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ABSTRACT

Questo elaborato si pone l'obiettivo di sottolineare, attraverso l'analisi di quattro casi di studio - due multinazionali, una ONG e un'impresa sociale- come la funzione di Responsabilità Sociale d'Impresa all'interno di un'organizzazione complessa possa essere lo strumento adatto per una maggiore profittabilità e competitività sul mercato nel medio - lungo periodo. Le parole sostenibilità, valore condiviso e responsabilità sociale d'impresa sono la base della governance di un'impresa in questi tempi difficili. Sono alcune delle leve fondamentali che permettono di diminuire i costi, incrementare la produttività, attrarre consumatori ed investitori e cogliere le opportunità di mercato. Nel primo capitolo presenterò un breve excursus storico dello sviluppo sostenibile, attraverso una serie di tappe, che a livello nazionale ed internazionale, ne hanno definito ambiti e confini. L'approccio allo sviluppo sostenibile si rafforza tra gli anni 70'-80', come risposta al filone della cosiddetta "decrescita". In ogni caso l'impraticabilità della "crescita zero" non sarebbe stata comunque una soluzione né per le società sviluppate -poiché un minor tasso di crescita, come sembrava avvenire negli anni Settanta, si traduceva in un drastico calo dei posti di lavoro- né per i Paesi del Terzo Mondo, per i quali poteva significare solo una condanna alla stagnazione. Da qui la nascita dello sviluppo sostenibile, che con il Rapporto Brundtland e successivamente con la Conferenza di Rio, ribadiscono l'assoluta necessità della crescita economica. La crescita deve tuttavia rispettare alcuni limiti, per questo la struttura concettuale dello sviluppo sostenibile è di forma triangolare, con i vertici del triangolo rappresentati dalla dimensione ambientale, sociale ed economica. Nasce una maggiore consapevolezza circa i problemi di natura ambientale e sociale; l'opinione pubblica spinge sempre di più affinché venga ridotto l'inquinamento e vengano razionalizzati i consumi; la comunità accoglie positivamente non solo le politiche produttive che hanno un minor impatto ambientale ma anche le iniziative volte a sostenere importanti cause ambientali e sociali. I consumatori, con atteggiamenti e comportamenti, premiano le aziende socialmente responsabili. Da qui la nascita della *Corporate Social Responsibility*, un modo di fare business che rappresenta l'insieme di responsabilità e di doveri che l'impresa ha nei confronti dei propri stakeholders e che crea valore. Un'impresa agisce in modo socialmente responsabile solo se -adempiti gli obblighi giuridici- opera in

conformità con le aspettative espresse dai propri interlocutori. Infatti i comportamenti socialmente responsabili dovranno essere sia volontari, dovranno cioè adempiere a principi ulteriori a quelli previsti dalla legge, che essere eticamente corretti. Per cui gli attori fondamentali del sistema internazionale, nazionale, regionale, comunale fino ai singoli cittadini è essenziale che collaborino in modo da raggiungere gli obiettivi stabiliti e previsti dai documenti internazionali e nazionali che hanno fissato le tappe di questo percorso e dai quali non si può più prescindere, primo fra tutti gli obiettivi posti dall'Agenda 2030 delle Nazioni Unite. L'orientamento strategico improntato sullo sviluppo sostenibile implica trovare un equilibrio tra le varie dimensioni, un equilibrio dinamico basato sul bilanciamento delle tre spinte nel lungo periodo attraverso lo sviluppo di politiche di CSR adeguate.

Successivamente nel secondo capitolo presenterò quattro casi di studio, che rappresentano le declinazioni più comuni dello sviluppo sostenibile. Attraverso queste case histories mi pongo l'obiettivo di dimostrare come l'impegno di ciascun attore e la collaborazione tra di essi, dalla pubblica amministrazione con i cittadini, al dialogo con gli stakeholder interni ed esterni, alla collaborazione profit-non profit, traducendo il tutto in progetti chiave, sia essenziale ai fini dell'attivazione di un circolo virtuoso in vista del raggiungimento dei 17 obiettivi dell'Agenda 2030 dell'ONU. Sviluppare la funzione dedicata ai temi della sostenibilità all'interno dell'organizzazione è un passaggio fondamentale perché aiuta non solo le aziende, ma tutte le organizzazioni nel loro complesso, a prendere coscienza del tema ed implementarlo nella propria strategia per una maggiore competitività. Le organizzazioni prese in esame rappresentano quattro realtà diverse che hanno fatto della CSR e dello sviluppo sostenibile il loro comune denominatore.

Il primo caso è Randstad Italia, agenzia multinazionale per il lavoro, il cui impegno CSR si sviluppa fortemente nella sostenibilità sociale. In questo caso mi concentrerò sull'importanza della valorizzazione delle risorse umane, non più viste come costo, ma come valore. Tratterò le politiche di genere e di diversity applicate da Randstad al suo interno ed il suo rapporto con gli stakeholder esterni quali scuole, ONG, associazioni, con le quali organizza iniziative e progetti volti alla condivisione dei percorsi più efficaci per la valorizzazione e inclusione nel mondo del lavoro della risorsa umana. Cercherò, quindi, di raccontare come Randstad sia un'azienda sostenibile a 360 gradi, la

quale, attraverso lo strumento del Report Integrato, si rivolge sia al pubblico interno per aumentarne la consapevolezza e l'orgoglio d'appartenenza sia a quello esterno, per consolidare il proprio posizionamento in un mercato complesso e sfidante.

Sostenibilità e business sono strettamente correlati ed il report integrato è lo strumento che meglio di ogni altro, è di guida allo sviluppo di tutta l'organizzazione.

Il secondo caso che presento è quello di Edison, azienda italiana leader nel mercato energetico, che –in coerenza con il proprio core business- sviluppa la CSR sui drivers della salvaguardia ambientale. Facendo riferimento al report di sostenibilità 2016 e alla dichiarazione non finanziaria 2017, negli ultimi anni Edison ha realizzato tre progetti principali riguardanti la biodiversità, con diversi focus e approcci. L'impegno di Edison sta nel perseguire gli obiettivi di conservazione della biodiversità (SDGs 14 e 15), non solo con progetti basati sui propri impianti, ma coinvolgendo stakeholder locali, proponendo progetti educativi (SDG 4), aiutando le giovani generazioni a studiare e valorizzare la ricchezza del proprio territorio. Le metodologie classiche per valutare e preservare la ricchezza della biodiversità sono ancora oggi un primo passo fondamentale per la raccolta di informazioni. Negli ultimi anni, inoltre, l'approccio di Edison si è evoluto verso il valore condiviso e il coinvolgimento degli stakeholder, avvicinandosi ai territori in cui opera, partendo dall'ascolto delle loro esigenze e, se possibile, co-progettando con loro soluzioni e progetti. I canali di relazione attivati attraverso l'approccio del valore condiviso consentono anche la diffusione della cultura della sostenibilità, una delle tappe fondamentali per la creazione di valore sul territorio.

Il terzo esempio è quello della ONG Cesvi Fondazione Onlus che da oltre 30 anni nel mondo della cooperazione allo sviluppo, ha fatto del rapporto profit-no profit uno dei suoi punti di forza per la realizzazione di progetti di cooperazione internazionale. Attraverso un breve excursus storico di Cesvi, cercherò di sottolineare come la CSR, date le implicazioni etiche, sia uno strumento indispensabile anche per il non-profit e come le discipline di management –in uno scambio sinergico con il profit- siano essenziali per la realizzazione di cause etiche. Questa sinergia si è rivelata assolutamente vincente per entrambi gli attori.

Infine tratterò la case history di Progetto Quid, come esempio di impresa sociale. Progetto Quid nasce dalla volontà di sperimentare il reinserimento lavorativo di donne in difficoltà attraverso il loro impiego in attività produttive che rispondono alle logiche

del mercato e che allo stesso tempo stimolano una partecipazione attiva alla bellezza e alla creatività. Quest'ultime si fondono con l'ampio respiro della sostenibilità ambientale e del recupero di tessuti di qualità altrimenti inutilizzati grazie a una rete di brand partner rigorosamente selezionati e locali, tutti accomunati nell'impegno delle "3R": ridurre, riutilizzare, riciclare.

Quid rappresenta un interessante esempio di come si possa fare sostenibilità sociale ed ambientale, aiutando allo stesso tempo le aziende ad attivare politiche di CSR. Attraverso la sua mission, l'impresa sociale aiuta persone con passato di fragilità ad avere una seconda possibilità, integrandosi all'interno della società. Inoltre la collaborazione di Quid con imprese nazionali e locali, enti ed istituti scolastici rappresenta un ottimo esempio di quel circolo virtuoso che porta vantaggio di entrambi gli attori.

Infine nell'ultimo capitolo giungerò, per deduzione dai miei casi di studio, ad una conclusione finale: essere sostenibili conviene. Ad oggi è fondamentale portare avanti un modello di business che genera valore, nel rispetto dei tre vertici ambientale-sociale-economico, altrimenti rimanere sul mercato diventerà sempre più difficile.

Sostenibilità è sempre più sinonimo di qualità, innovazione, efficienza. La qualità può rappresentare il vero punto di svolta verso la sostenibilità.

In questo momento storico è fondamentale assumere strategie e azioni concrete per l'attuazione degli obiettivi di sviluppo sostenibile posti dall'Agenda 2030, come opportunità per comprendere ed affrontare i nodi irrisolti del presente e porsi sul mercato acquisendo –o consolidando- credibilità e consenso.

INTRODUCTION

This dissertation aims to underline the importance of Corporate Social Responsibility (CSR), highlighting arguments and reasons supporting and documenting why all the actors (businesses, NGOs, public administration and consumers) should accept and advance the CSR 'cause'. This dissertation will mainly focus on CSR within corporate strategies as a means to generate value in the context of a circular economy that is now considered indispensable. While my focus here is primarily on companies, these principles of corporate social responsibility apply equally to all the actors of the society such as governments and non-profit organizations. To reach this conclusion, I collected data from publications of international organizations from Italian and foreign journals and from national and international research centres. In addition, I did a series of interviews: two of them with the CSR Managers of two multinationals and then I interviewed the Past President of an NGO and the person in charge of institutional relations of a social enterprise. For these case studies I have also used information on their Annual Report, Sustainability Report and Non Financial Declarations.

In order to understand better the logical framework, the thesis will be divided into three main chapters.

In the first chapter it is provided a historical background and perspective of sustainable development, through a series of stages, which at both national and international level, defined its scope and contours. This approach has brought a greater awareness about environmental and social problems and even consumers with attitudes and behaviours, started to reward socially responsible companies. Sustainable development was officially accepted at international level by the UN, with the report *Our Common Future*, as a concept that contained the attempt to build a general theory of intervention aimed at making the environment and economy compatible. Thereafter, it is provided a brief discussion on the evolution of CSR concepts and how this has evolved over time up until to be integrated into the strategy of an organization. Subsequently, are presented the main actors and key tools of Corporate Social Responsibility, such as international and national documents that have been developed to help organizations to achieve tangible results for affected individuals and communities, and thereby also contributing to a socially sustainable globalization, enhancing their contribution to the SDGs, whilst reducing corporate risk and increasing opportunities that arise from

sustainable development issues.

