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THE GPM® P5™ STANDARD FOR SUSTAINABILITY IN BUSINESS PRACTICE

Version 1

GLOBAL STANDARD
VERSION 1.0

The GPM® P5™ Standard for Sustainability in Business Practice

GPM Global

Version 1.1

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About GPM

In today's world, sustainability is no longer a buzzword but a necessity. As we grapple with the challenges of climate change, ethical behavior, and social responsibility, businesses need to embrace sustainable practices. Organizations prioritizing sustainability will have a competitive edge in the marketplace and will contribute to a better future for all.

GPM Global (GPM) understands this responsibility well and has been at the forefront of promoting sustainable practices since 2009. We believe that both public and private sector entities can be agents of positive change and can actively create a more sustainable world.

To help achieve this goal, GPM has released this initial version of its *P5 Standard for Sustainability in Business Practice*. Based on our very successful *P5 Standard for Sustainability in Project Management*, this document focuses on the organization's business practices. It aligns with leading ESG disclosure frameworks and sustainability reporting standards making it easier for organizations worldwide to create shared value while tackling global issues. By placing sustainability at the heart of business practices, GPM aims to drive sustainable choices as a central part of every organization.

As you embark on your sustainability journey or seek ways to make your organization more sustainable, let this standard guide you. The road ahead may be challenging, but we can create a better world with GPM's expertise and your commitment to sustainability.

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Foreword

In today's business landscape, the responsibility for organizations to act as stewards of social and environmental integrity has never been clearer.

IMA® (Institute of Management Accountants), a 105-year-old professional association where I serve as President & CEO, is a leading voice and home for accounting and finance professionals who are building resilient, sustainable businesses focused on resource preservation, performance, and value creation.

We believe resources must be managed in a way that sustains and builds value for all stakeholders that contribute to an organization. Business professionals bring the skills and capabilities to lead the global transition to deliver on environmental, social, and governance aspects of performance and value—delivering profits with purpose.

This modified version *The GPM P5 Standard for Sustainability in Project Management,* now reoriented towards business practices, is a testament to the evolving understanding of what it means to be truly sustainable.

By integrating sustainability with core business functions, it challenges companies to redefine success. Financial performance is no longer the sole metric of achievement—sustainable impact and ethical conduct are now equally paramount.

As businesses face growing pressures—from resource scarcity to heightened regulatory demands and a new generation of consumers and employees who demand transparency and responsibility—this standard offers a structured approach to embedding sustainability holistically, ensuring that every decision aligns with the broader goals of environmental stewardship, social equity, and economic viability.

To the leaders who will adopt and implement this standard, you are playing a key part in transforming challenges into opportunities and committing to a course of action that not only ensures your business thrives but also contributes to the well-being of the planet and its people.

Mike DePrisco
President & CEO
Institute of Management Accountants

Introduction

As we look to the future, the importance of sustainability, climate action, ethical behavior, social responsibility, and transparent supply chains continues to grow. In response, the demand for sustainable business practices has also increased.

At GPM, we believe that it is our responsibility to promote global citizenship through the advancement of sustainable initiatives. As a leading organization in sustainable business practice, we have a unique opportunity to address the challenges facing humanity. Since 2009, we've been at the forefront of this effort, with our P5 Standard for sustainability in project management being downloaded over a million times and utilized in nearly every country in the world.

This version of the P5 Standard, which focuses on business practice, aligns with the UN's Sustainable Development Goals. It provides business leaders with a focus on creating shared value to tackle global issues. This standard has been designed to put practical tools in the hands of global changemakers so that we can address these problems head-on and create a world in which we all can thrive for generations to come.

We are committed to making sustainable development a central part of business practice and placing sustainability at the heart of business operations. We hope that this document will provide the guidance and insights that will lead to more sustainable business practices and a brighter future for all.

Sincerely,

Joel B. Carboni

Dr. Joel B. Carboni
Founder, GPM Global

1 Sustainability and Business Practice

The imperative for businesses to adopt sustainable practices has never been more critical. CEOs worldwide are recognizing sustainability not only as a moral obligation but also as a foundational element for long-term business resilience and growth.

The narrative around sustainability has shifted significantly over the past decade. Once viewed as a secondary or even esoteric concern, sustainability has now moved to the forefront of organizational agendas. In 2023, an overwhelming 98% of CEOs agree that it is their responsibility to enhance their employer's sustainability efforts, a marked increase from 83% in 2013. This data, from the 12th UN Global Compact Accenture Study, illustrates a growing consensus among top executives that sustainability is integral to business success and competitiveness.

The study also showed the role of sustainability in driving innovation and opening new market opportunities. CEOs are increasingly launching sustainable products and services, with industries such as communications, media, and financial services leading the charge. This shift is not just about mitigating risks or complying with regulations; it's about seizing the opportunities that sustainability presents for creating value and driving growth.

Today's global challenges, including climate change, geopolitical uncertainties, and social inequalities, are seen not just as hurdles but also as catalysts for accelerating the green transition. The CEOs surveyed acknowledge that these challenges paradoxically propel the adoption of sustainable practices as businesses seek to future-proof themselves against an array of uncertainties.

The call to action is clear: businesses must embed sustainability deeply and broadly across their strategies, operations, and corporate ethos. This involves setting ambitious, science-based climate targets, adopting circular business models, and ensuring that sustainability criteria are woven into the fabric of organizational decision-making processes. By doing so, companies can position themselves not only to mitigate risks but also to seize new opportunities and remain resilient in a rapidly changing world.

1.1 The Evolution of Management Focus

Management has a long history in construction, government, military, and religious organizations. But management as a business discipline didn't really come into its own until the late nineteenth century. It was then that the innovations of the Industrial Revolution created a need for large organizations to take advantage of the benefits of mass production.

Scientific management, also called *Taylorism* after its first practitioner, Frederick Winslow Taylor, was focused on worker productivity. Taylor believed that there was "one right way" to do every task. He also believed that workers should share in their employer's profits, although that aspect of scientific management gets considerably less publicity. Henry Ford's assembly line was a logical outgrowth of Taylorism. Ford too believed that his workers should be well-paid. Or at least well-enough paid to buy his cars.

Scientific management with its emphasis on the mechanics of work gave way to the Human Relations approach based largely on the work of Elton Mayo. Mayo first received notice when he showed that giving workers breaks would actually increase their productivity even though they worked fewer hours. Mayo's research team was also responsible for the studies that led to the Hawthorne Effect where workers became more productive when management simply paid attention to them.

Unfortunately, these worker-focused approaches were largely replaced after World War II with what came to be called Shareholder Capitalism where the main responsibility of business was to increase profits. The previous focus on the worker was replaced with a focus on the shareholders, and short-term profit maximization was seen as the highest good.

In 1994, John Elkington identified another set of considerations when he coined the term *Triple Bottom Line* (3BL) in his book *Cannibals with Forks*. His argument was that companies should be preparing three different (and quite separate) bottom lines:

- **Profit** — the first bottom line is the traditional measure of financial performance: how responsible has the organization been in terms of assuring its competitive prosperity?
- **People** — the second bottom line is the measure of the organization's social account: how socially responsible has it been in terms of its impact on the quality of life of the individuals it affects?
- **Planet** — the third bottom line is the measure of the organization's environmental account: how environmentally responsible has it been in terms of its impact on natural ecosystems?

GPM was the first to recognize that sustainable products and sustainable processes were needed to support Elkington's Triple Bottom Line. In our *P5 for Projects*, we also added consideration of risk, value, and benefits leading to a comprehensive model of sustainable performance. Figure 1 illustrates the change from Shareholder Capitalism to a For Purpose organization.

Figure 1 — Evolution of Management Focus

1.2 Drivers for Sustainability in Business

Organizations adopt sustainability for various reasons. Understanding these drivers can help identify where the organization stands on its sustainability journey and the potential benefits it can reap along the way.

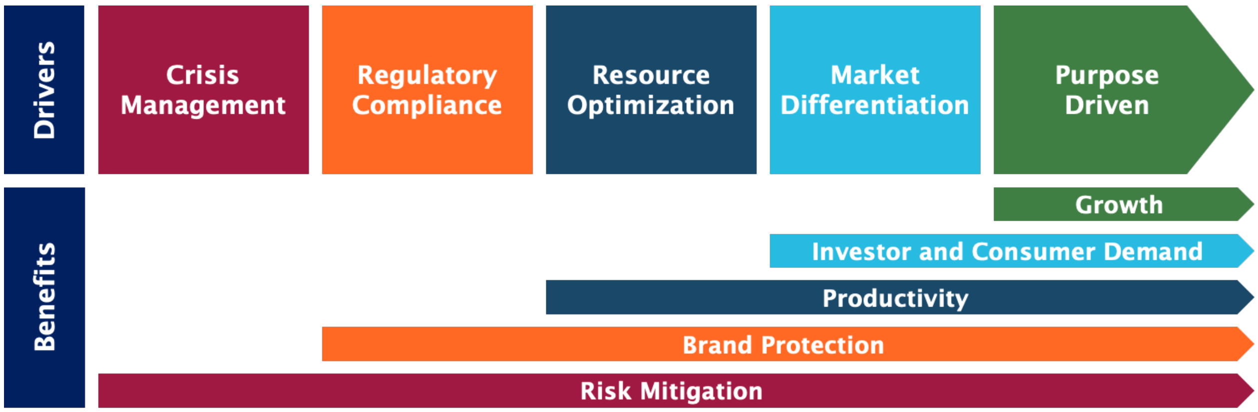

Figure 2 — Drivers for Sustainability in Business

1. **Crisis Management**
   Initially, organizations adopt sustainability primarily as a reaction to a crisis. This could be an oil spill, a regulatory issue, or a scandal. The primary motivation here is risk mitigation. These organizations are driven by the need to respond to immediate threats rather than a genuine commitment to sustainability. Their focus is on minimizing negative impacts.

2. **Regulatory Compliance**
   Slightly more advanced organizations are driven by regulatory compliance. They implement sustainable practices because they are required to by law or regulation. While compliance ensures they meet minimum standards and avoid penalties, their adoption is still largely reactive and focused on meeting external requirements rather than internal values. Here, the primary benefits are risk mitigation plus brand protection as the organization stays within legal boundaries.

3. **Resource Optimization**
   At this point, organizations begin to see more direct benefits from sustainability. Motivated by resource optimization, they adopt sustainable practices to improve efficiency, reduce waste, and cut costs. This level reflects a shift from reactive to proactive strategies. resource optimization, These organizations still benefit from risk mitigation and brand protection, but they also benefit from increased productivity.

4. **Market Differentiation**
   Organizations at this level are driven by the desire to differentiate themselves from competitors. Sustainability becomes a strategic advantage, helping them to appeal to environmentally-conscious consumers and investors. These organizations not only comply with regulations but also actively seek ways to innovate and lead in sustainable practices,

setting themselves apart in the marketplace. As they build a reputation for leadership in sustainability, they benefit from increased demand for their products and services.

5. **Purpose Driven**
   At the highest level, organizations adopt sustainability as a core part of their ethos: sustainability is ingrained in their purpose and mission. They are not just responding to external pressures or seeking competitive advantage; they genuinely believe in creating a positive impact on the environment and society. This purpose-driven approach leads to real growth, attracting like-minded customers, employees, and partners. They foster a culture of sustainability that drives long-term success and resilience, positioning themselves as leaders in sustainable business practices.

As organizations move from crisis management to becoming purpose driven, the benefits they experience from sustainability increase significantly. The journey from reactive adoption to a fully integrated, purpose-driven approach marks the evolution from merely mitigating risks to achieving growth and competitive advantage through sustainability.

1.3 The Sustainable Development Goals

The initial release of the *P5 Standard* was based on the *UN Global Compact Ten Principles* and the Global Reporting Initiative (GRI) *Standards*. In this version, we have mapped our standard to the UN Sustainable Development Goals (SDGs) documented in the *2030 Agenda for Sustainable Development*. Throughout this standard, there are callout boxes that provide examples of how the P5 elements support specific SDG goals and targets.

With 17 goals and 169 targets, there are many connections and combinations that are possible in any given instance. In this standard, we have outlined several. For the complete mapping, see Annex 4.

Figure 3 — The Sustainable Development Goals

For more on the SDGs, visit https://sustainabledevelopment.un.org/sdgs

2 An Introduction to the P5 Standard for Business Practice

According to the International Standards Organization (ISO), standards can be described "as a formula that describes the best way of doing something." It could be about making a product, managing a process, delivering a service, or supplying materials — standards cover a huge range of activities.

Standards are the distilled wisdom of people with expertise in their subject matter and who know the needs of the organizations they represent. These people may be manufacturers, sellers, buyers, customers, trade associations, users, or regulators. Their standards may address:

- Quality management to help work more efficiently and reduce product failures.
- Environmental management to help reduce environmental impacts, reduce waste, and be more sustainable.
- Health and safety to help reduce accidents in the workplace.
- Energy management to help cut energy consumption.
- Food safety to help prevent food from being contaminated.
- Information Technology (IT) to help keep sensitive information secure.

Most standards are either *informative* or *normative*:

- **Informative Standards.** Provide guidance, best practices, and recommendations on various topics related to management systems, processes, products, services, and technologies. While compliance with informative standards is not mandatory, they can be useful for organizations seeking to improve their operations or meet stakeholder expectations.
- **Normative Standards.** Provide requirements, specifications, and guidelines that organizations must comply with to achieve certification or compliance.

The *P5 Standard for Business Practice* is primarily *informative*, although it is also *normative* in that it provides the basis for GPM's programs for the certification of individuals. As well, it provides guidance on what to measure and how to integrate sustainability into an organization's activities. It can also be used by sustainability professionals to support ESG disclosures and sustainability reporting.

By adding consideration of Product and Processes impacts to the triple bottom line of People, Planet, and Prosperity, P5 stands for Product, Process, People, Planet, and Prosperity.

2.1 The P5 Ontology for Business Practice

Figure 44 is the *P5 Ontology for Business Practice*. An *ontology* is a set of concepts and categories in a subject area that shows their properties and the relationships among them. An ontology helps to manage complexity by organizing the available information in a coherent way.

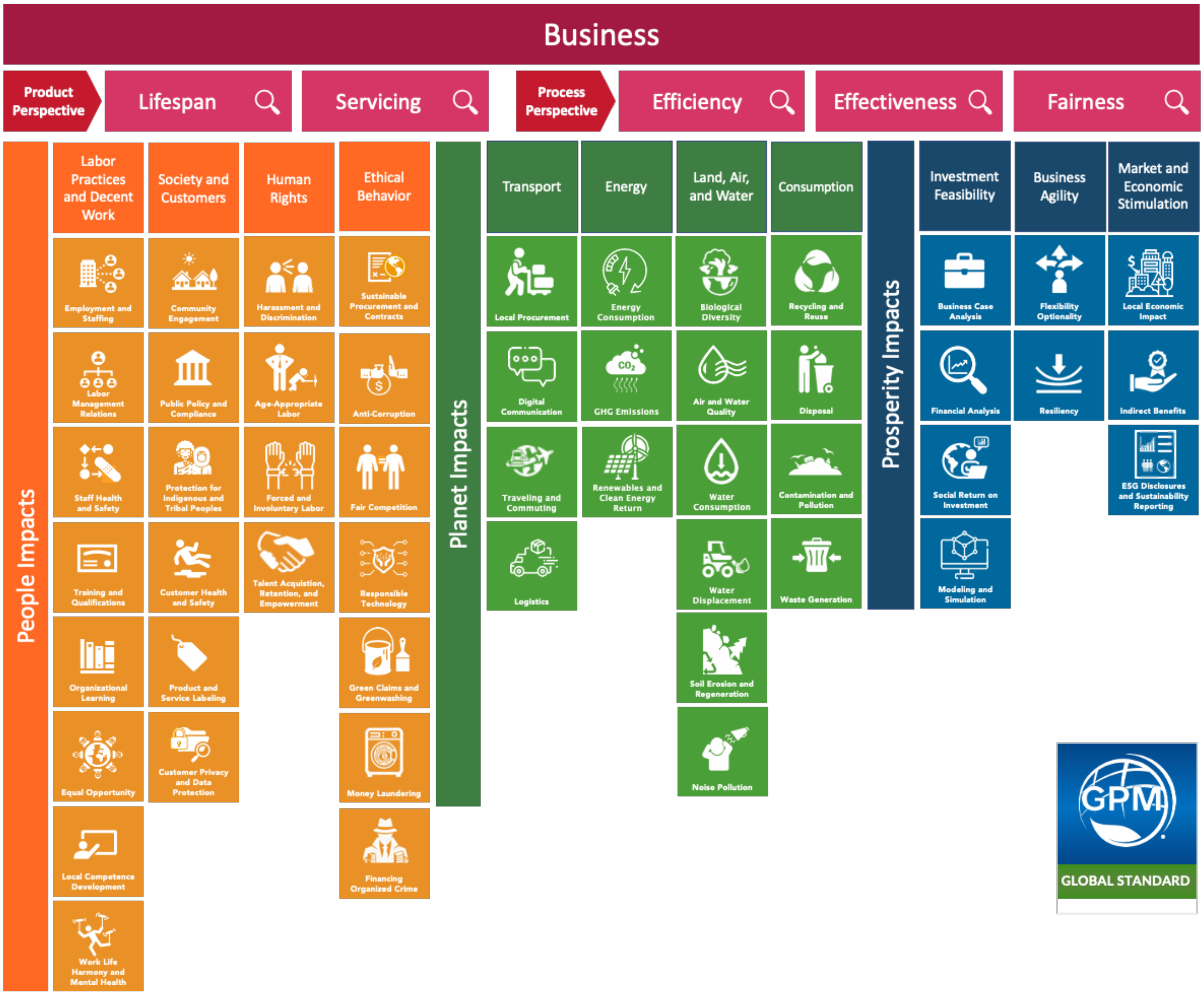

Figure 4 — The P5 Ontology for Business Practice

2.2 P5 Categories, Subcategories, and Elements

The P5 ontology has three major categories: People, Planet, and Prosperity. Each category is further broken down into subcategories and elements.

Sections 3, 4, and 5 provide guidance on what the management team should do to support each element as well as what sustainable business outcomes it may be able to achieve. Where relevant, a mapping to a related SDG target has been provided.

P5 elements comprise aspects of governance that should support and enhance attainment of the organization’s sustainability goals, targets, and commitments.

2.3 P5 Perspectives and Lenses

The impacts that an organization's activities have on people, the planet, and prosperity all come as a result of decisions made about the characteristics of its customer offerings and the management processes it uses to operate.

P5 for Business analyzes these impacts using two perspectives and five lenses. The two perspectives are:

- **Product impacts** based on the organization's offerings
- **Process impacts** based on the management processes it uses to operate

These perspectives are evaluated using the following focus lenses:

- **Lifespan** and **servicing** for the product perspective
- **Efficiency**, **effectiveness**, and **fairness** for the process perspective

All five lenses are essential for fully understanding the sustainability impacts of business practice as they help to reveal impacts that might otherwise be missed. Challenge = **Money Laundering Scandal**

Element = Money Laundering (3.4.6)

	Lens	Impact Description
Product Perspective	Lifespan	The lifespan of financial applications is compromised when they are used for money laundering. Neither customers nor employees will trust the organization's financial processing.
	Servicing	Servicing activities become unsustainable due to increased scrutiny and the need for more extensive and more frequent compliance checks.
Process Perspective	Efficiency	Operational efficiency plummets as resources are diverted to address the fallout from money laundering, including legal battles and procedural overhauls.
	Effectiveness	The effectiveness of the organization's processes is severely undermined as money laundering exposes gaps in financial oversight and regulatory compliance.
	Fairness	Unethical behavior leads to an erosion of trust which in turn leads customers, employees, and regulators to question whether processes are being applied fairly.

