MEASURES OF BUSINESS SUSTAINABILITY AND TOOL FOR BUSINESS SUSTAINABILITY MANAGEMENT

OCTOBER 2025

University of Turin

Document data

Title	Spoke 1 Work Package 4 D 1.4.2, D 1.4.3 (M 36) Measures of Business Sustainability and tool for business sustainability management
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Document version	2025 October
Last version date	10/01/2025

Measures of Business Sustainability and tool for business sustainability management

September 2025

The Climate Strategy and Organizational Structures Dashboard is a benchmarking service developed through the collaboration between the research team led by Professor Vera Palea, responsible for WP1.4, and Fondazione Links.

The service provides companies with an opportunity to assess their position and compare it with that of their competitors in terms of strategies adopted to respond to climate-related risks.

The dashboard is structured into seven sections: **Acute Physical Risk, Chronic Physical Risk, Transition Risk, Green Investments, Green Financing, Governance Mechanisms, and Emissions.** Each section is further broken down into multiple illustrative panels.

Several sections focus on strategies, i.e., the actions implemented by companies in response to climate risks, defined as follows:

- **Wait & See**: companies that did not invest in the 2021–2023 period and will not invest in 2024–2026.

- **Foresighted**: companies that invested in 2021–2023 but will not invest in 2024–2026.

- **Planner**: companies that did not invest in 2021–2023 but will invest in 2024–2026.

- **Proactive**: companies that invested in 2021–2023 and will also invest in 2024–2026.
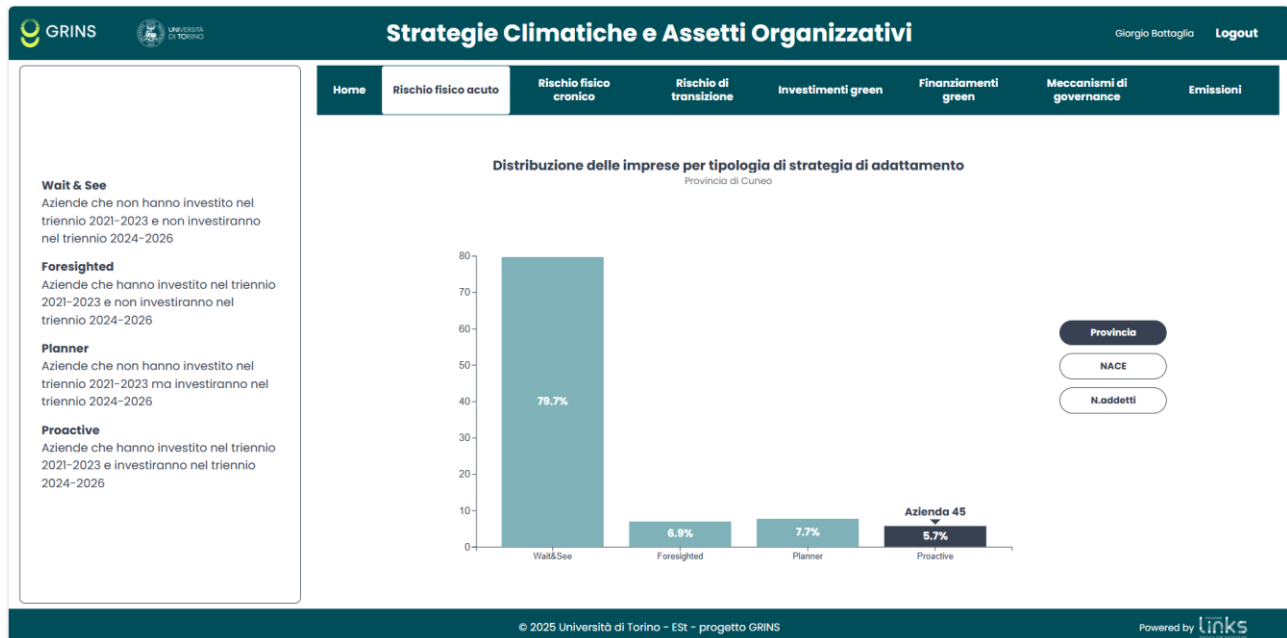
Acute Physical Risk

This section presents the **distribution of companies by type of adaptation strategy**, by province, specifically focusing on the adaptation strategies (physical risk) adopted in response to acute physical risks.