In the second chapter, I will analyze four case studies - two multinationals, a NGO and a social enterprise - and I decided to present different actors and not only have the ones come from the business sector, in order to give a broader view of the CSR players. Through these different case histories, I will set the objective of demonstrating how the commitment of each actor and the collaboration between them is essential for the activation of a virtuous circle in view of the achievement of the 17 objectives of the UN Agenda 2030.

The first case I am presenting is the case of Randstad Italia, which is dealt with from the point of view of social sustainability. In this case, I will focus on the importance of valuing human resources, no longer seen as a cost, but as a value. I will discuss the gender and diversity policies applied by Randstad internally and its relationship with external stakeholders such as schools, NGOs, associations, with which it organizes initiatives and projects aimed at sharing the most effective paths for the enhancement and inclusion of human resources in the labour market. I will therefore try to analyze Randstad Integrated Report, which is addressed both to the internal public to increase awareness and pride of belonging and the external public, to consolidate its position in a complex and challenging market.

The second case I am presenting is that of Edison, an Italian company leader in the energy market, which - in line with its core business - develops CSR in the interest environmental protection. With reference to the 2016 Sustainability Report and the 2017 Non-financial Declaration, I will underline its new sustainability strategy and its particular attention for the biodiversity. Edison has carried out three main projects concerning biodiversity, with different focuses and approaches: Edison effort in pursuing biodiversity preservation (SDGs 14 and 15), not only through projects based in the areas of its own facilities, but also involving local stakeholders, proposing educational projects (SDG 4) and helping the younger generations to study and enhance the wealth of their local communities. In addition, in recent years, Edison's approach has evolved toward shared value and stakeholder involvement, moving closer to the territories in which it operates, starting with listening to their needs and, if possible, co-designing with them solutions and projects. The channels of communication activated through the shared value approach also make it possible to disseminate a culture of

sustainability, one of the fundamental stages in the creation of value in the local area.

The third example is that of the NGO Cesvi Fondazione Onlus, which for more than 30 years in the world of development cooperation has made the profit-no-profit relationship one of its strongest points for the implementation of international cooperation projects. Through a brief Cesvi historical excursus, I will try to underline how CSR, given its ethical implications, is also an indispensable tool for the non-profit sector and how management disciplines - in a synergic exchange with profit - are essential for the realization of ethical causes. This synergy has proved to be absolutely successful for both actors.

Finally, I will deal with the case history of a social cooperative: Progetto Quid, which produces handcrafted garments with remnant fabrics made available by the major Italian fashion brands, enhancing the skills and creativity of disadvantaged women. Quid is an interesting example of how social and environmental sustainability can be achieved, while at the same time helping companies to activate CSR policies. Through its mission, the social enterprise helps people with a past of fragility to have a second chance, integrating into society. Moreover, Quid's collaboration with national and local companies, institutions and schools is an excellent example of the virtuous circle that benefits both actors.

Through a general deduction from the case studies previously analysed, the thesis will then conclude, in the final chapter, with a description on how a CSR strategy can actually be developed within a company, describing its implementation in the activity plan. In addition, it will be described, through data and concrete examples, what also the other actors (the non-profit sector, the public administration and consumers) can do in order to activate a virtuous circle. Hence, Corporate Social Responsibility became a strategy indispensable implemented in the various organizations and represents the set of responsibilities and duties that they have towards their stakeholders. Therefore, only when there will be a link between social and economic progress, when all the actors will pursue CSR activities, collaborating among them, having the support of their stakeholders, a virtuous circle can be generated, rewarding organizations in economic and reputational terms.

Chapter 1

BIRTH AND EVOLUTION OF CORPORATE SOCIAL RESPONSIBILITY

SUMMARY: 1. Why sustainable development matters for Corporate Social Responsibility? - 2. How Corporate Social Responsibility has evolved. - 3. Actors of Corporate Social Responsibility. - 3.1 Multinationals enterprises. - 3.2 Non-governmental organizations. - 3.3 Public Administration and citizens. - 4. Fundamental instruments for Corporate Social Responsibility. - 4.1 International documents. - 4.1.1 The UN Global Compact. - 4.1.2 The Guiding Principles on Business and Human Rights. - 4.1.3 The OECD Guidelines for multinational enterprises. - 4.1.4 The International Labour Organization and the Tripartite Declaration of principles concerning multinational enterprises and social policy. - 4.1.5 The Paris Climate Agreement and the Agenda 2030. - 4.2 National documents. - 4.3 Code of conduct and Social Report.

1. Why sustainable development matters for Corporate Social Responsibility?

The concept of sustainable development focuses its attention on the environmental and social issues, going beyond the economic growth to improve human lives and protect the environment. This approach passed through a series of stages that at international level defined its ambits and profiles. It received its first major international recognition in 1972 at the *UN Conference on the Human Environment held in Stockholm*, an international conference for the establishment of the UNEP (United Nations Environmental Program), the coordinating body for the United Nations' environmental activities. This Conference ended with a fundamental declaration, but not legally binding for the UN Member States and this proved the difficulty to move on when there are opposing interests. Nevertheless, in this occasion, the international community agreed to the notion - now fundamental to sustainable development - that both development and the environment, hitherto addressed as separate issues, could be managed in a mutually beneficial way.¹ In 1983, a resolution of the UN General Assembly established a World Commission on Environment and Development, chaired by the Norwegian Prime Minister, Ms. Gro H. Brundtland. The work of this

¹ WORLD COMMISSION ON ENVIRONMENT AND DEVELOPMENT. *Our Common Future*. Oxford: Oxford University Press, 1987, p. 258-273.

commission ended with a conference and a declaration in Tokyo in 1987 when the famous *Brundtland Report* was presented, which can be considered the birth certificate of sustainable development. The Brundtland Report, also known as *Our Common Future*, investigated the numerous concerns that had been raised in previous decades, namely, that human activity was having severe and negative impacts on the planet, and that patterns of growth and development would be unsustainable if they continued to be unchecked. To the other side, the fundamental principle of the Report is that the environment and economic development are not separate realities, but closely linked.² In this Report, we have the definition of sustainable development which can now be considered shared at international level: “Sustainable development is the one that meets the needs of the present without compromising the ability of future generations to meet their own needs”³. This definition interprets economic development in an unrestricted time horizon, in order to allow the exploitation of natural resources in a fair, rational and prudent way.

The concept of sustainable development formed the basis of the United Nations Conference on Environment and Development held in Rio de Janeiro in 1992, which launched “*Agenda 21*”, a document of intentions and goals about people, environment and economy. The Summit marked the first international attempt to draw up action plans and strategies for moving towards a more sustainable pattern of development.⁴ It was attended by over 100 Heads of State and representatives from 178 National Governments. The Summit was also attended by representatives from a range of other organisations representing civil society. The work of the conference was very important worldwide, and led to the preparation and approval of various documents. Agenda 21 recognizes nine major groups of civil society, and stipulates the need for new forms of participation at all levels to enable a broad-based engagement of all economic and social sectors in making sustainable development happen. The major groups are: Business and Industry, Children and Youth, Farmers, Indigenous Peoples, Local Authorities, NGOs,

² M. MANCARELLA, *Il diritto dell'umanità all'ambiente. Prospettive etiche, politiche e giuridiche*, Milano, Giuffrè, 2004, pp.87-90.

³ WORLD COMMISSION ON ENVIRONMENT AND DEVELOPMENT, *Our Common Future*, p.16.

⁴ M. MANCARELLA, *Il diritto dell'umanità all'ambiente. Prospettive etiche, politiche e giuridiche*, p.99.

Scientific and Technological Community and Trade Unions.⁵ In addition, it was since the Rio Summit that major world leaders recognised how sustainable development is the major challenge it remains today. Although all these international documents were hardly ever binding on the States that had ratified them, they were nevertheless an important sign of the widespread orientation to incorporate into national policies those actions necessary to ensure sustainability on a global scale. At the same time, there are difficulties with which sustainable development is faced. In fact, despite the overwhelming evidence of the global character of the problems that had emerged, national selfishness, established habits and economic, social and political costs of changing them continue to be elements that obstruct the effectiveness of decisions that have been shared at the global level.⁶

In any case, what differentiates sustainable development from previous theories and practices is first and foremost the absolute necessity of economic growth. Secondly, this approach recognises a multi-dimensionality of human needs which are certainly material, but also more generally social, cultural, psychological, etc. In fact, sustainability, on the one hand, aims to recall the duration of growth over time and, on the other, introduces an ethical imperative in the economic perspective. For these reasons, the conceptual structure of sustainable development is represented in a triangular form, with the vertices represented by the environmental, economic and social dimensions⁷. One critical issue lies in the fact that this analytical scheme is rarely declined in its entirety: depending on ideological conviction, interests or research orientation, it tends in practice to privilege one of the vertices of the triangle to the detriment of others. In the last years, both the very rapid progress of the new technologies and the effects of the actions taken to control pollution and to recycle materials have put into practice the possibility to integrate all these dimensions, making sustainable development the most valid approach at global level.

A decisive turning point came with the *Millennium Development Goals (MDGs)* programme, unanimously approved by the UN Assembly in September 2000 at the Millennium Summit. The Millennium Goals had been established with the challenge to

⁵ UN DIVISION FOR SUSTAINABLE DEVELOPMENT (DSD), *Review of implementation of Agenda 21 and the Rio Principles*, January 2012, p.3-10.

⁶ M. MANCARELLA, *Il diritto dell'umanità all'ambiente. Prospettive etiche, politiche e giuridiche*, pp.118-122.

⁷ G. BOTTAZZI, *Sociologia dello sviluppo*, 1ed., Bari, Editori Laterza, 2009, p. 184.

reach them until the 2015. They present some problems because the eight MDGs failed to consider the root causes of poverty and overlooked gender inequality as well as the holistic nature of development. The goals made no mention of human rights and did not specifically address economic development. In addition, while the MDGs, in theory, applied to all countries, in reality they were considered targets to achieve for poor countries with finance from wealthy States.⁸ At the MDGs deadline, about 1 billion people still live on less than \$1.25 a day – the World Bank measure on poverty – and more than 800 million people do not have enough food to eat. Women are still fighting hard for their rights, and millions of women still die in childbirth.⁹

The path towards sustainable development continued ten years after with *The United Nations Conference on Sustainable Development - or Rio+20* – that took place in Rio de Janeiro in June 2012. It resulted in a focused political outcome document “*The Future We Want*” which contains clear and practical measures for implementing sustainable development and includes mandates for future programmes of work in development financing, small island developing states and more. In this occasion, Member States decided to establish the *UN High-level Political Forum on Sustainable Development* and to launch a process to develop a set of Sustainable Development Goals (SDGs), which will be built upon the Millennium Development Goals.¹⁰

In January 2015, the General Assembly began the negotiation process on the post-2015 development agenda. The negotiation culminated at the UN Sustainable Development Summit in September with the adoption of the *2030 Agenda for Sustainable Development* and 17 SDGs at its core. Conversely to the MDGs, every country will be expected to work towards achieving the SDGs. In fact, this approach builds a new road to the future with a more integrated approach to sustainable development issues, with governments involving businesses, civil society and citizens from the outset. Fulfilling these ambitions will take unprecedented efforts by all sectors in society and business play a very important role.¹¹

During these decades, became always more inevitable for all the actors on the

⁸ UNITED NATIONS, *The Millennium Development Goals Report 2015*, to be consulted at www.un.org/millenniumgoals

⁹ *Poverty Overview - World Bank Group*, to be consulted at www.worldbank.org.