Figure 5 illustrates possible impacts identified using all five lens for a single element. Sections 2.4 and 2.5 elaborate on how to use the P5 lenses.

Challenge = Money Laundering Scandal

Element = Money Laundering (3.4.6)

	Lens	Impact Description

Product Perspective	Lifespan	The lifespan of financial applications is compromised when they are used for money laundering. Neither customers nor employees will trust the organization's financial processing.
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	Effectiveness	The effectiveness of the organization's processes is severely undermined as money laundering exposes gaps in financial oversight and regulatory compliance.
	Fairness	Unethical behavior leads to an erosion of trust which in turn leads customers, employees, and regulators to question whether processes are being applied fairly.

Figure 5 — Illustrative Product and Process Impacts

Some elements will not have impacts using all five lenses. However, all five should always be considered to avoid missing possibly significant impacts.

2.4 P5 Impact Lenses for Product

A *product* may be a physical item (a building, a car, a vaccine), a service (a consulting report, a departmental reorganization, a training course), or another type of asset (a research report, a feasibility study). In *P5 for Business*, for simplicity, we will use *product* to apply to both products and services.

The P5 impact lenses address impacts throughout the product life cycle. Products commonly have a life cycle with five stages:

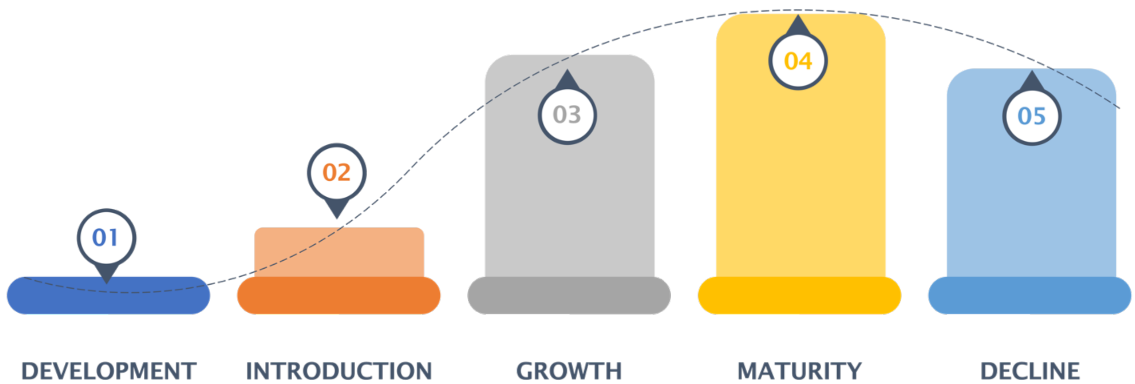


Figure 6 — Typical Product Life cycle

01. Development — this includes the research and development activities before a product is introduced to the market.

02. Introduction — the product is introduced to the market; sales growth is slow to moderate.

03. Growth — the product gains visibility; the rate of sales growth increases.

04. Maturity — the product is established; sales growth stabilizes.

05. Decline — the market becomes saturated or shrinks; sales growth decreases.

2.4.1 Product Lifespan

The **product lifespan** lens examines P5 elements to evaluate the sustainability of a product over its useful life. By using this lens, the management team can identify areas where improvements should be made to enhance the overall sustainability of the product.

For example, the management team may discover that certain materials used in production are not sustainable or that the packaging creates unnecessary waste. By making changes to address these issues (such as switching to more eco-friendly materials or reducing packaging size), the management team can make more informed decisions about how to offer products with a smaller environmental impact and fewer negative social consequences.

When applying the *product lifespan* lens, the management team should:

- Evaluate the quantity and types of materials and chemicals used in the design and manufacture of physical items.
- Explore options for reuse, recovery, repurposing, or recycling whenever possible.
- Consider product lifespan costs (development, distribution, operation, and disposal).
- Apply design principles that support sustainability throughout the product life cycle.
- Actively search for materials that do not harm people or the planet.

- Develop product designs that emit fewer greenhouse gases.
- Hold the organization's value chain (see Section 2.6) to the same standards.

2.4.2 Product Servicing

The **product servicing lens** examines P5 elements to evaluate the sustainability of servicing activities for the product during its useful life. By using this lens, the management team can identify areas where improvements should be made to enhance the overall sustainability of the product's servicing and maintenance activities.

For example, the management team may discover that certain parts are difficult to replace or repair leading to waste when the entire product needs to be replaced. By designing products with easily replaceable or repairable parts, the management team can reduce waste and extend the useful life of the product.

Additionally, the management team may identify areas where improvements can be made in terms of energy requirements during product usage or emissions generated during distribution. By improving energy efficiency or using more sustainable transportation methods for distribution, the management team can improve the overall sustainability of product servicing.

When applying the *product servicing* lens, the management team should:

- Review new technologies for their potential to make servicing activities more sustainable.
- Avoid making unreasonable, misleading, or deceptive claims about the product's serviceability.
- Consider servicing costs throughout the life of the product (development, distribution, operation, and disposal).
- Make conscious choices about energy required to service the product.
- Design and build the product with servicing in mind.
- Hold the organization's value chain (see Section 2.6) to the same standards.

2.5 P5 Impact Lenses for Process

According to the ISO 9000 series of standards, a process is "a set of interrelated or interacting activities that transforms inputs into outputs." These interrelated or interacting activities apply *mechanisms* to *inputs* to generate *outputs* while subject to *constraints* as illustrated below in Figure 77.

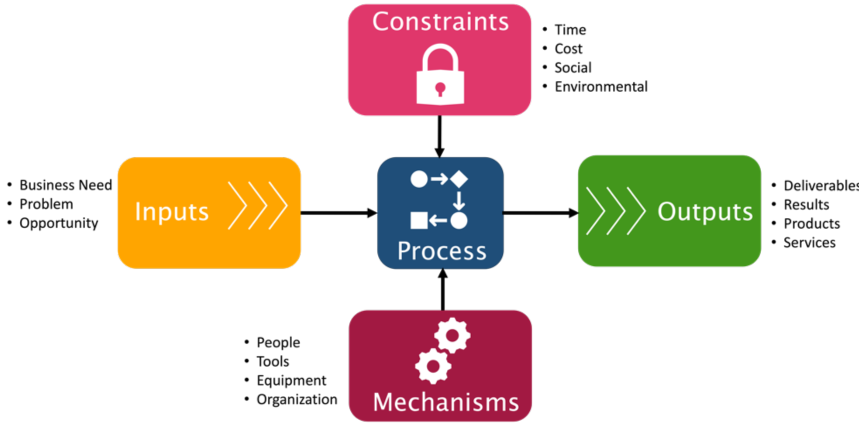


Figure 7 — Process Components

Processes used in business can be categorized into three major types:

- **Management-oriented processes** which are concerned with identifying, describing, and organizing the work of the organization.
- **Product-oriented processes** which are concerned with specifying and creating a product (physical item, service, or other asset).
- **Support-oriented processes** which provide relevant and valuable support to the other processes in disciplines such as logistics, finance, accounting, and safety.

The impacts of management-oriented processes are covered in this section. The impacts of product-oriented processes are covered above in Section 2.4. Support-oriented processes that are performed by employees are considered in this section. Support-oriented processes performed by suppliers or by others within the organization should be considered as part of the organization's value chain.

From a *P5 for Business* perspective, management processes that do not consider sustainability factors would be viewed as inadequate. While such approaches may be effective in achieving traditional profit objectives, they fail to take into account the long-term impact of the organization on the environment and society. It is crucial for the management team to adopt an approach that considers sustainability factors alongside traditional profit objectives.

2.5.1 Efficiency of Business Processes

The **process efficiency** lens examines the *P5 for Business* elements to evaluate whether an organization's business processes are designed to use resources optimally. It involves assessing business processes against industry benchmarks and best-practice frameworks to determine their efficiency.

For example, the management team may discover that its scheduling practices do not adequately address resource constraints or that its reporting procedures create many reports that aren't used. By addressing these weaknesses, the organization can save time and money while being more sustainable as well.

When applying the *process efficiency* lens, the management team should:

- Seek to optimize the efficiency of the processes used by the organization.
- Assess its business processes against industry benchmarks and best-practice frameworks.

2.5.2 Effectiveness of Business Processes

The **process effectiveness** lens examines the *P5 for Business* elements to evaluate whether an organization's business processes are designed to use resources effectively. It involves assessing business processes against industry benchmarks and best-practice frameworks to determine their efficiency. The management team can use this lens to identify areas that need improvement to enhance overall performance.

For example, the management team may discover that its risk management practices do not adequately identify sustainability risks or that it is unable to support sustainability reporting. By addressing these weaknesses, the organization can reduce sustainability impacts and increase stakeholder satisfaction as well.

When applying the *process effectiveness* lens, the management team should:

- Seek to optimize the effectiveness of the processes used in the business.
- Assess its business processes against industry benchmarks and best-practice frameworks.

2.5.3 Fairness of Business Processes

The **process fairness** lens examines the *P5 for Business* elements to evaluate whether all affected individuals are treated fairly and with respect. Affected individuals includes employees, customers, suppliers, and other stakeholders.

Fairness does not mean treating everyone exactly the same — it means taking into account individual differences and circumstances to ensure that everyone is treated equitably. For example, providing accommodations for individuals with disabilities or offering flexible work arrangements for employees with caregiving responsibilities can promote fairness without treating everyone exactly the same.

By using this lens, the management team can promote talent acquisition, retention, and empowerment. It can identify potential biases in policies and practices and take steps to address them. This leads to a more inclusive workplace where all individuals feel valued and respected.

Moreover, promoting fairness in the organization also helps build trust among stakeholders. When people feel they are being treated fairly, they are more likely to engage positively with the organization and support its goals.

When applying the *process fairness* lens, the management team should:

- Ensure transparency and openness in all its activities.
- Be fair to customers, suppliers, and other stakeholders at all times.

2.6 Value Chains

A **value chain** is the series of activities that an organization undertakes to create and deliver a product or service to its customers, from its initial design to its arrival at the customer's door. The chain includes both upstream activities (performed by suppliers) and downstream activities (performed in the distribution channels).

Important — the organization's value chain includes all the activities, processes, and functions necessary to deliver a product sustainably. The recommended practices in *P5 for Business* should be extended to suppliers, partners, and other stakeholders who contribute to the organization.

2.7 P5 and Other International Sustainability Standards

The main purpose of both P5 standards is to identify potential impacts to sustainability, both positive and negative, that can be analyzed and presented to management to support informed decisions and effective resource allocation.

Both *P5 for Business* and *P5 for Projects* support organizational goals for sustainability by focusing on the potential impacts of business practice and project activities.

P5 brings internationally recognized standards, accords, and treatises to the forefront of organizational management. It has direct ties to, but is not limited to, the following:

- United Nations Universal Declaration of Human Rights
- International Covenant on Civil and Political Rights (ICCPR)
- International Covenant on Economic, Social, and Cultural Rights (ICESCR)
- Convention on the Elimination of all Forms of Discrimination against Women (CEDAW)
- ILO Declaration on Fundamental Principles and Rights at Work
- The 2030 Agenda for Sustainable Development
- UN Sustainable Development Goals (SDGs)
- Sustainable Accounting Standards Board (SASB) Standards
- SA8000:2014 Standard (Social Accountability International)
- Ten Principles of the United Nations Global Compact
- Global Reporting Initiative (GRI) Standards

Managers should be familiar with these documents as they are often updated. The ILO Declaration on Fundamental Principles and Rights at Work for example was amended in 2022.

A full mapping can be downloaded at www.gpmglobal.org/p5

3 People Impacts

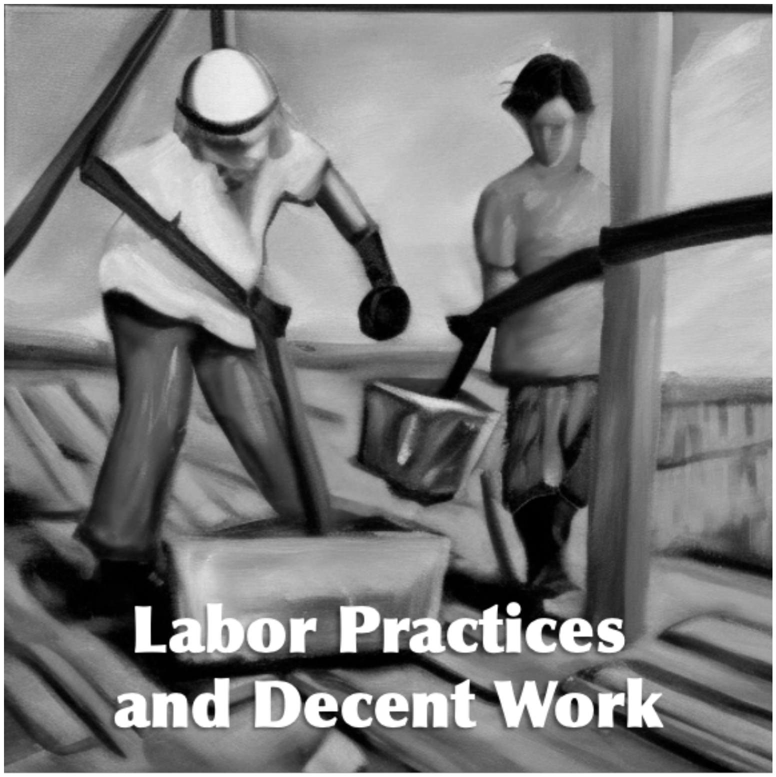
The people (social) category of sustainability concerns the impacts that an organization's activities and results may have on individuals, society, and communities. The focus of the people category is on operating ethically and maintaining mutually beneficial relationships with employees, customers, suppliers, supply chains, and the wider community in general.

The people category contains the following subcategories:

- Labor practices and decent work
- Society and customers
- Human rights
- Ethical behavior

People Impacts			
Labor Practices and Decent Work	**Society and Customers**	**Human Rights**	**Ethical Behavior**
Employment and Staffing	Community Engagement	Harassment and Discrimination	Sustainable Procurement and Contracts
Labor/Management Relations	Public Policy/ Compliance	Age-Appropriate Labor	Anti-Corruption
Project Health and Safety	Protection for Indigenous and Tribal Peoples	Forced/Involuntary Labor	Fair Competition
Training and Qualification	Customer Health and Safety	Talent Acquisition, Retention, and Empowerment	Responsible Technology
Organizational Learning	Product and Service Labeling		Green Claims and Greenwashing
Equal Opportunity	Customer Privacy and Data Protection		
Local Competence Development			
Work-Life Harmony and Mental Health			

Figure 8 — People Impacts



3.1 Labor Practices and Decent Work

Labor practices and decent work are essential for the protection of workers' health and rights.

Labor practices should be focused on fostering a healthy and productive workforce that ultimately contributes to a sustainable future. Decent work involves fair wages, safe working conditions, and opportunities to grow. It also involves efforts such as collective bargaining and proper resource allocation. Additionally, organizations should strive to provide equitable working conditions regardless of gender, ethnicity, or other factors.

This subcategory deals with the organization's relationships with its workers. It covers:

- Employment and staffing
- Labor/management relations
- Staff health and safety
- Training and qualification
- Organizational learning
- Equal opportunity
- Local competence development
- Work-life harmony and mental health

3.1.1 Employment and Staffing

This element covers the policies, procedures, and practices needed to support the individuals working in the organization. It deals with both supervisory staff such as the executive management team as well as all employees throughout the organization, including contractors.

Employment and staffing *is the process of obtaining the personnel needed to operate an organization. It includes identifying the skills required for business operations, recruiting potential individuals (internally or externally), managing their time and performance, training them when needed, and compensating them accordingly.*

The management team should:

- Invest in training and development programs for workers to improve their skills and increase their job security.
- Encourage flexible work arrangements such as telecommuting and part-time work.
- Implement fair pay/livable wages and benefits policies to attract and retain high-quality workers.
- Foster a positive and inclusive workplace culture that values and respects all employees.
- Diversify its workforce by recruiting from underrepresented groups.

Improved employment and staffing helps to achieve the following sustainable business outcomes:

- Increased job security for employees due to job stability and secure wages.
- Improved long-term economic growth since workforce productivity increases with improved working conditions.
- Increased motivation, improved morale, and reduced turnover.
- Reduced labor costs due to better resource management, fewer labor disputes, and decreased turnover rates.

Supports SDG 8, Target 5*. "By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value"*

3.1.2 Labor/Management Relations

This element covers the policies, procedures, and practices needed to ensure an effective working relationship across all levels of the organization.

Labor/management relations *means building trust, understanding, and cooperation among managers and staff. It involves respecting each other's opinions, resolving conflicts proactively, communicating clearly, and ensuring that everyone is aware of their roles and responsibilities.*

The management team should:

- Recognize and support both legal and human rights for everyone in the organization.
- Define and implement approaches for addressing disputes.
- Regardless of position or rank in the company, treat all workers fairly.
- Be consistently constructive when providing feedback.
- Be open to learning from employees at all levels of the organization.

Better labor/management relations helps to achieve the following sustainable business outcomes:

- Increased productivity from individuals who are engaged and motivated in their work.
- A positive work environment with improved morale and satisfaction.
- Reduced turnover and lower costs for recruiting and training new personnel.

10 REDUCED INEQUALITIES

Supports SDG 10, Target 4. *"Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality"*

3.1.3 Staff Health and Safety

This element covers the policies, procedures, and practices needed to ensure the health and safety of permanent staff and contractors.

Health and safety *is the practice of creating safe working conditions for all individuals working in and for the organization. It involves implementing measures such as hazard assessment, risk management, training, enforcement, and investigation. Its main goal is to ensure that individuals are not exposed to any unnecessary risks while performing their work.*

The management team should:

- Identify and comply with relevant health and safety laws and regulations.
- Identify and evaluate options for controlling hazards.
- Develop plans to protect individuals during emergencies and other nonroutine activities.
- Ensure that individuals are given the necessary equipment, clothing, and training to carry out their work safely.
- Establish clear procedures for reporting incidents and near-misses.
- Investigate the causes of incidents and near-misses.
- Promptly inform individuals about any changes to health and safety practices.
- Conduct regular risk assessments and inspections of the work environment to ensure it is safe at all times.
- Provide permanent staff with appropriate training on health and safety procedures to ensure that they are aware of risks associated with any activities they are involved in.

Enhanced staff health and safety helps to achieve the following sustainable business outcomes:

- A safe, secure, and healthy workplace for staff.
- Minimal lost time and minimal costs from workplace illnesses and injuries.
- Avoidance of fines and penalties for breaches of health and safety laws and regulations.

Supports SDG 3, Target c. *"Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks"*

3.1.4 Training and Qualification

This element covers the policies, procedures, and practices needed to ensure that permanent staff have the skills needed to carry out the organization's activities.