In particular, the chart is a bar chart that shows the percentage of companies in the province of the company under analysis that adopt each strategy. The height of each bar is proportional to the number of companies adopting a given strategy in the province, divided by the total number of active companies in that province.

The category to which the company of interest belongs is highlighted in grey and marked with an arrow. On the left panel of the chart, additional information about the visualization is provided.

Within this section, the same type of representation is also proposed with reference to **NACE classification** and **number of employees**. In these cases, the peer group of the company under analysis is not made up of firms located in the same province, but rather of companies registered under the same NACE code within the region, and of companies with a similar number of employees within the region.

Chronic Physical Risk

This section presents the same type of charts as in the Acute Physical Risk section; however, the adaptation strategies are assessed not in response to acute physical risk, but rather to chronic physical risk.

Transition Risk

This section presents the same type of charts as in the Physical Risk sections; however, the strategies are assessed not in response to acute physical risk, but rather to chronic physical risk. In this case, the focus is on mitigation strategies.
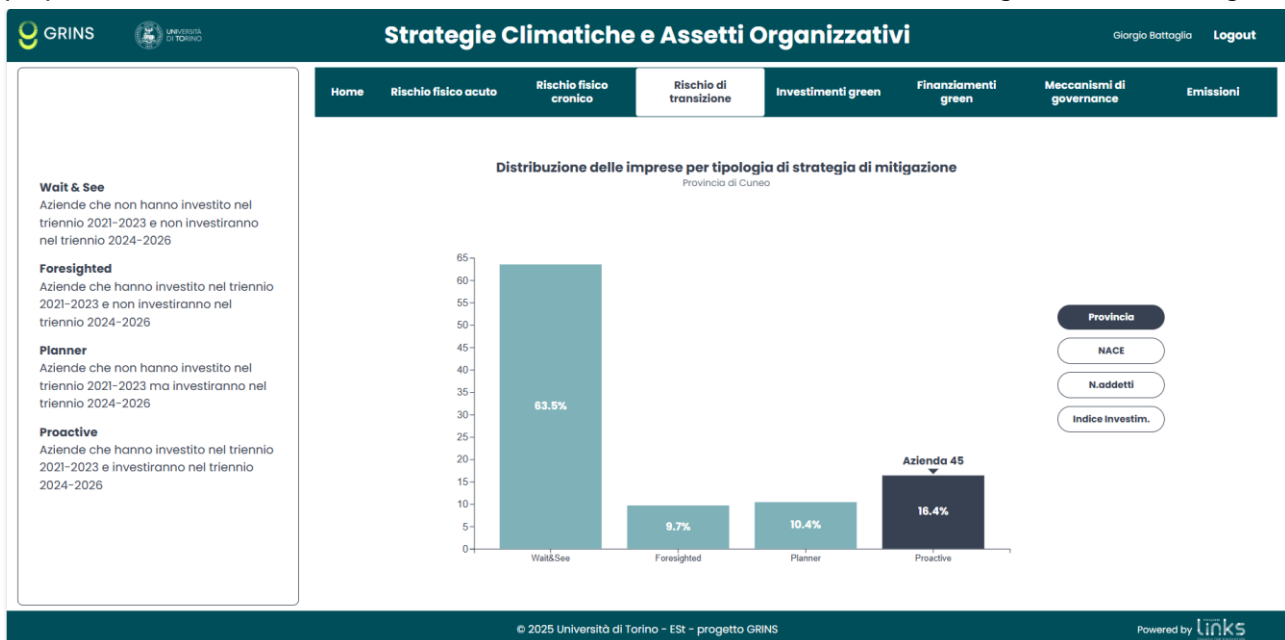
In addition to the previously described sections, the dashboard also includes the **investment   index**   panel**.** Here, the chart **Green Investment Intensity Index** is presented, calculated both for investments made in 2021–2023 and for planned investments in 2024–2026.

The index is based on the number and type of investments carried out or planned by the company for each of the two three - year periods under review. The chart also shows the average index score for companies with the same NACE classification within the same region as the company under analysis.

Specifically, the index is the sum of the number of investments, with a higher weight assigned to transformative investments - those requiring changes in energy and resource consumption models. Lower weight is assigned to compensatory investments.

For the NACE sector average, the index is summed across all companies with the same NACE code in the region and then divided by the number of companies.