¹⁰ GLOBAL COMPACT NETWORK ITALY, *Italian Businesses: Practices towards a Sustainable Development*, 2016, p.3 5.

¹¹ *The Sustainable Development Agenda* to be consulted at www.un.org/sustainabledevelopment.

international scene follow a sustainable approach and there are phenomena that demonstrate the change is taking place as the fact that the linear economy has gone into crisis. Today, it seems shared by all that the linear economic model, which is based on the accessibility of large quantities of resources and energy, is less and less suited to the current situation and that is why everyone now refers to the concept of *circular economy* as the key approach that marries environment and economy. The circular economy starts from the idea of not wasting and reusing everything possible, from urban waste to agricultural waste and industrial processes, up to products that have reached the end of their life. It is urgent to move from a linear to a circular model that in all phases - from design to production, to consumption, to the end of life of the products - knows how to take every opportunity to limit the use of raw materials and energy input and minimizes waste and losses.¹²

There is no unique definition of circular economy, but I share the one proposed by the European Commission that defined this concept in 2015 under the EU Action Plan for the Circular Economy as follows: “In a circular economy the value of products and materials is maintained for as long as possible; waste and resource use are minimised, and resources are kept within the economy when a product has reached the end of its life, to be used again and again to create further value.”¹³ This action plan establishes a concrete and ambitious programme of action, with measures covering the whole cycle: from production and consumption to waste management and the market for secondary raw materials and a revised legislative proposal on waste. The annex to the action plan sets out the timeline when these actions will be completed.

With the circular economy, in fact, emerges the need to analyse the global system as a closed system, in which the economy and the environment are not characterized by linear correlations, but by a circular relationship: the economic system is part of a larger ecological system and, while taking advantage of its natural resources and its ecosystem services, must respect its rules of operation and its physical, biological and climatic limits. The circular economy is an economy in which the products of today are the resources of tomorrow, in which the value of materials is maintained or recovered as

¹² CSR EUROPE, Stakeholder Views Report *Enablers and Barriers to a Circular Economy*, R2π project, September 2018, p.7-11.

¹³ EUROPEAN COMMISSION, *Closing the loop - An EU action plan for the Circular Economy*, Brussels, 2 December 2015.

much as possible, in which there is a minimization of waste and impacts on the environment. The transition to a circular economy requires a cultural and structural change and this can be obtained with a profound revision and innovation of the models of production, distribution and consumption¹⁴. By incorporating circularity into their business models, organisations will be able to create, deliver and capture value in a way which enables efficient and regenerative use of finite resources while, at the same time, keeping products, components and materials at their highest value and utility. From this perspective, the measurement of circularity is an essential requirement to allow the pursuit of concrete actions and achieve measurable results, in order to strive for greater transparency for the market and for the consumer.

There are examples at European and national level of more or less articulated methods and databases for measuring circularity. At Italian level In May 2018 the Ministry of the Environment and Protection of Land and Sea in collaboration with the Ministry of Economic Development drew up a document entitled "*Circular economy and effective use of resources - Indicators for measuring the circular economy*", which is a first operational proposal towards the definition of an Italian model for measuring "circularity". The monitoring scheme presented is therefore a starting point, a first operational proposal towards the definition of an Italian model for measuring "circularity", to which 7 companies, organizations, institutions and other public or private entities are invited to contribute to facilitate the achievement of a result of significant operability and applicability in Italy.¹⁵

Another field that started to change was *finance* that is making progress on the front of sustainable development because it has the objective of creating value in the long term, directing capital towards activities that can generate economic value but at the same time well-being for society. This concept is linked with the one of sustainable and responsible investment aims to create value for the investor and for society through a medium to long term investment strategy that, when evaluating companies and institutions, integrates financial analysis with *environmental, social and good*

¹⁴ MINISTERO DELL'AMBIENTE E DELLA TUTELA DEL TERRITORIO E DEL MARE IN COLLABORAZIONE CON IL MINISTERO DELLO SVILUPPO ECONOMICO, *Economia circolare ed uso efficiente delle risorse indicatori per la misurazione dell'economia circolare*, Maggio 2018, p.2-5.

¹⁵ *Ibidem*

*governance (ESG) analysis.*¹⁶

On 31 January 2018, the High-Level Expert Group on Finance - a group of 20 experts on sustainable finance set up in January 2017 at instigation of the European Commission as part of the Commission's commitment to the Paris climate agreement - published its final report containing strategic recommendations for creating a financial system encouraging sustainable investments. The Commission then completed the European sustainable finance strategy on the basis of these recommendations. In fact, on 8 March 2018, the European Commission presented its "*Action Plan for Financing Sustainable Growth*", which is the strategy for creating a financial system that supports the European Union's climate and sustainable development programme. This Action Plan is fundamental in order to achieve the European targets for 2030 agreed in Paris, in particular the 40% reduction in greenhouse gas emissions. To get these results some €180 billion of additional investment is needed annually and for this reason the role of the financial sector is crucial to the achievement of these objectives, since significant private capital could be channelled towards sustainable investments¹⁷. Responsible investment does not necessarily mean sacrifices in terms of return, but achieves better results in medium to long periods. There has been a huge rise in interest in responsible and sustainable investment among asset managers and owners and rapid growth among companies providing ESG analysis, such as Vigeo, EIRIS, MSCI and SustainAlytics. Now 92 percent of the world's 250 largest companies report on sustainability.¹⁸

Another sector that plays a fundamental role in the embracement of global goals is *the 4.0 industry*. In fact, businesses have to drive sustainability through their supply chain in an increasingly strategic and ethical way. The technological progress alone is certainly not enough to ensure environmental improvements and benefits for those involved, but through them it is possible to reduce resource consumption, optimize collection and recycling activities, improve environmental management systems and thus the environmental performance of companies. Technology allows minimizing the use of energy, water and raw materials, reducing polluting emissions by better organizing the

¹⁶ R. SOBRERO, *Sostenibilità competitività comunicazione. 20 idee per il futuro*, Milano, EGEA, Settembre 2018, p. 15-20.

¹⁷ FINANCIAL STABILITY - FINANCIAL SERVICES - CAPITAL MARKETS UNION, *Commission action plan on financing sustainable growth*, Bruxelles 8 march, 2018, p.2.

¹⁸ KPMG, *Survey of Corporate Responsibility Reporting, Currents of Change*, 2015. To be consulted at www.assets.kpmg.com.

product cycle. The Life Cycle Assessment takes on great importance and integrates itself in a virtuous way with new technologies, by which we can understand whether a company is sustainable or not.¹⁹ In addition, companies have to respect workers' rights and to promote decent work globally within their subsidiaries and along their global supply chains in accordance with international documents. Treating them with respect and paying them a decent wage would go a long way to building a more inclusive society and expanding consumer markets. Investing in their training, enabling men and women to fulfil their potential, would deliver further returns through higher labour productivity.

Therefore, it became always more clear how the global goals of sustainable development have to be integrated in the process of all the organizations. These complex challenges need the full and combined attention of government, civil society and business. These latter must have the courage to strike out in new directions and embrace an economic model which is not only low-carbon and environmentally sustainable, but also a model that includes respect for social and human rights. In order to achieve these goals, the concrete proposed solution globally lies in the concept of corporate social responsibility strategy, which integrates responsible practices, considering environmental and social aspects in its activity beyond the economic one, on a strategic position within its business model.

2. How Corporate Social Responsibility has evolved

In recent years, corporate social responsibility has taken great strides forward, entering also in the political agenda as well as in the strategy of many organizations. Now we are living in a period in which the way people and organizations operate is changing. Corporate social responsibility is becoming a fundamental prerequisite for many companies and there are signs of change in employee management, in the creation of dedicated figures and committees and in the production of policy documents on different topics.²⁰

Over the last twenty years, thanks to the pressure of various non state actors and after all

¹⁹ R. SOBRERO, *Sostenibilità competitività comunicazione. 20 idee per il futuro*, p.25.

²⁰ A.B CARROLL - K. M. SHABANA, *The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice*, in *International Journal of Management Reviews*, Vol. 12, No. 1, 2010, pp. 85-105.

the dramatic events, such as the Rana Plaza collapse, multinationals and all the actors in the international system started to be responsible for the protection of environment, social and human rights along their value chain. Awareness of environmental and social problems is growing; public opinion is pushing for a reduction in pollution and a rationalisation of consumption; the international community welcomes not only production policies that have a lower environmental impact but also initiatives aimed at supporting important environmental and social causes. For these reasons, the attention to business ethics has grown in line with a proliferation of guidelines, codes of conduct, and reporting methods designed to guarantee and measure the companies' responsibility in their business²¹. This rapid progress has culminated in the concept of *Corporate Social Responsibility* that joins economic, social and environmental aspects and represents a way of doing business. This approach is based on a set of responsibilities and duties that the company has towards its stakeholders, and on the assumption that business must consider also the other two aspects in his activity beyond the economic one. This line of thought is reflected in the first accounting framework used by companies in order to measure also environmental and social dimensions that is the *Triple Bottom Line (TBL)*. The company has to break down the business result into economic, social and environmental performance, instead of considering only the bottom line of the income statement. In some companies this approach is called the "3P model" (profit, people, and planet).²²

At the beginning, CSR behaviour was linked to philanthropic or at contrary green washing practices. The philanthropic practices that companies have developed in the last century, although dictated by the desire to create benefits for the community and to do some good, had the limit of not being the result of an action of listening to their stakeholders and not being included in a real business strategy in the medium-long term. In this way, these practices were resolved in a good communication tool, but with very limited effects both in terms of time and business results. To the other side the purpose of green washing was to build an ecological image and environmental sustainability to hide one, most likely, blacker. More generally, this concept means that some

²¹ *Ibidem*

²² THE ECONOMIST, *Triple bottom line*, November 17th 2009, to be consulted at: <http://www.economist.com/node/14301663>. This article is adapted from "*The Economist Guide to Management Ideas and Gurus*", by Tim Hindle.

Transnational Corporations have taken advantages from the CSR concept, using it as a marketing tool and their corporate codes are just a way of avoiding their legal responsibilities, masking traditional profit-maximizing interests by means of a superficial gloss of rhetoric. In fact, some corporations adopted these codes of conduct in an attempt to prevent government intervention in the form of mandatory regulation, others did it to limit political opposition to the growing globalization of markets, and still others just to keep calm pressures from consumer groups. According to this view, corporate codes are harmful in the sense of creating a "false consciousness" among consumers and policy makers that ease corporations from being legally responsible for their injurious practices²³. Most of the time this happens when a company or organization claims to be "green" through advertising and marketing actions, employing more resources and money than those used to minimize their environmental impact. This behaviour is detrimental both for the environment because consumers could buy products that are against the environmental cause and for corporations because they lose trust of their consumers and the costs of advertising campaigns are much higher than the results obtained.

