

Statement of continued support by the Chief Executive Officer

Statement of the company's chief executive (CEO or equivalent) expressing continued support for the Global Compact and renewing the company's ongoing commitment to the initiative and its principles.

Padova, 11 December 2020

To our stakeholders:

I am glad to confirm that Etifor | Valuing Nature expresses its continued support to the Ten Principles of the UN Global Compact in the areas of Human Rights, Labour, Environment, and Anti-corruption.

In this year's Communication on Progress, we report our actions that aim to the continuous improvement of the integration of the UNGC and its Ten Principles in our company's strategy, culture, and daily operations. Moreover, we also commit to share this information with our stakeholder through our main communication channels.

Sincerely,
Dr. Alessandro Leonardi
CEO, Etifor

HUMAN RIGHTS**Assessment, policy and goals**

Description of the relevance of human rights for the company (i.e. human rights risk-assessment). Description of policies, public commitments and company goals on Human Rights.

Human Rights have always been of paramount importance for Etifor. As it is explicitly declared in our Ethical Management System (available [here](#)), four fundamental values have been defined with an internal consultation involving partners, managers, collaborators and employees. These values, which are strictly related and in line with the Articles of the Universal Declaration of Human Rights, are:

- Transparency and legality
- Quality of life
- Equal opportunities
- Environmental responsibility

This year, we decided to make our commitment even clearer by adding, among our principles and intents of the action plan in the Ethical Management System, the respect of Human Rights.

Implementation

Description of concrete actions to implement Human Rights policies, address Human Rights risks and respond to Human Rights violations.

The main actions undertaken or planned by Etifor for the implementation of the four abovementioned fundamental values (which, in turn, are connected and in line with Human Rights) are listed in the Ethical Management System (available [here](#)).

One important tool that deserves to be mentioned is the use of third-party certifications within its internal and external operations (e.g. FSC®, GSTC™). Such certifications ensure both the respect of Human Rights within the company (Etifor itself is FSC and GSTC member) and in within third parties' implemented projects.

Measurement of outcomes

Description of how the company monitors and evaluates performance.

We plan the actions and keep track of progress in our Ethical Management System (available [here](#)).

Moreover, we are working to develop an integrated system to keep track and evaluate our social, environmental and governance impacts, based on SDGs. We carried on an internal consultation (open to the whole staff and shareholders) on impact assessment and designed a task force to develop the integrated system. We expect to be able to implement the system by the end of 2021.

LABOUR

Assessment, policy and goals

Description of the relevance of labour rights for the company (i.e. labour rights-related risks and opportunities).

Description of written policies, public commitments and company goals on labour rights.

Etifor is committed to being an active economic actor in promoting and safeguarding the wellness of its employees, collaborators and partners, paying particular attention to the promotion of personal development, quality of life, equal opportunities and non-discrimination.

These commitments and the actions undertaken and planned to achieve them are listed in the company's Ethical Management System (available [here](#)).

Implementation

Description of concrete actions taken by the company to implement labour policies, address labour risks and respond to labour violations.

The concrete actions taken or planned by the company are listed in the company's Ethical Management System (available [here](#)).

Some examples of actions undertaken are the following:

- Ethical Management System: Etifor developed an Ethical Management System (in Italian: codice etico) that is updated yearly and published in the company's website
- Professional insurance: Etifor uses a professional insurance for staff and projects

- Brain Day: Etifor organizes yearly a two-days event (called “Brain Day”) for internal consultation. During this event, employees, shareholders, and collaborators are invited to propose/discuss themes of interest, potential issues or problems, future company’s objectives, strategies, etc.
- Smart work: Etifor promotes a regime of smart work and working schedule that matches people’s needs (e.g. flexible work, lifelong learning, welfare plan, etc.)
- Non-discrimination: Etifor explicitly states, when opening new job positions and during its daily communication on social media, that we support diversity and will not discriminate based on sexual orientation, gender, origin, nationality, religious beliefs, etc.

