ESG Materiality Assessment
Results report

Completed on 08 March 2023
Completed by ACME Corporation

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1.0
Executive highlights

ESG

About our 2023 ESG Materiality Assessment

Managing Environmental, Social and Governance (ESG) risks and opportunities is a growing focus for our organization. Increasingly, customers, investors and other stakeholders want confidence that our organization understands how the operating context is evolving and that we can demonstrate what we are doing to adapt and improve, while mitigating negative impacts. Beyond meeting market expectations, managing ESG issues proactively is a powerful force for good and for growth.

Identifying opportunities and managing our ESG impacts

As part of managing ESG issues effectively, we have completed an ESG Materiality Assessment with key stakeholders inside and outside our organization to better understand their concerns and priorities. Through this process we have identified which environmental, social and governance issues matter most—our 'material' issues. These include trends and developments that could significantly affect our organization in positive and negative ways, major impacts arising from our operations, as well as concerns important to our key stakeholders.

This report sets out core findings of our 2023 ESG Materiality Assessment, clearly presented in a Materiality Matrix.

By consulting with our stakeholders to prioritize the themes, issues and topics of greatest importance to our organization, we have greater clarity and confidence that our ESG strategy, measurements, reporting and communication will be credible and effective.

Benefits we've already gained

Clarity ✓

We better understand the ESG/sustainability context of our organization.

Trust ✓

We have increased trust and engagement with stakeholders through our collaborative and inclusive process.

Confidence ✓

We have identified key ESG risks and opportunities to improve our ESG position and be a stronger force for good and for growth.

Knowledge ✓

We have grown our capacity to take meaningful next steps and realize our ESG opportunities.

ESG

Stakeholder engagement with our ESG Materiality Assessment

This 2023 ESG Materiality Assessment was completed on behalf of ACME Corporation by 8 stakeholder groups.

The graphic below details the 195 surveys sent, 160 completed and engagement rate by stakeholder and grouped by internal and external.

78%
● Internal engagement rate

84%
● External engagement rate

• ⊞ **Channel Partners**
• ▦ **Board**
• ▤ **Investors**
• ▥ **Senior Management**
• ☷ **Suppliers**
• ▤ **Employees**
• ☗ **Customers**
• ⬦ **Community**

▦ **Board**	⊞ **Channel Partners**	⬦ **Community**	☗ **Customers**
100%	**96%**	**69%**	**69%**
6/6 completed	**45/47** completed	**11/16** completed	**18/26** completed
6 comments made	**0** comments made	**0** comments made	**9** comments made

▤ **Employees**	▤ **Investors**	▥ **Senior Management**	☷ **Suppliers**
74%	**100%**	**100%**	**84%**
42/57 completed	**5/5** completed	**7/7** completed	**26/31** completed
8 comments made	**2** comments made	**5** comments made	**0** comments made

Issues by ESG category

The below table details the number of issues we assessed within the pillars of Environmental, Social and Governance, as part of our ESG Materiality Assessment.

Governance
11

38
issues assessed

Environmental
9
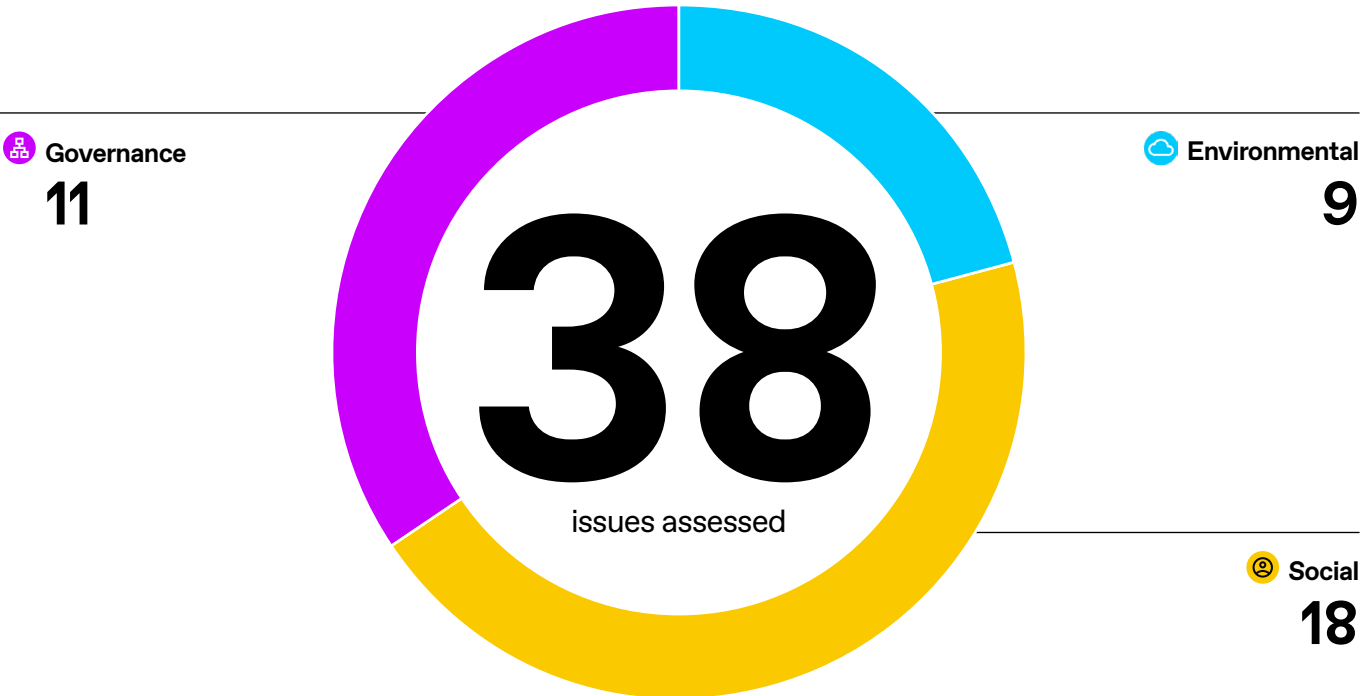
Social
18

	Environmental	Social	Governance
Highest	3	9	8
Moderate	2	5	1
Lower	1	3	2
Lowest	3	1	0

(See page 15 '**Our top issues and recommended actions**' for the full list of material issues)

ESG

Our 2023 ESG priorities

Our Materiality Matrix results

This ACME Corporation 2023 ESG Materiality Matrix highlights the environmental, social and governance issues selected by our internal and external stakeholders and ranked by perceived level of significance for our organization and for our stakeholders. In total 22 were selected.

Higher

● Greenhouse gas (GHG) emissions

● Values, purpose and accountability

● Equal pay and benefits

● Intellectual property

● Climate risk and adaptation

● Grievance and remedy

● Diversity and inclusion

● Cyber security and privacy

● Risk mitigation

Significance to our stakeholders

● Employment conditions

● Waste and pollution

● Materials... ● Executive Pay ● Energy

● Anti-bullying and workplace harassment

● Responsible marketing

● Product and service responsibility

● Supplier environmental performance

● Talent attraction and retention

● Community giving

● Water

● Public policy

Lower

Lower — Significance to our organization — Higher

● Environmental   ● Social   ● Governance

Our 2023 ESG priorities

Segment 1: Act Now

Most significant material issues

Based on the ACME Corporation 2023 ESG Materiality Matrix the following 6 issues were considered to be of greatest significance.

