the value chain and the extent of the measures adopted to reduce such risks

The objective of this area is to assess and evaluate the exposure level to risks related to animal welfare.

Responsible Organizations mitigate animal welfare risks in their own processes, products, and services and assess the impacts on animals and biodiversity of species.

The risk evaluation considers, among others:
- the adoption of sustainable agriculture, fishing, animal welfare and the fostering of practices as defined in international leading standards
- the implementation pf humane treatment of farm animals
- the respect of the welfare of animals when affecting their lives and existence
- the guarantee of decent conditions, exceeding the minimum legal requirements, for keeping, breading, producing, transporting, and using animals
- the preservation of animals and avoidance of the global, regional, or local extinction of species
- the stop of the distribution or proliferation of invasive species
- the protection of species and habitats and the adoption of measures to preserve any endemic or endangered species or habitat that may be adversely affected.

Responsible Organizations provide workers and customers with awareness and improve the animal welfare management performance of other organisations within their control or sphere of influence.

Responsible Organizations set appropriate KPIs regarding the protection of plant and animal species, collect data & trends and report on results.

GRI **GRI 304-2, 304-4, 308-1, 308-2**

5 - BUSINESS ETHICS

5   Business Ethics

Responsible Organisations establish and maintain fair relationships with other organisations (Public bodies, partners, suppliers, contractors, competitors, and the associations of which they are members) and use the relationships to promote positive outcomes.

They implement fair and transparent marketing, manage fair contractual agreement and processes, protect consumers' health & safety, contributes to sustainable consumption, provide customers with service, supports complaint and dispute resolution (grievances), protect the security of data and information, and discloses clear and complete information regarding the product use and related risks.
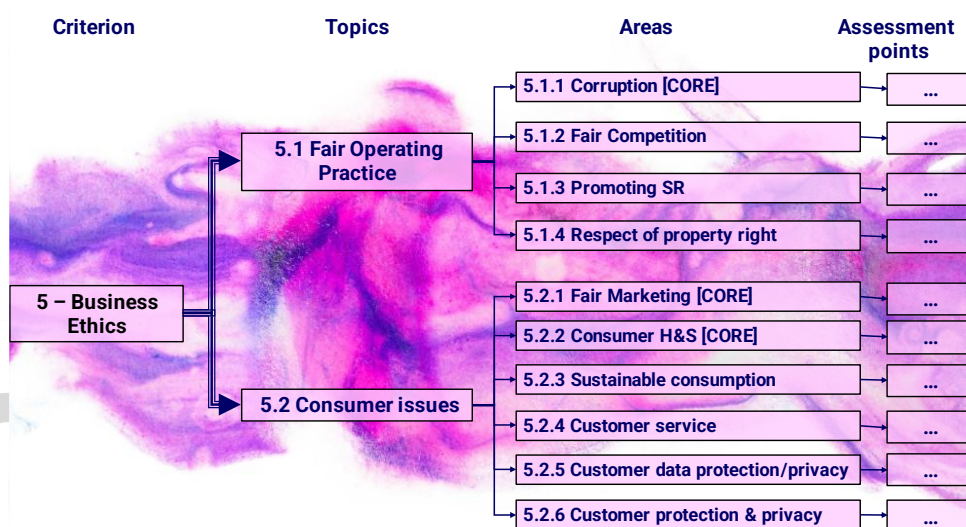
- **Embed responsible business conduct into policies and management systems**
  - Periodically engaging internally and externally stakeholder.
  - Proactively engaging with standard setters to shape the agenda.
  - Assuming responsibility for the business ethics impacts caused by processes, products, and services
- **Identify and assess actual and potential adverse impacts associated with the enterprise's operations, products or services**
  - Identifying and treating business ethics and consumers issues.
  - Implementing specific Fair Operating Practices and Consumer Policies customised and detailed for the sector, location, and size of the organization.
  - Exceeding minimum requirements by laws, regulations, standards, and other specifications where there is evidence that these higher requirements would achieve significantly better fair business practices and consumers' protection.
  - Understanding and implementing a risk-based approach to avoid business ethics risks and impacts from processes, products and services.
  - Providing adequate awareness and training for all relevant business ethics matters.
  - Report business ethics matters and issues to stakeholders and relevant authorities.
  - Sourcing responsibly by applying and promoting ethical conduct in dealing with other organisation such as suppliers, contractors, partners, customers, competitors, governments, and business associations.
- **Cease, prevent and mitigate adverse impacts**
  - Improvement plans (with appropriate resources) to cease, prevent and mitigate the level of exposure to risks of future adverse impacts due to unethical behaviour.
  - Recording and investigating all ethical business issues in its own operation and in the supply chain.
  - Conducting third-party Due Diligence on suppliers focused on ethical business and consumer issues.
  - Establishing and implementing appropriate mechanisms for resolving grievances.
  - Engaging in projects aimed at supporting ethical business and consumers' awareness.
- **Track implementation and results**
  - Monitoring and measuring result.
  - Applying mechanism for resolving grievances.
  - Assessing and improving the Social Responsibility management system for further reduction of risks linked to business ethics and consumer's issues.