Even if for some companies, sustainability serves to improve external visibility and reputation without there being any real change within the organization, by now this type of attitude has proved to be unsuccessful, creating only costs without producing benefits. The organized society (bodies, associations, movements, interest groups) and the effectiveness of modern communication systems have made it possible to identify the practices of green washing quickly, turning them into a deadly boomerang for the companies that had adopted them²⁴. Today, this represents an old concept and a different understanding of CSR has emerged, one that is focused on the corporate responsibility to understand and address business impact on society, to avoid adverse effects and maximize the benefits. Companies started to adopt a real transparent and responsible approach towards their multiple stakeholders, establishing codes of conduct and corporate social responsibility statements, which have brought to a virtuous circle, expanded along their supply chain.

²³ K. WALKER - F. WAN, *The harm of symbolic actions and green washing: Corporate actions and communications on environmental performance and their financial implications*, in *Journal of Business Ethics*, 109, 2012, pp. 227-242.

²⁴ *Ibidem*

This happened mainly to contrast the green washing behaviour, because multinationals have the urgent need to promote confidence and credibility within and outside the company, outlining the image of a responsible actor to their external public (suppliers, business partners, etc) and to their internal one, mainly employees²⁵. In addition, when there were violations of social or human rights, the CSR reports and other methods of self-regulation have been used by social agents and consumers as vehicles of corporate shaming, social activism, community-building, and even as a basis for legal actions, which were not previously possible. In fact, media bitter campaigns in developed countries against the inhuman conditions in the overseas factories have led to judicial sanctioning processes and mass boycotts. The latter is an instrument that has proved to be a fantastic tool. One example is given by the NGO Clean Clothing Campaign that organized a boycott in the United States, using social network and other technologies, when discovered that Nike was producing its sportswear exploiting forced labour in few developing countries. For the multinational this was a wakeup call and the multinational started to pay more attention on CSR programmes, even if there are still great gaps and huge violations of human rights. In any case, the international community, non-governmental organisations and organized consumers, who have become the decisive actor of evaluation, started to exert market pressure on corporations that do not comply with the international and national norms and standards, declared in the codes, or reward those who do.

In recent years, the concept of CSR has continued to evolve, becoming more and more a fundamental approach for all organizations that want to remain competitive in the market. In fact, today, developing CSR policies no longer means simply taking initiatives in their own right, but integrating everything in a process of circular economy, adopting a holistic vision in which social, economic and environmental sustainability go hand in hand for sustainable development in order to generate value and increase the productivity of the organization. For this reason, the CSR function is essential and is presented within a private or public company, since it helps to systematically coordinate all the policies adopted. This concept was clearly explained by Michael E. Porter and Mark R. Kramer in their article called “Creating shared value”

²⁵ D. DETOMASI, *The Multinational Corporation as a Political Actor: 'Varieties of Capitalism*, in *Journal of Business Ethics* 128(3), May 2014, pp.685-700.

(CSV) appeared in the January–February 2011 issue of Harvard Business Review. In this article they defined the “Shared Value” “as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions within the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress”²⁶ An appropriate integrated strategy requires an efficient and timely reporting of results. Starting from this statement, the activity reporting has also developed exponentially from 2000 to the present day, arriving at a series of indicators that describe in a qualitative, quantitative and very precise way the real commitment of the organization.

The concept of the shared value has shift the idea of social responsibility from an instrument to a strategy integrated in the business model. “Not all societal problems can be solved through shared value solutions. But shared value offers corporations the opportunity to utilize their skills, resources, and management capability to lead social progress.”²⁷

3. Actors of Corporate Social Responsibility

3.1 Multinationals enterprises

To ensure that sustainability is spread across all strata of society, it is necessary for everyone to contribute to the cultural change that must lead to the change of production, life and consumption styles.

One of the most important actors that can change the situation are multinational enterprises. In order to understand better why they are so important players in the sustainable development and why is necessary their adoption of CSR behaviours, I would like to make a briefly excursus about how their role is changed.

Multinational enterprises, considered as legal persons under private law, have brought recent and revolutionary developments in international law due to the importance of their economic impact. According to UNCTAD, there are now more than 80,000 multinational companies with around 850,000 branches worldwide. Multinationals have therefore progressively undermined the traditional international law that denied them

²⁶ M.E. PORTER - M.R.KRAMER, *Creating Shared Value*, Harvard Business Review, January-February 2011.

²⁷ *Ibidem*

any international subjectivity.²⁸ In this perspective, we have to underline that “international human rights law, for all its diversity and size, places direct legal obligations only on states, while non-state actors are treated as if their actions could not violate human rights, or it is pretended that states can and do control their activities”²⁹. In reality, as we will see, their role is evolved and multinationals have become one of the main actors in the international system with their own responsibilities.

All these changes at international level have made the world of regulation undergone major transformations over the last four decades, from state-centric forms toward new multilateral, non-territorial modes of regulation, with the participation of private and non-governmental actors, where new forms of governance have emerged. In a globalized world, global governance – referring to rule making and rule implementation - is no longer a task managed by the state alone, because with the globalization of supply chains and the regular flow of capital and goods across national borders, governments are no longer able to exercise an effective regulatory control at global level. Today an intricate web of norm producers increasingly governs the world and States are only one of them. Local governments, international organizations, transnational bodies, global financial institutions, formal economic forum as G-20 and international inter agency cooperation, media, multinational corporations (MNCs), NGOs, INGOs and social movements have all become major contributors, both directly and indirectly, to the content and shape of regulation. Among the new agents in this new regulatory landscape, corporations, and especially MNCs, play a key role.³⁰

In fact, as mentioned before, private corporations began to outsource the majority of their items they used to make, having branches and subsidiaries all over the world. Through this system, they created a network of commercial and employment contacts and relations in the host countries, where sometimes they have established a strong relationships with political power while other times they tried to influence it. The

²⁸ A. BONFANTI, *Imprese multinazionali, diritti umani e ambiente : profili di diritto internazionale pubblico e privato*, Milano, Giuffrè, 2012, p.18.

²⁹ V. BRINO, *Hard and soft law instruments for regulating multinational enterprises: an uphill struggle towards global responsibility?*. The article is published in *Employment Relations and Transformation of the Enterprise in the Global Economy, Proceedings of the Thirteenth International Conference in Commemoration of Marco Biagi*, edited by E. Ales, F. Basenghi, W. Bromwich, I. Senatori, Giappichelli, 2016, p.89-90

³⁰ F. MARRELLA, *International Protection of Human Rights and Activities of Transnational Corporations/Protection internationale des droits de l'homme et activités des sociétés transnationales*, Leiden-Boston, Massachussets (USA), Brill-Nijhoff, vol. 385, pp. 33-435.

horizontal power of multinationals started to compete against the vertical power of governments and thanks to its transnational dimension, corporations, as well as civil society groups, increasingly participate in the formulation and implementation of rules in policy areas. These novel approaches to governance — referred to soft types of regulations — are based on legally non enforceable voluntary norms, authored, controlled and monitored by various non-state actors like codes of conduct, guidelines and agreements, which are sometimes shaped in the context of international organizations as the OECD Guidelines and the Global Compact, that we will see better in Chapter 1.4. The MNEs can exert wide discretion in these regulations for two reasons: first, the weak presence of trade unions in international relations, second, the reduced regulatory capacity of the national States.³¹ Therefore, enterprises do not replace governments, but are one of the main actors that shape regulatory processes at global level and are the drivers of international trade and economic activity. TNCs became a subject of international labour law with rights and obligations, they cannot conclude treaties but they start to have financial power.

For all these reasons and for their enormous impact on the environment and on labour and human rights, attention has increased for the societal role of multinational enterprises, which began to adopt responsible behaviours. MNEs have become more active in promulgating corporate social responsibility (CSR) strategies, and are said to increasingly reckon with social, environmental, economic, and cultural concerns.³² Several corporations with their production along the value chain and the need to have a healthy, virtuous, transparent and sustainable supply chain are the fastest ones that are changing their way of doing business. Until now, attention has been focused on reducing environmental impact, while today large companies are experimenting with a holistic approach that includes also the economic and social sustainability, putting attention on the relationship with the employees and external stakeholders. In fact, one of the first steps that enterprises try to focus on are forms of collaboration with their stakeholders, creating a climate of trust with them. In this way, the company can convince its stakeholders that the work is in line with the global goals stated in the

³¹ A.OJEDA-AVILES, *Transnational Labour Law*, Kluwer Law Intl, Kluwer Law Intl, November 2014, pp.3-10.

³² A.KOLK - F. LENFANT, *Multinationals, CSR and Partnerships in Central African Conflict Countries*, in *Corporate Social Responsibility and Environmental Management*, vol:20 iss:1, 2013 pag:43 -54.

reports or in other business documents. To deal with these complex challenges, it is necessary to rethink the culture and the internal organization of a company, innovate its business strategies and redesign the relationship with its stakeholders. In this way an enterprise can become competitive and credible on the market. CSR strategies also play an important role for investors who assess the company's overall behaviour on the basis of *ESG (Environmental Social Governance)* criteria for determining financial performance, as mentioned before. In general, this type of approach towards sustainability is found in big companies listed on the stock market, where change is already ongoing and in many cases involves the highest levels of the company, transforming the organisational culture. In fact, in recent years, we face the development of *benefit corporations*: companies that want to have a positive impact on the environment and society without sacrificing profit. For these organizations, shared value is a fundamental element and, moreover, it is necessary to include in the statute purposes of common benefit in the performance of their activities. This business model wants to overcome the classic dichotomy between profit and non-profit companies, going beyond the maximization of profit and completely changing the way of doing business.³³

3.2 Non - governmental organizations

Enterprises are not the only actors that can contribute to this cultural transformation towards corporate social responsibility. In the '70s and '80s, because of the transformations led to the globalization, it has been observed an unprecedented development of non-governmental organizations and they have become a key non - state actor in the international system. In 1989, they accounted for 15% of total official development assistance. In 2002, it was noted that, in budgetary terms, humanitarian organisations alone represented the world's fifth largest economic power. NGOs are essentially transnational forces, international "pressure groups"³⁴. As for the companies, also NGOs are difficult to place formally in international law. Of course, NGOs - at least those that legally cover the form of associations or foundations - remain subject to any national law. They have been also offered partial status as observers with

³³ R. SOBRERO, *Sostenibilità competitività comunicazione. 20 idee per il futuro*, p.60-61

³⁴ A.BONFANTI, *Imprese multinazionali, diritti umani e ambiente : profili di diritto internazionale pubblico e privato*, pp.341-344.

consultative status in certain international organisations (UN Economic and Social Council or EU Economic and Social Committee), but few NGOs have taken advantage of this possibility.³⁵

Over time, thanks to their independence, neutrality, flexibility, knowledge of the ground and their strict collaboration with the local community, NGOs are the best channel to assert fundamental rights and have created a greater consciousness about the local problems at national and international level. Civil society activism has been described as para-governmental activity, so they provide a substitute, or at least a complement, for problems that have a non-territorial nature and cannot be solved by national governments alone as global issues such as human rights and climate change.

