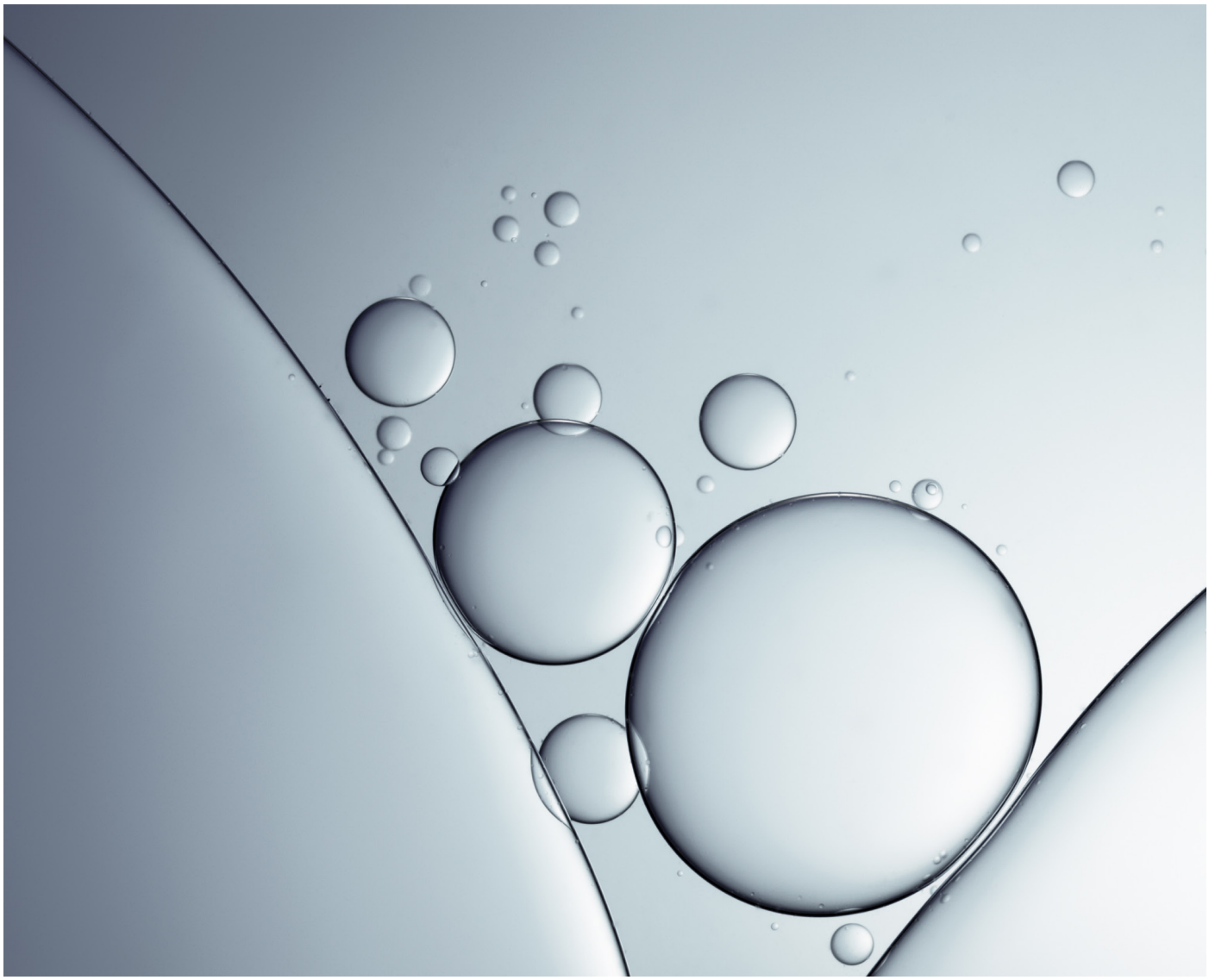
Sustainable1

# S&P Global ESG Scores

## Materiality - Addendum to the S&P Global ESG Scores Methodology



S&P Global

# S&P Global Statement

The materiality approach presented in this document applies to the Corporate Sustainability Assessment (CSA) methodology of S&P Global Sustainable1. It provides investors and other users transparency on the foundation of the CSA questionnaire and its application in developing the S&P Global ESG scores of companies. S&P Global Sustainable1 is separate and distinct from S&P Global Ratings and S&P Dow Jones Indices. For the avoidance of doubt, the materiality approach described in this document is not a methodology of S&P Global Ratings and does not apply to S&P Global Ratings credit ratings. It is an addendum to the S&P Global ESG Scores Methodology.

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# Introduction

S&P Global ESG Scores are some of the most comprehensive sustainability metrics available in the market today. They provide investors with the transparency, flexibility, and precision to drill down into material, granular, and industry-specific environmental, social, and governance criteria to address sustainability risks and opportunities.

The S&P Global ESG Scores measure a company's performance on material sustainability issues for the industry in which it operates and its specific context. Outlined below is the approach S&P Global Sustainable1 has defined to determine material issues as well as how this impacts the scoring of a specific company. Essential to understanding the foundations of materiality is understanding the megatrends that shape a company's operating environment.

The S&P Global ESG Scores materiality framework was born out of the investment process over two decades ago, developed by investment pioneers integrating sustainability data into their daily workflow and decision making. This addendum to the S&P Global ESG Scores Methodology sets out a further evolution of our materiality approach, considering new developments in responsible investment and the sustainability landscape. It starts by describing a selection of three megatrends that set the scene for determining materiality at industry and enterprise level.

## Megatrends: Shaping Materiality

**Climate Change & Resource Scarcity**

Over recent decades consensus has formed about climate change becoming a long-term trend that represents one of the biggest challenges for our planet. Key effects of climate change are elevated temperatures, changing weather patterns, rising sea levels, melting glaciers, warming oceans, biodiversity loss and natural ecosystem collapse. These will impact a company's operating environment and will require transitional adjustments and orientation to ensure its long-term viability and success. For those offering climate solutions, including nature-based ones, new opportunities will unfold.

Accentuating the risks and impacts posed by climate change, resource scarcity is considered one of the biggest challenges that needs to be addressed. Planetary boundaries are increasingly put under pressure as the global population continues to grow from 7.8 billion today to an estimated 9.9 billion by 2050 (new.un.org). Natural resource scarcity, deforestation, food production requirements and water stress will influence a company's operating environment and require careful monitoring and management.