These were the ESG issues considered most significant both in terms of our organization's impact upon them and their significance to stakeholders. These issues should be the primary focus of our ESG strategy.
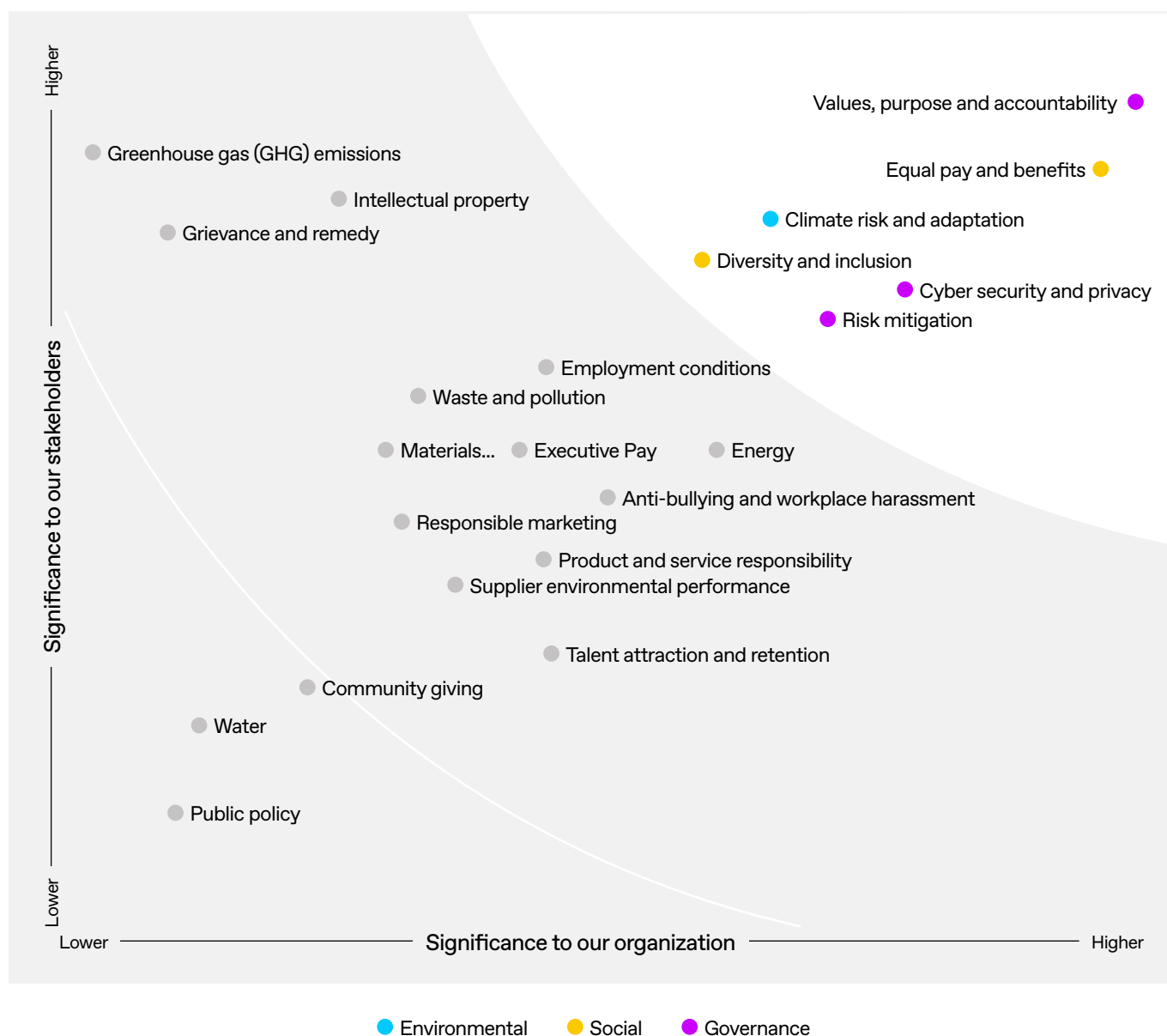
Our 2023 ESG priorities

Segment 2: Manage and Monitor and Segment 3: Learn and Prepare

Other material issues

In addition, our ESG Materiality Assessment has highlighted areas where ACME Corporation has:

- Significant organization impacts which are rated of lesser importance by stakeholders.
- Issues ranked highly by stakeholders which have not been considered primary areas of impact or concern for our organization.
- Issues rated of moderate significance for both stakeholders and the organization.

These are shown in Segment 2, the middle of our Materiality Matrix and are issues we should **Manage and Monitor**. The lower Segment 3 are issues rated by both stakeholders and our organization to be of lower significance. These are areas where we should **Learn and Prepare**.

Those issues ranked absolute lowest by both stakeholders and the organization are not included in the matrix, but can be viewed here in the **appendix**.

We should proactively manage, monitor and demonstrate continuous improvement in these areas to drive organization value, including where impacts are limited or indirect, and/or on emerging ESG issues which could grow in importance in future. ACME Corporation should continue to track these topics, build awareness and regularly consult key stakeholders on evolving priorities.