In fact, NGOs influence the process of development through their activities, promoting international environmental and social standards. In addition, the NGOs monitoring activities concern the possibility for them of direct recourse at some international entities after the check of an illicit. In fact, they play an important role with their activities of research about the violation of national and international norms with periodical procedures that analyse the State reports and the codes of conduct of several multinationals. In this way, NGOs have sought to hold States and multinational corporations accountable for the negative impact that their activities might create in developing and developed countries³⁶. In this context, the role of media is very important for compliance. NGOs with the help of media and digital (virtual) media allow the possibility to get more news and to know about the real behaviour of States and enterprises in real-time. In fact, they mobilised the international public opinion, through use of mass media, class action and direct action, governmental lobbying, and other forms of public and private pressure. Another avenue of protest has been the exposure and denunciation of corporations' behaviour through media, consumer boycotts, and other forms of campaigns to embarrass MNEs. In this way, they turned these issues into the public domain, raising people's awareness regarding the need to seek greater accountability from MNCs in their business operations. In addition, different international documents, as the ILO Declaration on Fundamental Principles and Rights at Work, increased media attention compared to was before.

³⁵ *Ibidem.*

³⁶ *Ibidem*

As mentioned in chapter 1.2, the pressures of the public opinion and of the social organizations have influenced the evolution of the conduct both of corporations and States and sometimes managed to block their practices when in violation with international standards. Therefore, MNCs could not ignore anymore the persistent criticism about the growing gap between social expectations and corporate performance also because it has a negative effect on their reputation and causes loss of public confidence and trust. In fact, consumers can privilege some corporations over others on the market because of their social and environmental commitments and performance. This public pressure has pushed multinationals to draft their reports widely embraced by global buyers, retailers and lead firms, particularly around nine key areas described in International Labour Organization conventions, the United Nations Convention on the Rights of the Child and the Universal Declaration of Human Rights: child labour; forced labour; health and safety; compensation; working hours; discrimination; discipline; free association and collective bargaining and management systems.³⁷

Over time, this rancour between NGOs and corporations started to change and non-profit organizations began to be involved in collaborations with companies that have proved to be increasingly necessary. This partnership has to grow in order to create benefits and acquisition of new skills for both actors. In recent years, the collaboration between companies and the third sector has developed and changed: from donation to corporate volunteering, from fundraising within the company to the implementation of international cooperation projects. Recently, companies and NGOs have identified new ways of collaboration, studying the possible benefits for both. The awareness has increased in order to start valuable partnerships, where it is necessary to be transparent, open to change, adopting a new approach that helps to improve performance of both. Companies must be open to discussion, to dialogue with the non-profit sector for a more common language and vice versa. In this way, profit-non-profit partnerships allow to respond effectively to the needs of the community and people, to be more credible and visible to their stakeholders and to feed their network of relationships. A win-to-win relationship must be created between the two partners from which both can benefit. From one hand, the company improves its commercial results in the medium to long term as the goods produced and services offered acquire social value. To the other hand,

³⁷ OECD, *Combating Child Labour: A Review of Policies*, OECD Publishing, Paris, 2003, p. 75-77.

the non-profit sector receives support to carry out a social project and adopt a managerial approach to its human, economic and temporal resources. In this way, the profit-non-profit partnership became useful, if well-managed, because produces an exchange of skills, a cultural growth and relative virtuous circle for both actors.³⁸

3.3 Public Administration and citizens

Another key player in the sphere of corporate social responsibility is the public administration: from the promotion of soft mobility to save energy, to a good system of separation collection to combat waste. One critical issue lies on the fact that if we talk about efficiency, competitiveness and sustainability we realize that companies are travelling at a much faster rate than public sector. To fulfil this gap, it is urgent that these concepts also become part of the PA. Public organisations to be sustainable, in addition to achieve what should be their ultimate goal: the well-being of citizens, they should change the approach to the problems and give meaning to the social value of their role. To do this, it is necessary to invest in CSR strategies as an important asset for innovation and also to address the behaviour of the Public Administration, only in this way a cultural transformation will be possible.³⁹

The actors involved in the PA are many and varied. Some of these that are related to the theme of sustainability are: the central administration, the health system, the importance of utilities in communication with citizens, up to the network of universities that plays an increasingly important role in the field of sustainability.

On the central administration front, Italy has taken some steps forward by creating the National Commission for Sustainable Development and defining the national strategy for adaptation to climate change. In addition, Italy was the first European country to introduce welfare objectives into its economic policy⁴⁰. In any case, according to the 2017 report of the Italian Alliance for Sustainable Development (ASviS), there is a significant delay in implementing concrete programs for sustainable development and there are serious problems that prevent Italy from not being able to achieve the goals of Agenda 2030. These difficulties are also due to the strong territorial inequalities that

³⁸ D. GHIETTI, *CSR: per un' economia a misura d'uomo*, MarkUp p. 58 N.274 - November 2018, p.59.

³⁹ R. SOBRERO, *Sostenibilità competitività comunicazione. 20 idee per il futuro*, p.60.

⁴⁰ See chapter 3.4 for further information.

characterize Italy.⁴¹

Even local authorities, those closest to the citizen, are trying to innovate, but the change is not uniform. The time frame and the instruments adopted are very different and although with some positive experiences, we are in a very difficult situation, especially in the smaller municipalities. The role of these latter must be innovative because they are entrusted with territorial development programs as well as administrative activities. The only way to trigger virtuous mechanisms is to involve the different actors to cooperate with each other: the public administration, non-profit organizations, businesses, associations, universities, research centres, etc. In any case, some virtuous municipalities are already implementing projects aimed at improving reception and social inclusion, developing circular economy initiatives, promoting energy efficiency and innovative management of the waste collection system, promoting sustainable mobility, making territories sustainable, inclusive and therefore able to offer a better quality of life to the people who live there. Only in this way, the public administration can work in order to meet the goal 11 of Agenda 2030.⁴²

The health system is another fundamental player that has great repercussions on both the environmental and social levels. Some hospitals are moving in this direction. For example, they implement initiatives for energy saving by promoting sustainable management of natural resources; apply technologies with low energy consumption and implement projects to reduce Co2 emissions, also using renewable sources such as wind power, electricity or biomass.⁴³

A recent player is the Network of Italian Universities for Sustainable Development (RUS), which brings together Italian universities committed to sustainability issues. Initially promoted by Ca'Foscari, the network was then established in July 2016 at the Conference of Rectors of Italian Universities (CFUI). The RUS seeks to encourage collaboration between universities and cities, spreading social innovation throughout the territory and providing cultural stimuli. In this way, universities promote new national sustainability policies that promote dialogue with economic actors.⁴⁴

Linked to this, international and national documents have underlined how one of the

⁴¹ ASVIS REPORT, *Executive Summary*, 2017.

⁴² Goal 11 of Agenda 2030: Make cities and human settlements inclusive, safe, resilient and sustainable.

⁴³ G. RUSCONI – E. BORGONOVÌ, *La responsabilità sociale delle istituzioni di pubblico interesse*, Milano, Franco Angeli, 2008, pp.34-45.

⁴⁴ R. SOBRERO, *Sostenibilità competitività comunicazione. 20 idee per il futuro*, pp.16- 20.

most important roles must be played by citizens. The citizen is no longer a carrier of needs, but a resource capable of proposing and improving institutional action. It is becoming more and more important to start a dialogue, to create relationships between institutions and citizens, but to do this, it is necessary to overcome a cultural obstacle: many employees of the public administration live the relationship with the citizen and his needs as a problem. Instead, the more the PA will be able to involve citizens to provide their resources and skills, the more resources will be able to use the administration. Consumers and citizens' behaviour on the market place and in their lifestyle can make a difference by informing themselves, choosing one product rather than another, supporting with a click or a comment the company that is on the road to sustainability and helping their cities with sustainable mobility. Although there is a growing awareness and a strong willingness to change by different actors, there is certainly a lack of coordinated and coherent actions by the Public Administration in the direction of sustainability.

4. Fundamental instruments for Corporate Social Responsibility

The growing focus on Corporate Social Responsibility is partly due to the publication of national and international laws, regulations and documents that have been useful in creating a new awareness about sustainable development and CSR strategies. In fact, Corporate Social Responsibility has entered in all the international documents that aim to address the business behaviour. This approach has formally become part of the EU Agenda, since the European Council in Lisbon in March 2000 has considered it as a strategic tool for achieving a more competitive and socially cohesive society and to modernize and strengthen the European social model, part of the Lisbon Strategy.⁴⁵

In an increasingly global world, it is necessary to underline the commitment of some major international organizations that have made CSR a cornerstone of their policies and a key to enable the economy to grow. Among the most committed players on this issue are the UN, which promoted Agenda 2030, and the Global Compact Network, which for years has supported the need for companies to adopt more sustainable

⁴⁵ EUROPEAN COMMISSION, *Green Paper: Promoting the European Framework for Corporate Social Responsibility*, Brussels, 18 July 2001.

business models. In fact, among the several field debates in the international documents, a new awareness started in order to redefine the relationship between business and human rights and the urgent need appeared to respond to the growing power of private enterprises, which affects the lives of millions of people around the world.

In fact, multinational firms has opened greater opportunities of production overall in overseas countries. As explained before, corporations are responsible for several violations of human rights, but one of the most difficult things is to demonstrate their liability⁴⁶. Major brands, in fact, do not officially employ the workers, or own any of the factories they produce in, but they are able to profit hugely, remaining free of responsibility for what concerns the effects of poverty wages, factory disasters and the violent treatment of workers inside these factories. In fact, enterprises have been able, also due to new technologies, to organize their activities in different countries through various channels: controlled companies but also supplier firms, which are legally autonomous but in fact linked to the multinationals by stable commercial ties.⁴⁷

These situations have raised the question to which extent corporations have responsibilities for the protection, promotion and realization of human rights. Unfortunately, there are some problems to prove this transnational liability: first, there is the problem of controlling what happens in the supply chain; secondly, there is the problem of discovering human rights and social rights violation by corporations (undeclared work, complicity and corruption, etc.); thirdly, there is the problem of identifying their legal responsibility.

In any case, States, international organizations and civil society reacted not to limit the market, but to handle the workers' unfair situation. For these reasons, a new approach emerged called *due diligence* and it provides an original link between the State duty to protect human rights and the responsibility of enterprises to respect human rights. This has brought several international organizations in drafting guidelines for regulating firms' conduct and defining the terms of their relations with host countries, mostly in the developing ones. In addition, these documents define sustainability and CSR initiatives as an opportunity for change to delineate a new economy capable of

⁴⁶ R.E. HOWARD -HASSMANN, *The second great transformation: human rights leapfrogging in the era of globalisation*, in *Human Rights Quarterly*, Vol. 27, pp. 1-40.

⁴⁷ T. TREU, *Globalization and human rights. Social clauses in trade agreements and in international exchanges among companies*, working paper, pp.9-12.

responding to the current crisis in terms of innovation, competitiveness and employment.

4.1 International documents

The international documents on which I would like to focus on are: the UN Global Compact; the UN Guiding Principles on Business and Human Rights (UNGPs); the OECD Guidelines for Multinational Enterprises, the ILO Tripartite Declaration of principles concerning multinational enterprises and social policy; the papal encyclical *Laudato si'*; Paris Climate Agreement and Agenda 2030 on sustainable development

4.1.1 The UN Global Compact

One of the main voluntary initiatives based on business commitments to implement universal sustainability principles and to take steps to support UN goals is the UN Global Compact (UNGC) founded in 2000, after a speech by the former UN General Secretary, Kofi Annan, at the World Economic Forum in 1999.