Companies are significantly affected by climate change and resource scarcity. They are key contributors to mitigation and adaptation efforts, as well as initiatives to decouple resource use from economic growth. Their inaction can further contribute to the deterioration of the problems involved. Carbon pricing policies are likely to ramp up as regions seek to achieve their Nationally Determined Contributions (NDCs) to reduce emissions and deliver on the Paris Agreement. Major global companies face up to 283 USD billion carbon pricing costs and 13% earnings at risk by 2025 under a high carbon price scenario (see spglobal.com). Companies will also need to mitigate the risks of resource scarcity to ensure their long-term success, innovating to advance resource productivity improvements.

**Demographic & Societal Shifts**

Demographic and societal shifts have the potential to cause major disruptions to the world in which companies operate. They will create new opportunities and drive innovation while posing significant risks. Rising income and wealth disparity challenges companies to rethink affordability and access to their products and services by marginalized groups. The growing middle class in emerging economies has an increasing demand for products and services, demand that adds to the resource scarcity problem and possible tragedy of the commons.

Since the 1990s we have witnessed significant shifts in consumer behavior, including online commerce by an urbanizing world population. This has been accompanied by increasing demand for companies to provide more sustainable products and services, incorporating sustainability impacts into their design criteria, lifecycle evaluation and ensure that product stewardship is effectively enabled. Increased focus on nutrition, obesity, and non-communicable diseases as well as access to related product information means that companies are required to innovate as the health impacts of their products are better known by their consumer bases.

Changes in demographics such as aging populations, availability of human capital and employee selectivity concerning employers have wide-ranging consequences. It requires companies to consider their reputation to ensure they have access to the right talent and ensure their ability to innovatively adapt their products and services offer to evolving consumer needs.

**Technology & Innovation**

The rapid adoption of new technologies and increased automation can create significant opportunities for companies, while simultaneously requiring vigilance and careful management to avoid and mitigate risks. Emerging technologies of the digital revolution could drive enterprise value by facilitating product and service innovation, increasing operational output, and reducing operating costs. Slow adoption of new technologies could reduce the economic viability of a company as it will lag peers. In a world focused on innovation, the risk of obsolescence through displacement by new offerings is one that requires careful attention from many industries.

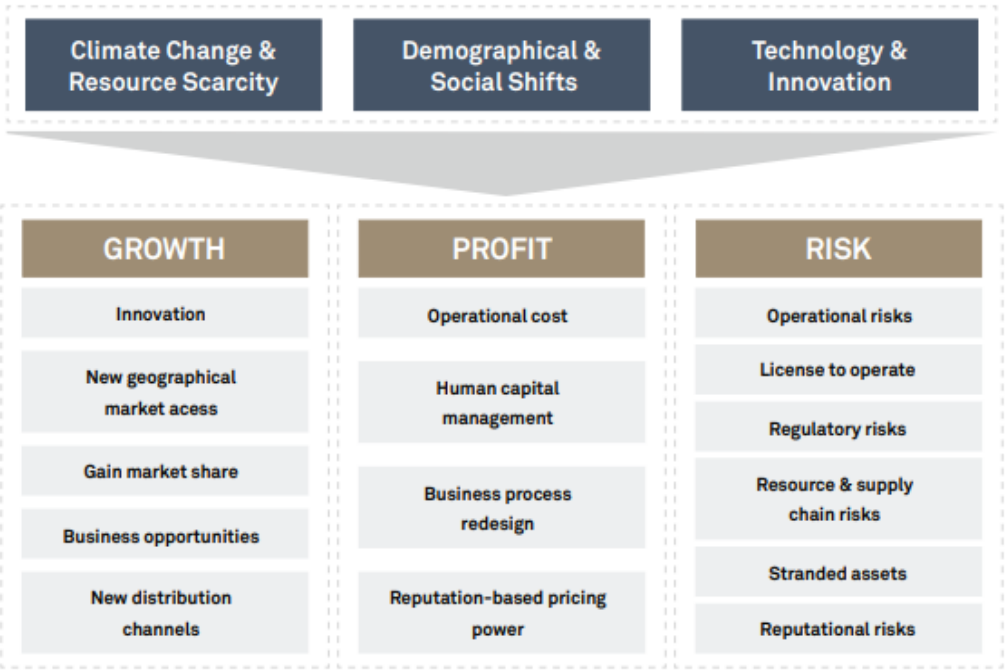
New tech brings top-line and bottom-line opportunities. Big data and Internet of Things (IoT) can support the build out of improved customer services, innovative products and engagement with brands enhancing revenue and profit generation. On the contrary, lack of adoption thereof can result in risks for companies failing to leverage new technologies to maintain their competitive advantage.

With the paradigm change driven by the digital revolution comes new opportunities and risks. The rapid growth in use of Artificial Intelligence is a case in point. The shift towards increased digitalization requires companies to address information security risks and data privacy issues. These increasingly pose a threat to manufacturing processes, distribution networks as well as customer and client data integrity.

## Linking Megatrends to Value Drivers

Megatrends are powerful forces in shaping the business environment companies operate in. Whereas megatrends impact the economy and a company's performance, companies also play an instrumental role in shaping megatrends. Figure 1 shows the relationship between megatrends and the value drivers of a company.

**Figure 1: The Link between Megatrends and Business Value Drivers**



# Materiality

## Exploring Double Materiality

S&P Global Sustainable1 defines a sustainability issue as material if it presents a significant impact on society or the environment and a significant impact on a company's value drivers, competitive position, and long-term shareholder value creation. Material sustainability issues can significantly affect an entity's business operations, cash flows, legal or regulatory liabilities, and access to capital. They can also significantly improve or undermine an entity's reputation and relationships with key stakeholders, society, and the environment.

Over time external impacts on society and environment also translate into internal impact on a company itself, including its financial value drivers. These impacts may be positive or negative, direct or indirect, including ripple effects through the value chain, upstream or downstream. As such, S&P Global Sustainable1 considers double materiality as an integral part of the analysis of corporate sustainability performance and the resulting S&P Global ESG Scores. In a broader understanding of enterprise value today, including stakeholder perspectives, the interrelation between external and internal impact is a core part of determining materiality.

### Risks and Opportunities, and their impact on Enterprise Value Creation

The financial materiality lens approaches the question of materiality of sustainability subjects from the perspective of the investor. Sustainability issues from the S&P Global Materiality Core Subjects (see Annex) list are evaluated within industry context by determining their impact on a company's unique value drivers. These include financial value drivers such as sales growth, capital expenditure and cost of capital that are of special interest to investors.

**Figure 2: Financial materiality chain**

Cost of capital is influenced by sustainability factors that impact the price a company must pay to acquire equity or debt. This happens as more investors consider the long-term management by companies of sustainability related risks and opportunities. Sustainability factors affect not only market variables such as a company's cost of capital, but also accounting variables such as cash flows generated by the company. As outlined in Figure 2, the sustainability integration approach tracks the way in which the use of different resources or capitals impact value drivers and eventually financial KPIs including revenue, operating margins, and cost of equity.

