

## SOCIAL SUSTAINABILITY CHECKLIST

### STRATEGY AND POLICIES

1. Has your organization adopted a written ESG strategy that was revised and agreed with the Board/highest governance body?
2. Does it present specific goals and targets that are measurable?
3. Is the Board/highest governance body responsible for the implementation and efficacy of the ESG strategy?
4. Has your organization adopted policies related to social sustainability, specifically all the following:
  - Human Rights
    - HRDD- Human Rights Supply Chain Due Diligence
  - Non-Discrimination and D&I
  - Freedom of Association
  - Health and Safety
    - Violence and Harassment
  - Child Labour
  - HR processes (fair recruitment, equal career opportunity, etc.)
  - Employees Relations and Contracts
    - Fair Hours and Pay
    - Work-Life Balance
  - Stakeholder Engagement
    - Engagement with local communities
    - Supplier Code of Conduct
5. Are the policies agreed upon with the Board/highest governance body, who signed them and assigned responsibilities and roles to whoever will implement and monitor them?
6. Are the policies periodically revised and reviewed with the Board/highest governance body?
7. Are the policies communicated clearly and periodically to all workers in a language that is easy to understand and translated into all relevant languages?

## GOVERNANCE

8. Does your organization have a Committee/governance body dedicated to ESG issues? or is the Board or any high governance body supported by sustainability professionals?
9. Has your organization implemented projects or activities in any ESG area (e.g. social projects with local communities, environmental awareness initiatives, etc.)?
10. Does the organization have internal governance mechanisms that ensure the monitoring and evaluation of its sustainability policies and strategy?
  - Are there specific personnel in charge of gathering data to ensure policies are respected?
  - Did you set specific KPIs which can help you understand if the target goals are achieved?
  - Are stakeholders, such as workers, consulted to ensure they are aware of the policies and the relevance of their content?
11. Does your organization conduct ESG risk assessment?
12. Does the organization monitor compliance with ESG regulations and keep track of current or upcoming norms (e.g. through compliance/ ESG office/ specific personnel in charge of the activity)?

## ETHICAL CLAIMS

13. Does your company/investee have a historical ESG/sustainability performance that can be tracked against benchmarks (E.g. ESG rating)?
14. Does your organization produce an ESG report based on international standards (e.g. EFRAG for EU or GRI if voluntary)?

## TRAINING AND EQUAL OPPORTUNITIES

15. Does your organization provide training and educational courses on issues such as labour rights, environmental respect, non-discrimination and other non-technical topics related to ESG issues?
16. Does your organization provide training and educational courses for technical subjects to all employees, especially women and marginalized communities to ensure adequate fair career development opportunities?
17. Does HR personnel and whomever in charge of employee relations undertake specific training on fair recruitment, inclusive and sensitive communication and language, unconscious biases, etc.?

## STAKEHOLDER ENGAGEMENT

18. Does your organization have a stakeholder engagement strategy/plan?
- Do you have activities or communication channels where your workers can voice their concerns and leave feedback (e.g. forum, informal meetings, team sessions, suggestion box/email, dedicated office etc.)?
  - Before implementing any initiatives or welfare programs, do you engage your workers in what are their actual needs?
  - Do you have a plan for periodic engagement activities?
  - Do you measure the efficiency of your engagement activities (e.g. how many workers participated, satisfaction survey with the activities, numbers of initiatives implemented with workers' suggestions, etc.)?
19. Does your organization engage with unions, syndicates and workers' representatives' organizations, for, e.g. collective bargaining agreement?

## GRIEVANCE MECHANISM

20. Does your organization have an internal grievance mechanism in place for non-legal issues (additional to the whistleblowing policy)?
- Does it allow for anonymous complaints to be filed?
  - Does it follow up such complaints with a thorough investigation that respects the confidentiality of the information gathered?
  - Does it provide for disciplinary measures and sanctions when abuse is ascertained?
  - Does it provide for the possibility of offering redress to the victim(s) when harm has occurred?

## SUPPLY CHAIN HUMAN RIGHTS DUE DILIGENCE (HRDD)

21. Does the organization develop or implement pre-qualification processes for suppliers and business partners based on ESG risks (e.g. HRDD- Human Rights Due Diligence)?
22. Does your company evaluate risks of financial and reputational losses related to ESG issues in the supply chain (e.g. labour scandals, protests, production disruption, etc.)?
23. Does your organization evaluate its commercial practices to ensure it is not exerting downward pressure on its suppliers (e.g. high production in short times, encouraging employment shortcuts, price, etc.)?

## SELF-ASSESSMENT RESULTS

Majority of answers “Yes”

Your organization presents awareness of ESG risks and robust governance structures to potentially address them. By assessing the medium to long-term effects of its social endeavours through methodical data validation and verification, your organization will enhance the credibility of its ethical claims, making them a distinctive feature that distinguishes it from its competitors.

Majority of answers “In progress/ Not sure”

While the organization shows awareness of social issues, structural adjustments may still be necessary to ensure adequate resources are allocated to the right initiatives. Stakeholder engagement is crucial to determine the optimal direction for enhancing positive impacts or mitigating potential risks in initiatives the organization is already undertaking or plans to undertake.

Majority of answers “No”

As your organization starts its sustainability journey, it's essential to build a solid governance framework where high governance bodies set clear objectives and define accountability and responsibilities. While commitment is vital, it is equally critical to analyze the organization's internal and external context and its material risks and ensure the availability of even modest resources.