Training and qualification *is the process of ensuring that permanent staff have the necessary skills to effectively complete their work. It involves providing instruction, assessing proficiency, monitoring performance, and offering guidance.*

The management team should:

- Identify skills required across the organization.
- Identify skill gaps and development needs of permanent staff.
- Avoid placing permanent staff in roles they are not suited for.
- Sponsor training programs that enable permanent staff to learn new skills.
- Give permanent staff access to mentors who can offer advice and practical tips on how to improve their skills.
- Encourage permanent staff to collaborate with each other and share ideas for professional growth.
- Establish a system of rewards and recognition for those who improve their skills.

Improved training and qualification helps to achieve the following sustainable business outcomes:

- Enhanced engagement when permanent staff know they will have an opportunity to develop their skills.
- Improved productivity, efficiency, and creativity when permanent staff are able to apply their new skills to the work.
- Increased ability to attract qualified individuals looking for an organization where they can grow professionally.
- Better organization performance through improved skills.

4 QUALITY EDUCATION

Supports SDG 4, Target 3. *"By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university"*

Supports SDG 4, Target 4. *"By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship"*

3.1.5 Organizational Learning

This element covers the policies, procedures, and practices needed to support both knowledge management and knowledge creation throughout the organization.

Organizational learning *is a form of knowledge management in which organizational components and individual employees are encouraged to capture, share, and apply their knowledge. This enables the organization to adapt and improve its processes and products over time.*

The management team should:

- Capture lessons learned and share them throughout the organization.
- Engage with permanent staff to promote organizational learning.
- Establish clear processes for knowledge sharing.
- Invest in the appropriate technologies to facilitate knowledge capture, storage, and retrieval.
- Encourage collaboration across functional units to foster a culture of open communication and learning.
- Create conditions that motivate employees to share new insights, experiences, and ideas.
- Endeavor to provide permanent staff with access to the right information at the right time to make better decisions faster.

Organizational learning helps to achieve the following sustainable business outcomes:

- Enhanced capabilities throughout the organization.
- Increased efficiency and effectiveness throughout the organization.
- Creation of an organizational body of knowledge that can be used to improve results.
- Increased efficiency and cost savings by avoiding past mistakes.
- More informed decision-making based on insights from previous activities.

Supports SDG 16, Target 6. *"Develop effective, accountable and transparent institutions at all levels"*

Supports SDG 16, Target 7. *"Ensure responsive, inclusive, participatory and representative decision-making at all levels"*

3.1.6 Equal Opportunity

This element covers the policies, procedures, and practices needed to ensure that all workers, both permanent staff and contractors, are provided equal opportunities.

Equal opportunity *is the practice of providing individuals with access to jobs, opportunities, and responsibilities based on their qualifications regardless of gender, race, age, or other characteristics. It seeks to eliminate any type of discrimination in the workplace and to ensure that all workers are treated fairly and given an equal chance to participate in an appropriate way.*

The management team should:

- Provide equal opportunity for all based on skill.
- Show zero-tolerance for bias based on gender, race, age, or other characteristics.
- Provide accommodations for individuals with disabilities.
- Ensure a transparent and fair performance evaluation process.
- Provide space for open dialogue to better understand different perspectives and experiences.
- Create an environment of trust where everyone is respected and valued.

Support for equal opportunity helps to achieve the following sustainable business outcomes:

- Reduced turnover and better employee engagement.
- Improved organizational morale and productivity.
- Enhanced creativity and innovation from diverse perspectives.
- Increased trust between employees and employers.
- Greater access to a diverse talent pool.

10 REDUCED INEQUALITIES

Supports SDG 10, Target 3. *"Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard"*

3.1.7 Local Competence Development

This element covers the policies, procedures, and practices needed to increase the likelihood that the skills needed to support the organization will be available no matter where it is located.

Local competence development *is the process of fostering and expanding skills, knowledge, and expertise in the localities in which the organization operates. It can involve providing training or education to local individuals, as well as encouraging collaboration and the sharing of resources with local organizations or local individuals.*

The management team should:

- Consider the abilities of local organizations and individuals when planning staffing.
- Use local labor whenever possible.
- Leverage local practices and culture to improve efficiency.
- Incorporate local employment targets in supplier contracts.

Development of local competence helps to achieve the following sustainable business outcomes:

- New and improved skills in the local area.
- More sustainable access to a qualified workforce.
- Increased productivity, quality, and efficiency from workers.
- Enhanced innovation opportunities from collaborating with local experts.
- Economic growth and wider social inclusion in the local area.

Supports SDG 4, Target 7. *"By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development"*

3.1.8 Work-Life Harmony and Mental Health

This element covers the policies, procedures, and practices needed to ensure that workers are able to achieve both personal and professional goals while protecting and promoting mental health for persons in high stress positions.

Work-life harmony and mental health *refers to the ability of individuals to strike a balance between their professional goals and commitments within their personal lives. This involves taking regular breaks from work, developing healthy work habits, and engaging in activities that bring a sense of joy and contentment.*

The management team should:

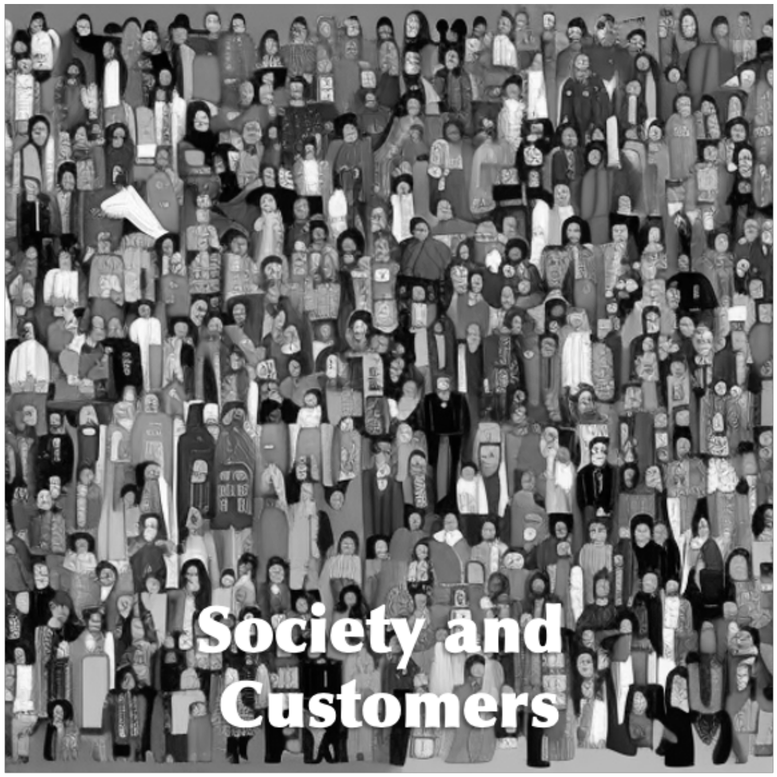
- Employ flexible work schedules so that permanent staff can better manage their life and organizational commitments.
- Offer paid time off (typically at least annual vacations and statutory holidays) for full-time employees to help them maintain a good balance between their job responsibilities and their personal life.
- Provide remote working options to support mental health and wellbeing.
- Assess, and then mitigate or remove, workplace risks to mental health.
- Support workers with mental health conditions to participate and thrive in work.
- Watch for, and then address, unexpected or worrisome changes in the behavior or habits of permanent staff.

Better work-life harmony and improved mental health help to achieve the following sustainable business outcomes:

- More productive workers.
- Increased motivation, improved morale, and reduced turnover.
- Workers who are better equipped to handle difficult situations and stressors.

3 GOOD HEALTH

Supports SDG 3, Target d. *"Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks"*



3.2 Society and Customers

Organizations must address how their stakeholders, particularly society and customers, are affected by business activities and business results.

Society's needs should be considered at all times to ensure that the organization meets the expectations of customers, investors, suppliers, and society at large. Customer needs must be met in a responsible manner. The organization should always strive to not only benefit society and the organization's customers but also to have a net positive impact on people's lives.

This subcategory deals with the organization's interactions with society and with the customers who will make use of the organization's products. It covers:

- Community engagement
- Public policy and compliance
- Protection for indigenous and tribal peoples
- Customer health and safety
- Product and service labeling
- Customer privacy and data protection

3.2.1 Community Engagement

This element covers the policies, procedures, and practices needed to ensure support for the organization's activities from any affected communities.

Community engagement *is the practice of treating local residents as stakeholders. This is essential as it ensures that local needs and perspectives are taken into consideration when taking any action that affects the community. It also requires a two-way exchange of information and ideas between the organization and the community to make the organization more effective, efficient, and beneficial for all involved.*

The management team should:

- Actively engage with the local community to gain support and ensure that community voices are heard.
- Develop a clear and consistent message tailored to the people impacted by the organization.
- Be open and honest about proposed impacts and actively address any concerns voiced by the community.
- Be open and honest about proposed changes within the organization and actively engage the community in conversations about potential impacts.
- Take part in events such as town halls or media interviews to share information about business activities.

Community engagement helps to achieve the following sustainable business outcomes:

- Better brand reputation by virtue of better relationships with the people affected by the organization.
- Improved public relations when the community trusts the individuals speaking for the organization.
- Enhanced brand visibility through involvement in community events.

Supports SDG 11, Target a. *"Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning"*

3.2.2 Public Policy and Compliance

This element covers the policies, procedures, and practices needed to ensure that the organization complies with relevant laws and regulations.

Public policy and compliance *includes the steps taken to ensure that the organization complies with all relevant laws and regulations. This involves researching relevant laws and regulations, understanding their implications for the organization, and taking necessary steps to make sure these laws and regulations are respected.*

The management team should:

- Keep abreast of changes to relevant laws and regulations.
- Review existing procedures and processes for compliance and update them as needed.
- Encourage all employees to comply with both the letter and the spirit of relevant laws and regulations.
- Actively monitor business activities to ensure compliance with relevant laws and regulations.

Public policy and compliance helps to achieve the following sustainable business outcomes:

- Assurance that organizational activities are conducted within the boundaries of legal requirements.
- Improved brand reputation through visible compliance with legal requirements.
- Lower risk by reducing the potential for violations of public policy.

10 REDUCED INEQUALITIES

Supports SDG 10, Target 4. *"Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality"*

3.2.3 Protection for Indigenous and Tribal Peoples

This element covers the policies, procedures, and practices needed to ensure that the organization protects the rights of affected indigenous and tribal peoples to enjoy and practice their cultures, customs, religions, and languages.

Protection for indigenous and tribal peoples *includes the measures taken to ensure the rights and wellbeing of affected populations as part of the organization's activities. This includes protection of their culture, land use rights, language, religion, and other forms of recognition.*

The management team should:

- Prevent any action which might deprive affected indigenous or tribal peoples of their cultural values or ethnic identities.
- Involve affected indigenous and tribal leaders in the planning process to help ensure that any potential impacts of the organization on them are taken into account.
- Respect the right of affected indigenous and tribal peoples to autonomy over their lands and resources, and give them meaningful input into decisions that may impact them.
- Provide affected indigenous and tribal peoples with timely, accurate information about proposed business activities that may affect their interests.
- Apply the guidance for local competence development (section 3.1.7) to indigenous and tribal peoples.

Protection for indigenous and tribal peoples helps to achieve the following sustainable business outcomes:

- Improved relationships with affected local communities.
- Reduced environmental impact when indigenous and tribal knowledge helps identify potential environmental impacts and develop mitigation strategies.
- Enhanced brand reputation and greater public support by demonstrating respect for and consideration of indigenous and tribal peoples.

11 SUSTAINABLE CITIES AND COMMUNITIES

Supports SDG 11, Target 4. *"Strengthen efforts to protect and safeguard the world's cultural and natural heritage"*

3.2.4 Customer Health and Safety

This element covers the policies, procedures, and practices needed to ensure the health and safety of the organization's customers (individuals and organizations).

Customer health and safety *includes the measures taken to ensure the physical and mental wellbeing of the users of the organization's products. This includes providing information about risks and hazards, proper customer handling, and adherence to relevant safety standards, protocols, laws, and regulations.*

The management team should:

- Comply with relevant standards, protocols, laws, and regulations that apply to customer health and safety.
- Ensure that the design of its products minimize potential health and safety hazards to customers.
- Establish measures such as safety inspections and emergency plans to help prevent accidents involving visitors to the organization's working areas.

Better customer health and safety helps to achieve the following sustainable business outcomes:

- Reduced complaints and increased customer satisfaction.
- Reduced risk of liability claims in the event of an incident.
- Improved brand reputation by demonstrating a commitment to customer health and safety.

3 GOOD HEALTH AND WELL-BEING

Supports SDG 3, Target c. *"Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks"*

3.2.5 Product and Service Labeling

This element covers the policies, procedures, and practices needed to ensure that the organization's products are labeled correctly as to content, sourcing, safe use, disposal, and any other factors that may have an effect on society or customers.

Product and service labeling *includes procedures used to ensure that products are accurately labeled according to legal and ethical standards. This includes properly disclosing potential risks, hazards, and side effects associated with the use of products and services as well as providing appropriate information about the origins of these products and services.*

The management team should:

- Use eco-friendly or biodegradable materials for labeling.
- Use digital labeling or QR (Quick Response) codes to reduce the need for physical labeling.
- Use recognized, standard symbols to communicate environmentally friendly or environmentally hazardous features.
- Label products with accurate information regarding health and safety risks so that customers can make informed decisions.
- Provide information on the product's end-of-life disposal options.
- Consider the entire life cycle of the product when designing the labeling.
- Provide evidence for any claims of being "environmentally friendly" or "sustainable."

Improved product and service labeling helps to achieve the following sustainable business outcomes:

- Enhanced brand reputation and trust.
- Increased purchases by customers of environmentally friendly products.

12 RESPONSIBLE CONSUMPTION

Supports SDG 12, Target 8. *"By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature"*

3.2.6 Customer Privacy and Data Protection

This element covers the policies, procedures, and practices for avoiding the loss or compromise of customer information.

Customer privacy and data protection *encompasses the measures taken to safeguard customer data such as personal information or financial details. It includes providing secure storage facilities and encryption technologies, implementing appropriate access controls and authentication procedures, and ensuring compliance with relevant laws and regulations.*

The management team should:

- Obtain explicit consent for any data collection or usage.
- Implement robust security measures and regularly monitor and audit systems.
- Train permanent staff and others with access to customer data on data privacy and security best practices.
- Limit access to sensitive data.
- Stay current with the latest threats and vulnerabilities and comply with all applicable data protection and privacy laws and regulations.
- Verify the adequacy of any third-party service providers and replace those with inadequate controls.

Improved customer privacy and data protection helps to achieve the following sustainable business outcomes:

- Improved customer trust.
- Improved brand reputation, performance, and competitiveness by demonstrating a commitment to data security and privacy.
- Less negative publicity and fewer legal disputes.

16 PEACE AND JUSTICE

17 PARTNERSHIPS FOR THE GOALS

Supports SDG 16, Target 10. *"Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements"*

Supports SDG 17, Target 10. *"Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda"*

3.3 Human Rights

Organizations should have a strong foundation in upholding human rights, both for their own employees and with regard to external stakeholders.

Human rights includes satisfying basic needs such as food, clean water, housing, education, and healthcare. It also involves ensuring that these needs are provided on an equitable basis regardless of gender, race, age, or other characteristics. Organizations should strive to create an environment where everyone is treated with dignity and respect and given agency over their lives. Human rights must be taken into consideration during business activities to ensure fairness and equity for all involved.

This subcategory addresses the rights inherent to all human beings regardless of gender, race, age, or other characteristics. It covers:

- Harassment and discrimination
- Age-appropriate labor
- Forced and involuntary labor
- Talent acquisition, retention, and empowerment

3.3.1 Harassment and Discrimination

This element covers the policies, procedures, and practices needed to ensure that the organization does not discriminate or harass on the basis of race, color, national or ethnic origin, age, religion, disability, sex, sexual orientation, gender identity and expression, veteran status, pregnancy status, or any other characteristic protected under applicable law.

Harassment and discrimination *involves the measures adopted to ensure a safe, respectful, and non-discriminatory workplace environment. This includes developing policies that protect employees from unjust treatment, creating an inclusive environment, implementing effective reporting procedures for instances of inappropriate behavior, and providing sufficient training for management on how to handle such issues.*

The management team should:

- Implement a zero-tolerance policy against harassment and discrimination.
- Create a culture that promotes respect and inclusion.
- Provide regular training for all permanent staff on the laws, regulations, and policies that prohibit harassment and discrimination.
- Encourage permanent staff to report incidents and have a process to investigate and address any reported incidents promptly and impartially.
- Hold suppliers and their supply chains to the same standard.

Effective harassment and discrimination practices help to achieve the following sustainable business outcomes:

- Reduced exposure to lawsuits and claims.
- Reduced turnover and lower hiring costs.
- Improved productivity and morale.

Supports SDG 10, Target 2 *"Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status"*

Supports SDG 5, Target 1. *"End all forms of discrimination against all women and girls everywhere"*

3.3.2 Age-Appropriate Labor

This element covers the policies, procedures, and practices needed to ensure that children are not exploited by the organization's activities. This goes beyond simple observation of minimum age requirements and includes prohibiting work that deprives children of their childhood, interferes with their potential and their dignity, or that is harmful to their physical and mental development.

Age-appropriate labor *means ensuring that children are not put in dangerous or exploitative situations while still allowing them to develop essential job skills. It is used to describe work suitable for a person's skill level and maturity.*

The management team should:

- Provide support for the ILO *Convention Concerning Minimum Age for Admission to Employment*.
- Ensure that all workers are at or above the minimum age required by law.
- Prevent children from being put into situations that might harm their health or general well-being.
- Protect the human rights, including the right to an education, of any child workers.
- Verify that all labor in their value chain is age appropriate and hold any third parties accountable for violations.

Using only age-appropriate labor helps to achieve the following sustainable business outcomes:

- Protection for the rights of minors who may be more vulnerable to exploitation.
- Safe and healthy working conditions for all workers.
- Reduced exposure to lawsuits and claims.
- Enhanced brand reputation.

Supports SDG 8, Target 7. *"Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms"*

Supports SDG 16, Target 2. *"End abuse, exploitation, trafficking and all forms of violence against and torture of children"*

3.3.3 Forced and Involuntary Labor

This element covers the policies, procedures, and practices needed to ensure that all organizational activities are performed by willing workers.

Forced and involuntary labor *means any work or service that is extracted from a person under the menace of punitive action against themselves or their families. It includes work where the payment is below subsistence levels, or where the payment is in goods which are not desirable. Forced and involuntary labor can take many forms including human trafficking, debt bondage, enslavement, and unjustly long working hours.*

The management team should:

- Provide support for the ILO *Forced Labour Convention*.
- Adhere to labor protection laws and regulations including those that prohibit or criminalize any form of forced or involuntary labor.
- Use clearly-defined and rigorous recruitment and selection procedures to ensure that no workers are subject to deceptive recruiting or intimidation.
- Establish a safe grievance procedure to facilitate reporting of evidence of forced or involuntary labor.
- Periodically verify that suppliers and contractors are in compliance with ILO standards.
- Develop transparent policies ensuring fair wages and safe working conditions for everyone.

Support for forced and involuntary labor practices helps to achieve the following sustainable business outcomes:

- Protection of vulnerable workers from exploitation, abuse, and human trafficking.
- Increased worker engagement, trust, and loyalty by respecting their basic rights.
- Better compliance with labor laws.
- Improved brand reputation and consumer confidence.