Figures 3 and 4 illustrate this chain of cause and effect with a focus on two subjects - human capital and water. It shows how the management of human capital and talent, or the management of water eventually affects key income statement variables.

**Figure 3: Internal Impact - Human Capital & Talent**

Considering sustainability risks and opportunities related to internal impact, each industry requires analysis of how they affect companies' value drivers and financial performance. The causality chain for human capital management is laid out below, applied to an industry that requires highly skilled labor. For example, well managed human capital and talent leads to increased employee satisfaction, engagement and wellbeing. This among others boosts the innovation capacity of employees, which again translates into the delivery of more advanced technologies and products. Finally, this results in increased revenues.

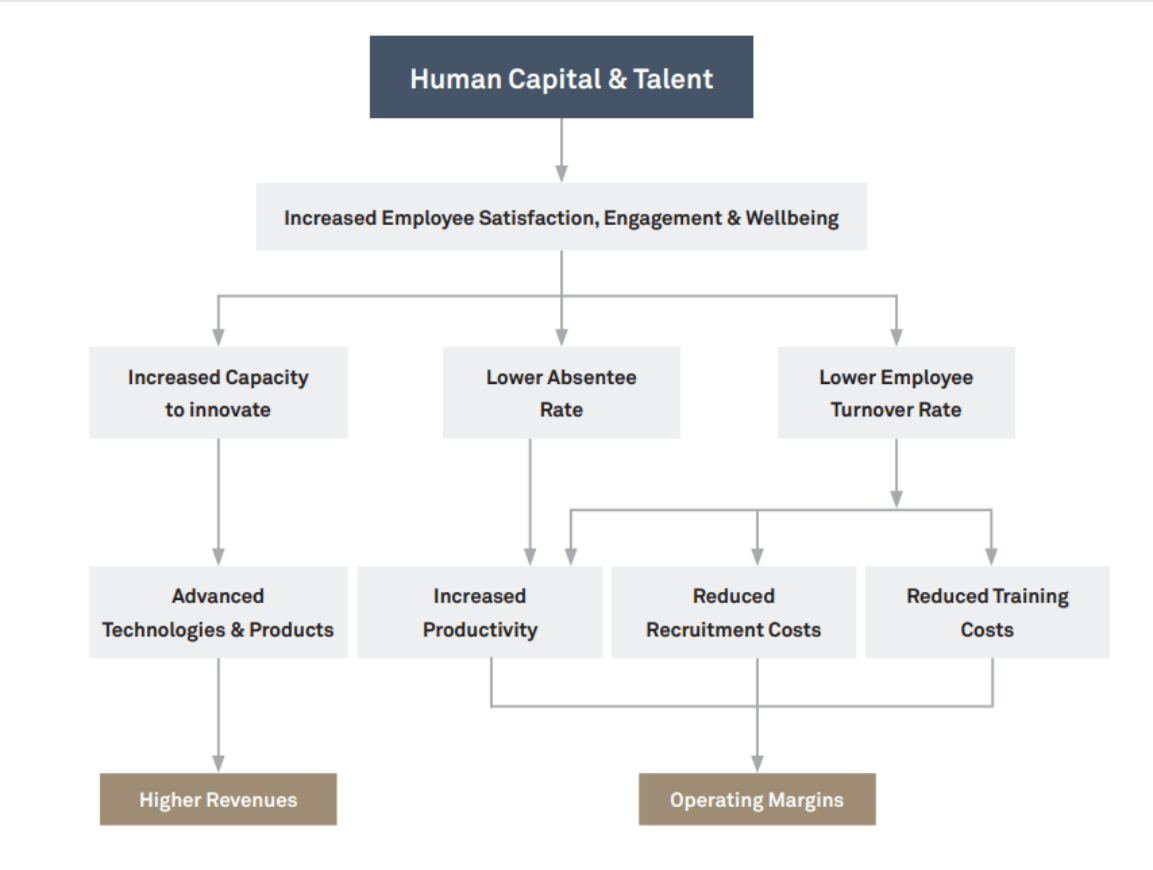
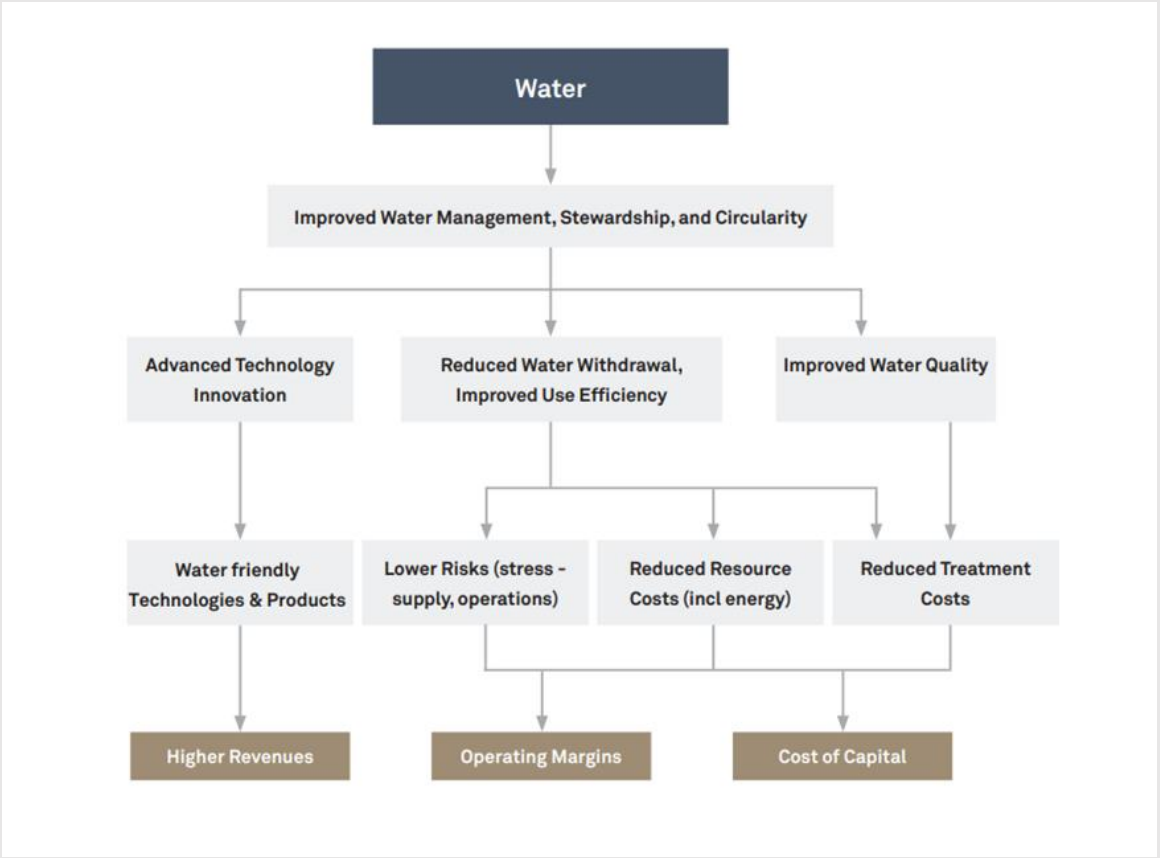