5.1 Fair operating practices

Responsible Organisations minimize any risk of adverse impacts due to unfair practices in dealing with other organisations (partners, suppliers, contractors, competitors, associations, etc.).

5.1.1 Corruption [CORE]

INTENT	METRIC
Prevent any abuse of power that generates a personal private advantage or for the company (extortion and corruption)	Degree of exposure to present or future risks of operation assessed for corruption and incidents of corruption in own operations and in the value chain, and the extent of the measures adopted to reduce such risks

This area is designed to assess the level of exposure to risks of bribery and corruption through the definition of a code of conduct and standards of ethical behaviour, the support to people awareness and accountability and an adequate control system.

Responsible Organizations identify corruption and bribery risks in all their processes and functions (Sales & marketing, procurement and contracting, project management, supply chain management, human resources, corporate affairs, facilities and assets management, financial functions, financial trading and services, mergers and acquisitions, safety and quality management, research and development, security, goods inwards and functions where regulatory licenses are required).

The risk evaluation considers, among others:
- establishing and implementing of effective anti-corruption & ethical behavior management systems according to international standards (e.g. ISO 37001)
- support to employees and representatives to eradicate bribery and corruption, and providing incentives for progress
- provision of accounting procedures to ensure the maintenance of fair and accurate books, records and accounts; adopt
- adoption of compliance programs designed to prevent or detect bribery
- adoption of disciplinary measures for violation, at all levels, of laws.

Responsible Organizations encourage employees, partners, and suppliers to report violations of the organization's policies and improve the anti-corruption management performance of other organizations within their control or sphere of influence.

Responsible organizations set appropriate KPIs regarding bribery and corruption, collect data & trends and report on results.

GRI **GRI 205, 206-1, 415-1**

5.1.2 Fair competition

INTENT	METRIC
Avoid unfair competition and anti-competitive behaviour that can harm its reputation and create legal problems	Degree of exposure to present or future risks of unfair competition and anti-competitive behaviour in own operations and the value chain, and the extent of the measures adopted to reduce such risks

The objective of this area is to evaluate the level of exposure to risks related to unfair competition practices.

Responsible Organizations refrain from anti-competitive agreements among competitors and support anti-trust and anti-dumping practices, as well as public policies that encourage competition.

The risk evaluation considers, among others: price fixing, manipulation of competitive bid, exclusive bidding, establishing outputs restrictions or quotas, sharing or dividing markets, predatory pricing, patent and copyright misuse.

They promote employee's awareness of the importance of compliance with competition legislation and fair competition and improve anti-trust and anti-dumping management performance in other organizations within their control or sphere of influence. They are mindful of the social context in which they operate and do not take advantage of social conditions, such as poverty, to achieve unfair competitive advantages.

Responsible Organizations set appropriate KPIs regarding fair competition, collect data & trends and report on results.

GRI **GRI 206**

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5.1.3 Promoting social responsibility in the sphere of influence

INTENT	METRIC
Disseminate the objectives and practices of Social Responsibility in the sphere of influence of the organization	Degree of effectiveness of initiatives for the promotion of Social Responsibility in one's sphere of influence

Responsible Organizations promote wealth and income creation and social investment.

They integrate ESG criteria in purchasing, distribution and contracting policies and practices to improve consistency with Social Responsibility objectives.

Responsible Organizations encourage other organizations to adopt of Social Responsibility policies and investigate on them with a view to preventing compromise of the organisation's commitment to Social Responsibility.

Responsible Organizations set appropriate KPIs regarding Social Responsibility promotion, collecting data& trends and reporting on results.

GRI **GRI 2-28**

5.1.4 Respect of Property Rights

INTENT	METRIC
Protect the Property Rights covering both physical and intellectual property and including interest in land, and other physical assets, copyrights, patents, funds, moral rights, and other rights	Degree of exposure to present or future risks of breaching the property rights in own operations and the value chain, and the extent of the measures adopted to reduce such risks

Responsible Organizations protect intellectual property (copyright, patents, brands, trade secret), consider loss or diminished value of intellectual property as an asset, or diminished licensing or product revenues, as a result of legal findings of invalidity, unenforceability, or non-infringement, or challenges to title or ownership.