Etifor has appointed a specialized labour consultant in order to ensure full application and update of labour legislation and workers ‘rights: Agr. Alessandra Rinelli, Labour consultant, MR CONSULENTI S.t.P. S.r.l.

Measurement of outcomes

Description of how the company monitors and evaluates performance.

Etifor monitors and evaluates performance through the following activities:

- Monitoring of financial and non-financial (e.g. no. of people employed, etc.) results by the Senior Management
- Monitoring and update of the Ethical Management System
- Monitoring of the implementation of the actions scheduled during the Brain Day
- Monitoring by the external Consultant.

ENVIRONMENT

Assessment, policy and goals

As explicitly stated in our Ethical Management System (available [here](#)), environmental responsibility is one of our four fundamental values.

Our mission is to restore the balance between people and nature. To fulfil our mission, we work to improve the economic, environmental and social benefits of policies, projects and investments through applied science, proactive innovation and good governance.

Implementation

Description of concrete actions to implement environmental policies, address environmental risks and respond to environmental incidents.

When purchasing external goods and services Etifor adopts the Minimum Environmental Criteria (CAM) provided by the Italian Ministry of Environment. For more information: <https://www.minambiente.it/pagina/i-criteri-ambientali-minimi>

When planning trips and field missions, we have established an internal procedure to reduce the footprint of commuting and travels, incentivizing the use of public transport, cycling and non-travel options.

To turn our mission into concrete actions and projects, we work in three business areas:

- Responsible management
- Sustainable investments
- Tourism and local development

These business areas are briefly described below.

RESPONSIBLE MANAGEMENT

- Natural resources such as water and biodiversity are threatened by the climate crisis and unsustainable economic development. Governments, Public authorities, parks, water utilities, land reclamation consortiums, environmental and forest agencies are key actors that need to reinvent the way protected areas, green infrastructures and ecosystem services are managed and financed. We support these actors to build strong public-private partnerships, activate the governance process to bring innovative policy, management and financing solutions.
- Forests and timber supply chains: As we identify the risk factors threatening forests, we do the same for the competitiveness and reputation of our/other businesses and investors. We find possible areas of intervention and improvement, always keeping environmental and social responsibility as a guiding light. We translate strategies and objectives into real tools and activities, positive impacts and stories of success.
- Wild forest products: We support owners and managers of forest areas and processing companies in giving value to wild forest products: we value their potential and we optimize their production through afforestation/reforestation operations and the improvement of forest management. We analyse opportunities and potential possible new markets. We activate sale-promotion-marketing mechanisms for wild forest products, and we link them with local development strategies.
- Zero deforestation commodities: We analyze the supply chains of agricultural commodities and other products that can create risk and negative impacts on forests as well as on the sustainability and reputation of businesses. We propose zero deforestation strategies and policies for public and private entities, and we monitor their implementation and impacts. We help our clients in translating their results into success stories and communicating them effectively to the market and the public.

SUSTAINABLE INVESTMENTS

This business area has four main lines of work:

- Nature-based businesses: We select and support start-ups that integrate social innovation, the Internet of Things (IoT) and industry 4.0 to improve supply, access and market opportunities in the forestry, agricultural and environmental services sectors. We support new entrepreneurs in developing solid and innovative business plans and models, helping them to select existing funding opportunities and to find the right investors.
- Forests and timberlands: We identify, evaluate, and manage natural areas to create profitable investments in new conservation forests and protection of existing forests. We support private and institutional investors in building the investment portfolio in natural forests and forest plantations. We provide assistance in all process phases: from the identification and due diligence of new investment opportunities to the performance analysis and strategic portfolio management.
- Green care and social agriculture: science tells us that spending time in green areas improves our mental, physical and social performances. Green Care is an emerging concept referring to the range of activities that promotes physical and mental health and well-being through contact with nature. We

develop nature-based solutions and social agriculture activities and support you to find the right investment for you. Examples of investments are the creation and improvement of area for forest bathing, recreational paths, food forests and the improvement of accessibility of green areas for disadvantaged people and elder population.