**Figure 4: Internal Impact - Water**

Sustainability risks and opportunities related to water are also analyzed with reference to internal and external impact. As regards the former, each industry requires analysis of how water related risks and opportunities affect companies' value drivers and financial performance. The following example considers an industry involved in a highly water intensive value chain. Higher performance in the management of water, including the application of circularity approaches, leads to improved water use efficiency. This helps to reduce costs, including cost of water and energy used to process water, which again serves to improve operating margins.




## External Impact on Society and the Environment

The material significance of a sustainability subject in terms of external impact on the environment and society is defined through an analysis of a company's business activities, business model, products, and services. Impacts are evaluated considering direct and indirect impact on societal stakeholders and the environment, both in the short and longer term. Figures 5 and 6 illustrate this with reference to human capital, and water, highlighting positive and negative impacts.

External impact often involves externalities that cannot be accurately quantified today. Therefore, the impact is estimated by evaluating the breadth of the impact, looking at the size of the effect on societal stakeholders and the environment, as well as the depth of the impact, looking at the severity and extent of the damage or benefits it causes to societal stakeholders and the environment.

**Figure 5: External Impact - Human Capital & Talent**

The external impact of how a company or industry manages its human capital and talent considers the employees of the company as well as those of its business partners in the value chain. The external dimension reflects impact and dependence on society, which is the source of human capital. Sound people and talent management has consequences for employees, their families and society. As an example, high or low performance in human capital management can advance or undermine human capital development. This can lead to positive externalities such as the transfer of knowledge via own employees, knowledge that external societal players also benefit from. Or it can cause negative externalities, such as the loss of training and obsolescence of skills that employees and society externally also suffer from.

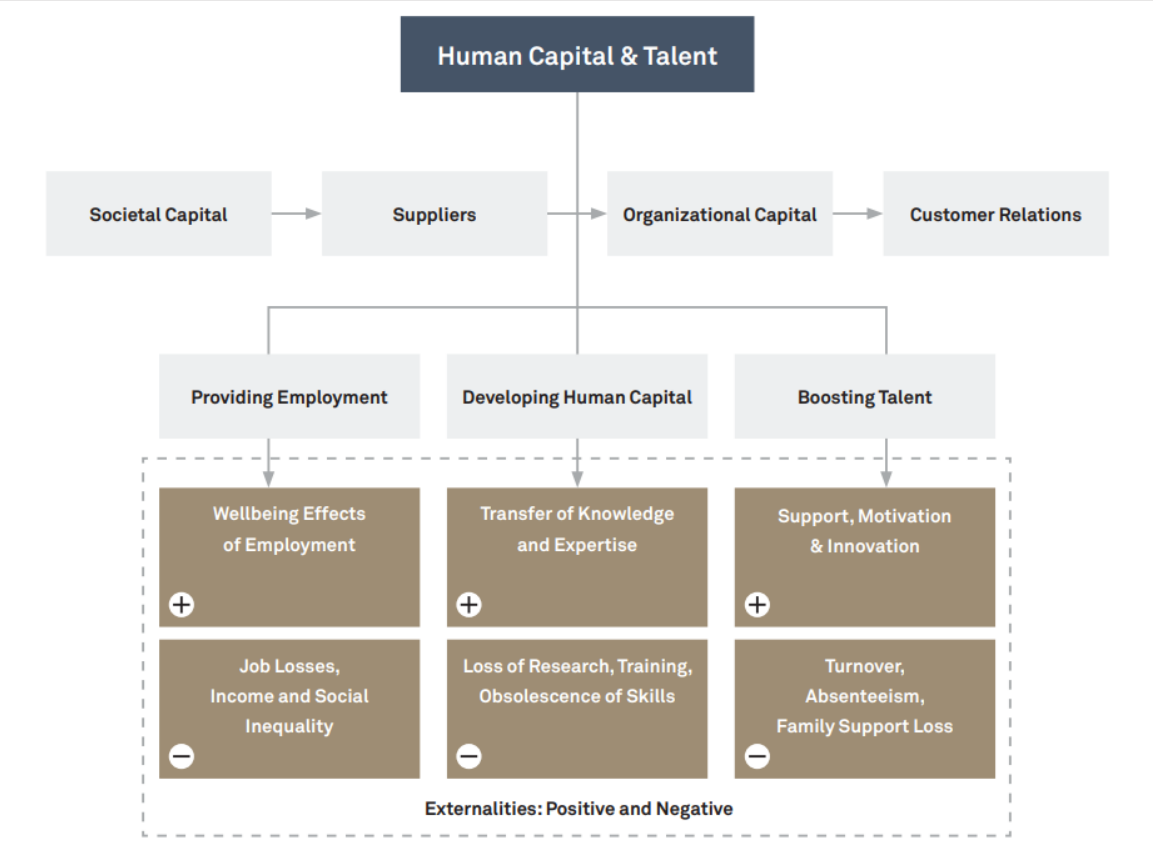
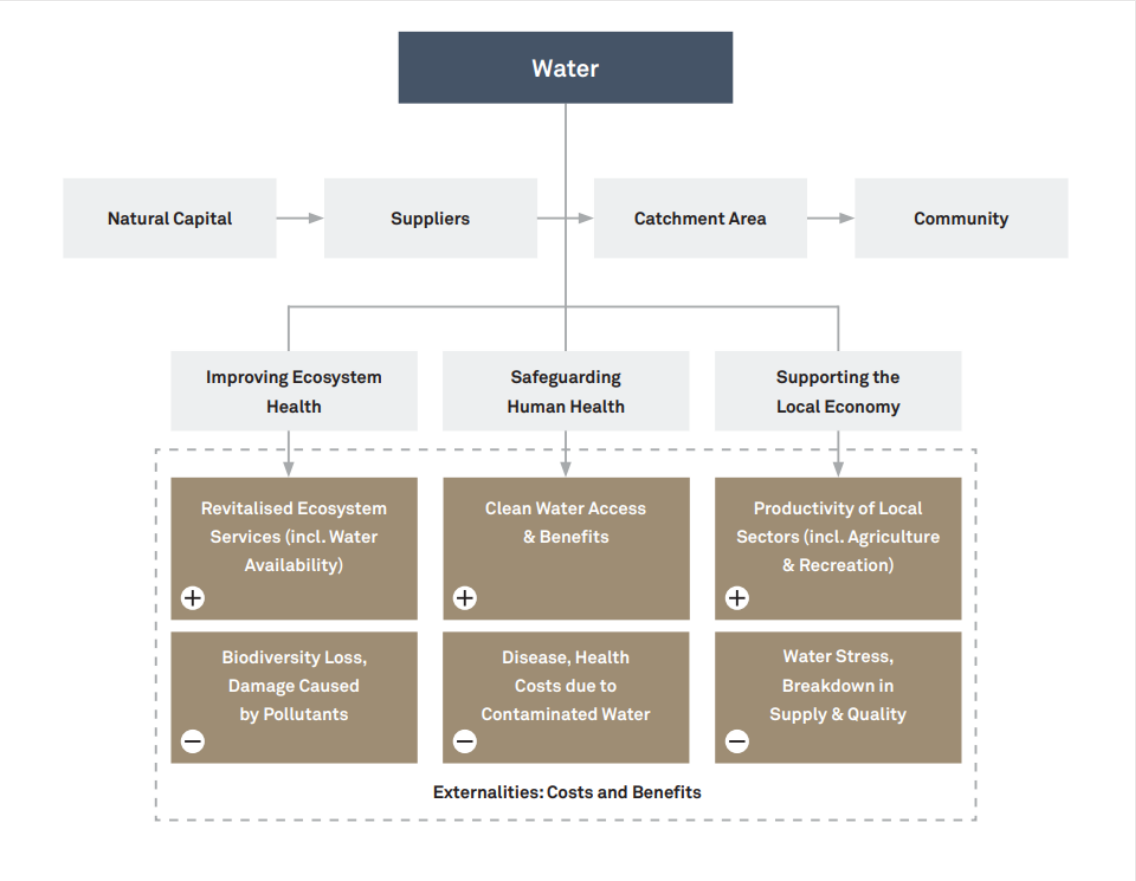