ESG
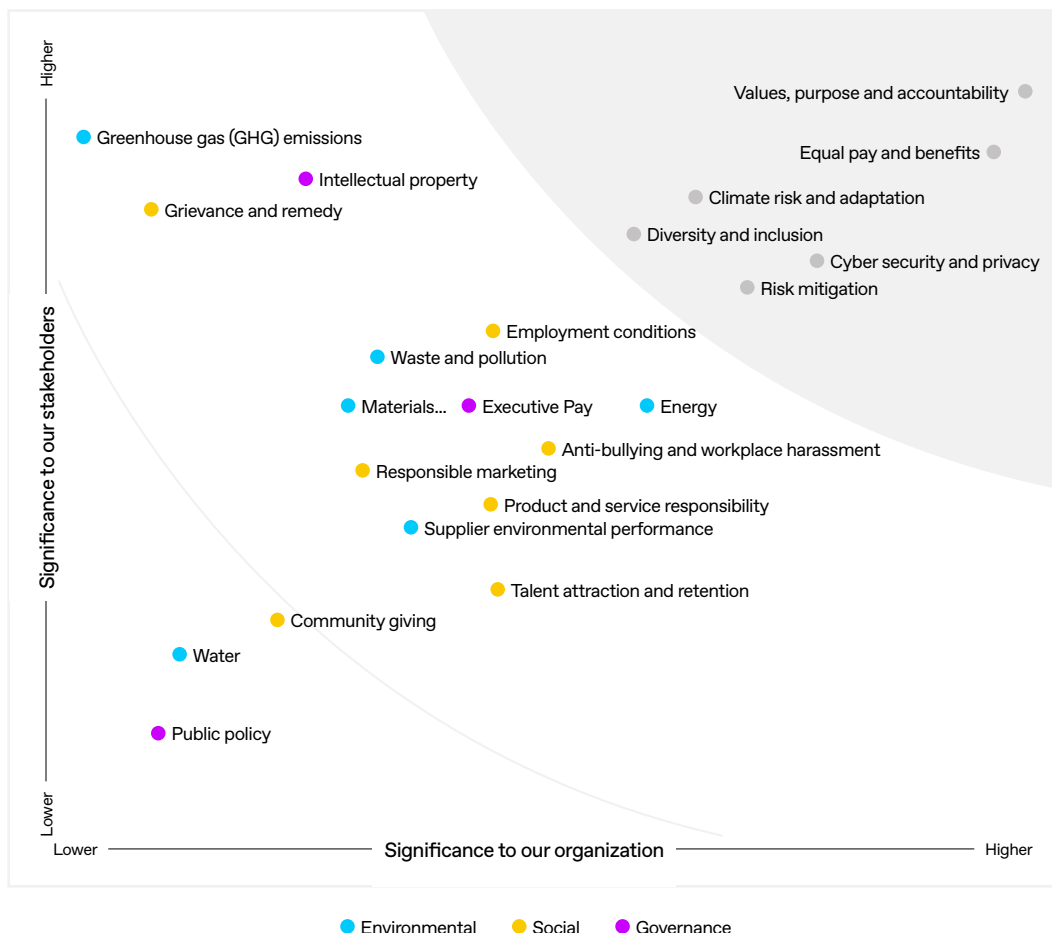
Our ESG Journey

8 steps to reduce ESG risks and unlock opportunities

To demonstrate we are listening to our stakeholders, proactively addressing their concerns and managing our impacts responsibly, ACME Corporation can now ensure our priority material issues, associated risks and opportunities are addressed effectively by completing the ESG leadership 8-step process.

While not every journey is linear, these 8 steps establish strong ESG foundations, enable effective action, reduce risk, unlock growth opportunities and increase the value of our organization to stakeholders.

3 /8
steps completed
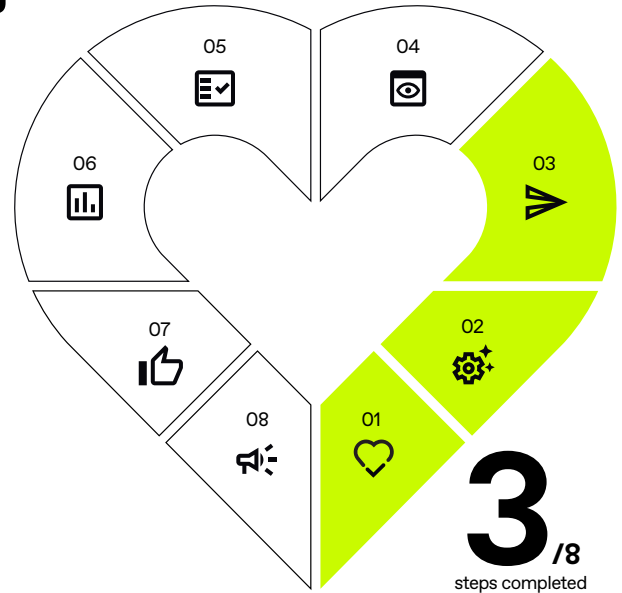
01. **Complete ESG Pulse Check**

Take the first step on our ESG journey to review our readiness and discover key gaps and strengths.

02. **Configure ESG Materiality Assessment**

Define our organization's scope, industry and boundaries.

03. **Send ESG Materiality Assessment to stakeholders**

Engage stakeholders to understand and validate our material issues.

Send the assessment

04. **Review ESG Materiality Assessment report insights**

Know what is most material to our organization and identify priority ESG issues.

05. COMING SOON

Develop an ESG Strategic Action Plan, objectives and owners

Includes workflow to assign roles, track actions and streamline status reporting—all aligned to your organization values, purpose and relevant UN Sustainable Development Goals (SDGs).

Register your interest

06. COMING SOON

Track data and generate first disclosure report

Choose a preferred ESG reporting framework, identify baseline metrics and enter targets to measure performance against our material ESG topics.

07. COMING SOON

Embed ESG good practice into our core strategy and operations

Choose from relevant modules like Policies, Risks, Supply chain and more to accelerate ESG adoption and positive impact.

08. COMING SOON

Amplify our impact for sustainable value creation

Expand our ESG leadership capabilities and build good growth.

2.0

What is an ESG Materiality Assessment and why does it matter?

2.1   What is a materiality assessment and why does it matter?

ESG

Why materiality and stakeholder engagement?

To help organizations measure and report on their most important ESG issues, topics need to be prioritized and validated by stakeholders. We call this a materiality process.

Materiality is a financial reporting concept that helps determine the threshold where information becomes relevant and influential in economic decision-making, particularly for investors using financial statements. The same concept can be applied to ESG issues. Material ESG issues include an organization's **most significant positive and negative social, environmental and economic impacts** and those issues that its stakeholders consider important or which can **influence their decision-making** about the firm.

As defined by the Global Reporting Initiative (GRI),

" materiality is the principle that determines which relevant topics are sufficiently important that it is essential to report on them. "

Material issues vary according to industry, geographical location, corporate strategy, community expectations and applicable international norms. Sometimes an organization's **most significant ESG impacts occur beyond its operational boundary**, for example in the upstream supply chain, or downstream during consumer use and disposal of products and services. When identifying material issues, it is important to consider the organization's ESG impact holistically.

Stakeholder inclusiveness is an important principle in the materiality process. It helps our organization understand the impacts its activities on others. This makes it more responsive and better aligned with the expectations of its shareholders and investors,
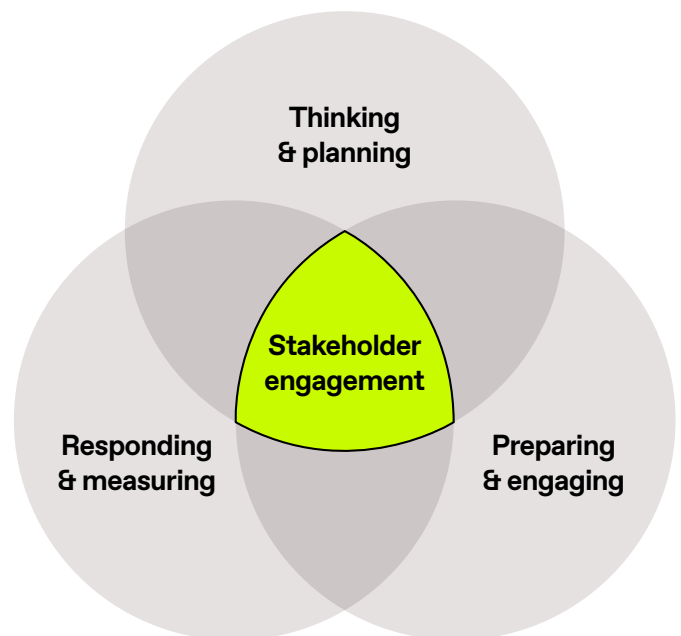
suppliers, customers, employees, local community and broader society. Stakeholder engagement involves identifying and engaging with the organization's key stakeholders in a range of ways (for example this ESG Materiality Assessment), and applying the outcomes from that consultation to improve management, reporting and decision-making on ESG issues.