Supports SDG 8, Target 7. *"Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms"*

3.3.4 Talent Acquisition, Retention, and Empowerment

This element covers the policies, procedures, and practices needed to attract, retain, and empower talent while fostering an environment where individuals are valued, growth is supported, opportunities are accessible, and teams are equipped to thrive.

Talent acquisition, retention, and empowerment *is the commitment to attracting, developing, and retaining needed talent while fostering a workplace that adapts to evolving needs, encourages collaboration, and provides access to growth opportunities.*

The management team should:

- Ensure hiring, promotion, and compensation based on skills, contribution, and potential.
- Empower broad participation in decision making, ensuring that diverse expertise and perspectives contribute to business success.
- Support ongoing learning initiatives that equip workers with adaptive skills and cross-functional expertise.
- Provide mentorship opportunities, career advancement pathways, and leadership training.
- Ensure fair access and opportunity-based growth.

Support for talent acquisition, retention, and empowerment helps to achieve the following sustainable business outcomes:

- Increased productivity by cultivating an environment of collaboration and trust.
- Enhanced decision-making capabilities by embracing different perspectives.
- Improved employee engagement and morale through feeling valued.
- More effective recruitment strategies that attract strong talent.
- Higher customer satisfaction rates due to a heightened sense of connection and loyalty.
- Improved public image leading to increased brand recognition and market share.

3.4 Ethical Behavior

Organizations should adhere to ethical principles such as respect for human rights, fairness, transparency, and accountability.

Ethical considerations should be taken into account when performing business activities or making decisions which might have a negative impact on society or those working in the organization. Stakeholders must be given a voice in decisions that affect them, and they must be treated with respect. By taking ethical considerations seriously, organizations can ensure that their objectives are achieved in a responsible manner.

This subcategory deals with the need to recognize that conscious leadership in support of a higher purpose provides the foundation for successful and stronger organizations. It covers:

- Sustainable procurement practices and contracts
- Anti-corruption
- Fair competition
- Responsible technology
- Green claims and greenwashing
- Money laundering
- Financing organized crime

3.4.1 Sustainable Procurement Practices and Contracts

This element covers the policies, procedures, and practices needed to supply the organization with sustainably purchased resources.

Sustainable procurement practices and contracts *includes practices for obtaining goods, raw materials, and services that take into account environmental, economic, and social impacts. It means contracting for resources in an ethical manner. It requires establishing agreements which adhere to environmental, social, and human rights standards.*

The management team should:

- Include the environmental, economic, and social impact of the product or service as a factor in all purchasing decisions.
- Evaluate the environmental and social performance of all suppliers.
- Prioritize products and services with reputable sustainability certifications such as Energy Star, Forest Stewardship Council (FSC), and Leadership in Energy and Environmental Design (LEED).
- Encourage the use of eco-efficient products and services that use less energy, less water, have a longer life span, and are made from recycled or reused materials.
- Train relevant workers on sustainable procurement.
- Pay suppliers in accordance with their contracts and hold them to the same standards and practices for sustainable procurement.

Sustainable procurement practices and contracts can help to achieve the following sustainable business outcomes:

- Cost savings through the use of more energy- and resource-efficient products and services.
- Reduced waste and increased recycling.
- Enhanced brand image making it more attractive to customers and investors who prioritize sustainability.
- Increased innovation as suppliers are encouraged to develop more sustainable products and services.

12 RESPONSIBLE CONSUMPTION

Supports SDG 12, Target 7. *"Promote public procurement practices that are sustainable, in accordance with national policies and priorities"*

3.4.2 Anti-Corruption

This element covers the policies, procedures, and practices needed to avoid all forms of corruption including extortion and bribery.

Anti-corruption *is the practice of rejecting both offers of and requests for gifts, payments, or other forms of benefits in order to influence the activities, results, or outcomes of the organization. It involves making sure that the organization is free of unethical practices such as bribery, money laundering, fraud, and embezzlement.*

The management team should:

- Implement comprehensive anti-corruption policies
- Establish a rigorous vetting process for suppliers.
- Develop clear procedures for preventing bribery and detecting suspicious activity.
- Train permanent staff about how to prevent, detect, and report corruption.
- Set up anonymous reporting mechanisms to minimize fear of retribution or censure.
- Inform individuals and communities affected by the organization about their rights and how to contest or report potential corruption.
- Monitor contractual activities to ensure compliance with regulations and standards set out in the agreements.
- Make financial information available for review by management and regulators alike.

Eliminating bribery and corruption helps to achieve the following sustainable business outcomes:

- Improved relationships with stakeholders.
- Increased trust from customers, partners, and other members of the public.
- Reduced risk of legal and financial repercussions for unethical behavior.
- Goodwill towards the organization as it demonstrates a commitment to transparency and integrity.

Supports SDG 16, Target 5. *"Substantially reduce corruption and bribery in all their forms"*

Supports SDG 16, Target 6. *"Develop effective, accountable and transparent institutions at all levels"*

3.4.3 Fair Competition

This element covers the policies, procedures, and practices needed to ensure that the organization does not participate in anticompetitive behavior, especially any which might result in legal action.

Fair competition *is the practice of ensuring that all parties wanting to provide products to the organization have an equal opportunity to compete and win. It requires taking measures to ensure that no individual party has an unfair advantage due to size, wealth, influence, or any other factor. This includes enforcing laws and regulations against anticompetitive behavior such as price-fixing and market manipulation. Additionally, fair competition calls for creating transparent processes for bidding and contract awards to ensure fair opportunities for businesses of all sizes and types.*

The management team should:

- Refuse to participate in collusive purchasing activities such as bid-rigging.
- Refuse to participate in price-fixing agreements.
- Implement clear and transparent bidding and selection processes for all products and services.
- Establish selection criteria prior to issuing any Request for Proposal, Request for Bid, or Request for Quotation.
- Establish selection criteria that do not provide an unfair advantage for certain suppliers.
- Make sure all prospective suppliers have access to the same information about business requirements, timelines, and expectations.

Support for fair competition helps to achieve the following sustainable business outcomes:

- Improved trust in the sponsoring organization as it demonstrates a commitment to fairness and integrity.
- Reduced risk of legal repercussions for violations related to procurement activities.
- More competitive prices and schedules as a result of transparent processes.

16 PEACE AND JUSTICE

Supports SDG 16, Target 5. *"Substantially reduce corruption and bribery in all their forms"*

Supports SDG 16, Target 6. *"Develop effective, accountable and transparent institutions at all levels"*

3.4.4 Responsible Technology

This element covers the policies, procedures, and practices for the use of technology in a manner that respects the rights and dignity of the individuals and communities affected by it.

Responsible technology *is the practice of taking into account ethical, legal, and social implications that involve new or emerging technologies. This includes developing and adhering to frameworks and policies related to data privacy, intellectual property rights, and environmental impact. Responsible technology also requires ensuring that technology is used in a safe and responsible manner.*

The management team should:

- Guide the development and deployment of technology using guidelines grounded in fairness, transparency, accountability, and social responsibility.
- Provide appropriate training to workers on the ethical implications of any work with Artificial Intelligence (AI) and ensure that any data sets used to train AI systems are representative and valid for purpose.
- Develop mechanisms to manage and respond to risks associated with using AI technologies in its products.
- Develop mechanisms to detect and address potential bias in algorithms or data sources used to generate insights or drive decisions.
- Use green computing solutions and renewable energy sources whenever possible.

Responsible use of technology helps to achieve the following sustainable business outcomes:

- Reduced discrimination by making technology accessible to all users.
- More successful and sustainable products that are trusted by users.
- Better decision-making and outcomes.
- Development and implementation of solutions that help protect biodiversity and regenerate degraded ecosystems.

17 PARTNERSHIPS FOR THE GOALS

Supports SDG 17, Target 7. *"Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favorable terms, including on concessional and preferential terms, as mutually agreed"*

3.4.5 Green Claims and Greenwashing

This element covers the policies, procedures, and practices needed to ensure accurate green claims and prevent greenwashing.

Green claims *are statements made by an organization to indicate that a product has been designed and produced in a manner that is considered environmentally responsible. These claims typically relate to the organization's efforts to reduce its environmental impact such as using recycled materials, renewable energy sources, and efficient production processes.*

Greenwashing *is the practice of making false or misleading claims in order to mislead consumers into believing that a product is more environmentally friendly than it actually is. This can be done through deceptive language, exaggerations, or omitting relevant information about an organization's true environmental practices.*

The management team should:

- Tell the truth about the organization's environmental impacts.
- Have a zero-tolerance policy for greenwashing.
- Verify suppliers' environmental practices and replace suppliers with invalid green claims.
- Provide accurate information in support of ESG disclosures and sustainability reports.

Making accurate green claims and preventing greenwashing helps to achieve the following sustainable business outcomes:

- Reduced environmental impact.
- Increased public trust in their brand.
- Improved public image of the sponsoring organization(s).
- Support for an eco-friendlier marketplace.
- Reduced costs to defend against false advertising claims.

12 RESPONSIBLE CONSUMPTION

Supports SDG 12, Target 6. *"Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle"*

3.4.6 Money Laundering

This element covers the policies, procedures, and practices needed to ensure that money gained from illegal activities is not made to appear lawful.

Money laundering *involves concealing the origins of illegally obtained funds and making them appear legitimate by obscuring their connection to criminal activities. Organizations should safeguard their financial integrity by implementing effective anti-money laundering strategies to prevent illegal concealment. This involves making sure the organization conforms to recognized economic, social, and governance standards.*

The management team should:

- Document, distribute, and actively support anti-money laundering policies.
- Periodically conduct a comprehensive anti-money laundering risk assessment that includes the organization's supply chain.
- Conduct due diligence assessments of all new suppliers.
- Train employees who process financial transactions to recognize and report potential placement, layering, or integration activity.
- Screen all financial transactions against watchlists of sanctioned and politically exposed organizations and individuals.
- Investigate all financial alerts thoroughly.

Avoiding placement, layering, or integration of financial assets helps to achieve the following sustainable business outcomes:

- Improved support and protection for employees and other stakeholders.
- Reduced threat of non-compliance that may lead to fines or imprisonment.

16 PEACE AND JUSTICE

Supports SDG 16, Target 4. *"By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets, and combat all forms of organized crime"*

3.4.7 *Financing Organized Crime*

This element covers the policies, procedures, and practices needed to avoid processing financial transactions used in support of organized crime.

Financing organized crime *is the raising and processing of funds to support the activities of organized crime or terrorists. Organized crime and terrorists often exploit the same vulnerabilities used in money laundering.*

The management team should:

- Regularly conduct a comprehensive risk assessment for financing organized crime and terrorism that includes the organization's supply chain.
- Regularly conduct due diligence assessments of customer and other third party relationships.
- Conduct ongoing monitoring of financial transactions and activities.
- Implement regular, independent testing of processes and controls.
- Provide awareness training for all employees.
- Provide mechanisms for whistleblowers to report suspected inappropriate activity.

Eliminating financing for organized crime helps to achieve the following sustainable business outcomes:

- Improved trust in organizational financing activities.
- Reduced legal, financial, and reputational risk.

16 PEACE AND JUSTICE

Supports SDG 16, Target 4. *"By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets, and combat all forms of organized crime"*

4 Planet Impacts

The planet (environmental) category of sustainability concerns the impacts that an organization's activities and results may have on living and non-living natural systems. These systems include land, air, and water as well as the flora, fauna, and people that live in them. The focus of the planet category is on preserving, restoring, and improving these natural systems.

The planet (environmental) category contains the following subcategories:

- Transport
- Energy
- Land, Air, and Water
- Consumption

While these subcategories are detailed as part of the environmental category, most have social and economic impacts that may need to be accounted for in those categories.

Planet Impacts			
Transport	**Energy**	**Land, Air, and Water**	**Consumption**
Local Procurement	Energy Consumption	Biological Diversity	Recycling and Reuse
Digital Communication	GHG Emissions	Air and Water Quality	Disposal
Traveling and Commuting	Renewables and Clean Energy Return	Water Consumption	Contamination and Pollution
Logistics		Water Displacement	Waste Generation
		Soil Erosion and Regeneration	
		Noise Pollution	

Figure 9 — Planet Impacts

4.1 Transport

Many, if not most, organizations need to move people, goods, and information from one place to another. Sustainable transport is essential to minimize the impact of these activities on society and the environment.

Sustainable transport can help reduce pollution, traffic congestion, and energy consumption. It can promote better public health by providing safe and healthy mobility options. Sustainable transport can be achieved through the development or expansion of public transportation networks and the implementation of technologies such as electric vehicles, autonomous cars, and bike sharing. It can also be supported by simpler improvements such as walking and cycling paths.

This subcategory deals with how to make an organization's transport activities more sustainable. It covers:

- Local procurement
- Digital communication
- Traveling and commuting
- Logistics

4.1.1 Local Procurement

This element covers the policies, procedures, and practices needed to procure products and services from local suppliers.

Local procurement *is the practice of purchasing products and services from local suppliers.*

The management team should:

- Develop a procurement strategy that prioritizes the purchase of products and services from local suppliers.
- Build relationships with local suppliers who use sustainable practices and environmentally friendly products.
- Use sustainable procurement practices (see element 3.4.1) with local suppliers.

Local procurement helps to achieve the following sustainable business outcomes:

- Stronger support for the local economy.
- Reduced transportation costs and lower greenhouse gas (GHG) emissions.
- Reduced inventories and shorter delivery times.

Supports SDG 12, Target 7. *"Promote public procurement practices that are sustainable, in accordance with national policies and priorities"*

4.1.2 Digital Communication

This element covers the policies, procedures, and practices needed to reduce the consumption of nonrenewable resources by using technology for communications.

Digital communication *is the use of digital tools and platforms to communicate. These tools can include websites, email newsletters, social media accounts, messaging applications, and other digital communication channels.*

The management team should:

- Meet virtually whenever possible.
- Use digital documents whenever possible.
- Use green hosting platforms to support digital infrastructure.

Digital communication helps to achieve the following sustainable business outcomes:

- Time and cost savings from reduced travel.
- Enhanced hiring through access to a wider population of candidates.
- Reduced stress from long-distance travel and extended periods away from home.
- Reduced GHG emissions from less physical transportation.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Supports SDG 9, Target c. *"Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries"*

4.1.3 Traveling and Commuting

This element covers the policies, procedures, and practices needed to limit unnecessary travel and ensure that the use of travel-related activities have minimal environmental impact.

Traveling and commuting *is the movement of personnel between different locations. Traveling and commuting may include travelling between sites, attending off-site meetings, conducting off-site presentations, collecting data, and providing off-site support*

The management team should:

- Allow permanent staff to work remotely as much as possible.
- Use non-standard work schedules such as flexible hours and four-day weeks when feasible.
- Use local suppliers during business trips instead of shipping items between different locations.
- Limit unnecessary travel.

Reduced traveling and commuting helps to achieve the following sustainable business outcomes:

- Improved productivity and employee engagement.
- Time and cost savings from reduced travel.
- Reduced need for vehicle support infrastructure such as parking lots.
- Reduced GHG emissions from transportation.

Supports SDG 12, Target 2. *"By 2030, achieve the sustainable management and efficient use of natural resources"*

Supports SDG 13. *"Take urgent action to combat climate change and its impacts"*

4.1.4 Logistics

This element covers the policies, procedures, and practices needed to ensure environmentally friendly transportation of items between locations.

Logistics *is the planning and execution of activities related to transporting goods, raw materials, and services for use by the organization. Logistics includes activities such as scheduling transportation, estimating costs, coordinating personnel, and making sure that all necessary procedures are completed on time.*

The management team should:

- Use bulk purchasing arrangements to reduce the frequency of shipping.
- Prioritize suppliers based on their commitment to sustainability practices.
- Include the carbon emissions from logistics in the organization's footprint.
- When possible, source green options such as rail or sea over other options such as air.
- Use reusable packaging materials such as paperboard, plant based plastic alternatives, and cardboard boxes instead of single-use plastics when transporting items.
- Implement real-time tracking to detect delays quickly and avoid additional costs associated with re-shipping.

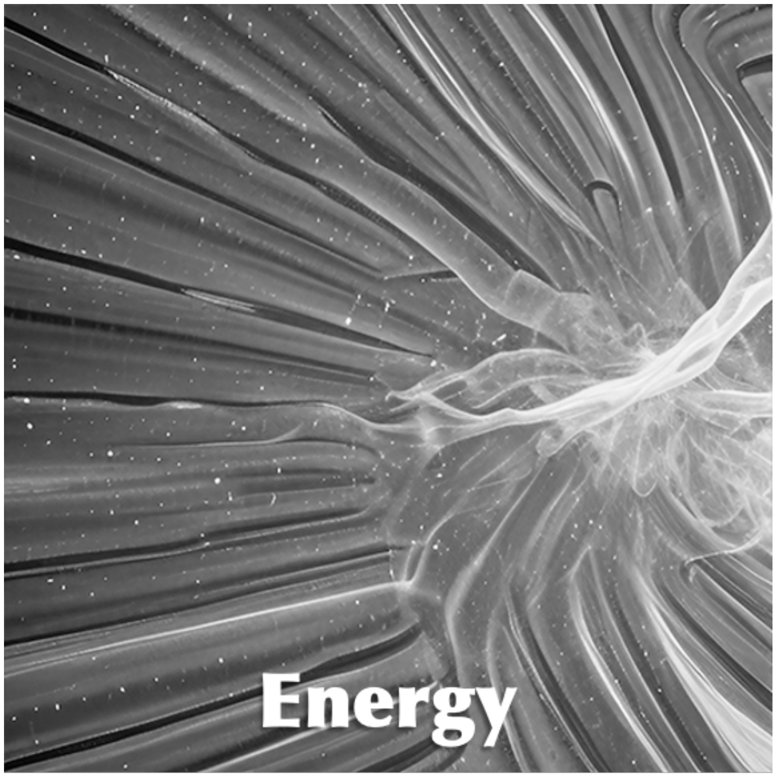
Better logistics helps to achieve the following sustainable business outcomes:

- Reduced emissions.
- Lower energy costs.
- Improved customer service.
- Reduced waste and increased profits from more efficient operations.

Supports SDG 12, Target 2. *"By 2030, achieve the sustainable management and efficient use of natural resources"*

Supports SDG 12, Target 5. *"By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse"*

Supports SDG 13. *"Take urgent action to combat climate change and its impacts"*



4.2 Energy

Businesses are major consumers of energy. Sustainable businesses must be mindful of the impact their activities have on the planet.

Businesses should strive to use clean, renewable sources of energy in order to reduce greenhouse gas (GHG) emissions and help mitigate the effects of climate change. Solar, wind, and geothermal are all renewable energy sources that can be used to power business activities. Implementing technologies such as LED lighting or battery storage can help make sure that the organization uses energy in an optimal manner.

This subcategory addresses how the organization manages its use of energy. It covers:

- Energy consumption
- Greenhouse gas emissions
- Renewables and clean energy return

4.2.1 Energy Consumption

This element covers the policies, procedures, and practices needed to minimize the amount of energy consumed by the organization's activities.

Energy consumption *is the amount of energy used by the organization. It encompasses all aspects of energy use from office lighting to the energy required for transportation.*

The management team should:

- Actively seek to minimize the product's energy consumption including distribution, operation, and disposal.
- Develop an energy management plan that considers all relevant energy sources.
- Use renewable energy sources whenever possible.
- Apply design principles that prioritize energy efficiency.
- Use energy efficient products and equipment.
- Unplug electronics when they are not in use.