**Figure 6: External Impact - Water**

Increasing water stress can lead to growing competition around scare resources, suppress local economic growth and put the social license to operate at risk. The external dimension of water use points to positive and negative impact on the environment, society, and local economy. Product and process innovations by a water intensive industry can improve local impact as set out below. Failure to properly manage water will negatively impact the health of the ecosystem, community, and local economy. For example, improved water management, including the use of constructed wetlands to treat wastewater, can advance local ecosystem health and have the positive impact of revitalizing available water resources. Alternatively, low standards of water management can damage local ecosystem health through wasteful water use and the release of pollutants.



## Prioritizing Material Subjects

The risks and opportunities created by the mainstreaming of sustainability present companies with complex, multi-dimensional, and often interconnected issues. By developing a robust understanding of what issues are relevant to their operations, markets, communities and the environment, companies can better prevent or mitigate risks and exploit opportunities. Transparent disclosure and reporting play a pivotal role in communicating related progress to stakeholders and keeping market players adequately informed.

For each industry, we map Materiality Core Subjects on a matrix with two axes that represent external impact on environment and society, and internal impact through risks and opportunities that affect enterprise value creation. The 22 Subjects were defined by clustering the over 35 criteria in the Corporate Sustainability Assessment (CSA) and considering main themes of the sustainability landscape. Each of the criteria are therefore mapped to the 22 Materiality Core Subjects, which represent overall headline themes.

Scoring the relative significance of each Subject in the context of an industry involves considering key tests or procedural methods for determining materiality. These have been recommended since the 2000s by leading international sustainability disclosure standards. Each test asks a lead question for determining materiality. In answering the lead question (see below), we rely on internal and external data sources. These include our impact and risk analysis, as well as our CSA database with coverage of over 15'000 companies. We refer to external databases for data related to considerations such as regulations, standards, R&D investment, and media reports related to cases of alleged non-compliance, fines or litigations associated with sustainability issues.

The tests for determining materiality pose key questions, the answering of which enables an assessment of relative significance of the Subjects involved. With respect to *external impact (vertical axis of the matrix)*, the lead questions asked are:

- How significant is the impact on the environment and society of the performance of the industry on the Subject?
- How significant is the Subject in terms of related societal trends, laws, regulations, and standards?

With respect to *internal impact on enterprise value creation, considering relevant risks and opportunities (horizontal axis of the matrix),* the lead questions asked are:

- How significant are the risks and opportunities associated with the Subject to the business and financial performance of the industry?
- How significant is the Subject in terms of industry and market trends, considering the level of priority given to it by industry peers?

For both axis dimensions we also consider how the Materiality Subject is likely to evolve dynamically over time, and in how far a subject currently at low, medium, or high level of significance is likely to have increasing or decreasing significance in years to come.

