


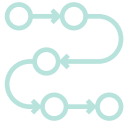
Risk Identification and Prioritisation

The key question to ask is how would you normally identify risks?

- If your approach is based on keeping a risk register, then you can consider thinking about ESG/sustainability risks in this register or catalogue.
- If the approach is to set-up a committee of colleagues and discuss the various perspectives, then perhaps the best idea is to also bring in a sustainability perspective.
- Several risk managers sort their risks into buckets, such as 'strategic – operational – external'. If this is the case, then adding a sustainability overlay to this existing process could be helpful.
- Or, you may wish to think about it differently and set up a deep analysis of all sustainability risks on your radar.

Table idea for ESG risk identification

ESG category	Risk area	Risk events
ENVIRONMENT 	Climate change	<p>Changes in policy and regulatory context</p> <p>Timely development of innovative and eco-responsible products and technologies, supporting reduction of CO2 emissions and consumer preferences</p> <p>Effective deployment of industrial and logistics carbon footprint, supporting reduction of energy consumption in production processes in favour of renewable energy, etc.</p> <p>Business interruption due to chronic (e.g., temperature increase, precipitation, etc.) or extreme events (e.g., floods, cyclones, etc.) on key company assets – i.e. physical risk</p>
	Responsible use of natural resources	<p>Optimisation of material cycles in industrial processes, in terms of recycling, re-using parts, reconditioning components and waste management</p> <p>Preservation of biodiversity and land use</p> <p>Sustainable water management</p>



ESG category	Risk area	Risk events
SOCIAL 	Human resources management	Protection of occupational health and safety Attraction, retention and professional development of talents Diversity, equal opportunities and well-being within the organisation
	Product liabilities	Product reliability, guaranteeing the compliance with quality and safety regulations
	Company impact in communities in which we operate	Breach of trust in local areas Balanced governance and distribution of added value
GOVERNANCE 	Business ethics and integrity (corporate behaviour)	Prevention, detection and countering any unlawful behaviour by employees and collaborators (incl. corruption, extortion and bribery) and compliance with related national and international legislation Adoption of responsible procurement practices across global value chain, preventing ethics violations

The above list should be adapted, customised and finalised through consultation with your colleagues and management.