Done well, stakeholder engagement leads to learning and valuable insight. It also improves accountability, trust and credibility.

Thinking & planning

Stakeholder engagement

Responding & measuring

Preparing & engaging

2.2 What is a materiality assessment and why does it matter?

ESG

What is an ESG Materiality Assessment?

To determine which ESG issues and topics are material, an ESG Materiality Assessment is undertaken. This process involves an organization and its stakeholders separately completing a survey to assess a variety of ESG issues through two primary lenses. The significance and potential impact (positive and negative) of the issue:

1. for our organization
2. to our stakeholders

Significance for our Organization

This lens asks our organization to consider how significant a given issue and/or impact is for our organization, e.g:

- Does our organization have a significant positive or negative impact on this issue?

- Is this issue likely to have a significant positive or negative impact on our organization?

Significance to Stakeholders

This lens asks our organization's stakeholders to consider how important a given issue is to them, e.g:

- How significant do you think this issue should be for the organization?

- How important is this issue for you?

The combined results are plotted in a Materiality Matrix that shows how each topic ranks in terms of its perceived significance to the organization and its stakeholders. The matrix is a snapshot in time of the topics that internal and external stakeholders rank as having higher, moderate or lower significance. This enables the organization to prioritize ESG topics that are most material and move forward with confidence in managing, measuring, improving and reporting on performance.

ESG trends and expectations are continually evolving, however, so it's important to keep monitoring emerging topics and continue to engage stakeholders on a regular (e.g. annual) basis.
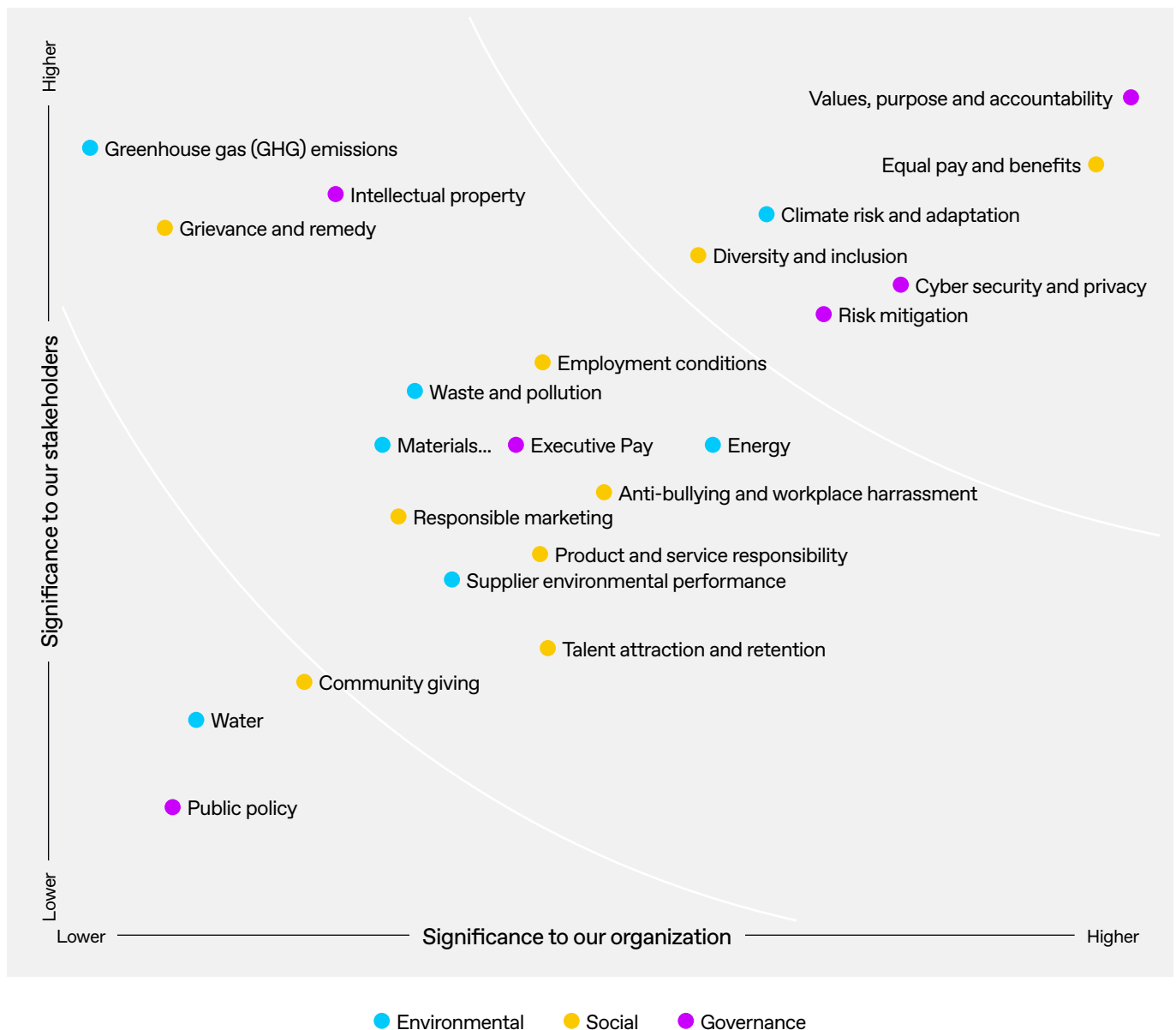
5 steps to a credible ESG Materiality Assessment

1 **Define** the organization's location, boundary and industry

2 **Rate** the importance of key topics for the organization

3 **Engage** relevant stakeholders to rate the importance of key topics

4 **Analyze** combined results and prioritize material topics

5 **Improve** and report on ESG performance
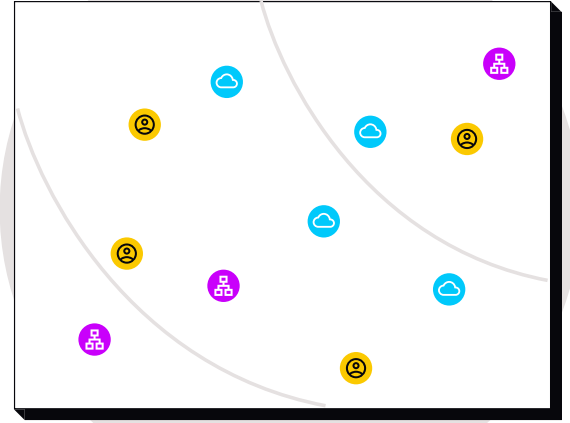
3.0
Our materiality results

Understanding the ESG Materiality Assessment Matrix

Our most significant ESG issues are shown in the matrix below. The matrix is divided into three segments, indicating how high or low each issue was ranked in terms of the significance of the issue for our organization (X axis) and its significance to our stakeholders (Y axis).