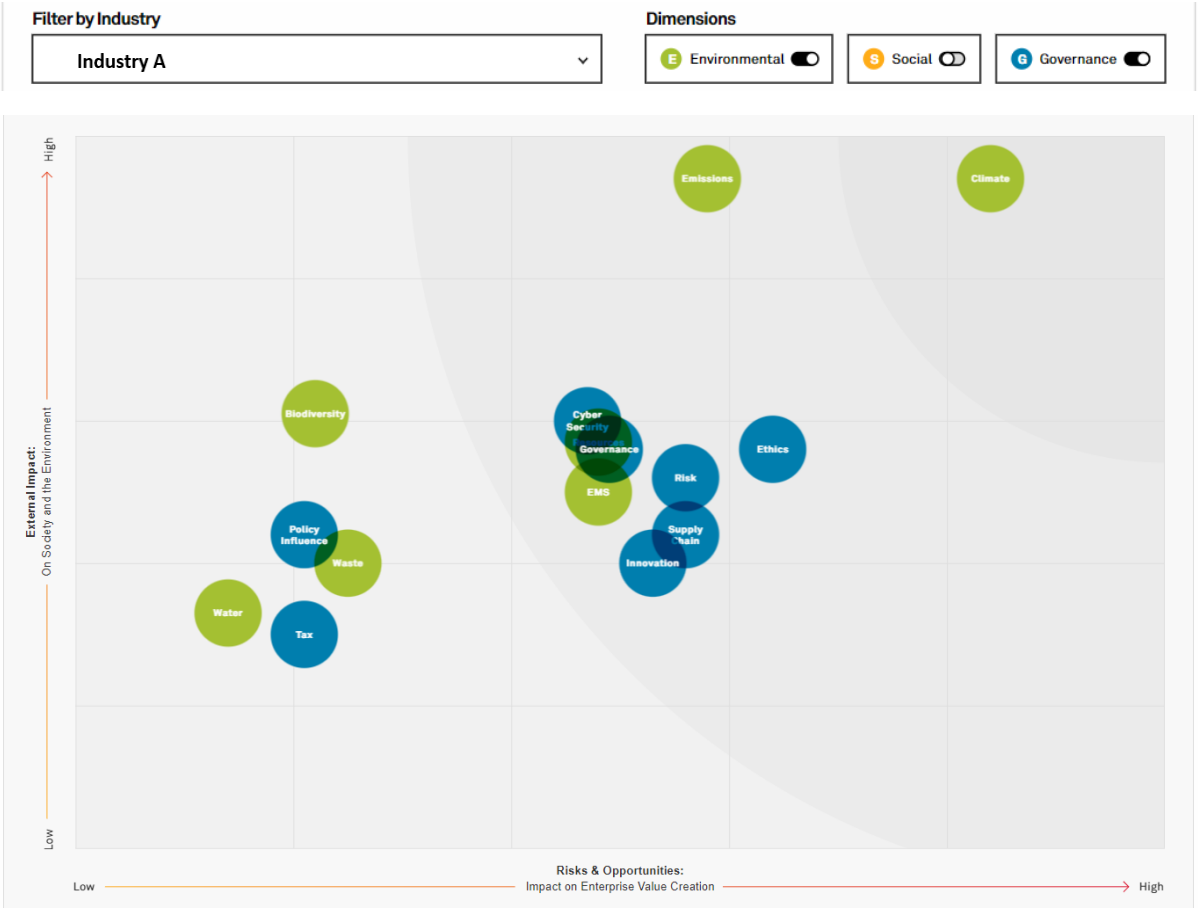
Our two-dimensional assessment results in a materiality matrix (see Figure 7 below) for each industry, which provides a visualization of highly Material Subjects for each industry. Each Subject is represented by a circle, the position of which reflects its score on both axes.

For each industry up to five of our Materiality Core Subjects may be replaced by an industry specific terminology that is unique and especially relevant in the context of the industry involved. For example,

for the banking industry the term "Society & Community Relations" may be replaced by the term "Financial Inclusion". This considers key criteria that apply to each of 62 industries. It implies that in some cases the standard terminology may be replaced, or additional, criteria-based labels added. As is the case with all the 22 Subjects, it is interrelated with the weighting of criteria that apply in each industry.

The materiality analysis is the starting point for the weights allocated to criteria in the CSA, criteria that map directly to their related material subjects. Materiality assessments are conducted on an ongoing basis and updated as required considering the dynamic ESG landscape of an industry. On an annual basis, the determination of the materiality of a core subject for a given industry is reflected in an adjustment to the related criteria weights for that industry to ensure full alignment.[1] In doing the alignment, up to ten points are reserved for the subject Corporate Governance and Ethics, considering its foundational role in managing ESG performance.

**Figure 7: Industry-level Materiality Matrix - Hypothetical Example**




[1] Prior to alignment, differences between Materiality Subject scores and the corresponding industry CSA criteria weights might be due to (i) differences in timelines between the materiality matrices and the CSA methodology development process, (ii) rules requiring that a newly added topic in the CSA is introduced with a lower weight to guarantee continuity in a company's assessment, or (iii) the fact that in a few cases a specific CSA criterion might be overlapping with more than one Materiality Core Subject.

# Continual Improvement

### Use of the materiality analysis

With the online presentation[2] of the S&P Global ESG Scores Industry Materiality Matrices, we are providing a new level of transparency on the research process behind the development of ESG scores. Materiality analysis is foundational to the Corporate Sustainability Assessment (CSA). The outcome of the materiality analysis directly flows into the refinement of the CSA criteria and their weights within the CSA.

With this new level of disclosure, we provide corporates improved understanding of the rationale behind the CSA and investors the relevant tools to be able to interpret our ESG scores. Our industry materiality matrices will continue to evolve, along with annual revision of the criteria represented by the Core Subjects and methodology changes to reflect new developments in the sustainability landscape. The ongoing improvement of our materiality analysis considers diverse inputs, as shown in Figure 8.

### Setting the standard

The S&P Global ESG Scores industry materiality methodology is paired with long-term observance of the development of sustainability disclosure frameworks and close collaboration with standard setters in tracking advanced sustainability reporting practice. S&P Global Sustainable1 has stayed at the forefront of the sustainability debate by continuously monitoring the creation and implementation of new regulatory requirements, professional standards development as well as the pursuit of academic research exploring the materiality of sustainability issues.

### Engagement with the market

Through engagement in the CSA, practitioners from within the companies that form part of the S&P Global Sustainability research universe of over 15'000 companies, have shared a wealth of feedback that has continuously supported the build out of our view on which issues are most material to each industry. Over 20 years of direct company input on what they believe to be the key areas of risk and opportunities in the sustainability landscape provide a sanity check on the defined issues. In addition, investor feedback is also incorporated into the prioritization of material subjects, through regular exchanges with S&P Global Sustainable1 Client Engagement team. Finally, the S&P Global ecosystem of sustainability experts and financial market experts provides a final layer of fine tuning to adjust the risk and opportunity factors on the materiality matrix.

### Controversies

The level of perceived risks for a specific industry is captured by different metrics, including the volume and severity of negative ESG media stories and corporate controversies compiled and assessed based on internal research and external sources such as S&P Global's partner RepRisk[3]. Where Media & Stakeholder Analysis (MSA) cases have been opened, the respective companies are contacted and