Resistance to the concept of corporate responsibility prevailed for decades. But resistance has now given way to a growing realization among many business leaders that change is necessary. In recent years, responsiveness has improved and a new ethic of engagement and collaboration has gradually taken hold. The scope of responsibility of MNCs have changed greatly also because MNCs are for example held responsible for the human rights abuses of their suppliers or for contributing to global warming. In this scenario, the United Nations Global Compact represents an important milestone in the history of global corporate social responsibility (CSR), playing an important role in putting CSR on the business agenda, facilitating and fostering dialogue, and establishing a consensus on global ethical standards for business.⁴⁸

The UN Global Compact is a principle - based framework for businesses, aiming to achieve an 'inclusive and sustainable' economy based on ten principles, which can be adopted by multinationals and other entities. The four main areas which include the ten principles are: Human Rights, Environment, Labour and Anti-Corruption. The parties shall submit progress reports on periodical basis to the Global Compact office that

⁴⁸ C. VOEGTLIN – N. M. PLESS, *Global Governance: CSR and the Role of the UN Global Compact*, in *Journal of Business Ethics*, Vol. 122, No. 2, June 2014, pp. 179-191.

analyses them. In fact, after they have become a signatory member, companies must report their progress once a year by publishing a 'communication on progress' (COP) report. The report should contain first, a statement of continued support by the CEO; secondly, a description of what has been achieved in the four areas of human rights, labour, environment, and anti-corruption; and thirdly, a measurement of outcomes. Participants that do not hand in a COP in two subsequent years are listed as non-communicative after the first year and delisted from the UNGC after the second year.⁴⁹ Since its foundation in 2000, the United Nations Global Compact (UNGC) has witnessed an unprecedented growth, for a voluntary global governance agency. More than 10,000 participants from business and civil society form part of this network, because the United Nations Global Compact addresses many problems in the corporate responsibility landscape in a way that offers substantive and procedural lessons to corporate, governmental, and NGO leaders. It has become the largest global self-regulatory initiative and a role model for global governance initiatives.⁵⁰

One critical issue is that the UNGC remains ineffective as long as it cannot monitor the implementation of the ten principles and sanction non-compliance and, in addition, companies can use the UNGC to 'blue wash' their poor CSR performance. To the other side, the Global Compact is an opportunity for discussion and a learning platform for corporations to improve their CSR engagement. These mechanisms of engagement are extended to the regional level through local networks that facilitate exchange between the UNGC participants. These networks are fundamental to account for regional differences, and they offers spaces for dialogue and exchange among international organisations, governments, business and civil society actors, both globally and locally⁵¹. For example, the United Nations Global Compact operates in Italy through the Global Compact Network Italy Foundation, an organization set up in June 2013 after ten years of activity as an informal group within the Global Compact Network Italy (GCNI). The Foundation primarily works to promote the UN Global Compact and its 10 Principles at national level, through institutional dialogue, producing knowledge and the

⁴⁹ UN GLOBAL COMPACT OFFICE AND THE OECD SECRETARIAT, *the UN Global Compact and the OECD guidelines for multinational enterprises: complementarities and distinctive contributions*, 26 April 2005, p.6.

⁵⁰ C. VOEGTLIN – N. M. PLESS, *Global Governance: CSR and the Role of the UN Global Compact*, p.182.

⁵¹ *Ibidem*

dissemination of good practices. To date, more than 60 business and non-business entities (private foundations, business associations, universities, etc.) have joined the Foundation.⁵²

Now the strategy of the UN Global Compact is to drive business awareness and action in support of achieving the Sustainable Development Goals by 2030. The UNGC aim is the one of producing a series of publications, as happened with "Italian businesses: practices towards a sustainable development", published in 2016, that offer conceptual tools, case studies and analysis to support business, civil society actors and political leaders ready to act, in processes of organizational transformation and business models adaptation. Another important document that we will see in Chapter 3 is "Integrating the Sustainable Development Goals into Corporate Reporting: A Practical Guide", published in august 2018, that helps companies take stock of their current actions and discover additional priorities to contribute to achieving the SDGs.

The achievements of the Global Compact are noteworthy and hopeful and even if much still remains to be done, much has been accomplished. Surely the fact that UNGC is defined as a voluntary initiative and is not binding for its members it is a huge limit, but the initiative continues to spark controversy and debate, which keeps the discussion about the scope of business responsibility alive.⁵³

4.1.2 The Guiding Principles on Business and Human Rights

The debate about the impact of business enterprises and their roles and responsibilities of such actors with regard to human rights, have led to the placement of business and human rights on the UN agenda. In March 2011, Special Representative Ruggie issued "*Guiding Principles on Business and Human Rights*", which were endorsed by the Human Rights Council (HRC) and provide guidance for the implementation of the United Nations' 'Protect, Respect and Remedy' Framework'. These Guiding Principles provided the first global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity, and they continue to provide the internationally-accepted framework for enhancing standards and practices with regard

⁵² GLOBAL COMPACT NETWORK ITALY, *Italian Businesses: Practices towards a Sustainable Development*, p.2.

⁵³ C. VOEGTLIN – N. M. PLESS, *Global Governance: CSR and the Role of the UN Global Compact*, p.183.

to business and human rights.⁵⁴

It contains thirty-one principles organized under three pillars outlining how States and businesses should implement the framework. These three pillars are: 1) States' duty to protect human rights; 2) corporate responsibility to respect human rights and 3) victims' access to effective remedies⁵⁵. All three pillars require States to take a number of measures to ensure that business enterprises do not violate human rights and that effective remedies are available in cases of violation. The GPs emphasises the active role not only of States, that are required to protect the rights of individuals faced with unlawful conduct by businesses, but also the role of corporations that have a duty to respect fundamental rights regardless of government intervention.⁵⁶

Principle 11 declares that: "Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved".⁵⁷ Commentary to this principle highlights that such responsibility "exists independently of States' abilities and/or willingness to fulfil their human rights obligations."⁵⁸ In what concerns the content of the obligation, it is principle 12 that explains: "The responsibility of business enterprises to respect human rights refers to internationally recognized human rights— understood, at a minimum, as those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work."⁵⁹ This principle makes express reference to the International Labour Organization's (ILO) eight core conventions as set out in the Declaration on Fundamental Principles and Rights at Work.⁶⁰

In addition, thanks to the GPs, it becomes evident in the third pillar, that the proliferation of international treaties of protection of human rights, international acts, supervisory bodies and laws, risks to remain just different forms of political dialogue if

⁵⁴ *United Nations Human Rights Office of the High Commissioner, Business and Human Rights*, to be consulted at www.ohchr.org.

⁵⁵ UNITED NATIONS. *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*, 2011, p.6.

⁵⁶ S.MACROR, *Just Business: Multinational Corporations and Human Rights* by John Gerard Ruggie, in *International and Comparative Law Quarterly*, 63(1), 2014, p235-236.

⁵⁷ See *supra*, at note 53, p.18.

⁵⁸ See *supra*, at note 53, p.18.

⁵⁹ See *supra*, at note 53, p.18.

⁶⁰ See *supra*, at note 53, p.18.

they have no effective legal use for victims on the ground. Extensive research has shown that in cases where business enterprises are involved in human rights abuses, victims often struggle to access remedy. The challenges that victims face are both practical and legal in nature⁶¹. In fact, since 2014, the Office of the UN High Commissioner for Human Rights (OHCHR) has been conducting a major project, entitled the Accountability and Remedy Project, aimed at enhancing accountability and access to remedy in cases of business involvement in serious human rights abuse. In addition, it aims to deliver credible and workable recommendations to enable more consistent implementation of the UN Guiding Principles on Business and Human Rights in the area of access to remedy. There are currently three phases of the Project: enhancing effectiveness of judicial mechanisms, of State-based non-judicial mechanisms and of non-State-based grievance mechanisms in cases of business-related human rights abuse.⁶²

In any case these principles are just recommendations and are not legally binding, but the non-mandatory nature of UN Principles does not prevent them from providing scope for the evolving TNCs obligation to respect international human rights law.⁶³ In fact, the Guiding Principles refer to and derive from States' existing obligations under international law. The responsibility to respect human rights is a minimum expectation of all companies. In many States it is reflected—fully or partly—in domestic law or regulations on companies and these latter are bound by such domestic law. The responsibility to respect human rights may also be incorporated in binding contractual requirements between companies and their corporate and private clients and suppliers and such requirements can in most cases be enforced through judicial means.⁶⁴

In addition, in the GPs are stressed the concepts of due diligence and responsibility, that may not always be legally required, but they are necessary if a company is to know and show that it is meeting its responsibility to respect human rights. Failure to do so can subject companies to the judgment of the public opinion—comprising employees,

⁶¹ F. MARRELLA, *International Protection of Human Rights and Activities of Transnational Corporations/Protection internationale des droits de l'homme et activités des sociétés transnationales*, pp. 33-435.

⁶² *Accountability and Remedy Project: Improving accountability and access to remedy in cases of business involvement in human rights abuses*, to be consulted at www.ohchr.org.

⁶³ S.DROUBI, *Transnational Corporations and International Human Rights Law*, in *Notre Dame Journal of International & Comparative Law*, Vol. 6 : Iss. 1 , Article 9, 2016, pp.119-141.

⁶⁴ UNITED NATIONS, *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*, p.18-19.

communities, consumers, civil society, as well as investors. So there can be legal, financial and reputational consequences if companies fail to respect human rights as set out in the Guiding Principles.

These GPs are strictly related to the corporate social responsibility, as mentioned in the second pillar, this means that a company must operate in a way that does not interfere with or have an adverse impact on the human rights of others, be they employees, community members, consumers or others. This responsibility has been affirmed by the Human Rights Council, and has also been recognized by bodies such as the International Labour Organization, the Organisation for Economic Co-operation and Development, and the United Nations Global Compact, and is increasingly reflected in the statements of companies themselves, too. The responsibility to respect human rights requires companies to have policies and processes in place to prevent binding contractual requirements risk of causing or contributing to adverse human rights impact.⁶⁵

4.1.3 The OECD Guidelines for Multinational Enterprises

The outcomes of the efforts of two other organizations must be mentioned here because they strengthen the UN Guiding Principles. These are the Organization for Economic Co-operation and Development's (OECD) Guidelines for Multinational Enterprises and the ILO's tripartite principles. In addition, the OHCHR works continuously with all of them and with the UN Global Compact Office on developing tools and guidelines for companies and other relevant stakeholders to integrate human rights into the world of business.

The OECD Guidelines for Multinational Enterprises, a part of the OECD Declaration on International Investment and Multinational Enterprises, provide principles and standards for responsible business conduct and is the only multilaterally and most involved agreed and comprehensive document that governments have committed to promote. In addition, this document provides developed detailed guidance on carrying out supply chain due diligence in several sectors. It extends also to territories of non-OECD States where corporations registered in the OECD Member-State operate, so in this light, it

⁶⁵ UNITED NATIONS, *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*, pp.21-22.

appears that most of the largest companies are covered with the OECD Guidelines⁶⁶. For avoiding negative impacts within a company's supply chain, the guidelines recommend company acting alone or in cooperation with others to prevent or mitigate the harms. In addition, even if these guidelines are inappropriate for developing countries, they have expressed interest in using it as a potential tool of empowerment to help strengthen their ability to address corporate social and environmental responsibility issues with companies and their own governments.