They also protect physical property, including interests in land and other physical assets.

Responsible Organizations meet expectation of society, human rights and basic needs of the individual when exercising and protecting its intellectual and physical property rights.

They encourage other Organizations to respect Property Rights and investigate to ensure lawful title permitting use or disposal of property, and to assure fair compensation for property rights to be acquired or used.

Responsible Organizations set appropriate KPIs regarding respect of property rights, collect data & trends and report on results.

5.2   Consumer issues

According to UN Guidelines for Consumer Protection, Responsible Organisations minimize risks related to marketing practices, consumers' Health & Safety, sustainable consumption, dispute resolution and redress, data and privacy protection, and access to essential products, services and education among other matters

5.2.1   Fair marketing, factual and unbiased information, and fair contractual practices [CORE]

INTENT	METRIC
Allow customers to make informed decisions and to compare products/services and avoid unfair marketing, biased information, and unfair contractual practices about products/services	Degree of exposure to present or future risks caused by incorrect information on products/services, labelling, marketing and communication, including advertising, promotion and sponsorship in own operations and the vaue chian, and extent of the measures taken to reduce these risks

This area focuses on marketing practices and related risks.

The risk evaluation considers, among others: deceptive, misleading, fraudulent, or unfair communication practices, incomplete, inaccurate, not understandable, and not verified information and unclear or not transparent contracts.

Responsible Organizations communicate in an open, transparent, complete, understandable, and comparable way and substantiate claims and assertions by providing underlying facts and information.

They avoid text or images that perpetuate stereotyping discrimination with respect to, for example, gender, race, and sexual orientation and do not target vulnerable groups unfairly. They assure transparency in contacts and encourage other Organizations in their sphere of influence to respect fair marketing and fair contractual practices.

Responsible Organizations implement strategies aiming to get ethical claims verified/validated by a third party according to international standards (such as ISO 17033) and prepare and publish Corporate Sustainability Reporting (e.g. Directive 2014/95 and modifications) and get such report certified by an accredited third party.

They set appropriate KPIs regarding fair marketing and fair contractual practices, collect data & trends and report on results.

GRI   GRI 417

5.2.2   Consumers' health and safety [CORE]

INTENT	METRIC
Protect consumers' health and safety avoiding the provision of products and services that are unsafe and that carry unacceptable risk of harm when used or consumed as directed or indicated, or when they are misused in a foreseeable way	Degree of exposure to present or future risks of health and safety negative impacts of product and services on consumers and the extent of the measures adopted to reduce such risks

This area is designed to assess the level of exposure to risks that products or services may create hazards for users and other persons, their property, and the environment, in all normal and reasonably stages conditions of use, and in foreseeable condition of misuse.

Responsible Organizations identify and evaluate risks related to consumers' health and safety, including among others vulnerable groups. They perform product H&S risk assessment before the introduction of new materials, new technologies or production methods and adopt measures that prevent products from becoming unsafe through improper handling or storage while in the care of consumers.

In addition, they create awareness by instructing consumers in the proper use of products and by conveying product safety information with the use of international symbols, wherever possible, in addition to the textual information.

Finally, they provide withdrawal of unsafe products that are still in the distribution chain and recall them using appropriate measures and media.

Responsible Organizations set appropriate KPIs regarding consumers' Health & Safety, collect data & trends and report on results

GRI   GRI 416

5.2.3 Sustainable consumption

INTENT	METRIC
Minimize unsustainable consumption through correct communication to the customer of the sustainability characteristics of the product and of the organization that made it	Degree of exposure to present or future risks of unsustainable and the extent of the measures adopted to reduce such risks consumptions considering the product/service life cycle and the entire value chain (supply and distribution)

This area focuses on the evaluation of risks connected with the unsustainable consumption.

Responsible Organizations promote sustainable consumption by providing transparent information regarding (among others) the country of origin, the environmental features, the social responsibility, the ethical product's characteristics, the ethical claims (according to ISO 17033) and other verified information on products.

They provide customers with traceable information about the social and environmental factors related to production and delivery of their products or services, including information on resource efficiency, where relevant, and embodied energy if applicable. They use a life thinking approach, designing reusable, repairable, recyclable products and, if possible, offering or suggesting recycling and disposal services.