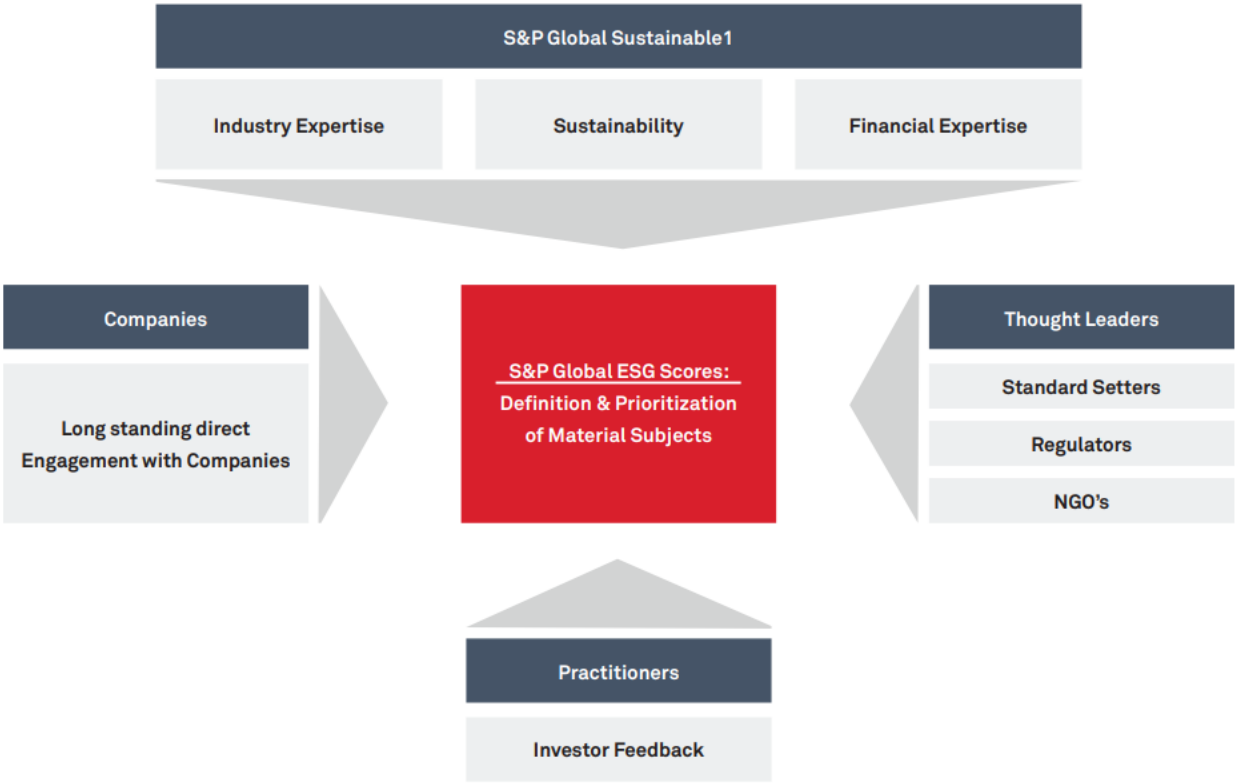
[2] See Sustainable1 Solutions: ESG Scores | S&P Global (spglobal.com)

[3] RepRisk, an ESG data science company, leverages the combination of AI and machine learning with human intelligence to systematically analyze public information in different languages and identify material ESG risks. It provides daily data updates across over 100 ESG risk factors. See www.reprisk.com

given the opportunity to respond with relevant information and plans to address the issues involved, minimize negative impacts, and prevent reoccurrence.

Media and stakeholder stories on corporate controversies are monitored daily, and their content vary considerably, covering all Materiality Core Subjects. As numbers of controversies associated with specific Subjects change significantly over time, this data is also considered in assessing the relative significance of risks and opportunities involved.

**Figure 8: Inputs for the Materiality Framework**



# ANNEX: Materiality Core Subjects

## GOVERNANCE & ECONOMIC

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| 1. | **Corporate Governance & Ethics** | Corporate Governance refers to the system of rules, structures and processes used to direct a company. This is done in the interest of the corporation and its stakeholders, including its owners or shareholders. It implies duties, responsibilities and capacities of board directors and executive management. Good corporate governance practices promote accountability, responsibility, and transparency. It encompasses systems of checks and balances, incentives for aligned behaviour, policies for board composition and effectiveness. Ethics and responsible business conduct covers codes of conduct, anti-corruption policies, whistleblowing procedures, and measures to ensure fair business practices. |
| 2. | **Information Security** | Information Security concerns the ability of companies to protect IT systems from threats including malicious attacks, data loss, service disruptions, and damage. The primary objective is to mitigate information risk by ensuring the confidentiality, integrity, and availability of information. It requires sound governance structures, policies and programs. These include guaranteeing preparedness to respond and ensure business continuity in the event of any attack, escalation mechanisms, response procedures, internal training and vulnerability analysis. While the subject covers data security broadly, issues related to protecting the personal information and rights of individuals such as customers are addressed under the topic privacy protection. |
| 3. | **Policy Influence** | Policy Influence concerns transparency around the activities and expenditures of companies when engaging in legislative, political, and public discourse. It includes political donations, membership of trade associations or groups, as well as lobbying and spending related to ballots or referendums. Relevant is not only the amounts spent but also the issues supported. It requires transparency regarding corporate policies, guidelines, and activities, as well as education of management and employees on responsible involvement, appropriate contributions and the prevention of misinformation. |
| 4. | **Risk & Crisis Management** | Risk and Crisis Management refers to governance structures and internal control processes for the effective management of shorter and longer term or emerging risks. It requires the cultivation of an effective risk culture, the use of sensitivity analyses and stress testing. Risk management is preventative and crisis management corrective, responding to an unforeseen event. Proper risk management procedures and practices, including appropriate controls and culture, will enable an organisation to deal with a crisis or emergency more effectively. |
| 5. | **Supply Chain Management** | Supply Chain Management refers to the procurement policies, systems, and practices of companies to manage the sourcing, processing, and transformation of resources to deliver products and services. Key priorities include resource optimisation and reducing risk exposure, along with the integration of ESG standards beyond own operations. Supply chain risks can relate to for example political unrest, economic misconduct, social impact, or environmental harm. It may require supplier collaboration, training, assessments, audits and reporting related to sourcing issues such as conflict minerals. |

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| 6. | **Tax Strategy** | Tax Strategy refers to an approach to governance, compliance and reporting as regards tax related norms and laws. Tax avoidance is the legal practice of minimising tax bills by using strategies such as profit shifting. It is often characterised as obeying the letter but not the spirit of the law. Therefore, the issue also considers tax transparency and good tax governance. Relevant is the application of minimum tax rates, tax incentives, fair share taxation and the allocation of revenues and profits across jurisdictions. |