- Climate crisis solutions: We help companies and organizations to choose, realize and manage responsible investments and innovative solutions to fight the climate crisis. Thanks to our MARC method (Measure Avoid Risk Capture & Communicate) we help them to become Climate Positive (to capture more CO₂ than they emit). We can support them from the definition of the climate plan until the quality certifications. We identify, evaluate, and manage ideal sites to create new conservation forests, protect existing forests and improve rivers and water basins.

TOURISM AND LOCAL DEVELOPMENT

This business area has four main lines of work:

- Tourism destination management: we develop start-up plans for Touristic Destination Management, with particular attention to destination management systems and consistent marketing actions, while ensuring sustainability performances through international standards (GSTC).
- Sustainable tourism certification: we are members of the Global Sustainable Tourism Council: the independent organization pertaining to the UN World Tourism Organization that has developed the first sustainability standard for tourism. Our team has the training and experience to provide targeted support to destinations interested in taking this certification path.
- Strategic rural development: we value rural and natural areas through participatory design strategies and techniques, we strengthen competitiveness through territorial marketing tools, we transfer innovation to improve the economic, social and environmental conditions of rural areas. We improve land management by providing monitoring, evaluation and financing services for development processes, with particular attention on governance and local specificities.
- Stakeholders facilitation and governance: turning the results we get from our research into real social innovation and sustainable tourism. We carry out management and development plans for tourist destinations using participatory methods, with attention to the themes of tourism and related products of destination development.

Measurement of outcomes

Description of how the company monitors and evaluates environmental performance.

Etifor has always evaluated and monitored environmental performance. The evaluation and monitoring is done on two levels: internal (the company's environmental performance in its daily operations) and external (the environmental performance of the projects implemented).

Examples:

- Calculation of the CO₂ emissions due to the company's activities (e.g. business travels, home-to-work of employees, energy consumption in the workplace, etc.)
- Calculation, with the third-party FSC certification on Ecosystem Services, of the benefits of the responsible management of forests supported by Etifor and its projects (e.g. tCO₂ captured and

conserved, hectares of habitat for biodiversity improved, improvement in water and water basins quality, soil conservation, etc.)

- Identification and evaluation of economic, social, cultural and governance impacts in touristic destinations with GSTC certification
- Calculation of the impacts of our partners with tools such as carbon footprint, LCA analysis, etc.

Moreover, we are currently working to develop an integrated system to keep track and evaluate our social, environmental and governance impacts. We carried on an internal consultation (open to the whole staff and shareholders) on it and designed a task force to develop the integrated system. We expect to be able to implement the system by the end of 2021.

ANTI-CORRUPTION

Assessment, policy and goals

Description of the relevance of anti-corruption for the company (i.e. anti-corruption risk assessment).

Description of policies, public commitments and company goals on anticorruption.

As explicitly stated in our Ethical Management System (available [here](#)) transparency and legality is one of the company's fundamental values.

For this reason, we decided to join and/or become members of some international councils (e.g. FSC, GSTC, UNGC, etc.), thus making our commitment to anti-corruption public.

Moreover, the opportunities we select are in line with the ethical standards of each transnational institution and funding organization we come into contact with. If not specifics on the project context, these issues are referred to the kind of contract and proposal/tender procedures. For example: see "Fraud and Corruption" sub-section of the [World Bank Guidelines for Selection and Employment of Consultants](#).

Implementation

Description of concrete actions to implement anti-corruption policies, address anti-corruption risks and respond to incidents.

Etifor publicly committed to be in compliance with all relevant laws (which include anti-corruption laws) in the company's Ethical Management System (available [here](#)) and publicly states its support for international and regional legal frameworks (e.g. UNGC, FSC, GSTC).

Measurement of outcomes

Description of how the company monitors and evaluates anti-corruption performance.

Periodic review by Senior Management has never found any corruption cases.
There are not public legal cases regarding corruption involving Etifor.