One instrument established from the OECD Member States is the National Contact Points (NCP), which has the primary responsibility to ensure the follow-up of the Guidelines at the national level. Nevertheless, there are three main concerns existing in relation to the enforcement of the OECD guidelines. First, the expansion of global markets has not been matched with sufficient protection for the people and communities who are victims of corporate human rights abuses. Second, either victim of corporate human rights violations have little or no access to justice in their home country or in the country where the company has the headquarters; in fact, States should be doing more to provide access to justice for victims. Third, the common failure to address the problem of companies who persist in their unwillingness to respect human rights.⁶⁷ In addition, there is a lack of: robust reporting or monitoring criteria to demonstrate compliance; of analysis of the patterns of corporate abuses and their impact on individuals moreover, communities and a lack of sanctioning mechanisms. For all these reasons, there is a considerable disparity among the governments' commitments for implementing the Guidelines.

However, there are some effective NCPs as for example Norwegian, French and Dutch NCPs. In contrast, criticism has been expressed about the US NCP's lack of transparency. One example regarding the efficacy of the NCP is about the Dutch NCP that has reached an agreement with NGOs in relation to the question raised by the India Committee of the Netherlands (ICN) whether Adidas's behaviour as an outsourcer and seller of footballs produced in India is in conformity with the Guidelines. The Dutch NCP noted the necessity to improve communication with Fair Labour Association

⁶⁶ UN GLOBAL COMPACT OFFICE AND THE OECD SECRETARIAT, *the UN Global Compact and the OECD guidelines for multinational enterprises: complementarities and distinctive contributions*, p.3.

⁶⁷ HUMAN RIGHTS COUNCIL, *Promotion and protection of all human rights, civil, political, economic, social and cultural rights, including the right to development*, Eighth session Agenda item 3 Distr. GENERAL A/HRC/8/5 7 April 2008.

disclosure or with the implementation of the Adidas's standards of engagement (SOE) at country and product level.⁶⁸

The OECD, among its activities, establishes Global Forum and Corporate responsibility roundtables. The last one Global Forum on Responsible Business Conduct, held on 20-21 June 2018, discussed also a recently published OECD paper: “*Due Diligence Guidance for Responsible Business Conduct*”, adopted during the OECD meeting of the Council at Ministerial level (MCM) on 31 May 2018. This panel discussed over a wide range of topics, including: the purpose of business in society; blockchain for responsible supply chains; business support for civic freedoms and Human Rights Defenders; National Contact Points as a mechanism to promote social dialogue; the gender perspective to global supply chains; modern slavery in supply chains; supply chain transparency; promoting responsible supply chains in Asia and the role of governments, trade unions and NGOs in promoting Due Diligence. Overall this Forum tries to underline the changing role of business in society to extend beyond the realisation of profits to also take into account the contribution of business activity to social and environmental outcomes.⁶⁹ The OECD, in this occasion, underlines the fact that companies need to obtain a social license to operate from the communities that are impacted by their operations and this requires continuous dialogue and engagement, rather than one-way communication. At the same time, governments have the ultimate societal contract with their citizens and should not shy away from their responsibility to require industry to operate in a responsible manner.⁷⁰

4.1.4 The International Labour Organization and the Tripartite Declaration of principles concerning multinational enterprises and social policy

In this context, another international organization that keeps playing a fundamental role in this field is the International Labour Organization (ILO). This organization was created by the 1919 Peace Conference, which followed World War I as an autonomous

⁶⁸ J. G. RUGGIE - T. NELSON, *Human Rights and the OECD Guidelines for Multinational Enterprises: Normative Innovations and Implementation Challenges*, Corporate Social Responsibility Initiative Working Paper No. 66. 2015, p.19.

⁶⁹ OECD, *Due Diligence Guidance for Responsible Business Conduct*, 31 May 2018, p. 9.

⁷⁰ OECD, *Global Forum on Responsible Business Conduct Summary Report*, 20-21 June 2018 – Paris, France, p.1-4.

organization associated with the League of Nations. The ILO Constitution, part of the treaty of Versailles, said, “Universal, lasting peace can be established only if it is based on social justice”⁷¹. The ILO was responsible for drawing up specific Conventions for the protection of workers by establishing minimum standards, but common to all States willing to accept them. It became the first specialized agency of the UN in 1946, and today is the last remaining institutional creation of the Treaty of Versailles and is the only international organization that is really engaged in the protection of workers’ rights. From its creation to date, the ILO has approved 189 Conventions, regarding overall different aspects of employment relations, especially to health and safety issues. This organization is based on four strategic objectives:

1. Promote and realize standards and fundamental principles and rights at work
2. Create greater opportunities for women and men to decent employment and income
3. Enhance the coverage and effectiveness of social protection for all
4. Strength tripartite structure (governments, employers’ organizations and workers’ organizations) and social dialogue (equal footing in decision-making)⁷²

The ILO sets global policy discussions and international labour standards, with a particularly involvement in the promotion of social clauses with tasks of monitoring, finding and mediation to improve them and preventing a race to the bottom. It could contribute directly to the enforcement of these clauses as arbitrator indicated by the parties of the treaties, but needs to be supported by the subsidiary intervention of organized groups of interest, with their private instruments as transnational collective agreements, partnership initiative, guidelines, investments and commercial agreements. These various instruments should build a network of social rules capable of operating effectively across and beyond the national borders. This will be a gradual process and in order to be accepted and credible, need to be inclusive, i.e. accompanied by positive measures conducive to balanced growth and by an equitable distribution of wealth between nations and social groups.

Another feature of the ILO is the universality of its labour standards that aim to avoid exploitation, differences existing between regions and fix minimum working conditions.

⁷¹ ILO Constitution's Preamble, 1919.

⁷² ILO GOVERNING BODY, *The Director-General's Programme and Budget Proposals for 2002-03*, GB.280/PFA/7 280th Session Geneva, March 2001, p.19-247.

In fact, in setting international labour standards, the ILO has approved 189 Conventions and 204 recommendations. A good amount has been devoted to the different aspects of employment relations, overall hours of work (convention C 1 – C 47 – C 14 and C106 – C 132); health and safety issues (convention C155 and C187), decent work, labour productivity, equal remuneration and social clause (protection for families). It covers also other fields as freedom of association (C87), collective bargaining (C98), forced labour, child labour (C 138 and C 182), equality, migrant workers and domestic workers.⁷³

One of the most important documents is the *ILO Declaration on Fundamental Principles and Rights at Work*, 1998, composed by four pillars and eight Conventions.

The Fundamental principles and rights, known as Core Labour Standards, are:

1. Freedom of association and the right to collective bargaining
2. Prohibition to perform forced or compulsory labour
3. Elimination of child labour
4. Non-discrimination in employment and occupation

This Declaration itself is a soft law, because in case of non-compliance, there is no sanction and there is no enforcement mechanism and the follow-up procedure is focusing on assistance.

For what concern the transnational impact of ILO Conventions and the application of standards worldwide, the rules, stated in the ILO declaration of 1998, concern all members' states of the ILO and even if they have not ratified the conventions, have the duty, deriving from their membership, to apply and promote these principles. The violation of this duty by a member state bounds to observe it and legitimizes other partner states to react with commercial countermeasures, such as the suspension of GSP (general system of preference) and the non-application of specific clauses and benefits of the bilateral treaty⁷⁴. The legal implications of this argument are wide-ranging even though the practical impact depends on the initiative of the States and on their interest to demand the respect of the fundamental rights from their competitors in order to prevent

⁷³ A.OIEDA-AVILES, *Transnational Labour Law*, pp.90-100.

⁷⁴ MARRELLA F., *International Protection of Human Rights and Activities of Transnational Corporations/Protection internationale des droits de l'homme et activités des sociétés transnationales*, pp. 33-435

them from taking advantage of practices of social dumping⁷⁵. Especially because under competition the behaviour of one country depend on the behaviour of the others countries and it weights on the regulation.⁷⁶

In addition, ILO has a supervisory mechanism called Committee of Experts on the Application of Conventions and Recommendations (CEACR) created in 1926, with a record in proceedings, but when we look at the number of adhesions is not the same as compliance with the countries have committed themselves to enforce standards. This happens also because of the lack of an international court able to give judgments and sanction countries. In fact, regarding conventions, one problem is that there is not a ratification from the biggest economic players since USA, India and China did not ratify the C87 and Brazil C98.⁷⁷

One of the main problems that concerns globalization is to compensate losers and help them to be winners and to make this true, it is necessary to improve, first of all, social dialogue. This is one of the main ILO goals and it cannot be enhanced without some preconditions such as strong workers and employers organizations; appropriate institutional support; political will and commitment to engage social dialogue from governments and social partners; freedom of association and collective bargaining. These last two are fundamental because give the possibility to collective different interests between workers and employers. In countries such as China and Qatar, where these rights are denied, inequalities are increasing and during violent situations no one knows how to solve them peacefully. Until these civilian, political and social rights are not respected, a political democracy will not exist. The general problems of these two conventions are that big countries are still not in; many categories of workers are still not included and anti-union discrimination is still widespread.⁷⁸

Nevertheless, ILO generates a positive impact through its modus operandi based on: monitor member-country compliance with the various conventions, call attention to

⁷⁵ “Although a recurring term in discussions related to working mobility, wages and the social security of workers, social dumping has neither a generally accepted definition, nor easily definable limits. It is rather a set of practices on an international, national or inter-corporate level, aimed at gaining an advantage over competitors, which could have important negative consequences on economic processes and workers’ social security”. The European Parliament Think Tank, to be consulted at www.europarl.europa.eu/thinktank

⁷⁶ TREU, *Globalization and human rights. Social clauses in trade agreements and in international exchanges among companies*, working paper, pp.9-12.

⁷⁷ A.OJEDA-AVILES, *Transnational Labour Law*, pp.90-100.

⁷⁸ ILO, *Integrated Strategy on Fundamental Principles and Rights at Work 2017-2023*, June 2018, p.11.

departures from the conventions, and provide technical and financial assistance for developing countries to help them upgrade their labour standards. This happened through capacity-building programs, exchange of good practices, promotional activities, social and public communications. In fact, thanks to these instruments there was a substantial progress in emerging economies.⁷⁹

The positive economic impact of the ILO labour standards brought to: an international framework for fair and stable globalization; a means of improving economic performance of each State; and World Bank and IMF started to make more references to the ILO social policies. Labour standards were incorporated in various forms into most of the codes of conduct of NGOs and multinational firms. This helped the creation of a new concept for multinational enterprises: Corporate Social Responsibility. The promotion of basic social rights in a globalized world is an instrument not only to regulate competition but also to promote a more balanced and sustainable growth.

For what concerns the regulation along the supply chain the most explanatory document is the “Tripartite Declaration of principles concerning multinational enterprises and social policy”. Tripartite because it was adopted in 1977 by the Government Body, and is the only document on corporate social responsibility that was elaborated and adopted by workers, employers and governments from around the world. Unfortunately, it is not a binding document with ratification or adhering process and there is no system for the filing and processing of any complaint or abuse. Nor is there any system of remediation or arbitration. This document is a political/moral statement, based on principles which make it a guidance “founded substantially contained on principles contained in international labour Conventions and Recommendations”.⁸⁰

The main message of the Declaration is that TNCs have to observe “good practices” in employment, compensation, training, health and safety and industrial relations when they operate in developing countries. The Declaration states that the TNCs “should provide the best possible wages, benefits and conditions of work, within the framework of government policies”⁸¹. Further, these wages and benefits “should be at least

⁷⁹ *Ibidem*

⁸⁰ ILO, *ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy*, 2017, introduction, Annex I.