**ENVIRONMENTAL**

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| 7. | **Biodiversity** | Companies impact Biodiversity through their operations and value chains. Land use can be seen as proxy for the level of impact. Biodiversity involves ecosystem diversity, species diversity and genetic diversity. It implies the impact and dependency of companies on different ecosystem services. It reflects a systems view, versus considering different natural resources separately. Damage can involve biodiversity loss through for example deforestation. The management of these includes the avoidance of activities near sensitive sites, and the application of mitigation hierarchy approaches to minimise losses and achieve net positive impact. |
| 8. | **Climate Transition & Physical Risks** | Climate Transition refers to the risks and opportunities presented by climate change and the transition to a low-carbon economy. It focuses on strategies for the management of climate associated risks and impacts as well as energy transition goals. Climate Transition implies regulatory, market and technology developments, including climate solutions and business response throughout the value chain. While Physical Risk exposure is location and company specific, transition risks and opportunities are associated with specific industries and sectors. |
| 9. | **Energy** | The subject Energy refers to good practices and technologies to advance energy efficiency, cleaner energy, alternative energy, and integrated energy systems. Criteria covered under the subject points to diverse industries that are primary users of energy. The aspects covered include gas leakage rates, energy intensity, renewable energy consumption, share of renewable energy in data centres, data centre energy efficiency and energy consumption. |
| 10. | **Environmental Policy & Management** | Environmental Policy and Management refers to the policies, processes, and systems of companies to conduct environmental management, including the reliable and effective management of their environmental performance and impacts. The goals, objectives, and targets of Environmental Management Systems (EMS) imply all stages of the value chain, including operations and products or services, and is subject to verification, audit and certification. Its monitoring and corrective actions include the tracking of any environmental violations and advancing the return on environmental investments. |
| 11. | **Waste & Pollutants** | Pollutants contaminate air, water and soil. They include oil spills and emissions of pollutants such as lead, mercury, volatile organic compounds (VOC), nitrogen oxides (NOx) and sulphur oxides (SOx). Waste refers to the management of hazardous and non-hazardous waste, liquid and solid, generated by production and consumption. Related company performance highlights activities such as programs to prevent and reduce pollution and waste, including monitoring, treatment and disposal methods. Waste includes various industry specific types of waste, such as municipal waste, food waste, packaging waste, construction waste and mineral waste. |

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| 12. | **Sustainable Raw Materials** | The sourcing and efficient use of resources, natural or living as well as non-living or human-made implies materials, energy, water, land, and biomass. Sustainable Raw Materials focuses on sustainable agriculture, sustainable forestry, and the use of sustainable raw materials in building and construction. Good practices involved include certification schemes to promote organic or sustainably produced goods. The subject also includes animal welfare and the production of certified animal products. |
| 13. | **Water** | Water concerns the withdrawal, use or consumption, pollution, or discharge of water. Through their operations, products and services companies may undertake activities to conserve water. Water also encompasses risks related to water, notably exposure to water stress or scarcity and the management of related regulatory, supply, stakeholder, and quality risks. This includes distributive and value chain issues associated with the sharing of water resources with communities, as well as water pollution due to the release of toxic chemicals or micro-plastic pollutants. |

**SOCIAL**

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| 14. | **Customer Relations** | Customer Relations encompasses customer relationship management and responsible marketing and labelling. The latter includes ethical advertising, content moderation and protection of vulnerable groups. Customer relationship management refers to strategies, processes and technologies designed to manage and improve interactions and relationships with customers. This includes managing sales and distribution channels, measuring customer satisfaction, and enhancing online presence and capabilities. Its value chain application includes quality control and audits of distribution networks. |
| 15. | **Human Capital Management** | Human Capital Management is about the effective management of human capital, a critical part of the intangible assets of any company. Human Capital Management areas range from recruitment and development to performance management and compensation. Development activities include education, training, and coaching, ensuring employees have the necessary abilities and skill sets to perform well. The topic also encompasses talent attraction and retention, related employee support programs such as flexible working arrangements and stress management, as well as employee surveying to track core employee wellbeing metrics. Aspects evaluated under this subject include appraisal systems, incentives, turnover rates, and employee engagement. |
| 16. | **Human Rights** | It is recognised that business enterprises should support and respect Human Rights. Related responsibilities include the need to avoid contributing to and seeking to prevent adverse human rights impacts. It requires the protection of human rights in own operations, supply chains, and business relationships. Companies commit to, among others, prevent human trafficking, forced labor and child labor. At stake is the rights of not only employees, but all citizens including vulnerable groups. Business action includes due diligence, assessments, mitigation and remediations where adverse impact has happened. |
| 17. | **Labour Practices** | Labour Practices concerns relations and practices performed within, by and behalf of companies. It includes the promotion of diversity, inclusion, and equality. Central are core labour standards such as respecting freedom of association and the right to collective bargaining, as well as fair working conditions and social protection. Efforts to eliminate discrimination require, among others, assessment of the composition of the workforce and equal pay. Critical in some industries is the living wage, considering working hours and the basic needs of workers and their families. |

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| 18. | **Occupational Health & Safety** | Occupational Health and Safety refers to practices and standards designed to support mental and physical health, a healthy and safe working environment, the prevention of harm and the reduction of workplace related injury rates. The aim is to reduce exposure to occupational health and safety risks. This can be managed through, for example, OHS policies, programs, formal and informal controls, and a system for tracking lost-time injury frequency rates and work-related fatalities. Industry specific applications range from safety risks at industrial sites to office ergonomics associated with office work. |
| 19. | **Privacy Protection** | Privacy Protection concerns the handling of personal information. For an organization it refers to the policies, systems, and procedures in place to ensure proper collection, use, storage and destruction of personal data and respecting the rights of data subjects. These include employees and customers. The protection of the personal data is closely followed by many regulators and requires compliance with laws, regulations, and voluntary standards. Implementation mechanisms include the integration of a privacy policy system into companies' risk and compliance management. |
| 20. | **Product / Service Quality & Safety** | Product or Service Quality and Safety relates to the research, development, production, and delivery of systems designed to ensure the safety and quality of products or services and to minimize risks. This may include health risks (linked with Sustainable Products and Services). Product or service quality concerns Quality Management Systems, and the management of product recalls to prevent a faulty product from reaching the consumer. Excellence in quality among others avoids products or services that pose unnecessary risks to consumer safety. The topic includes industry specific issues such as passenger safety and reliability in the airline industry. |
| 21. | **Society & Community Relations** | Society and Community Relations refers to companies' strategies to minimize the negative and optimize the positive impacts of their operations, products and services on the communities and societies in which they operate. This includes their developmental impact in boosting access, such as access to water and sanitation, electricity, healthcare, and finance. Industry specific issues implied include financial inclusion, social integration, mine closure management and infrastructure. The topic also covers processes such as stakeholder engagement and accountability mechanisms. |
| 22. | **Sustainable Products & Services** | Sustainable Products and Services refers to the environmental, health, and social attributes of companies' products and services. It covers both environmental health and human health. Related life cycle and stewardship strategies consider market opportunities for more sustainable products and services, for example more resource efficient products and more socially responsible services that positive ly contribute to societal development. The topic includes industry specific issues such as health and the nutritional value of food products, sustainable financial services, circular fashion, green buildings as well as more climate friendly transport and energy supplies. |

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