Green Investments

Investments for Transition Risk in the 2021–2023 period shows the distribution of investments made by the company in response to transition risk for the 2021–2023 period. The chart is a bar chart in which the height of the segments is proportional to the number of companies with the same NACE code and in the same region as the company of interest that reported having carried out each specific investment.

The investments are grouped into two types of investments: Transformative investments, i.e., those requiring changes in energy and resource consumption models, and Compensatory investments.

Investments carried out by the company under analysis are highlighted with a striped background.

The same chart is also presented for planned investments for the 2024–2026 period. The same type of chart is also shown with regard to physical risks. The categories used to group the different types of investment are **Insurance contracts, Protective investments, Reorganizational investments**.

The section also includes two panels called **Green Investment Drivers** and **Green Investment Barriers**. In the first panel, the **Green Investment Drivers** table is presented. The table shows the reasons that motivate companies to invest in response to climate risks. For each reason, the percentage of times it was indicated by companies with the same NACE code and in the same region as the company under analysis is reported.

Each percentage is calculated as the number of times the reason was selected divided by the total number of reasons.

The reasons are grouped into two categories: **internal drivers** and **external drivers**, depending on whether the motivation originates within the company or from the external context. The motivations chosen by the company of interest are highlighted in yellow.
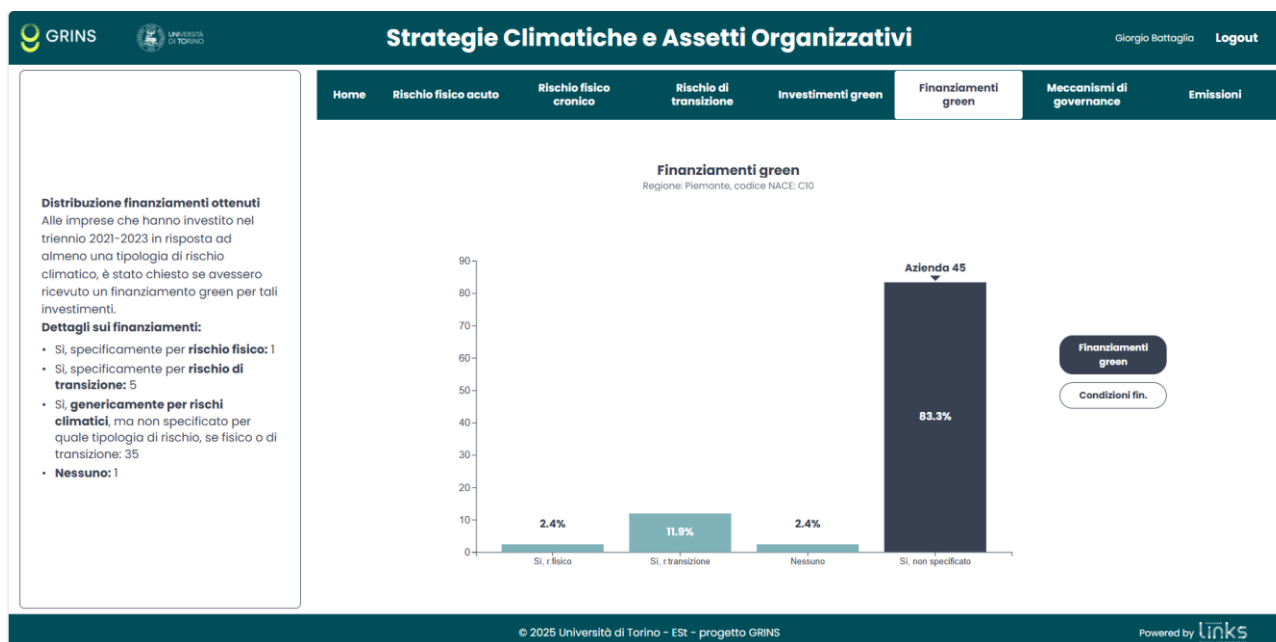