Significance to our stakeholders

Higher

- Greenhouse gas (GHG) emissions
- Values, purpose and accountability
- Equal pay and benefits
- Intellectual property
- Grievance and remedy
- Climate risk and adaptation
- Diversity and inclusion
- Cyber security and privacy
- Risk mitigation
- Employment conditions
- Waste and pollution
- Materials...
- Executive Pay
- Energy
- Anti-bullying and workplace harrassment
- Responsible marketing
- Product and service responsibility
- Supplier environmental performance
- Talent attraction and retention
- Community giving
- Water
- Public policy

Lower

Lower — Significance to our organization — Higher

● Environmental   ● Social   ● Governance

ESG

Our top issues and recommended actions

Segment 1: Act Now

Significance to Organization `HIGHEST` **| Significance to Stakeholders** `HIGHEST`

Issues within the top right band (segment 1) of the matrix are our most material issues. These rated highest both in terms of their significance for our organization and their significance to our stakeholders. Given their material importance for our organization, the benefits of taking immediate, credible and effective action on these issues are compelling, while failing to act on them could pose major reputational, financial and legal risks.

Segment 1: Material issues	Act Now
Climate risk and adaptation Responding strategically to climate change includes evaluating climate-related risks and opportunities, aligning activity to achieve net zero emissions by 2050, enabling just, low-carbon transition and withstanding impacts from climate change.	☐ Source renewable energy ☐ Reduce absolute GHG emissions ☐ Set a science-based emissions reduction target ☐ Undertake climate scenario analysis ☐ Understand financial implications of climate risk and opportunities ☐ Use TCFD to report publicly
Cyber security and privacy With digitization, new risks are emerging around data security and continuity of service. Organizations need robust digital infrastructure, data protection policies and practices to ensure data security, business continuity and prevent disruption to critical services.	☐ Identify threats and vulnerabilities of data, assets, systems and capabilities ☐ Develop policies and systems to detect and respond to cyber security events ☐ Plan for resilience and recovery ☐ Ensure effective stakeholder communication and public advocacy
Diversity and inclusion A diverse and inclusive workplace is one where different genders, races, nationalities, and sexual orientations are present. It is one that makes everyone, regardless of who they are or what they do, feel equally involved in and supported in all areas of the workplace.	☐ Meet legal requirements on anti-discrimination and equal opportunity ☐ Develop a Diversity, Inclusion and Equity policy ☐ Achieve gender equality at all levels ☐ Build awareness of unconscious bias ☐ Advocate publicly for diversity and inclusion

Segment 1: Material issues

Act Now

Equal pay and benefits

When organizations actively promote pay equality at work and benefits such as parental leave, it benefits both organization and workers and has positive flow-through effects on society, including economic development.

- ☐ Ensure all employees receive equal pay for equal work
- ☐ Pay all employees equal and appropriate benefits
- ☐ Make parental / carer's / domestic violence leave available
- ☐ Advocate publicly for equal pay for equal work

Risk mitigation

Risk management is an integral component of good governance. It consists of steps which, undertaken in sequence, enable continual improvement in decision making. Internal controls should be suitable for assuring both financial and sustainability performance and reporting.

- ☐ Implement relevant recognized risk management system(s) for continuous improvement of ESG
- ☐ Manage systemic risks from technology, supply chain and other disruptions
- ☐ Embed disaster-preparedness and adequate critical incident response
- ☐ Manage asset integrity
- ☐ Conduct TCFD, TNFD and Human Rights risk assessments

Values, purpose and accountability

A clear purpose and impact management strategy are fundamental to long-term value creation. Organizations that hold themselves accountable to stakeholders and demonstrate transparency will be more viable – and valuable – in the long-term.

- ☐ Embed purpose and ESG performance in business model and strategy
- ☐ Ensure stakeholder engagement and consultation
- ☐ Disclose process used to determine material topics
- ☐ Align to the UN Sustainable Development Goals (SDGs)
- ☐ Maintain transparency and accountability

Segment 2: Manage and Monitor

Significance to Organization `HIGHEST` | **Significance to Stakeholders** `LOW` OR

Significance to Organization `LOW` | **Significance to Stakeholders** `HIGHEST` OR

Significance to Organization `MODERATE` | **Significance to Stakeholders** `MODERATE`

Issues within the middle band (segment 2) of the matrix also qualify as material issues. These rated moderately or highly either in terms of the impact and influence our organization has upon them, or the significance they have for our stakeholders. These are areas that we should proactively manage and monitor to mitigate ongoing risks.

Segment 2: Material issues

Manage and Monitor

Anti-bullying and workplace harassment

Bullying, sexual harassment and discrimination in the workplace are not appropriate, can be unlawful and must be managed. Such behaviours can have a significant negative impact on the psychological health of individuals and the workplace.

☐ Develop an anti-bullying and harassment Policy

☐ Provide anti-bullying and harassment employee training

☐ Establish confidential and effective grievance procedures

☐ Advocate publicly for prevention of workplace bullying, harassment and sexual harassment

Employment conditions

Employees have the right to fair and equitable employment conditions including: ability to access flexible work arrangements, appropriate rules governing working hours, breaks, job security and termination as well as freedom of association and collective bargaining.

☐ Include freedom of association and collective bargaining in terms of employment

☐ Ensure reasonable working hours and access to flexible work arrangements

☐ Ensure dismissals are fair and used as a last resort

☐ Advocate publicly for worker rights and decent jobs

Energy

The type and quantity of energy used or purchased by an organization directly affects the amount greenhouse gases (GHGs) it produces. Switching to renewable and low-carbon energy and reducing the energy intensity of products and services lowers its carbon footprint.

☐ Source renewable energy

☐ Reduce energy use

☐ Improve energy efficiency

☐ Reduce absolute GHG emissions

Executive Pay

Clear and transparent remuneration processes encourage market confidence and allow comparisons between organizations. Linking ESG performance to executive pay elevates ESG as an organizational priority to ensure results.

☐ Build Board ESG literacy

☐ Formalize ESG responsibilities

☐ Link Director's remuneration to ESG performance

Segment 2: Material issues

Manage and Monitor

Greenhouse gas (GHG) emissions

Three scopes of GHG emissions must be measured. Scope 1 is direct use of non-renewable fuels by the organization (e.g. gas or petrol). Scope 2 is purchased electricity, heating, cooling and steam. Scope 3 includes all other indirect emissions in the value chain.

☐ Measure direct GHG emissions (Scope 1)

☐ Measure emissions from energy use (Scope 2)

☐ Measure indirect emissions (Scope 3)

☐ Set science-based emissions reduction target and reduce absolute emissions

☐ Publicly report using a recognized framework

Grievance and remedy

Grievance mechanisms enable stakeholders such as employees to raise concerns about, and seek remedy for, an organization's potential and actual negative impacts upon them, including human rights violations.