Reducing energy consumption helps to achieve the following sustainable business outcomes:

- Reduced energy costs.
- Reduced carbon footprint.
- Visible support for eco-friendly standards.
- Improved air quality in the workplace or office environment.

7 RENEWABLE ENERGY

12 RESPONSIBLE CONSUMPTION

13 CLIMATE ACTION

Supports SDG 7, Target 2. *"By 2030, increase substantially the share of renewable energy in the global energy mix"*

Supports SDG 12, Target 2. *"By 2030, achieve the sustainable management and efficient use of natural resources"*

Supports SDG 13. *"Take urgent action to combat climate change and its impacts"*

4.2.2 Greenhouse Gas Emissions

This element covers the policies, procedures, and practices needed to minimize the amount of greenhouse gas (GHG) emissions caused by business activities and by the use of products or services.

Greenhouse gas emissions *are gases (mostly carbon dioxide and methane) released into the atmosphere as a direct result of business activities. This includes emissions as a direct result of energy consumption as well as emissions from transport of procured goods, raw materials, and services. It also includes GHG emissions caused by the distribution, operation, and disposal of products and services.*

The management team should:

- Manage, track, and report the carbon footprint of the business activities.
- Make a reasonable effort to estimate the carbon footprint of products or services in use.
- Develop product designs that emit less GHG.
- Seek to identify and secure offset for residual GHG emissions.
- Use renewable energy whenever possible to reduce reliance on fossil fuels.
- Regularly monitor and evaluate progress towards goals for reduced emissions.

Reduction of GHG emissions helps to achieve the following sustainable business outcomes:

- Improved health for employees, the local community, and other stakeholders.
- Reduced emissions over the useful life of the organization's products.
- Reduced reliance on fossil fuels.
- Increased public perception of the organization as being environmentally responsible.

12 RESPONSIBLE CONSUMPTION

13 CLIMATE ACTION

Supports SDG 12, Target 2. *"By 2030, achieve the sustainable management and efficient use of natural resources"*

Supports SDG 12, Target 6. *"Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle"*

Supports SDG 13 *"Take urgent action to combat climate change and its impacts"*

4.2.3 Renewables and Clean Energy Return

This element covers the policies, procedures, and practices needed to minimize the use of non-renewable energy sources and to maximize the amount of renewable energy generated by the organization.

Renewable energy*, also called alternative energy, is energy generated from sources that are replenished at a faster rate than they are consumed. These sources include solar, wind, water, and geothermal power.*

Clean energy return (CER) *refers to the amount of renewable energy generated by the organization's activities or its products that is in excess of the amount needed. CER is normally returned to the grid for use by others.*

The management team should:

- Utilize renewable energy sources such as solar, wind, water, and geothermal.
- Integrate energy conservation methods into business activities.
- Implement policies and procedures to ensure compliance with CER requirements.

The use of renewable energy and clean energy return helps to achieve the following sustainable business outcomes:

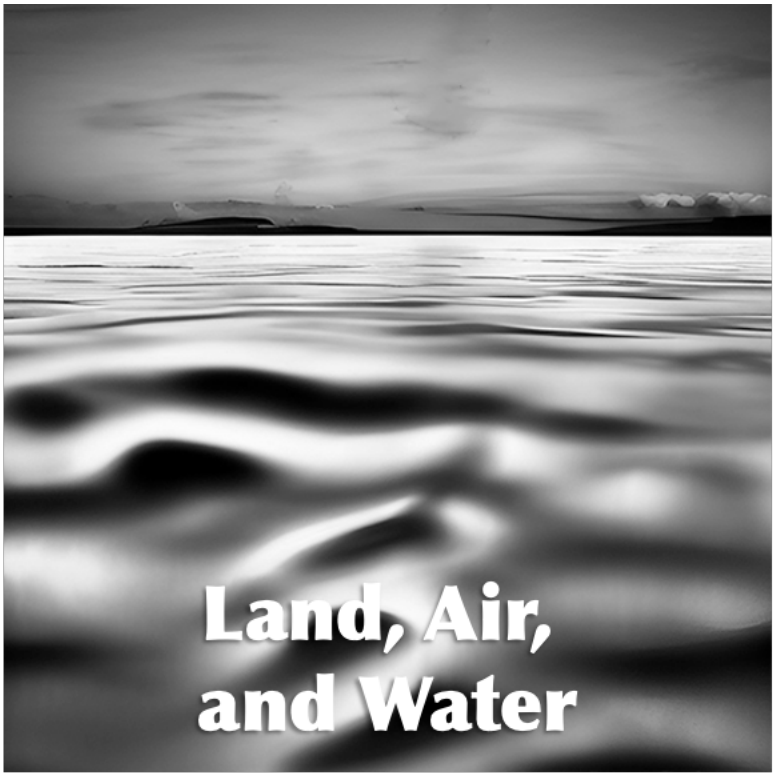
- Lower demand for non-renewable energy by the return to the power grid of energy generated by the organization.
- Secondary energy sources provided to the local community.

Supports SDG 7, Target 2. *"By 2030, increase substantially the share of renewable energy in the global energy mix"*

Supports SDG 12, Target 2. *"By 2030, achieve the sustainable management and efficient use of natural resources"*

Supports SDG 12, Target 6. *"Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle"*

Supports SDG 13. *"Take urgent action to combat climate change and its impacts"*



4.3 Land, Air, and Water

Protecting land, air, and water is essential for any organization seeking to be successful.

Organizations should strive to minimize their negative impacts on the environment by avoiding activities that could lead to deforestation, habitat destruction, and pollution of both land and water sources. Additionally, organizations should seek to reduce emissions of greenhouse gases in order to protect the atmosphere from furthering to advance climate change.

This subcategory deals with the organization's use of land, air, and water resources. It covers:

- Biological diversity
- Air and water quality
- Water consumption
- Water displacement
- Soil erosion and regeneration
- Noise pollution

4.3.1 Biological Diversity

This element covers the policies, procedures, and practices needed to protect living organisms from damage by the organization's activities or results. Living organisms include flora and fauna in both terrestrial and aquatic ecosystems as well as the ecosystems themselves.

Biological diversity*, also known as biodiversity, refers to the variety of life forms on Earth. It includes all ecosystems and all species of plants, animals, bacteria, fungi, and microorganisms that make up a particular environment or habitat. It also includes all genetic variations of those species.*

The management team should:

- Identify and comply with any relevant laws and regulations.
- Work to achieve a net positive impact (NPI) by ensuring that any negative impacts from the organization or its products are outweighed by biodiversity gains.
- Incorporate data-driven strategies for monitoring resource usage and predicting sustainable trends in affected natural ecosystems.
- Where possible, establish living systems and regenerative land management practices to promote sustainable agriculture and forestry practices, and support the diversity of species.
- When pest management is needed, prioritize natural predators over chemical pesticides.
- Take action to preserve affected habitats and species.
- Use renewable energy sources to limit the organization's impact on natural ecosystems.
- Allocate budget to restore natural ecosystems affected by the organization.
- Seek out opportunities to collaborate with local communities, academic institutions, and other organizations to advance regenerative development and biodiversity conservation.

Protection of biological diversity helps to achieve the following sustainable business outcomes:

- Healthy ecosystems that provide food, fiber, medicines, and other natural resources.
- Better access to land and other natural resources in the future.
- Improved reputation among regulators and within the communities that the organization affects.
- Continued availability of ecosystem services such as atmospheric regulation, nutrient cycling, and pollination.
- Enhanced protection of beneficial species, biodiversity, and human health.

14 LIFE BELOW WATER

15 LIFE ON LAND

Supports SDG 14, Target 2. *"Sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans"*

Supports SDG 15, Target 5. *"Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and protect and prevent the extinction of threatened species"*

Supports SDG 15, Target a. *"Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems"*

4.3.2 Air and Water Quality

This element covers the policies, procedures, and practices needed to minimize the impacts of the organization's activities and product on air and water quality.

Air and water quality *involves measures of contamination in air and water sources.*

The management team should:

- Establish air and water quality standards and monitor compliance with them.
- Use alternative energy sources to reduce GHG emissions from burning fossil fuels.
- Where relevant, implement control technologies such as filtration, scrubbing, and oxidation to reduce pollutants in the environment.
- Develop efficient wastewater treatment systems for managing sewage and industrial waste.
- Conserve water resources through rainwater harvesting systems, efficient irrigation techniques, and using alternative sources of water where available.
- Educate stakeholders about the importance of air and water quality.
- Create incentives for suppliers to use sustainable practices that protect air and water quality.

Increased awareness of air and water quality helps to achieve the following sustainable business outcomes:

- Cleaner air and water for the protection of and use by humans, plants, and animals.
- Reduced water pollution and erosion from contaminated sites.
- Enhanced sustainability of organizational activities by reducing damage to ecosystems.
- Lower consumption of natural resources.
- Increased public awareness about environmental issues and encouraging community participation in environmental stewardship initiatives.
- Strengthened public trust of the sponsoring organization(s).

Supports SDG 3, Target 9. *"By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination"*

Supports SDG 15, Target 1. *"Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements"*

4.3.3 Water Consumption

This element covers the policies, procedures, and practices needed to minimize the amount of water used by the organization.

Water consumption *is the usage of water during business activities. Although construction, manufacturing, and agricultural activities are probably the major users of water, all organizations use water to some extent.*

The management team should:

- Establish water consumption and conservation goals to ensure the organization is using sustainable amounts of water.
- Monitor and measure water consumption to ensure conservation goals are met and to aid in identifying areas for improvement.
- Reduce water use through practices such as water recycling and leak detection.
- Extend its use of water saving technologies and techniques during times of shortage.
- Promote responsible water management within communities affected by the organization's activities.
- Educate stakeholders about the importance of responsible water usage.

Reducing water consumption helps to achieve the following sustainable business outcomes:

- Reduced water costs.
- Decreased risk of contamination from runoff or overuse.
- Increased public trust in the sponsoring organization(s) through transparent approaches to conservation, monitoring, and measurement.
- Enhanced reputation for responsible behavior which can lead to future business opportunities.
- Increased public engagement to encourage responsible water management and raise awareness of the importance of conservation.

6 CLEAN WATER AND SANITATION

Supports SDG 6, Target 4. *"Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity"*

4.3.4 Water Displacement

This element covers the policies, procedures, and practices needed to manage situations where the organization introduces water into different locations.

Water displacement *is the practice of diverting water sources that have been disrupted by the organization away from areas that are prone to flooding and contamination. Methods include dam construction, rerouting flowing water, building artificial wetlands, landscaping with rain gardens, and installing flood barriers. Water displacement is mostly an issue with construction, manufacturing, and agricultural activities.*

The management team should:

- Develop a clear understanding of the affected bodies of water and water flows before implementing water displacement.
- Designate a qualified team within the organization to manage, monitor, and evaluate the effects of displacement on a regular basis.
- Promptly address any adverse effects that do occur.
- Maintain transparency with stakeholders about the organization's water displacement activities.
- Ensure that precipitation runoff from any of the organization's properties does not contaminate water supplies or cause other adverse effects.

Improved management of water displacement helps to achieve the following sustainable business outcomes:

- Prevention of water-related diseases and insect infestations.
- Prevents erosion, landslides, and flooding.
- Increased public trust in the sponsoring organization(s) through transparent approaches to water displacement.
- Enhanced reputation for responsible behavior which can lead to future business opportunities.

Supports SDG 6, Target b. *"Support and strengthen the participation of local communities in improving water and sanitation management"*

4.3.5 Soil Erosion and Regeneration

This element covers the policies, procedures, and practices needed for the organization to minimize soil erosion and maximize regeneration.

Soil erosion *is the loss of topsoil due to human activities such as construction, road building, or agricultural practices. It can be exacerbated by changes in the natural land cover and can have significant negative effects on local ecosystems. As with water displacement, soil erosion is mostly an issue with construction, manufacturing, and agricultural activities.*

Regenerative design *is a practice that draws on an understanding of how ecosystems function so that the organization will regenerate resources rather than depleting them.*

The management team should:

- Avoid sensitive areas such as wetlands and endangered species habitats.
- Minimize disturbances to existing land cover by utilizing development techniques that cause minimal disruption and damage.
- Establish conservation buffers around work sites.
- Protect soil resources by incorporating the principles of ecology and economics into decision-making processes around how to best use, manage, and conserve soil.
- Engage local communities in decisions about soil management.
- Plant native species where possible to help restore natural ecosystems.

Improved soil management and regenerative practices helps to achieve the following sustainable business outcomes:

- Enhanced biodiversity by promoting natural regeneration of the ecosystem.
- Improved public health from reduced contamination of water supplies.
- Increased sense of ownership and responsibility for the land within the local community.

Supports SDG 15, Target 5. *"Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and protect and prevent the extinction of threatened species"*

Supports SDG 15, Target a. *"Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems"*

4.3.6 Noise Pollution

This element covers the policies, procedures, and practices needed to minimize noise pollution from the organization.

Noise pollution *is the creation of excessive, unpleasant, or disruptive sounds that can diminish quality of life. Noise pollution can be caused by activities such as blasting, heavy vehicle traffic, traffic jams, and operation of machinery or equipment.*

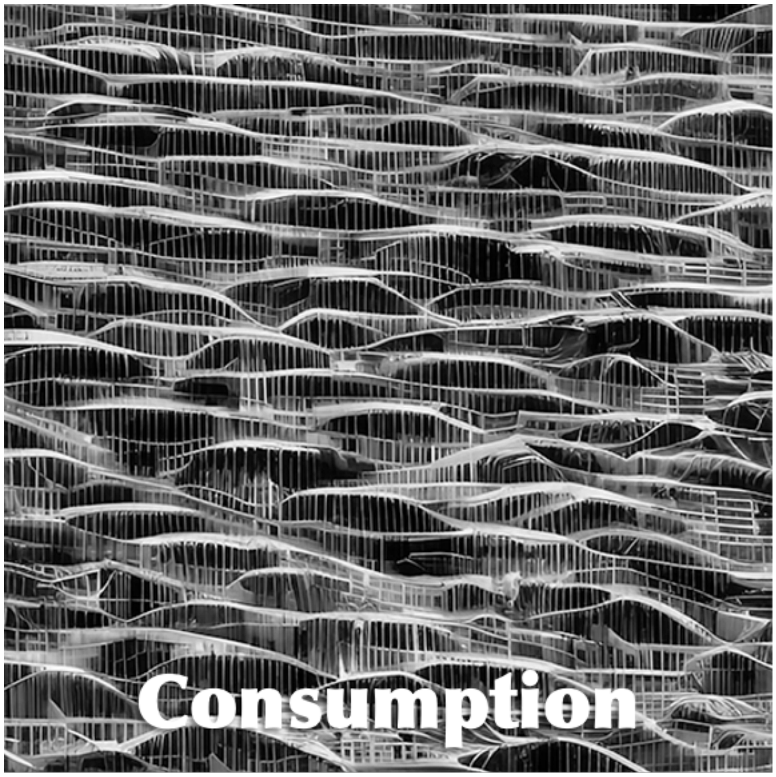
The management team should:

- Schedule noisy work during hours when fewer people are likely to be disturbed.
- Use noise barriers, such as fencing or walls, to block sound from reaching nearby residents or businesses.
- Use quieter equipment and tools such as electric rather than gas-powered items.
- Keep underwater noise at safe levels for marine life.
- Train employees on proper noise control techniques such as maintaining and repairing equipment regularly.
- Monitor noise levels regularly and make adjustments as necessary.
- Provide affected residents and businesses with information about noise mitigation efforts.
- Establish a complaint procedure for residents and businesses affected by noise generated by the organization's activities.

Managing noise pollution helps to achieve the following sustainable business outcomes:

- Protection of natural habitats by reducing human-generated noise.
- Enhanced productivity by creating a quieter work environment.
- Improved health and well-being for employees and affected community residents and by reducing stress and sleep disturbances.
- Enhanced relationship with the local community.

Supports SDG 11, Target 6. *"By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management"*



4.4 Consumption

Preventing overconsumption is essential for an organization to be sustainable.

Organizations should strive to reduce their usage of natural resources in order to avoid depleting the planet's finite resources and to minimize their contribution to global climate change. Reusing materials, investing in energy efficient technologies, and designing systems that use fewer resources are all actions organizations can take to reduce their environmental impact.

This subcategory deals with how the organization uses materials and supplies in its activities. It covers:

- Recycling and reuse
- Disposal
- Contamination and pollution
- Waste generation

4.4.1 Recycling and Reuse

This element covers the policies, procedures, and practices needed to maximize recycling and reuse by the organization.

***Recycling** involves transforming a waste item into a useful one. Items that can be recycled run the gamut from plastic water bottles to computers to electrical generators.*

***Reuse** involves using the same item again and again or finding a new purpose for it.*

The management team should:

- Make use of recycled and responsibly sourced supplies and materials whenever possible.
- Promote recycling and reuse within the organization.
- Ensure that its recycling and reuse practices have a net positive impact (NPI) on the environment.
- Use returnable containers for parts delivery whenever possible.
- Seek out and participate in circular economy programs.
- Reduce the amount of in-bound and out-bound packaging wherever possible.
- Perform regular maintenance on vehicles, tools, and equipment to minimize the need for replacements.

Recycling and reuse helps to achieve the following sustainable business outcomes:

- Reduced impact on natural resources by lowering the need for raw materials.
- Enhanced brand reputation by promoting the use of responsibly sourced supplies and materials.
- Reduced disposal costs by minimizing waste.
- Reduced quantities of hazardous and other waste entering the environment.
- Reduced greenhouse gas emissions.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Supports SDG 12, Target 5. *"By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse"*

Supports SDG 12, Target 6. *"Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle"*

4.4.2 Disposal

This element covers the policies, procedures, and practices needed to ensure proper disposal of unneeded items as well as proper end-of-life disposal for any products.

Disposal of goods and materials *is the practice of getting rid of items that are no longer needed or wanted. This includes disposing of both hazardous and non-hazardous waste in accordance with relevant laws and regulations.*

Disposal of assets *is the process of getting rid of an item which has reached the end of its useful life. This includes everything from consumer electronics to public infrastructure such as roads and bridges. Generally, assets should not be disposed of until they are no longer fit for use.*

For goods and materials, the management team should:

- Practice responsible disposal methods through reuse, composting, or recycling.
- Ensure that hazardous materials are stored and disposed of in accordance with relevant laws and regulations.
- Recycle materials, such as metal and plastic components, for use in other products.
- Track all materials leaving the site to ensure they are disposed of safely and legally.

For assets, the management team should:

- Include the cost and impact of disposal as part of the business case.
- Design and build products with disposal in mind.
- Donate or resell the items rather than discarding them directly into the landfill.
- Use certified electronic waste recycling programs to ensure proper disposal of these items.
- Reuse and repurpose older equipment whenever possible.

Responsible disposal helps to achieve the following sustainable business outcomes:

- Reduced environmental damage from uncontrolled disposal.
- Cost-savings from reusing, reselling, or recycling items instead of purchasing new ones.
- Increased goodwill with customers and communities through eco-friendly practices.
- More efficient use of assets by ensuring that their useful life is considered.
- A healthier, safer work environment for employees.
- Minimized waste.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Supports SDG 12, Target 5. *"By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse"*

Supports SDG 12, Target 6. *"Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle"*

4.4.3 Contamination and Pollution

This element covers the policies, procedures, and practices needed to minimize the contamination and pollution of air, water, or soil through the introduction of foreign or unwanted substances.