In the **Green Investment Obstacles** panel, the **Green Investment Obstacles** table is presented. The logic is the same as in the Green Investment Drivers table, but instead of considering the reasons that prompted companies to invest, it examines the reasons that led companies not to invest.
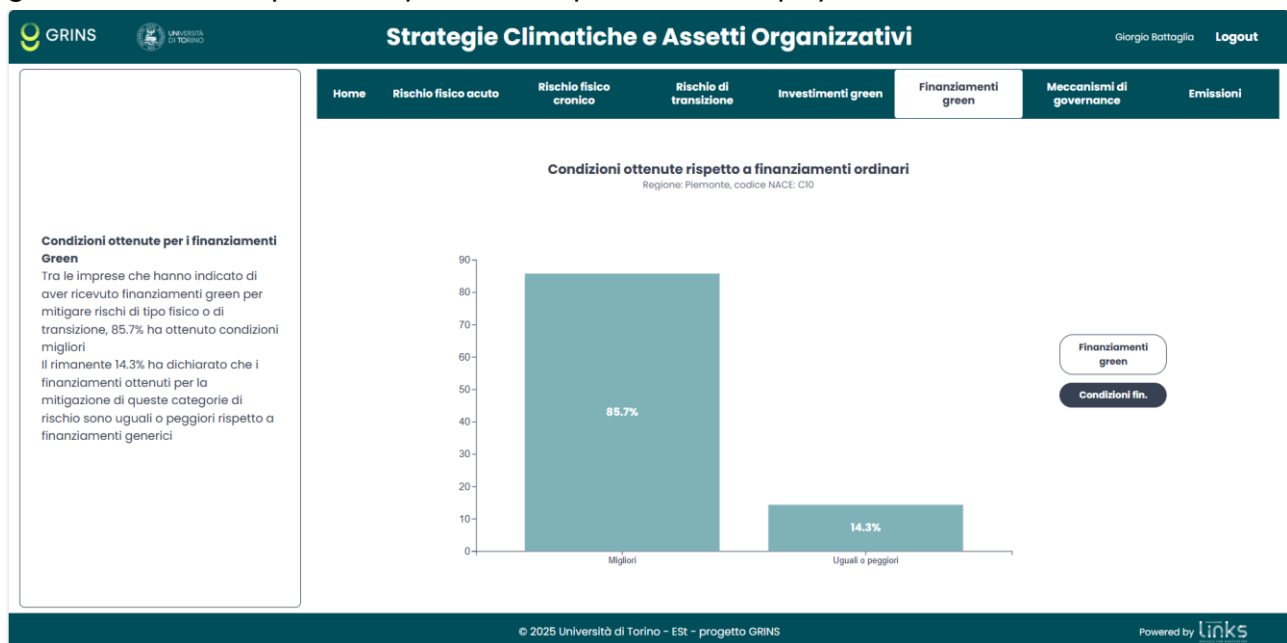
Green Financing

Green Financing Obtained is a bar chart showing the percentage of companies with the same NACE code and in the same region as the company of interest that have received green financing to adapt to physical risk (PR), to mitigate transition risk (TR), for other purposes, or that have not received any financing. The category to which the company of interest belongs is indicated in grey and marked with an arrow.

June 2025 - PNRR-funded publication, Mission 4 (Infrastructure and Research), Component 2 (From Research to Enterprise), Investment 1.3 (Extended Partnerships), Theme 9 (Economic Sustainability of Systems and Territories). Website: https://grins.it/

The **Conditions Obtained Compared to Conventional Financing** bar chart shows the percentage of companies with the same NACE code and in the same region as the company under analysis that have obtained more or less favorable interest rates compared to conventional loans, among those that received green financing for physical risk and transition risk. The percentage is calculated as the number of companies in each category divided by the total number of companies that received green loans specifically in response to physical and transition risks.

Governance Mechanisms

Governance Mechanisms is a table showing the corporate governance mechanisms of companies with the same NACE code and in the same region as the company of interest. The table reports the percentage of companies for each strategy that have the mechanism. The value is calculated as the number of companies that have the mechanism and adopt a specific strategy divided by the total number of companies that adopt that strategy.

Adequate Organizational Structure Score is a dashboard showing a score for the company of interest and for companies with the same NACE code in the same region. The score is a sum of mechanisms, with a minimum of 0 mechanisms and a maximum of 8.

Emissions

Distribution of Emission Reduction Targets is a bar chart showing the CO_2 emission reduction targets set by companies with the same NACE code and in the same region as the company of interest, limited to companies that have set targets. The height of each bar is proportional to the number of companies in the category divided by the total number of companies that reported having set emission reduction targets. If the company under analysis has set an emission reduction target, the category to which it belongs is highlighted in grey and marked with an arrow.