☐ Develop a human rights policy

☐ Conduct a human rights risk assessment to understand where potential impacts occur in the value chain

☐ Provide a suitable grievance mechanism for potential victims

☐ Ensure effective remediation of human rights violations

Intellectual property

IP protection is an important driver of innovation but can be misused to restrict competition and societal access to its benefits. Balanced IP management can help avoid adverse legal or regulatory antitrust rulings, litigation, monetary losses and damage to reputation.

☐ Ensure fair protection of intellectual property

☐ Balance use and protection of IP to spur innovation

☐ Ensure IP management and practices do not unfairly restrict competition

Materials and recycling

Reducing material intensity of production and consumption and sound management of chemicals and wastes are essential to reduce risks to human health and the environment. Use of non-toxic materials and circularity measures minimize adverse effects along the value chain.

☐ Reduce absolute materials use

☐ Source renewable, recycled, non-toxic materials

☐ Avoid virgin materials (e.g. paper and plastic)

☐ Partner to promote and adopt circular economy solutions

☐ Reduce embodied carbon, chemicals and pollution in materials

Product and service responsibility

Customers expect products and services to be accessible, user-friendly, perform their intended functions satisfactorily, and not pose a risk to health and safety. Product quality and safety should be a concern at all stages of the product and service lifecycle including research, development and use.

☐ Ensure full compliance with consumer rights and safety regulations

☐ Ensure product and service accessibility, user-friendliness, quality and safety at all stages of their lifecycle

☐ Advocate publicly for consumer rights, accessibility and safety

Segment 2: Material issues

Responsible marketing

Responsible marketing and labelling are practices companies adopt to acknowledge the larger social and environmental impacts of their products and services. Customers and end users need accessible and adequate information to make informed purchasing choices.

Supplier environmental performance

A supplier environmental assessment is a formal process that applies environmental performance criteria to procurement decisions. As well as identifying upstream environmental impacts, organizations can work with suppliers to improve their performance.

Talent attraction and retention

Employees are key contributors to value creation. Offering monetary and non-monetary benefits, skills development and attractive career pathways can help to improve employee engagement and retention.

Waste and pollution

Hazardous and non-hazardous waste and pollution negatively impact human health and the environment. Waste prevention and recovery through reuse, recycling and circularity measures minimize harm and reduce costs.

Manage and Monitor

☐ Ensure full compliance with responsible marketing and labelling regulations

☐ Ensure accessible and adequate information about larger social and environmental impacts of products and services

☐ Advocate publicly for responsible marketing

☐ Develop a sustainable sourcing / responsible procurement policy

☐ Set minimum environmental performance criteria for suppliers

☐ Give preference to environmentally responsible suppliers

☐ Work with suppliers to improve environmental performance

☐ Provide appropriate training, meaningful skills development and attractive career opportunities

☐ Support employee engagement and retention

☐ Conduct annual employee satisfaction and engagement surveys

☐ Manage and reduce turnover

☐ Conduct exit interviews

☐ Measure and reduce solid waste

☐ Measure and reduce hazardous waste and pollution

☐ Measure and reduce waste to landfill

☐ Measure and reduce waste directed to disposal

☐ Partner to promote and adopt circular economy solutions

☐ Design for disassembly and zero waste

☐ Safeguard against accidents and spills

Segment 3: Learn and Prepare

Importance to Organization `LOW` | **Importance to Stakeholders** `LOW`

Issues within the bottom left band (segment 3) of the matrix are our low (or lower) material issues. These rated lower for both in terms of our organization's impact upon them and their significance to our stakeholders. However, given that they ranked high enough to be included in our Materiality Matrix, these are issues that we should watch, understand and be ready to take action on.

Segment 3: Material issues	Learn and Prepare
Community giving Community or philanthropic giving includes monetary or in-kind donations that are directed towards improving community outcomes. When organizations give back to the community, they support collective wellbeing and create an improved operating environment.	☐ Consult / research to understand community needs ☐ Develop a Charitable Giving Policy and/or strategic philanthropy approach ☐ Make a commitment to charitable in-kind or monetary donations ☐ Establish employee and corporate volunteering programs
Public policy Organizations can engage in public policy directly by lobbying, making financial or in-kind contributions to political parties or causes, or indirectly through associations. All lobbying and advocacy activities should be transparent and align with the organization's stated purpose, values and strategy.	☐ Halt undue political influence and donations ☐ Be transparent about memberships and lobbying positions ☐ Ensure all lobbying is consistent with ESG strategy ☐ Proactively advocate for ESG policy
Water As well as being a basic human right and fundamental to healthy ecosystems, water is vital to the functioning of the global economy. Water quality, water withdrawal, water consumption, and waste water discharge need to be managed carefully by organizations.	☐ Reduce absolute water consumption ☐ Increase rainwater/runoff capture and recycled water use ☐ Work with stakeholders to manage water resources sustainably ☐ Ensure water withdrawals are sustainable

ESG

Segment 4: Consider and Review

Significance to Organization LOWEST | **Significance to Stakeholders** LOWEST

Segment 4 includes our least material issues. These issues rated lowest for both our organization and our stakeholders in this assessment are not included on the Materiality Matrix on **page 29**.

The roadmap to become a sustainability leader. Get your ESG strategic action plan

Turn assessment foundations into a cohesive strategic plan. Outlines actions to address, measure and communicate progress on the most material ESG issues and UN Sustainable Development Goals (SDGs).

Includes built in workflow to assign roles, track actions and automate status reporting.

Register your interest

ANSARADA   one stone   ESG

ESG Strategic
Action Plan
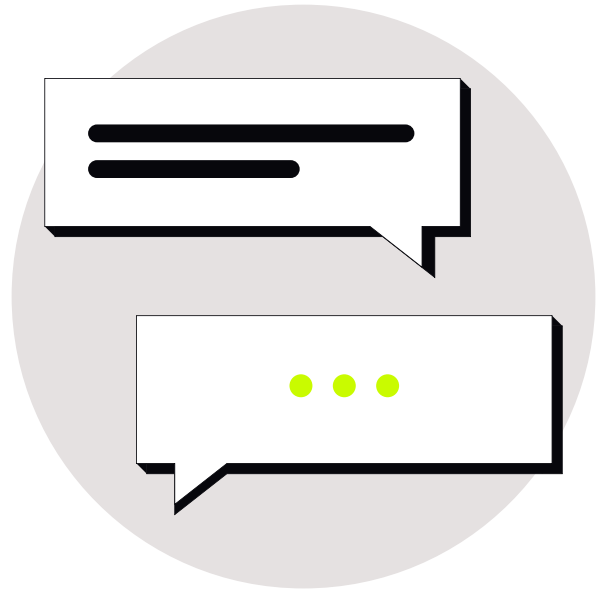
4.0
Stakeholder alignment

Insights for alignment and communication with our stakeholders

This section of our ESG Materiality Assessment provides insights on our alignment with each stakeholder group.