Responsible Organizations make use of verified/validated ethical claims issued by third party bodies, preferably accredited by national accreditation bodies, in compliance with international standards (such as ISO 14021, ISO 14025 ISO 17033 and accredited schemes).

Responsible Organizations promote awareness for sustainable development and lifestyles in harmony with nature and encourage other organizations in their sphere of influence towards a more sustainable consumption.

They set appropriate KPIs regarding sustainable consumption, collect data & trends and report on results.

5.2.4 Customer service, supports, complaints and dispute resolution

INTENT	METRIC
Minimize the violation of consumer rights as well as a waste of money, resources and time derived by products/services that do not provide satisfactory performances	Degree of exposure to present or future risks of issues related to poor customer service, support and complaint and dispute mechanisms and the extent of the measures adopted to reduce such risks

The purpose of this area is to evaluate the exposure level to risks related to customer services, complaints management and dispute resolution.

Responsible Organizations manage claims and complaints and identify the related issues.

The risk evaluation considers, among others:

- lack of accountability
- unfair or non-transparent terms and fees
- barriers to access
- unpredictable time in response to complaints
- lack of experience in handling complaints
- poor warranties and outcomes non-consistent with applicable laws and standards.

They use alternative dispute resolution, conflict resolution and redress procedures that are based on national or international standards, are free of charge or at minimal costs and do not require customers/consumers to waive their rights to see legal recourse.

They improve the customer service management performance of other organisations within their control or sphere of influence.

Responsible Organizations set appropriate KPIs regarding customer service, supports, complaints and dispute resolution, collect data & trends and report on results

5.2.5   Customer data protection and privacy

INTENT	METRIC
Protect the consumer right of privacy by limiting the types of information gathered and the ways in which such information is obtained, used, and secured	Degree of exposure to present or future risks concerning breaches of customer privacy and leaks, thefts, or losses of customer data and the extent of the measures adopted to reduce such risks

This area includes risks related to data collection and protection (data loss, theft, or corruption as well as damages caused in the event of breaches or disaster) and to customers' privacy (collection and handling of sensitive and personal data).

The risk evaluation considers, among others:

- the limitation to the collection of personal data to information that is required by law and essential for the provision of products and services or provided with the informed and voluntary consent of the consumer

- the definition of the purposes for which personal data are collected, either before or at the time of data collection

- the disclose personal data for purposes other than those specified, including marketing, except with the informed and voluntary consent of the consumer or when required by the law

- the provision of the right of verification whether the organisation has data relating to them and to challenge these data, as defined by law. If the challenge is successful, the data are erased, rectified, completed, or amended, as appropriate

- the provision of appropriate security safeguards for data protection (data discovery and classification, data masking, identity access management, data encryption, Data Loss Prevention (DLP), Governance Risk and Compliance (GRC), Password Hygiene, Authentication and authorization, Data Security Audits, Firewalls, Data erasure, etc)

They improve the data protection and privacy performance of other organisations within their control or sphere of influence.

Responsible Organizations set appropriate KPIs regarding data protection and privacy, collect data & trends and report on results.

GRI **GRI 418**

5.2.6   Consumers' education and awareness

INTENT	METRIC
Enhance consumers' education and awareness to raise knowledgeable purchasing decisions and consume responsibly	Degree of exposure to present or future risks caused by improper, incomplete, or null education and awareness to consumers and the extent of the measures adopted to reduce such risks

This area focuses on the evaluation of the missed consumers' education and awareness in the field of responsible consumption.

Responsible organizations identify and assess the risks associated with incomplete, unclear or misleading information in products and services and meet consumer education and awareness needs.

The risk evaluation considers, among others:

- the provision of information regarding consumers' rights on appropriate laws and regulations, ways of obtaining redress, agencies, and organisations for consumer protection

- the provision of clear labels, manuals, and information regarding the product or service

- the creation of awareness on sustainable consumption.

Responsible Organizations set appropriate KPIs regarding consumers' education and awareness, collect data & trends and report on results.

6 GIF Scoring system

The GIF ESG Rating Scheme scoring system **aims to determine the exposure level to risks of future impacts** related to ESG (governance, social, safety, environmental and business ethics) issues.

Unlike a traditional "compliance-non-compliance" binary metric, the GIF ESG Rating Scheme is based on a semi-quantitative scoring system typical of risk assessment approaches.

The Scoring System is designed to reflect, in a quantitative manner (Score:

1. how an effective Governance and Management System has been established, implemented, and reviewed to prevent the ESG risks
2. what is the exposure level to risks that may result into adverse impacts in the organization's operations and its value chain.