Contamination and pollution *is the release of waste materials or hazardous substances into the environment. It will almost always have a negative impact on ecosystems and human health. Contamination and pollution most often occurs due to neglectful practices in manufacturing, construction, agriculture, and related industries that generate waste materials or hazardous chemicals, but it can also occur in other activities that do a poor job of disposal (see 4.4.2).*

The management team should:

- Implement proper waste management procedures such as segregating hazardous waste and recycling materials.
- Comply with all relevant laws and regulations for handling and storing hazardous materials.
- Install safety features, such as ventilation systems or gas monitoring equipment, to reduce emissions of pollutants.
- Regularly inspect facilities for signs of damage or wear-and-tear that may lead to leaks or environmental harm.
- Use renewable energy sources whenever possible to reduce GHG emissions.
- Recognize that the suggested practices in several other elements (e.g., Disposal, Energy Consumption, and Local Procurement among others) can help minimize contamination and pollution.

Reduced contamination and pollution helps to achieve the following sustainable business outcomes:

- Helps to prevent environmental damage and protect human health.
- Increased goodwill with customers and communities through eco-friendly practices.
- A healthier, safer work environment for employees.
- Increased public trust in the sponsoring organization(s) through transparent approaches to waste management.
- Enhanced reputation for responsible behavior which can lead to future business opportunities.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Supports SDG 12, Target 4. *"Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment"*

4.4.4 Waste Generation

This element covers the policies, procedures, and practices needed to minimize the amount of waste generated by the organization.

Waste generation *is the creation of any excess or unneeded materials or byproducts by the organization. This includes everything from unused supplies and materials to wasted energy.*

The management team should:

- Create a comprehensive plan helps to reduce waste generation by setting clear and achievable goals.
- Educate team members and other staff on proper waste management practices.
- Monitor waste generation and update practices as needed to ensure meeting the organization's waste generation goals.
- Reduce packaging materials such as plastic wrap and excess cardboard to cut down on waste generation.
- Optimize energy use to minimize the need for additional energy.
- In construction, incorporate green building principles.

Limiting waste generation helps to achieve the following sustainable business outcomes:

- Cost savings through less waste disposal and lower energy costs.
- Reduced GHG emissions.
- Improved health and safety for those involved with the organization.
- Increased public awareness of proper waste management techniques.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Supports SDG 12, Target 5. *"By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse"*

5 Prosperity Impacts

The prosperity (economic) category of sustainability concerns the impacts that an organization's activities may have on the finances of its stakeholders. The focus of the prosperity category is on maximizing positive returns for as many stakeholders as possible.

The prosperity category contains the following subcategories:

- Investment Feasibility
- Business agility
- Market and economic stimulation

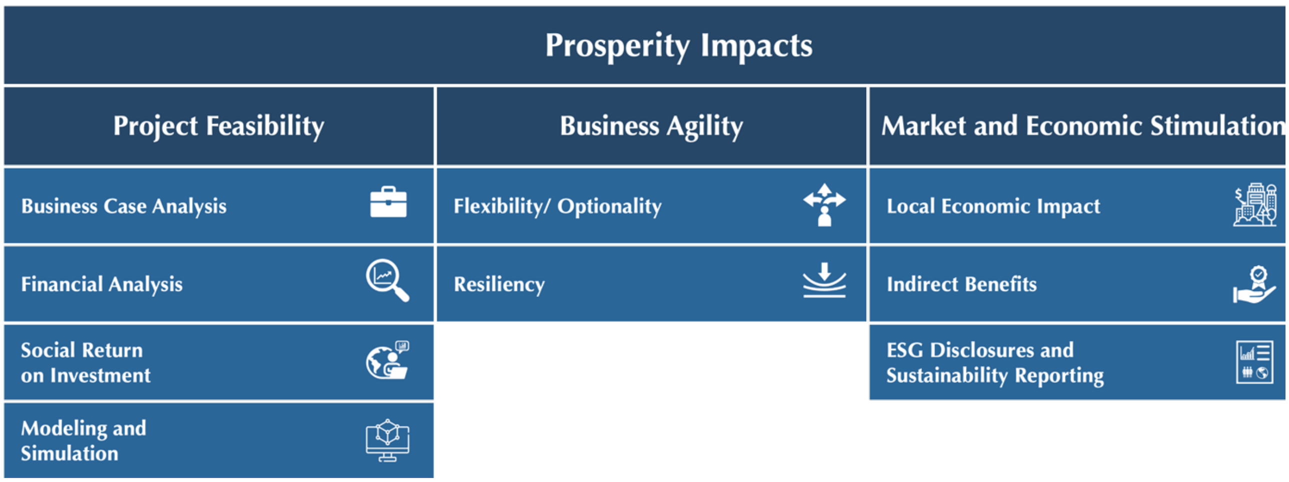


Figure 10 — Prosperity Impacts

5.1 Investment Feasibility

Organizational investments include everything from new product development to employee training to maintenance work. Every investment should deliver benefits in excess of its costs. Any investment that fails to do so is inherently unsustainable because it is consuming resources that could be expended more effectively elsewhere.

Investment feasibility includes technical, practical, legal, and financial feasibility. Technical feasibility means that it is physically possible, or at least appears reasonably possible within an acceptable timeframe, to produce a desirable result. Practical feasibility means that the organization has, or can obtain, the people, goods, raw materials, and other resources to support the investment without compromising its operational effectiveness. Legal feasibility means that the investment does not violate any applicable laws or regulations. Financial feasibility means that funding can be obtained for the investment, and that the investment will provide a positive return.

Investment feasibility is often assessed well in advance of the actual approval to expend resources. This means that the management team must regularly reevaluate the investment to ensure that it remains feasible.

This subcategory deals with how to identify and evaluate the benefits and costs of an investment. It covers:

- Business case analysis
- Financial analysis
- Social return on investment (SROI)
- Modeling and simulation

5.1.1 Business Case Analysis

This element covers the policies, procedures, and practices needed to support useful business case analysis.

Business case analysis *is the process of developing a business case that provides justification for the initiation or continuation of an investment. It involves analyzing the underpinning logic of funding the investment. This requires identifying the expected benefits and dis-benefits, likely costs and revenues, staffing requirements, major risks, schedule alternatives, and stakeholder impacts associated with the proposed investment.*

The management team should:

- Clearly articulate the expected outcome(s) of the investment to justify why it should be done.
- Recognize the challenges described in Annex 2 regarding inputs to the business case analysis.
- Identify, analyze, and assess a range of potential solutions for delivering the desired outcomes in a sustainable way.
- Calculate the costs associated with each option as well as any expected benefits or dis-benefits from the investment.
- Identify resource and staffing requirements to deliver the desired result.
- Select the most appropriate option by evaluating its advantages over other options.
- Monitor progress against clearly defined cost and schedule targets to identify variances which may require revisions to the business case.
- Take prompt action if the business case is no longer valid.

Constructive business case analysis helps to achieve the following sustainable business outcomes:

- Better investment selection decisions by identifying investments with the highest potential Return on Investment (ROI) and/or Social Return on Investment (SROI).
- Fewer wasted resources by focusing on investments with the best chance of success.
- Improved decision-making by providing clear performance metrics.
- Enhanced stakeholder support by using an evidence-based approach to understanding the impact of the investment.

1 NO POVERTY

Supports SDG 1, Target a. *"Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions"*

5.1.2 Financial Analysis

This element covers the policies, procedures, and practices needed to support useful financial analysis.

Financial analysis *is the process of evaluating organizational finances from a monetary perspective. Typically, it is used to analyze whether an investment warrants initial or additional funding.*

The management team should:

- Recognize the challenges described in Annex 2 regarding the inputs to financial analysis.
- Ensure that benefits can be both measured and realized.
- Understand that expected benefits are forecasts, not guarantees, and that they may be realized over many years.
- Ensure that benefits and costs are assigned to the same periods.
- Account for the possible effects of inflation, deflation, and exchange rate variances.
- Discount future cash flows to their present value.
- Use multiple metrics (BCR, ROI, and IRR as described in Annex 2) to get a clear picture of the investment's financial state.

Realistic financial analysis helps to achieve the following sustainable business outcomes:

- Better support for the long-term viability of the organization.
- More accurate justification for investments.
- Improved awareness and acceptance of investment costs and benefits.
- Increased recognition of the importance of cradle-to-cradle analysis.
- More informed financial decisions.

1 NO POVERTY

Supports SDG 1, Target b. *"Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions"*

5.1.3 Social Return on Investment

This element covers the policies, procedures, and practices needed to ensure that the evaluation of feasibility includes consideration of environmental and social returns.

Social return on investment *(SROI) is a framework for measuring and accounting for investment results and outcomes by including social and environmental costs and benefits along with the traditional economic ones. It is based on the idea that investments create value in ways other than just financial returns. For example, a community development project may create value by improving the health and well-being of residents, reducing crime, and increasing social cohesion.*

SROI is calculated using the following formula:

$$\text{SROI} = (\text{Financial and Non-financial Benefits} - \text{Financial and Non-financial Costs}) / \text{Financial and Non-financial Costs}$$

The management team should:

- Establish key performance indicators for SROI.
- Recognize the challenges described in Annex 2 regarding the inputs to SROI calculations.
- Avoid exaggerating benefits or downplaying costs.
- Account for the possible effects of inflation, deflation, and exchange rate variances.
- Discount future cash flows to their present value.
- Ensure that benefits can be both measured and realized.
- Monitor progress against clearly defined targets to identify variances which may require revisions to the forecast SROI.
- Take prompt action if the SROI is no longer positive.

Using SROI helps to achieve the following sustainable business outcomes:

- Better investment selection decisions by identifying investments with the highest expected SROI.
- Improved decision-making by providing clear performance metrics.
- Enhanced stakeholder support by using an evidence-based approach to understanding the social value of the investment.

17 PARTNERSHIPS FOR THE GOALS

Supports SDG 17. *"Strengthen the means of implementation and revitalize the global partnership for sustainable development"*

5.1.4 Modeling and Simulation

This element covers the policies, procedures, and practices needed to evaluate investment feasibility in the face of uncertainty and multiple interdependent variables.

Modeling *is the creation of a physical, mathematical, or logical representation using representative characteristics of the investment.*

Simulation *is the use of a model to understand the potential effects of alternative conditions and choices given uncertainty in the input variables. It can be especially useful where investment characteristics interact in unpredictable ways.*

The management team should:

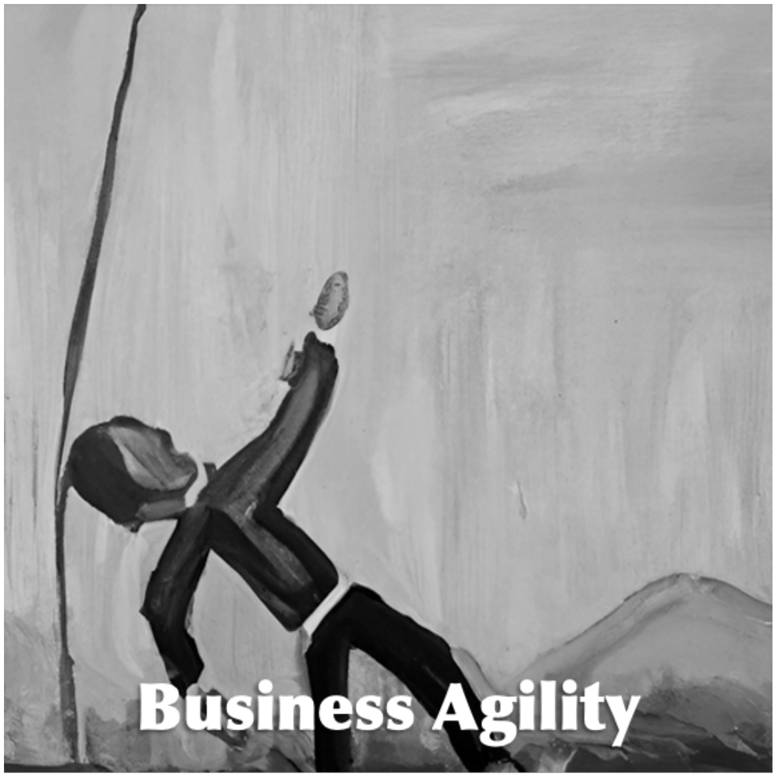
- Recognize the challenges described in Annex 2 regarding the inputs used to create the model and the values used to run a simulation.
- Avoid exaggerating benefits or downplaying costs.
- Identify, analyze, and assess a range of potential solutions for delivering the desired outcomes in a sustainable way.
- Understand the strengths and weaknesses of the models and simulation techniques it uses.
- Use modeling and simulation whenever possible.

Using modeling and simulation helps to achieve the following sustainable business outcomes:

- Better investment selection decisions through improved understanding of likely results and outcomes.
- Fewer wasted resources by focusing on investments with the best chance of success.
- Enhanced risk management plans and better mitigation choices.
- Reduced costs, increased efficiency, and improved outcomes by virtue of a better understanding of the investment.

1 NO POVERTY

Supports SDG 1, Target b. *"Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions"*



5.2 Business Agility

Business agility is essential for any organization to succeed in today's rapidly changing world.

Organizations must be able to adapt quickly to market changes and new stakeholder demands if they want to deliver desirable and useful results. The ability to pivot quickly and respond with innovative solutions will provide stronger support for its ongoing viability. A fundamental characteristic of business agility is to be *data-driven* by organizing and examining internal and external data sources to enhance decision making.

This subcategory covers the ability of the organization to adapt in response to the changes that inevitably occur. It covers:

- Flexibility/optionality
- Resiliency

5.2.1 Flexibility/Optionality

This element covers the policies, procedures, and practices needed to evaluate and manage competing interests. Competing interests arise primarily from stakeholders with differing expectations but can also be caused by the challenge of trying to simultaneously optimize characteristics such as sustainability, expense, revenue, quality, and staffing.

Flexibility *is the ability to adjust to changing circumstances or situations. It requires the capacity to modify plans or approaches when faced with unexpected challenges.*

Optionality *means having multiple solutions or choices available. It means the organization is not constrained by a single approach. Optionality means that the organization is capable of supporting different outcomes with different results without having to start over.*

The management team should:

- Minimize interdependencies within the organization to maximize the ability to respond to unanticipated events.
- Keep planned activities as small and as brief as possible to maximize the organization's ability to respond to changes.
- Be open to new ideas or approaches regardless of the source.
- Be prepared to take advantage of unexpected opportunities or previously unknown solutions.
- Recognize that changes are inevitable in virtually all organizations and plan accordingly.
- Look for opportunities to adjust requirements to achieve a higher degree of sustainability.
- Apply *value analysis* or similar techniques to meet requirements without sacrificing sustainability.

Increased flexibility/optionality helps to achieve the following sustainable business outcomes:

- Higher chance of success.
- Identification of additional opportunities to improve sustainability.
- Superior benefits realization.

17 PARTNERSHIPS FOR THE GOALS

Supports SDG 17. *"Strengthen the means of implementation and revitalize the global partnership for sustainable development"*

5.2.2 Resiliency

This element covers the policies, procedures, and practices needed to ensure the organization's ability to recover from unexpected disruptions.

Resiliency *is the ability to recover from or adjust easily to adverse conditions such as extreme market fluctuations, political or economic instability, natural disasters, or health emergencies. Resiliency does not make problems go away: it means having the ability to cope with them despite the unexpected stress.*

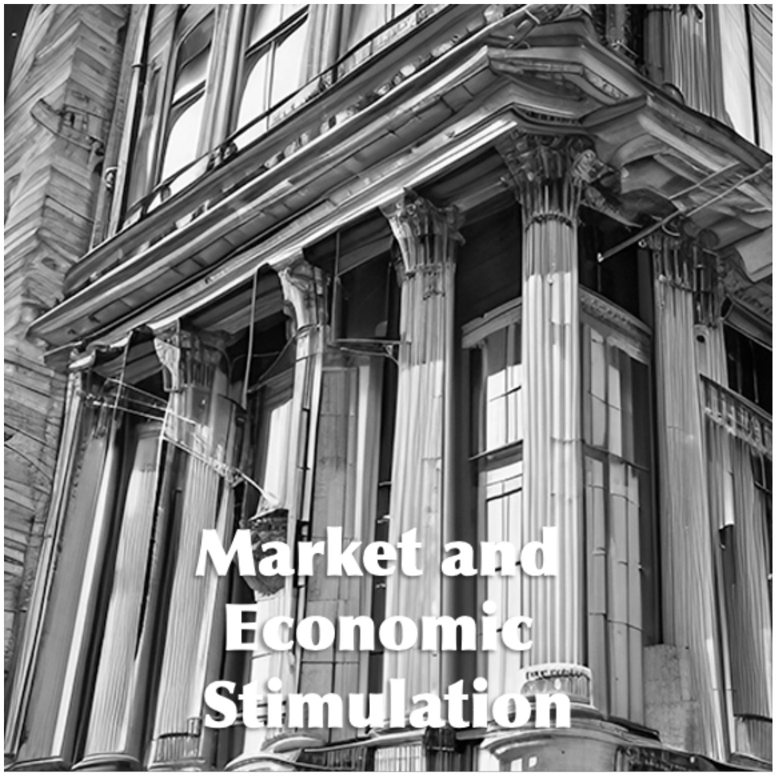
The management team should:

- Identify critical functions and processes and the resources required to support them.
- Develop and implement a business continuity plan to ensure that operations can continue.
- Test the business continuity plan periodically and update it as needed.

Resiliency helps to achieve the following sustainable business outcomes:

- Lower probability of major losses from the disaster.
- Increased ability to respond to extreme events.
- Increased stakeholder support for the organization.

Supports SDG 1, Target b. *"Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions"*



5.3 Market and Economic Stimulation

Sustainable organizations can create value for their customers and other stakeholders by offering innovative products that are environmentally friendly and that drive their markets to be more sustainable.

Projects provide essential resources and infrastructure to spur innovation, create jobs, and drive economic growth. In addition, they can help stimulate local businesses and communities, which can lead to increased spending power and improved quality of life. Projects also have a significant impact on sustainability. If managed properly, they can reduce waste and emissions as well as improve resource efficiency. Ultimately, projects are vital for achieving long-term economic success for both businesses and individuals alike.

This subcategory deals with the market and economic effects that may occur as a result of the organization's activities. It covers:

- Local economic impact
- Indirect benefits
- ESG disclosures and sustainability reporting

5.3.1 Local Economic Impact

This element covers the policies, procedures, and practices needed to manage the organization's impact on the local economy.

Local economic impact *includes the direct and indirect effects the organization has on the economy of its local area. This can include job creation, increased spending in the local economy, or increased regional development.*

The management team should:

- Ensure that the organization has a direct, measurable impact on its local economy.
- Support the growth of its local economy by engaging in partnerships with local organizations.
- Develop initiatives that support sustainability while also driving positive economic outcomes in the local area.
- Create educational opportunities related to its activities and their effects on the local community.

Creating a positive local economic impact helps to achieve the following sustainable business outcomes:

- More opportunities for local employment.
- Direct economic benefit from money spent in the local economy.
- Improved standard of living for individuals who reside in the local community.
- Increased tax revenue for the local community to support services and infrastructure.
- Improved quality of life for members of the local community by providing additional resources and opportunities for growth.