Different things matter to different stakeholders. Understanding how we align with stakeholder expectations and priorities helps us avoid nasty surprises, create the kind of value that matters, manage risks and prepare for opportunities. Strong alignment gives us the confidence to progress with our ESG strategy, action plans and communication with each stakeholder knowing that we are moving in the right direction. Where there are gaps, we can use these insights to enable more effective, stakeholder-centered communication and engagement as we continue our ESG journey.

ESG
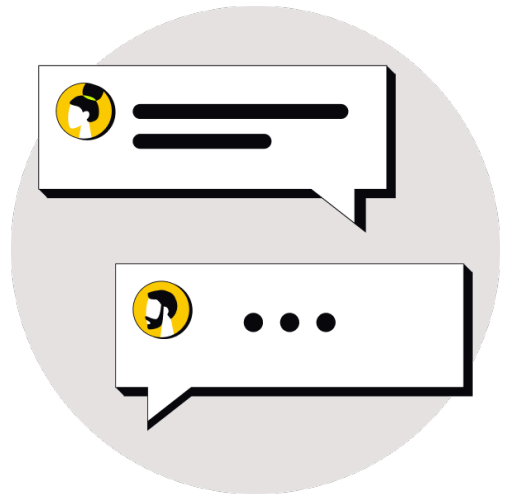
Internal stakeholder alignment

Below is a list of the top 5 issues as ranked by each internal stakeholder group.

Top 5 material issues

Perfect alignment

A perfect alignment is shown using citrus and indicates when 2 or more internal stakeholder groups ranked a material issue at the same level of significance in their top 5.

Close alignment

A close alignment is shown using white and indicates when 2 or more internal stakeholder groups ranked the same material issue in their top 5, but at a different level of significance.

No alignment

No alignment is shown using black and indicates when internal stakeholder groups ranked different materials issues in their top 5.

	⠿ Board	🖼 Senior Management	🖼 Employees
1	Cyber security and privacy	Cyber security and privacy	Talent attraction and retention
2	Values, purpose and accountability	Values, purpose and accountability	Values, purpose and accountability
3	Risk mitigation	Risk mitigation	Climate risk and adaptation
4	Climate risk and adaptation	Equal pay and benefits	Cyber security and privacy
5	Equal pay and benefits	Climate risk and adaptation	Risk mitigation

External stakeholder alignment

Below is a list of the top 5 issues as ranked by external stakeholders compared with our organization (all internal stakeholders).

Top 5 material issues

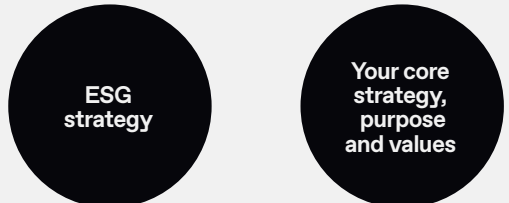| Perfect alignment	Close alignment	No alignment
A perfect alignment is shown using citrus and indicates when 2 or more internal stakeholder groups ranked a material issue at the same level of significance in their top 5.	A close alignment is shown using white and indicates when 2 or more internal stakeholder groups ranked the same material issue in their top 5, but at a different level of significance.	No alignment is shown using black and indicates when internal stakeholder groups ranked different materials issues in their top 5.

	Our organization	Community	Suppliers	Investors	Customers	Channel Partners
1	Cyber security and privacy	Climate risk and adaptation	Energy	Executive Pay	Public policy	Cyber security and privacy
2	Values, purpose and accountability	Cyber security and privacy	Values, purpose and accountability	Values, purpose and accountability	Materials and recycling	Values, purpose and accountability
3	Risk mitigation	Waste and pullution	Fair trading	Cyber security and privacy	Product responsibility	Risk mitigation
4	Equal pay and benefits	Equal pay and benefits	Equal pay and benefits	Equal pay and benefits	Greenhouse gas (GHG) emissions	Intellectual property
5	Climate risk and adaptation	Diversity and inclusion	Cyber security and privacy	Climate risk and adaptation	Responsible marketing	Grievance and remedy

5.0
ESG
strategic plan

An ESG strategic plan can unlock major benefits

	More benefits Where ESG is stronger and core to our organization	**More risk** Where ESG is weaker and an add-on for our organization
Revenue	Attract and retain more customers whose values align with ours. Generate new value through 'green revenue'.	Loss of revenue. Companies are mandating proof of sustainability in their supply chain and in RFP's.[1]
Expenses	Lower resource consumption (travel, energy, water, materials, packaging) More efficient production and delivery of products and services.	Tougher fines and penalties from new ESG regulations.[1]
Financing options & terms	Investors are allocating funds to organizations with ESG growth strategies, offering incentives on both rates and terms.	ESG criteria is now part of due diligence processes and weak ESG management means lower organization value and increased risk.[2]
Organization valuation	Strong ESG is a proxy for good management capabilities and future growth outlook. Lowers risk for a buyer or investor in a organization and increases a organization's valuation when strong.	Poor management of ESG increases risk profile and reduces the pool size of potential investors or acquirers. Basic ESG management increasingly a hygiene factor and seen negatively if it is weak.
Engagement & Productivity	ESG leaders are more likely to attract and retain top talent who are highly engaged by the organization's purpose and commitment to good growth.	Lack of resource efficiency reduces productivity and increases costs. Lower workforce engagement leads to 'coasting' and 'checking out'.[3]

COMING SOON

Develop an ESG Strategic Action Plan, objectives and owners.

Register your interest

6.0
Appendix

Segment 4

Segment 4: Consider and review

Significance to Organization (LOWEST) | **Significance to Stakeholders** (LOWEST)

Segment 4 includes our least material issues. These issues rated lowest for both our organization and our stakeholders in this assessment are not included on the Materiality Matrix on **page 6**.

Segment 4: Consider and review

Anti-bullying and workplace harassment

Bullying, sexual harassment and discrimination in the workplace are not appropriate, can be unlawful and must be managed. Such behaviours can have a significant negative impact on the psychological health of individuals and the workplace.

Compliance

Non-compliance with laws and regulations carries significant organizational risks and can be an indicator of poor management. Significant instances of non-compliance can represent significant risks to business continuity and result in financial penalties and sanctions.

Ethical AI

Organizations need to ensure the safety and impartiality of their Artificial Intelligence (AI) products and innovations. Management should implement policies and accountability for the development and ethical use of AI and machine learning.

Indigenous engagement

Indigenous engagement and reconciliation involve strengthening relations between Indigenous and non-Indigenous peoples by recognizing and remedying historical impacts, valuing First Nations culture, sites and knowledge and ensuring greater inclusion.

Nature and biodiversity

Nature loss poses major business risks. Understanding an organization's direct and indirect impacts and dependencies on nature including animal welfare and adopting nature-positive practices are key to managing risks and opportunities. The TNFD framework is a useful disclosure tool.