The Criterion Governance & Management System constitutes the "Enabler" and the other four Criteria the "Results" (Risk level results). The "Enabler" determines what an organization does about Social Responsibility and how plans to achieve its objectives in term of ESG risk levels.

The "Results" highlight what the organization achieves in terms of exposure to specific risks.

Score per Area:
The first step of the GIF scoring system is the "Score per Area": a score from 5 to 100 is assigned.

The Areas in the Governance & Management System criterion are evaluated according to the PDCA logic: the higher the score, the better the Governance and MS supports the reduction of ESG risks.

The Areas related to the four risk-oriented Criteria (Social, Safety, Environmental and Business Ethics) are based on risk exposure level evaluation: the higher the score, the lower risk exposure level.

Within the GIF ESG Rating Scheme the work "Risk" is used with the meaning of "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).

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Risk = likelihood x consequence

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Therefore, the score represents the exposure level to risks in each Criterion and Area.

Score per Topic:
The score per each Topic is derived by the average score of each Area of that Topic.

Score per Criterion:
The score per each Criterion (Governance and Management System, Social, Safety, Environment and Business Ethics) is derived by the average score of each Area of that Criterion, expressed with 5 levels according to the following table:

Score	Governance and Management System Area	Social /H&S/Environment/Ethics Areas
80-100	**Very good**: All the ESG aspects are covered Complete evidence that the approach is systematically implemented, monitored, reviewed and improved	**Very Low** Very low exposure to both "core areas" and "non-core" risks
60-79	**Good**: All the ESG aspects are covered Clear evidence that an approach is established implemented, and monitored Some evidence of improvement	**Low** Low exposure to "core areas" and moderate exposure to "non-core" areas
40-59	**Adequate**: All the ESG aspects are covered Evidence of formal and systematic approach established and implemented No evidence of review and improvement	**Adequate** Acceptable exposure to "core areas" and exposure to "non-core" areas
20-39	**Poor**: ESG aspects partially covered by the approach Some evidence that the approach is established Sporadic evidence of implementation	**High** exposure to high risks also in "core areas"
0-19	**Very poor**: Only one ESG aspect covered by the approach Poor evidence that the approach is established No evidence of implementation and improvement	**Very high** exposure to catastrophic risks also in "core areas"

Overall scoring

Similarly, the Overall Score is the average of the scores per Criteria and represents the organisation's total exposure level to ESG risks.

The Overall Score assigned during the Due Diligence reflects the extent to which the Organisation has integrated the fundamentals of Social Responsibility into its management system (culture, strategy, processes and results) and the total exposure level to risks of adverse impacts derived from social, safety, environmental and business ethics issues.

The overall **ESG Rating** is expressed with 5 levels according to the following table:

Rating	Risk level	Description
80-100	Very Low	Organization exposed to very low risks in every ESG aspect and capable to monitor and treat them without exposing the Stakeholders to unexpected costs and adverse impacts No specific corrective actions to be planned and implemented
60-79	Low	Organisation exposed to low ESG risks and capable to manage them without exposing the Stakeholders to the most relevant unexpected cost and adverse impacts
40-59	Adequate	Organization exposed to acceptable risks of adverse impacts in every or some ESG aspects but needs to be periodically monitored to prevent any escalation Few and specific corrections are needed to reduce the exposure level to risks
20-39	High	Organization exposed to high risk in different ESG aspects that can result into high costs and adverse impacts on the Stakeholders Robust improvement actions must be planned and implemented
0-19	Very High	Organization exposed to very high risks in every ESG aspect Prompt, systematic, and robust improvement actions needed to reduce the exposure level to risks

The Assessment is considered positively completed upon condition the following criteria and thresholds are met:

- minimum overall score = 40
- minimum score "Governance & Management System = 40
- minimum score per each "core" area = 40

This means that the GIF Scoring System is calibrated to ensure that the **validated claim** "**GIF Responsible Organisation"** is granted just and only to Organisations fully aligned with the OECD Guidance for Responsible Business Conduct and the OECD Due Diligence Guidance for Responsible Supply Chains (sector wise). Superior performance can be achieved by properly implementing issues addressed by ISO 26000.

Terms and definitions

For the terms and definitions used in this document, refer to the GIF DOC 100B "GIF Framework – Reference Documents and Glossary" in the latest version.

References

The Get It Fair ESG Rating scheme has been developed having regards to the documents published by International, European, National organizations, regulatory authorities, and standardization bodies

For the list of references, refer to the GIF DOC 100B GIF Framework – Reference Documents and Glossary" in the latest version.