Supports SDG 1, Target 4. *"By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance"*

5.3.2 Indirect Benefits

This element covers the policies, procedures, and practices needed to identify and increase benefits that may not appear in the business case but that may still materialize as a consequence of the organization's activities.

Indirect benefits *are the positive impacts that may not always be immediately visible. These benefits can include improved quality of life, increased economic activity in the local area, and environmental improvements such as cleaner air or water.*

The management team should:

- Recognize the challenges described in Annex 2 when quantifying indirect benefits.
- Avoid overestimating indirect benefits.
- Regularly review its estimates of indirect benefits for changes.
- Include indirect benefits in the organization's value chain in its calculations.

Recognition of the importance of indirect benefits helps to achieve the following sustainable business outcomes:

- Added justification for the value and benefits of the organization's activities.
- Enhanced support for the organization in the future.

1 NO POVERTY

Supports SDG 1, Target a. *"Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions"*

5.3.3 ESG Disclosures and Sustainability Reporting

This element covers the policies, practices, and procedures needed to ensure that the organization supports relevant environmental, social, and governance (ESG) disclosures and sustainability reporting.

ESG disclosures *are information about an organization's performance and practices related to environmental, social, and governance issues. Information from across the organization is used as input to the ESG disclosures.*

Sustainability reporting *provides information about an organization's policies, practices, and performance related to sustainability. It covers a wide range of topics such as energy efficiency, carbon emissions, resource conservation, human rights, labor practices, and community engagement. Information about the organization's activities is used as input to its sustainability reporting.*

Note: Section 6 provides implementation guidance for ESG disclosures and sustainability reporting for organizations using *P5 for Business* as the basis.

The management team should:

- Share its sustainability objectives throughout the organization.
- Perform a P5 Impact Analysis (P5IA) and update it periodically (see Section 7.1).
- Develop a Sustainability Intervention Plan (SIP) from the P5IA (see Section 7.2).
- Work with its sustainability office or function to determine the materiality of the P5IA and SIP contents for ESG disclosures and sustainability reporting.
- Provide relevant information in support of ESG disclosures and sustainability reporting.

Support for ESG disclosures and sustainability reporting helps to achieve the following sustainable business outcomes:

- Increased assurance that the organization's sustainability performance supports its sustainability goals.
- More accurate reporting by the organization of its progress in achieving sustainability goals.

17 PARTNERSHIPS FOR THE GOALS

Supports SDG 17. *"Strengthen the means of implementation and revitalize the global partnership for sustainable development"*

6 ESG Disclosures and Sustainability Reports

6.1 ESG Disclosures

An ESG (Environmental, Social, and Governance) disclosure is a document that provides information on a organization's performance and practices related to environmental, social, and governance issues. The document typically focuses on providing financial and investment-related information on an organization's performance in these areas.

ESG disclosures often include information on an organization's governance practices such as its board composition, executive pay, and whistleblower policies. ESG disclosures are used by investors and other stakeholders to assess an organization's performance in these areas and to make investment decisions.

6.2 Sustainability Reports

A sustainability report is a document that provides information on an organization's policies, practices, and performance related to sustainability issues. It is a comprehensive document that covers topics such as energy efficiency, carbon emissions, resource conservation, human rights, labor practices, and community engagement.

Sustainability reports often measure the organization's performance using data and metrics such as emissions per unit of production, water usage, and employee turnover rates. The reports also include the organization's goals and targets for future sustainability performance.

Additionally, sustainability reports often align with international non-financial reporting guidelines such as the Global Reporting Initiative (GRI) or guidance from the Sustainability Accounting Standards Board (SASB) to provide a standardized framework for reporting. Sustainability reports are an important tool for organizations to communicate their sustainability performance to stakeholders and are often used to provide transparency and accountability.

6.3 Materiality

Materiality is a concept introduced in the U.S. Securities Act of 1933 to describe information that, if known, is important for an investor to consider before making a decision regarding a security investment. Since the 1940s, the Securities and Exchange Commission (SEC) has further defined material information in relation to financial statements as "those matters as to which an average prudent investor ought reasonably to be informed." This definition was clarified by former U.S. Supreme Court Justice Thurgood Marshall who stated that an item is material if there is "a substantial likelihood that a reasonable investor would consider the information important in deciding how to vote or make an investment decision."

6.4 Key Differences Between ESG Disclosures and Sustainability Reports

An ESG disclosure and a sustainability report are both used to provide information on an organization's performance and practices related to sustainability, but they have a different focus.

An ESG disclosure focuses on providing *financial and investment-related information* for investors on how sustainability issues affect the organization's financial performance. This is referred to as an outside-in perspective since the organization is disclosing due to external requirements.

A sustainability report focuses on providing detailed information on an organization's policies, practices, and goals for its stakeholders and the organization's *impact on people and the environment*. This is referred to as an inside-out approach as the organization is voluntarily reporting to stakeholders. Figure 111 depicts the difference.

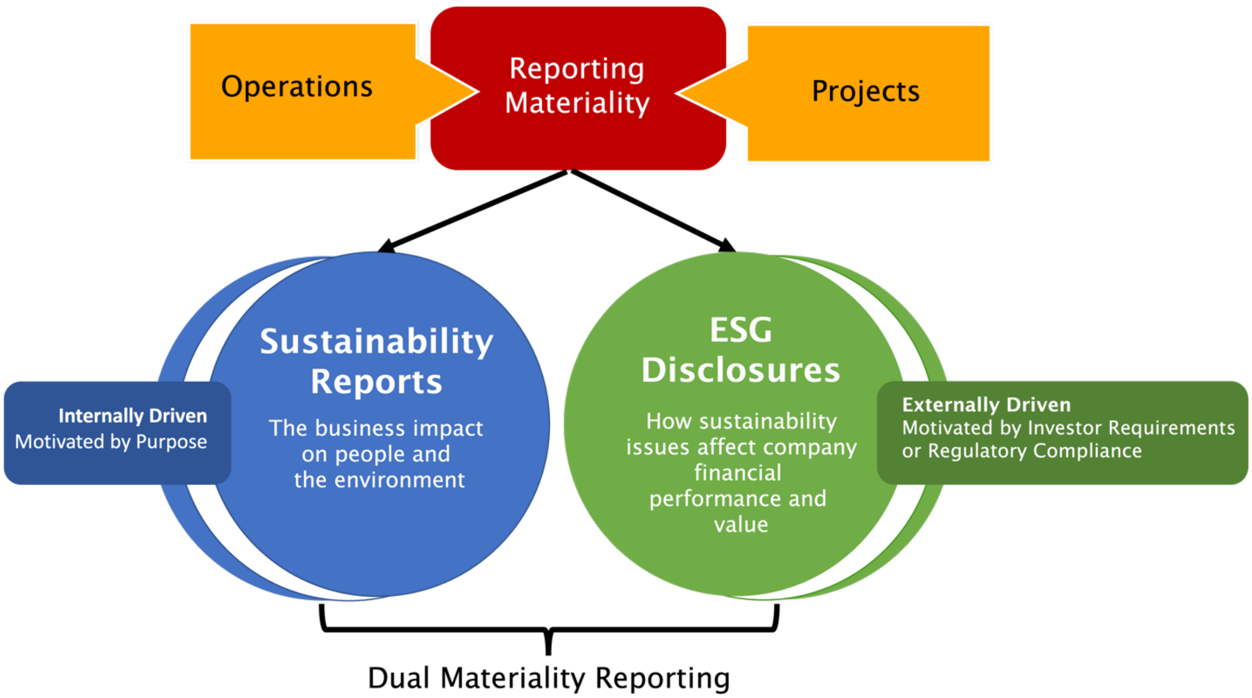


Figure 11 — Dual Materiality Principle

Investors today are increasingly embracing the concept of *dual materiality*, which involves considering both the financial and societal/environmental impacts of an organization's activities. This is done through disclosure requirements that allow investors to gain insight into how firms are managing ESG risks and opportunities. By understanding these risks, investors can make more informed decisions about where to put their money.

In 2019, the European Union introduced rules requiring certain large companies to disclose their social and environmental practices in line with dual materiality principles. This recognizes that an organization's effects on the world, beyond its bottom line, is important and should be shared with investors.

6.5 Utilizing P5 for Business in ESG Disclosures and Sustainability Reporting

P5 for Business addresses sustainability performance and impacts from the organization. It provides useful inputs to support the organization's ESG disclosures as well as its GRI, UNGC (UN Global Compact), and other sustainability reports.

Most guidance on reporting requires that the organization determine material topics starting with identifying actual and potential impacts as a first step. In practice, a P5 Impact Analysis covering the entire organization accomplishes this.

The second step is to disclose material topics by listing them out and explaining how they are managed. By including the P5 Impact Analysis (P5IA) outcomes in a Sustainability Intervention Plan (SIP), management will have identified individual impacts, scored their severity, identified causes and outcomes, and documented recommendations to mitigate.

A P5IA template and SIP template are available for free and can be downloaded from the GPM webpage at <https://www.gpm.org/p5>. Instructions for use are included within the templates.

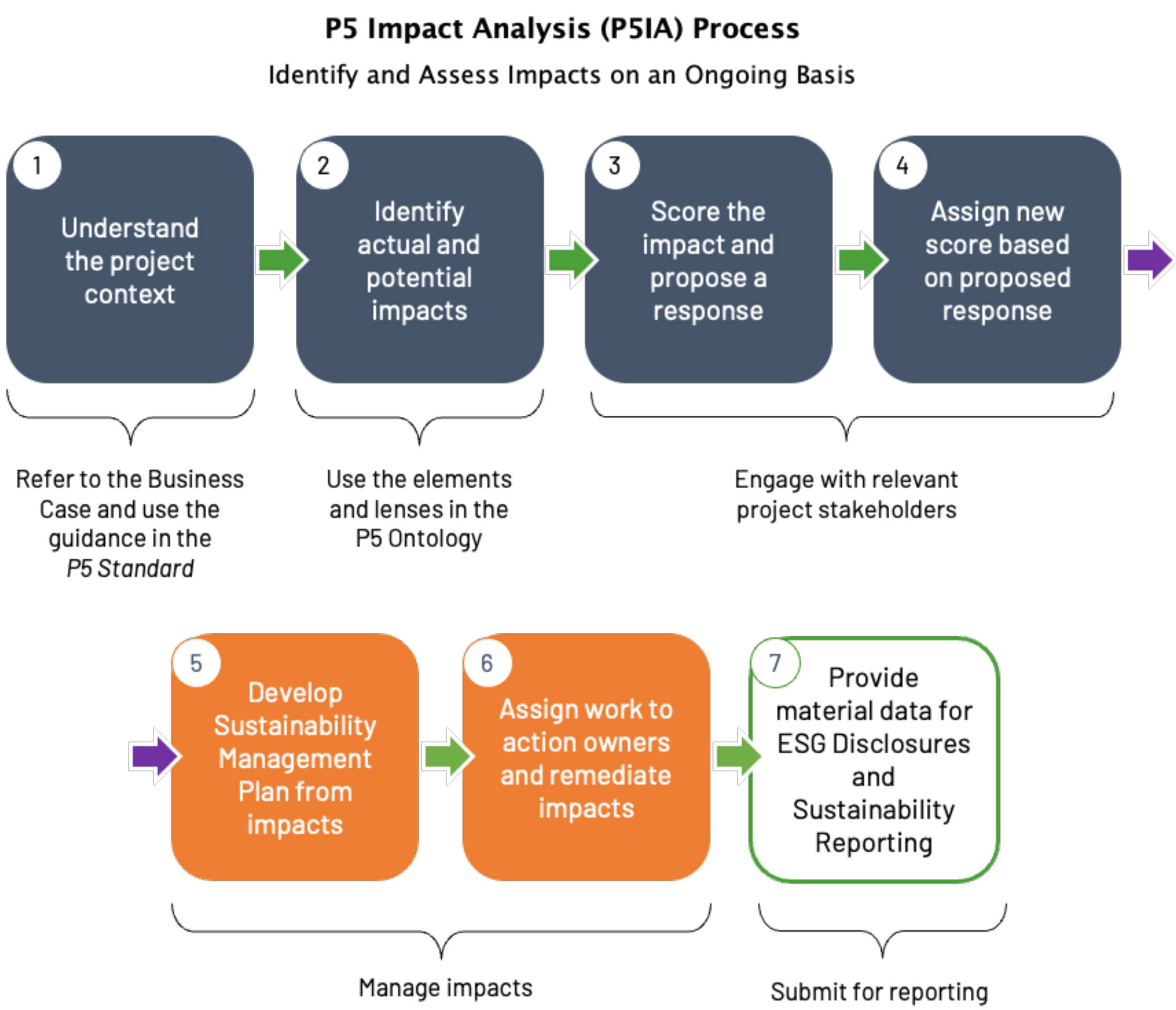


Figure 12 — Business Impacts to Reporting/Disclosure Materiality

6.6 Mapping P5 Elements to Reporting Standards

The elements listed in Figure 13 (below) are used in ESG disclosures to provide investors with standardized information about an organization's sustainability performance across a range of areas that are material to its business model or operations.

There are many different ESG frameworks that companies and investors can use to assess and report on their sustainability performance. Some of the most widely recognized frameworks include:

1. Global Reporting Initiative (GRI)
2. Sustainability Accounting Standards Board (SASB)
3. Task Force on Climate-Related Financial Disclosures (TCFD)
4. Carbon Disclosure Project (CDP)
5. United Nations Sustainable Development Goals (SDGs)

In addition to these five frameworks, there are also industry-specific standards and guidelines that organizations may follow depending on their sector or region. For example, the International Council on Mining and Metals (ICMM) has developed a set of sustainability principles for the mining industry, while the European Union has established a taxonomy for sustainable finance.

Overall, the number of ESG frameworks is constantly evolving as stakeholders continue to develop new standards and guidelines for measuring and reporting sustainability performance.

In a review of 40 ESG frameworks, the elements in Figure 13 are some of the most common, and P5 is relevant to all but three.

Typical Elements for ESG Disclosures and Sustainability Reporting	Addressed in P5?
Governance:	
Board structure and independence	–
Executive compensation	–
Audit and risk oversight	Yes
Anti-corruption policies	Yes
Political contributions	–
Environmental:	
Greenhouse gas emissions and energy use	Yes
Waste management	Yes
Water usage and conservation	Yes
Biodiversity protection	Yes
Pollution prevention and control	Yes
Climate change risks	Yes
Social:	
Employee health and safety	Yes
Diversity and inclusion policies	Yes
Human rights protections in the supply chain	Yes
Community engagement initiatives	Yes
Data privacy policies and security measures	Yes
Ethics:	
Compliance with laws and regulations related to corruption or bribery	Yes
Fair competition	Yes
Respect for intellectual property rights	Yes
Respect for personal data privacy -Consumer protection measures	Yes
Human capital management:	Yes
Talent attraction & retention strategies	Yes
Employee engagement & motivation	Yes
Leadership development programs	Yes

Figure 13 — ESG Disclosure Elements addressed in P5

7 Additional P5 Applications

This section describes some of the more common uses of the *P5 Standard for Sustainability in Business Practice*.

7.1 P5 Impact Analysis

A P5 Impact Analysis (P5IA) is used to define and prioritize sustainability impacts to:

- Improve the expected benefits from the organization's sustainability efforts.
- Increase positive impacts and reduce negative impacts to society and the environment.
- Contribute to achieving the organization's sustainability goals.

A P5IA gives key decision makers actionable information to justify changes to the organization in socially, environmentally, and fiscally responsible ways.

7.1.1 P5IA Mechanics

To perform a P5IA, the management team should generally follow the following steps:

- Identify internal and external events which may occur during business operations or during the useful life of the project product for each of the elements described in Sections 3, 4, and 5.
- Describe the cause(s) of the event and the potential sustainability impacts of each.
- Rate the impacts based on the magnitude of their effect on sustainability.
- Identify possible responses to each event to minimize the impact of negative events and maximize the impact of positive events.
- Re-rate the impacts based on the assumption that the response is implemented.

7.1.2 Assigning Items to Elements

Some of the P5 elements overlap. For example, when manufacturing a laptop, the impact of toxic chemicals might be included under Employee Health and Safety or Contamination and Pollution. Where it is placed in the P5IA is not as important as ensuring that the impact is identified and responded to. In fact, it may be useful to record such an item in multiple locations to ensure proper visibility.

7.1.3 Format

GPM offers a template to support preparation of a P5 Impact Analysis. The template is free and can be downloaded from the GPM webpage at <https://www.gpm.org/p5>.

Instructions for use are included within the template.

7.2 Sustainability Intervention Plan

A Sustainability Intervention Plan (SIP) describes how sustainability will be addressed in response to an adverse event. P5 has an integral role in developing an SIP as P5 identifies the subjects to be addressed. An SIP should generally include:

- Purpose
- Approach
- Roles and Responsibilities
- Budget
- Planned Responses
- Key Performance Indicators for Sustainability
- Reviews and Reporting
- P5 Impact Analysis

GPM offers a template to support preparation of an SIP. The template is free and can be downloaded from the GPM webpage at <https://www.gpm.org/p5>.

Instructions for use are included within the template.

Annex 1
Recommended Reading

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Annex 2
Feasibility Analysis Metrics

This annex provides additional information in support of the Investment Feasibility subcategory.

When funding an investment, the expectation is that the investment will generate more value than it consumes. Value includes monetary returns as well as non-monetary returns such as regulatory compliance and increased sustainability. The metrics described within this annex are widely accepted approaches to evaluating that expectation.

The use of feasibility analysis metrics can be complicated by several factors:

- All of these calculations normally use single values as inputs, while numbers for investments are almost always ranges, and often large ranges. This means that feasibility analysis for investments should almost always be probabilistic rather than deterministic.
- The inputs used in the calculations must include all costs, all expected benefits, and all expected dis-benefits to minimize the potential for inaccurate guidance. For example, some cost estimates do not include fully-loaded salaries and thus understate the likely cost.
- The inputs used must be updated regularly, and the calculations must be redone with the new values. The updated results must be considered when deciding whether or not to continue to fund the investment.
- There is no "one best" metric. It is possible for one metric to show that Investment A should be funded and for another to show that it should not be.

A2.1 Direct Financial Benefits

Direct financial benefits *are gains that are derived from the investment itself.*

Estimates of direct financial benefits should reflect *present value* as described in Section A2.3.

A2.2 Benefit-Cost Ratio

Benefit-cost ratio *(BCR) is a metric used to evaluate the relationship between the benefits and costs of an investment. The higher the BCR the higher the value of the investment.*

BCR is calculated using the following formula:

BCR = Benefits / Costs

Benefits are usually limited to direct financial benefits (see A2.1), and costs are usually limited to actual, out-of-pocket costs to finance the investment. Dis-benefits may be deducted from benefits or added to costs. If indirect benefits are included in benefits, indirect costs must also be included in costs.

Both figures should reflect *present value* as described Section A2.3.

The inverse of a BCR is a cost-benefit ratio (CBR).

A2.3 Present Value

Present value *(PV) is the current value of a future amount of money given a specified rate of return. It reflects the fact that a future amount is worth less than the same amount today.*

In financial terms, the future amount is discounted (reduced) by the expected rate of return to determine the present value. Typically, the expected rate of return is the interest rate that would be earned if the money were invested instead of being expended on the investment.