Wellbeing, health and safety

Healthy and safe work conditions are a human right. Proactively preventing physical and mental harm and promoting workers' wellbeing reduces work-related injuries and illness and supports productivity.

ESG

Assessment comments

7	3	12	20	2000
Stakeholder groups	Stakeholder sub groups	Material issues with comments	Stakeholders wrote comments	Comments written

Board
6 COMMENTS

1	Cyber security and privacy	This carries a lot of reputational risk if not managed correctly. It is highly material to us but something I know we are prioritizing
2	Climate risk and adaptation	Keen to see how we are thinking about this particular issue as an organization
3	Climate risk and adaptation	Not sure how relevant this issue is for ACME? I am suggesting it is not material to us at this stage but perhaps we need a wider discussion in the next board meeting
4	Board skills and composition	I'd like to see this prioritized and a continued agenda point for discussion
5	Ethical AI	This is critical, it provides a competitive advantage
6	Equal pay and benefits	Alignment to employees here is important, I'd like to see how we match up

Employees
9 COMMENTS

1	Talent attraction & retention	Great hires contribute to the culture, our engagement and ability to execute, i'd like to see this as a material issue
2	Values, purpose and accountability	ACME is great at communicating this, I think repetition is key. Especially for new starters so they become immersed in the company culture
3	Values, purpose and accountability	I haven't seen or read anything about this internally

Assessment comments continued

Employees — 9 COMMENTS

4	Cyber security and privacy	This would impact our customers and their trust in us if something went wrong here. We should have a Cyber security committee who meets monthly to ensure visibility and clear ownership of this as well as communication. As we release our ESG strategy publicly, we will need to showcase issues more widely
5	Cyber security and privacy	I don't see this as relevant to our organization
6	Cyber security and privacy	This is important to me at a personal level
7	Cyber security and privacy	How do we manage this currently? I think this is an important issue to consider but I haven't seen any policy or documentation on it
8	Cyber security and privacy	I feel lucky to work for an organization who prioritizes this
9	Responsible marketing	We should review our currents Ts & Cs to ensure we consider ESG here and provide transparency to our customers and partners

Senior Management — 5 COMMENTS

1	Talent attraction and retention	This is important but I think other issues outweigh it
2	Greenhouse gas (GHG) emissions	This is an important issue but I don't know if we can contribute much?
3	Grievance and remedy	We have good policies around this, however all new managers should be provided training to ensure we manage this efficiently
4	Grievance and remedy	It is critical to mention this in our annual reporting and ensure we reflect the progress clearly

Channel partners — 0 COMMENTS

Community — 0 COMMENTS

Assessment comments continued

	Customer	9 COMMENTS
1	**Indigenous rights and reconciliation**	Have you or are you considering undergoing the RAP process? We have rated this relatively high as we do a lot of work within communities and like to encourage all Australian businesses to look into RAP
2	**Indigenous rights and reconciliation**	This impacts the supply chain and should be prioritized
3	**Ethical AI**	We'd like to see documentation on how you approach this
4	**Ethical AI**	I'd like to see how this is currently addressed
5	**Nature & biodiversity**	There are impacts here within our supply chain and so I have rated this as high importance, since ACME also contributes to our supply chain. As an organization, we'd like some visibility on this to help us with our own ESG
6	**Greenhouse gas (GHG) emissions**	The description here helped me better understand the impact of this issue. I'd like to understand the impact of your data centres on GHG
7	**Cyber security and privacy**	The client services team have been exceptional in addressing any concerns, however we would like better availability of testing that you do. We believe this should be a top priority and consideration
8	**Cyber security and privacy**	Curious to see where this issue ends up in your report
9	**Responsible marketing**	I find your marketing to be very creative but lacks data or evidence to support your claims

	Investors	2 COMMENTS
1	**Executive pay**	This needs to be well aligned to ESG experience and skills
2	**Climate risk and adaptation**	Would be good to get visibility on this area

	Suppliers	0 COMMENTS

Stakeholder suggested material issues

This section highlights the Material issues that our stakeholders identified as missing from the assessment and significant for our organization's consideration. These additional material issues will be reviewed and explored as part of our strategy.

Material issue	Description
Shareholder rights and engagement	Ensuring that shareholders have a say in important decisions such as electing board members and approving major corporate actions can help ensure that the company is being run in the best interests of shareholders, leading to better financial performance and returns on investment. Therefore I urge you to consider and prioritize this issue.
Philanthropy	I encourage you to consider incorporating Philanthropy into this assessment, it is an important material issue that should be considered in your company strategy. Philanthropy can help your company demonstrate a commitment to social responsibility and positively impact society. Moreover, philanthropy can also benefit the company by improving employee morale and retention, enhancing brand reputation, and fostering stronger relationships with customers and partners.
Community relations	Community relations are an important material issue that we should prioritize in our company strategy. Engaging in community outreach programs and supporting local initiatives can help create goodwill, trust, and positive impact, promoting brand reputation and attracting top talent. Moreover, prioritizing community relations can also enhance employee engagement and retention by building a sense of pride and purpose among employees. Therefore, I urge the company to consider community relations as a key material issue and explore opportunities for meaningful community initiatives.
Datacenter efficiency	Datacenter efficiency is a crucial material issue that we should prioritize in our company strategy. Improving data center efficiency can help reduce costs, decrease energy consumption, and minimize our carbon footprint, while increasing capacity and improving performance to meet customer needs. Moreover, prioritizing data center efficiency can enhance our reputation as a leader in the industry, attract environmentally conscious customers, partners, and investors, and promote our commitment to sustainability.

Stakeholder suggested material issues continued

Training and education	Prioritizing training and education can help us stay ahead of the competition, deliver better products and services, and build a reputation as a leader in the industry. Furthermore, it can help us attract and retain top talent by demonstrating our commitment to employee professional development. Therefore, I encourage the company leadership to consider training and education as a critical material issue and explore opportunities to invest in employee training and development programs.

Footnotes

1. **ESG framework.** McKinsey. Witold Henisz, Tim Koller, and Robin Nuttall, November 2019

2. **ESG assets may hit $53 trillion by 2025, a third of global AUM.** Bloomberg Intelligence, February 23, 2021

2. **The value of ESG**. Phillips Group

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1
ESG Pulse Check

A quick self assessment delivering a gap analysis report with benchmarking to ESG leaders. It creates clarity and alignment on your current state strengths and opportunities. Includes next steps to further realize your ESG potential.

2
ESG Materiality Assessment

Efficiently diagnoses the most important ESG issues to act on from the view of all your internal and external stakeholders. The report delivers essential information required for setting an ESG strategy. The process and report demonstrates commitment, builds trust, increases credibility, creates focus and confidence on next steps.

3
ESG Strategic Action Plan

Turn your assessment foundations into a cohesive strategic plan. Everything you need to make an impact, measure and communicate progress on your most material ESG issues. Includes alignment with the relevant UN Sustainable Development Goals (SDGs) and built in workflow tools for assigning people, actions and automating progress tracking.

Start your ESG Pulse Check

Start your Materiality Assessment

Register your interest