Present value is calculated using the flowing formula:

$PV = \text{Future value} / (1 + r)^n$
where: Future value = the amount that is expected in the future
r = the expected rate of return
n = number of periods until the future value is received

Since investment expenditures often extend over multiple periods, **net present value** (NPV) is more commonly used rather than simple present value. NPV is the sum of the present values for each period where each period's future value is the net cash flow for that period.

A2.4 Return on Investment

Return on investment *(ROI) is a performance measure used to evaluate the financial return from the money expended on an investment. The higher the ROI the higher the value of the investment.*

As with the benefit-cost ration, dis-benefits may be deducted from benefits or added to costs.

ROI is calculated using the following formula:

ROI = (Direct Financial Benefits –Costs) / Costs

ROI is normally expressed as a percentage: if the raw calculation results in a value of 0.32, the ROI is expressed as 32%. Both costs and benefits should reflect *present value* as described in Section A2.3.

A2.5 Internal Rate of Return

Internal rate of return *(IRR) is the annual rate of interest that could theoretically be earned by investing the project's cash flows in an alternative investment.*

If an investment's IRR is higher than the return offered by other alternatives (e.g., other investments, stock purchases, bank accounts), the investment is considered to be a good one.

IRR is calculated by solving the following formula:

$$0 = CF_0 + \frac{CF_1}{(1+IRR)} + \frac{CF_2}{(1+IRR)^2} + \frac{CF_3}{(1+IRR)^3} + \ldots + \frac{CF_n}{(1+IRR)^n}$$

where CF_0 = the initial outlay and CF_1, CF_2 CF_3 … CF_n = cash flows for each period.

Annex 3
Glossary of Key Terms

Age-appropriate labor means ensuring that children are not put in dangerous or exploitative situations while still allowing them to develop essential job skills. It is used to describe work suitable for a person's skill level and maturity.

Air and water quality involves measures of contamination in air and water sources.

Anti-corruption is the practice of rejecting both offers of and requests for gifts, payments, or other forms of benefits in order to influence the activities, results, or outcomes of the organization. It involves making sure that the organization is free of unethical practices such as bribery, money laundering, fraud, and embezzlement.

Biological diversity, also known as biodiversity, refers to the variety of life forms on Earth. It includes all ecosystems and all species of plants, animals, bacteria, fungi, and microorganisms that make up a particular environment or habitat. It also includes all genetic variations of those species.

Business case analysis is the process of developing a business case that provides justification for the initiation or continuation of an investment. It involves analyzing the underpinning logic of funding the investment. This requires identifying the expected benefits and dis-benefits, likely costs and revenues, staffing requirements, major risks, schedule alternatives, and stakeholder impacts associated with the proposed investment.

Clean energy return (CER) refers to the amount of renewable energy generated by the organization's activities or its products that is in excess of the amount needed. CER is normally returned to the grid for use by others.

Community engagement is the practice of treating local residents as stakeholders. This is essential as it ensures that local needs and perspectives are taken into consideration when taking any action that affects the community. It also requires a two-way exchange of information and ideas between the organization and the community to make the organization more effective, efficient, and beneficial for all involved.

Contamination and pollution is the release of waste materials or hazardous substances into the environment. It will almost always have a negative impact on ecosystems and human health. Contamination and pollution most often occurs due to neglectful practices in manufacturing, construction, agriculture, and related industries that generate waste materials or hazardous chemicals, but it can also occur in other activities that do a poor job of disposal (see 4.4.2).

Customer health and safety includes the measures taken to ensure the physical and mental wellbeing of the users of the organization's products. This includes providing information about risks and hazards, proper customer handling, and adherence to relevant safety standards, protocols, laws, and regulations.

Customer privacy and data protection encompasses the measures taken to safeguard customer data such as personal information or financial details. It includes providing secure storage facilities and encryption technologies, implementing appropriate access controls and authentication procedures, and ensuring compliance with relevant laws and regulations.

Digital communication is the use of digital tools and platforms to communicate. These tools can include websites, email newsletters, social media accounts, messaging applications, and other digital communication channels.

Disposal of assets is the process of getting rid of an item which has reached the end of its useful life. This includes everything from consumer electronics to public infrastructure such as roads and bridges. Generally, assets should not be disposed of until they are no longer fit for use.

Disposal of goods and materials is the practice of getting rid of items that are no longer needed or wanted. This includes disposing of both hazardous and non-hazardous waste in accordance with relevant laws and regulations.

Employment and staffing is the process of obtaining the personnel needed to operate an organization. It includes identifying the skills required for business operations, recruiting potential individuals (internally or externally), managing their time and performance, training them when needed, and compensating them accordingly.

Energy consumption is the amount of energy used by the organization. It encompasses all aspects of energy use from office lighting to the energy required for transportation.

Equal opportunity is the practice of providing individuals with access to jobs, opportunities, and responsibilities based on their qualifications regardless of gender, race, age, or other characteristics. It seeks to eliminate any type of discrimination in the workplace and to ensure that all workers are treated fairly and given an equal chance to participate in an appropriate way.

ESG disclosures are information about an organization's performance and practices related to environmental, social, and governance issues. Information from across the organization is used as input to the ESG disclosures.

Fair competition is the practice of ensuring that all parties wanting to provide products or services to the organization have an equal opportunity to compete and win. It requires taking measures to ensure that no individual party has an unfair advantage due to size, wealth, influence, or any other factor. This includes enforcing laws and regulations against anticompetitive behavior such as price-fixing and market manipulation. Additionally, fair competition calls for creating transparent processes for bidding and contract awards to ensure fair opportunities for businesses of all sizes and types.

Financial analysis is the process of evaluating organizational finances from a monetary perspective. Typically, it is used to analyze whether an investment warrants initial or additional funding.

Financing organized crime is the raising and processing of funds to support the activities of organized crime or terrorists. Organized crime and terrorists often exploit the same vulnerabilities used in money laundering.

Flexibility is the ability to adjust to changing circumstances or situations. It requires the capacity to modify plans or approaches when faced with unexpected challenges.

Forced and involuntary labor means any work or service that is extracted from a person under the menace of punitive action against themselves or their families. It includes work where the payment is below subsistence levels, or where the payment is in goods which are not desirable. Forced and involuntary labor can take many forms including human trafficking, debt bondage, enslavement, and unjustly long working hours.

Green claims are statements made by an organization to indicate that a product has been designed and produced in a manner that is considered environmentally responsible. These claims typically relate to the organization's efforts to reduce its environmental impact such as using recycled materials, renewable energy sources, and efficient production processes.

Greenhouse gas emissions are gases (mostly carbon dioxide and methane) released into the atmosphere as a direct result of business activities. This includes emissions as a direct result of energy consumption as well as emissions from transport of procured goods, raw materials, and services. It also includes GHG emissions caused by the distribution, operation, and disposal of products and services.

Greenwashing is the practice of making false or misleading claims in order to mislead consumers into believing that a product is more environmentally friendly than it actually is. This can be done through deceptive language, exaggerations, or omitting relevant information about an organization's true environmental practices.

Harassment and discrimination involves the measures adopted to ensure a safe, respectful, and non-discriminatory workplace environment. This includes developing policies that protect employees from unjust treatment, creating an inclusive environment, implementing effective reporting procedures for instances of inappropriate behavior, and providing sufficient training for management on how to handle such issues.

Health and safety is the practice of creating safe working conditions for all individuals working in and for the organization. It involves implementing measures such as hazard assessment, risk management, training, enforcement, and investigation. Its main goal is to ensure that individuals are not exposed to any unnecessary risks while performing their work.

Indirect benefits are the positive impacts that may not always be immediately visible. These benefits can include improved quality of life, increased economic activity in the local area, and environmental improvements such as cleaner air or water.

Labor/management relations means building trust, understanding, and cooperation among managers and staff. It involves respecting each other's opinions, resolving conflicts proactively, communicating clearly, and ensuring that everyone is aware of their roles and responsibilities.

Local competence development is the process of fostering and expanding skills, knowledge, and expertise in the localities in which the organization operates. It can involve providing training or education to local individuals, as well as encouraging collaboration and the sharing of resources with local organizations or local individuals.

Local economic impact includes the direct and indirect effects the organization has on the economy of its local area. This can include job creation, increased spending in the local economy, or increased regional development.

Local procurement is the practice of purchasing products and services from local suppliers.

Logistics is the planning and execution of activities related to transporting goods, raw materials, and services for use by the organization. Logistics includes activities such as scheduling transportation, estimating costs, coordinating personnel, and making sure that all necessary procedures are completed on time.

Modeling is the creation of a physical, mathematical, or logical representation using representative characteristics of the investment.

Money laundering involves concealing the origins of illegally obtained funds and making them appear legitimate by obscuring their connection to criminal activities. Organizations should safeguard their financial integrity by implementing effective anti-money laundering strategies to prevent illegal concealment. This involves making sure the organization conforms to recognized economic, social, and governance standards.

Noise pollution is the creation of excessive, unpleasant, or disruptive sounds that can diminish quality of life. Noise pollution can be caused by activities such as blasting, heavy vehicle traffic, traffic jams, and operation of machinery or equipment.

Optionality means having multiple solutions or choices available. It means the organization is not constrained by a single approach. Optionality means that the organization is capable of supporting different outcomes with different results without having to start over.

Organizational learning is a form of knowledge management in which organizational components and individual employees are encouraged to capture, share, and apply their knowledge. This enables the organization to adapt and improve its processes, products, and services over time.

Product and service labeling includes procedures used to ensure that products are accurately labeled according to legal and ethical standards. This includes properly disclosing potential risks, hazards, and side effects associated with the use of products and services as well as providing appropriate information about the origins of these products and services.

Protection for indigenous and tribal peoples includes the measures taken to ensure the rights and wellbeing of affected populations as part of the organization's activities. This includes protection of their culture, land use rights, language, religion, and other forms of recognition.

Public policy and compliance includes the steps taken to ensure that the organization complies with all relevant laws and regulations. This involves researching relevant laws and regulations, understanding their implications for the organization, and taking necessary steps to make sure these laws and regulations are respected.

Recycling involves transforming a waste item into a useful one. Items that can be recycled run the gamut from plastic water bottles to computers to electrical generators.

Regenerative design is a practice that draws on an understanding of how ecosystems function so that the organization will regenerate resources rather than depleting them.

Renewable energy, also called alternative energy, is energy generated from sources that are replenished at a faster rate than they are consumed. These sources include solar, wind, water, and geothermal power.

Resiliency is the ability to recover from or adjust easily to adverse conditions such as extreme market fluctuations, political or economic instability, natural disasters, or health emergencies. Resiliency does not make problems go away: it means having the ability to cope with them despite the unexpected stress.

Responsible technology is the practice of taking into account ethical, legal, and social implications that involve new or emerging technologies. This includes developing and adhering to frameworks and policies related to data privacy, intellectual property rights, environmental impact, diversity, and inclusion. Responsible technology also requires ensuring that technology is used in a safe and responsible manner.

Reuse involves using the same item again and again or finding a new purpose for it.

Simulation is the use of a model to understand the potential effects of alternative conditions and choices given uncertainty in the input variables. It can be especially useful where investment characteristics interact in unpredictable ways.

Social return on investment (SROI) is a framework for measuring and accounting for investment results and outcomes by including social and environmental costs and benefits along with the traditional economic ones. It is based on the idea that investments create value in ways other than just financial returns. For example, a community development project may create value by improving the health and well-being of residents, reducing crime, and increasing social cohesion.

Soil erosion is the loss of topsoil due to human activities such as construction, road building, or agricultural practices. It can be exacerbated by changes in the natural land cover and can have significant negative effects on local ecosystems. As with water displacement, soil erosion is mostly an issue with construction, manufacturing, and agricultural activities.

Sustainability is the ability of a system, process, or activity to continue indefinitely without depleting natural resources or causing significant harm to the environment. It involves balancing economic, social, and environmental considerations to ensure that current needs are met without compromising the ability of future generations to meet their own needs.

Sustainability reporting provides information about an organization's policies, practices, and performance related to sustainability. It covers a wide range of topics such as energy efficiency, carbon emissions, resource conservation, human rights, labor practices, and community engagement. Information about the organization's activities is used as input to its sustainability reporting.

Sustainable development is an approach to economic growth and development that seeks to meet the needs of the present generation without compromising the ability of future generations to meet their own needs. It aims to balance environmental, social, and economic concerns in order to achieve a healthy and prosperous society that can continue into the future.

Sustainable procurement practices and contracts includes practices for obtaining goods, raw materials, and services that take into account environmental, economic, and social impacts. It means contracting for resources in an ethical manner. It requires establishing agreements which adhere to environmental, social, and human rights standards.

Talent acquisition, retention, and empowerment is the commitment to attracting, developing, and retaining needed talent while fostering a workplace that adapts to evolving needs, encourages collaboration, and provides access to growth opportunities.

Training and qualification is the process of ensuring that permanent staff have the necessary skills to effectively complete their work. It involves providing instruction, assessing proficiency, monitoring performance, and offering guidance.

Traveling and commuting is the movement of personnel between different locations. Traveling and commuting may include travelling between sites, attending off-site meetings, conducting off-site presentations, collecting data, and providing off-site support

Value chain is the series of activities that an organization undertakes to create and deliver a product or service to its customers, from its initial design to its arrival at the customer's door. The chain includes both upstream activities (performed by suppliers) and downstream activities (performed in the distribution channels).

Waste generation is the creation of any excess or unneeded materials or byproducts by the organization. This includes everything from unused supplies and materials to wasted energy.

Water consumption is the usage of water during business activities. Although construction, manufacturing, and agricultural activities are probably the major users of water, all organizations use water to some extent.

Water displacement is the practice of diverting water sources that have been disrupted by the organization away from areas that are prone to flooding and contamination. Methods include dam construction, rerouting flowing water, building artificial wetlands, landscaping with rain gardens, and installing flood barriers. Water displacement is mostly an issue with construction, manufacturing, and agricultural activities.

Work-life harmony and mental health refers to the ability of individuals to strike a balance between their professional goals and commitments within their personal lives. This involves taking regular breaks from work, developing healthy work habits, and engaging in activities that bring a sense of joy and contentment.

Annex 4
P5 Mapping to the SDGs

The United Nations Sustainable Development Goals (SDGs) are interconnected, with progress in one goal often depending on progress made in others. When mapping P5 to the SDGs Goals and targets, an impact on one often has a direct impact on a second.

Here are some of the most common linkages between each SDG:

1. No Poverty (SDG 1) and Zero Hunger (SDG 2): These two goals are closely aligned as poverty and hunger are often intertwined. Reducing poverty can help to alleviate hunger by increasing access to food and resources.

2. Affordable and Clean Energy (SDG 7) and Climate Action (SDG 13): Access to affordable and clean energy is critical for reducing greenhouse gas emissions and mitigating the impacts of climate change.

3. Quality Education (SDG 4) and Gender Equality (SDG 5): Improving access to education for girls can help to promote gender equality by empowering women with knowledge and skills that can lead to greater economic opportunities.

4. Decent Work and Economic Growth (SDG 8) and Industry, Innovation, and Infrastructure (SDG 9): Investments in infrastructure, innovation, and industry can create new job opportunities and drive economic growth.

5. Sustainable Cities and Communities (SDG 11) and Responsible Consumption and Production (SDG 12): Promoting sustainable consumption patterns can help reduce waste levels in cities while improving quality of life for residents.

6. Life Below Water (SDG 14) and Life On Land (SDG 15): Protecting marine ecosystems is essential for maintaining biodiversity on land as many species rely on these ecosystems for their survival.

Overall, understanding the linkages between SDGs is critical for developing integrated solutions that address multiple sustainability challenges at once.

The mapping below lists P5 Elements (in alphabetical order) and maps them to the SDGs. Their direct impacts are shown in blue and their secondary impacts in green. Clearly, the *P5 Standard* has a significant impact on the SDGs.

P5 SUPPORTS

THE GLOBAL GOALS
For Sustainable Development

#	P5 Elements	No Poverty SDG 1	No Hunger SDG 2	Good Health SDG 3	Quality Education SDG 4	Gender Equality SDG 5	Clean Water and Sanitation SDG 6	Renewable Energy SDG 7	Good Jobs and Economic Growth SDG 8	Innovation and Infrastructure SDG 9	Reduced Inequalities SDG 10	Sustainable Cities and Communities SDG 11	Responsible Consumption SDG 12	Climate Action SDG 13	Life Below Water SDG 14	Life on Land SDG 15	Peace and Justice SDG 16	Partnership for the Goals SDG 17
1	Age-Appropriate Labor								Blue	Green							Blue	
2	Air and Water Quality			Blue												Blue		
3	Anti-Corruption																Blue	
4	Biological Diversity														Blue	Blue		
5	Business Case Analysis																	
6	Community Engagement											Blue						
7	Contamination and Pollution												Blue					
8	Customer Health and Safety											Blue	Green					
9	Customer Privacy and Data Protection																Blue	Blue
10	Digital Communication									Blue								
11	Disposal												Blue					
12	Employment and Staffing								Blue	Green								
13	Energy Consumption							Blue					Blue	Blue				
14	Equal Opportunity										Blue							
15	ESG and Sustainability Reporting																	
16	Fair Competition										Blue						Blue	
17	Financing Organized Crime								Green		Green						Blue	Green
18	Financial Analysis	Blue	Green															
19	Flexibility/ Optionality	Blue	Green															
20	Forced/Involuntary Labor								Blue	Green								
21	GHG Emissions			Blue									Blue	Blue				
22	Green Claims and Greenwashing												Blue					
23	Harassment and discrimination					Blue	Green											
24	Indirect Benefits																	
25	Labor/Management Relations										Blue							
26	Local Competence Development				Blue													
27	Local Economic Impact	Blue	Green															
28	Local Procurement												Blue					
29	Logistics												Blue	Blue				
30	Modeling and Simulation	Blue	Green															
31	Money Laundering								Green		Green		Green				Blue	Green
32	Noise Pollution											Blue	Green					
33	Organizational Learning																Blue	
34	Product and Service Labeling												Blue					
35	Project Health and Safety			Blue														
36	Protection for Indigenous and Tribal Peoples											Blue	Green					
37	Public Policy/ Compliance										Blue							
38	Recycling and Reuse												Blue					
39	Renewables and Clean Energy Return							Blue					Blue	Blue				
40	Resiliency	Blue	Green															
41	Responsible Technology																	Blue
42	Social Return on Investment	Blue	Green															
43	Soil erosion and Regeneration															Blue		
44	Sustainable Procurement and Contracts												Blue					
45	Talent Acquisition, Retention, and Empowerment								Blue	Green	Blue							
46	Training and Qualification				Blue													
47	Traveling and Commuting												Blue	Blue				
48	Waste Generation												Blue					
49	Water Consumption						Blue											
50	Water Displacement						Blue											
51	Work-Life Harmony and Mental Health			Blue														

Blue = direct impact
Green = indirect impact

Figure 14 — P5 to SDG Mapping

Driving
Sustainable
Change

greenprojectmanagement.org

Version Control			
Version	**Date Approved**	**Approved by**	**Summary of Changes**
1.0		Joel Carboni	• Initial release
1.1	February 2025	Joel Carboni	• Changes to support talent acquisition, etc. • Several new figures developed for SPM The Course
			•
			•
			•
			•