⁸¹ ILO, *ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy*, p.18.

adequate to satisfy basic needs of the workers and their families”⁸².

This document does not give a legal definition of multinational enterprises but includes enterprises – whether fully or partially state owned or privately owned – which own or control production, distribution, services or other facilities outside the country on which they are based. They may be large or small; and can have their headquarters in any part of the world. It recognizes that MNEs often operate through relationships with other enterprises as part of their overall production process. In fact, the MNE Declaration is the only ILO instrument that provides, in addition to governments, employers and workers’ organizations, a direct guidance to enterprises on social policy and inclusive, responsible and sustainable business practices. It is based on a collaborative approach, differentiating rules and responsibilities and the crucial element is the dialogue between all the actors: dialogue between government and social partners; government, social partners and multinational enterprises; home and host countries of multinational enterprises and within the enterprises between management and workers.

The Declaration states that all Parties should “respect the sovereign rights of States, obey the national laws and regulations, give due consideration to local practices and respect international standards”⁸³ such as the ILO Conventions on Freedom of Association and Collective Bargaining.

While workers in multiple countries produce goods and services, most laws and international conventions stop at the borders of each individual country. Today, only voluntary guidelines such as these above, are among the international ‘regulations’ about global supply chains and serve as potential models for multinationals, in drafting codes of conduct, and governments for establishing internal policy guidelines and drawing up implementation regulations. The main problem of these guidelines is that they are not legally binding and consequently are not effective in ensuring that companies respect environment and workers’ rights along supply chains. In fact, commitments to the environment, health and safety work, the abolition of child labour, gender equality, respect for social dialogue, subjects of the ILO conventions, are not

⁸² *Ibidem*

⁸³ ILO, *ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy*, p.11.

fulfilled in large area of the world.⁸⁴

However, there were some attempts to establish a global binding standard to govern TNC behaviour. In 2000, UN Secretary-General Kofi Annan tried to promote a “Global Compact Initiative” (GCI) that sought the commitment of TNCs to respect basic labour, human and environmental rights wherever they operate. But like the 1977 ILO Declaration, the GCI was still non-binding.

In 2011, the UN Human Rights Council (HRC) adopted the PRR Framework advanced by the UN Rapporteur on Business and Human Rights, Prof. John Ruggie. The framework declares that — it is the “Duty of States to Protect Human Rights”, it is the “Duty of Business to Respect Human Rights”, and it is the “Duty of All Stakeholders to Find Remedy” if there are violations of human rights. The UN HRC came up with 30 or so guidelines on how business, government and other stakeholders can satisfy the “three pillars”. But again, these are still recommendatory and non-binding.⁸⁵

Subsequently, there was another attempt to underline the multinationals’ liability, establishing a binding agreement. In August 2013, at the Regional Forum on Business and Human Rights for Latin America and the Caribbean, and later at UN Human Rights Council 24th session in September 2013, the Representative of Ecuador before the UN made a declaration regarding “Transnational Corporations and Human Rights”. Ecuador and South Africa proposed to develop for the first time a legally binding instruments, to be concluded within the UN system, to make the headquarters of TNCs responsible for the working conditions of their overseas supply chain and have sanctions if are not implemented. Now they have already done the fourth session that take place on 15-19 October 2018, but they are not able to adopt a binding instrument.⁸⁶

In any case all these instruments, mentioned above, jointly emphasize that businesses impact on the entire spectrum of internationally recognized human rights. The effort carried out by the ILO, OECD and UN, with its universal character and the constitutional nature that may be attributed to its Charter, have played a major role to this end. All these bodies underline how is always more indispensable for all sectors in the society to engage with the topic of Corporate Social Responsibility.

⁸⁴ ILO, *Integrated Strategy on Fundamental Principles and Rights at Work 2017-2023*, p.19.

⁸⁵ R. E. OFRENEO, *From CSR codes of conduct to binding rules on corporate behaviour*, 8 August 2018.

⁸⁶ Fourth session of the open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights, to be consulted at www.ohchr.org

4.1.5 The Paris Climate Agreement and the Agenda 2030

The adoption of sustainability as an answer to sustainable development has become inevitable for any actor on the international scene, that even the Pope wrote an encyclical and the first edition was published in June 2015. The *papal encyclical*, on the environment, lies in the universal message of which Pope Francis is the bearer, which is addressed to all, including those who profess other faiths and non-believers. The document offers a photograph of the degradation of land, water and sky, an analysis of the causes and a series of suggestions to respond to current and future problems. The encyclical proposes a reflection on the situation in which the world finds itself: climate change, the problem of water, the loss of biodiversity with the consequent deterioration of the quality of life, social degradation, the spread of injustice in a climate of indifference and presumed impotence. The encyclical calls for a new start to be made on resources, land, water and agriculture.

In December, always of the same year, in Paris took place the signing of the *Paris Climate Agreement*, during the 21st Conference of the parties of the UNFCCC (UN Framework Convention on Climate Change).

The path towards this agreement was due to the limitations of the Kyoto Protocol, where some countries, among the largest emitters of greenhouse gases, did not commit to emission reduction targets: the United States has never ratified the protocol and China and India, which have become some of the largest emitters of greenhouse gases, are not on the list of countries subject to legally binding commitments. Following the failure of COP15 in Copenhagen in 2009, when no international agreement was reached. In September 2013, the Intergovernmental Panel on Climate Change (IPCC) published a report in which it categorically claimed that climate change exists and man is the main cause of it. After this, a climate Agreement became indispensable and, at the Conference of the Parties in Paris, 195 countries adopted the first universal and legally binding global climate agreement. The Paris Climate Agreement, in fact, sets out a global plan of action to put the world back on track to avoid dangerous climate change by limiting global warming well below 2°C. At the Conference 35 industrialised countries have finally agreed on deadlines for reducing greenhouse gas emissions and the use of fossil fuels. In addition to the environmental issue, the agreement reached at

COP21, recognises the social aspects of the fight against climate change (fight against poverty, food security linked to the vulnerability of food production systems, right to health, etc.)⁸⁷. It calls on developed countries to take the lead in promoting sustainable lifestyles and patterns of consumption and production. Finally, the agreement recognises the importance of the concept of "*climate justice*". To give effect to this, the agreement emphasises the need to aid developing nations reduce emissions and adapt to climate change.⁸⁸

On 4 October 2016, the European Parliament approved the ratification of the Paris Climate Agreement - in the presence of the President of the European Commission, the Secretary-General of the United Nations and the President of COP 21 - thus concluding the political process for the European Union to ratify the Agreement. Thanks to the ratification of the European Union, the Agreement entered into force as the threshold of countries representing at least 55% of total global greenhouse gas emissions was reached (Art. 21). At the same time, the EU Member States will have to ratify the Paris Agreement individually, according to the different national parliamentary processes.

The Conference of the Parties (COP) is the supreme body of the Convention and shall meet every year and now overall to review the implementation of this Agreement, to assess progress in achieving its objectives and to achieve its long-term objectives. Decisions can only be taken unanimously by the parties or by consensus. A *global stocktake* will be compiled every five years, starting in 2018, to review the progress made in reducing emissions by all countries, which will be encouraged to increase their efforts and accelerate cuts (Art. 14).⁸⁹ Beyond this periodic review, a technical committee made up of experts will be responsible for reporting annually to the Conference of the Parties on compliance with and implementation of the clauses of the agreement (Art. 15).⁹⁰ From 3 years after the entry into force of the agreement, a signatory country may request withdrawal (Art. 28).⁹¹

After the agreement's adoption, some problems immediately began to emerge and in

⁸⁷A. BOYLE, *Climate Change, The Paris Agreement And Human Rights*, in *International and Comparative Law Quarterly*, 67(4), 2018, 759-777.

⁸⁸*Azione per il clima - Accordo di Parigi*, to be consulted at www.ec.europa.eu/clima.

⁸⁹ UNITED NATIONS, *Adoption of the Paris Agreement*, Proposal by the President Draft decision -/CP.21, The Conference of the Parties, Twenty-first session Paris, 30 November to 11 December 2015, 12 December 2015.

⁹⁰*Ibidem*.

⁹¹*Ibidem*.

June 2017, US President Donald Trump announced the withdrawal of the United States from the Paris climate agreement and asked to begin negotiations to re-enter into the agreement or to make an entirely new one. Despite the withdrawal of the United States, Russia and China continue to comply with the commitments made in Paris. The Nicaraguan Government, which initially considered the agreement too weak, signed on 24 October 2017. Syria did the same during the Bonn conference (COP 23), leaving the United States the only country not to sign up to the Paris agreement. In any case, the withdrawal announced by Trump represents a serious failure for the agreement as the United States is the world's second largest producer of greenhouse gases, accounting for 15% of global emissions (2015 data)⁹².

Although the text of the Paris Agreement does not specifically refer to companies, they undoubtedly have a key role to play in this process, both in terms of their drive for innovation and in terms of their ability to facilitate the provision of new solutions to combat climate change, both for the contribution they can make in achieving the objectives of the agreement by acting on their own activities and reducing their environmental impact. On 8 December 2015, as part of "Caring for Climate", a series of events organized by UN Global Compact within COP21, 114 companies announced that they are committed to setting targets for reducing their emissions, in line with what scientists consider is necessary to keep global warming below the threshold of 2°C.

These 114 companies (including Ikea, Coca-Cola Enterprises, Walmart and Kellogg) have joined the "Science based targets" initiative. It is a joint project between the Carbon Disclosure Project, World Resources Institute, WWF and UN Global Compact, which aims to engage companies to set science-based emission targets and only approves business targets that meet these rigorous criteria. The targets of 10 companies have already been approved including: Coca-Cola Enterprises, Dell, Enel, General Mills, Kellogg, NRG Energy, Procter & Gamble, Sony and Thalys. Taken together, these 10 companies will reduce the emissions from their operations by 799 million tonnes of Co2 over the lifetime of the targets. These companies have also made ambitious commitments to reduce indirect emissions throughout the value chain.⁹³

These companies' commitments have been prompted from Thomson Reuters, world leader in providing trusted data and information to professionals to run better

⁹² *Sources of Greenhouse Gas Emissions*, to be consulted at www.epa.gov.

⁹³ *The Science based targets initiative*; data can be consulted at www.sciencebasedtargets.org/companies.

businesses. In May 2017, it published the report "*Global 100 Greenhouse Gas Performance: New Pathways for Growth and Leadership*", which reveals the greenhouse gas emissions of the 100 companies with the highest emissions. This document represents a global call to the most polluting companies to become "leaders of transformation". What this report underlines is that such a relatively small number of players could make a difference in the fight against climate change, mostly because they are the actors with the greatest impact. According to the Report, 100 companies (Global 100) generated 28.4 billion tonnes of carbon dioxide in 2015, accounting for a quarter of global anthropogenic greenhouse gas emissions. The top 30 names for the years 2014-2015 include multinationals such as Eni, Royal Dutch, British Petroleum, Toyota, Volkswagen, and Honda. Only when these companies will push forward solutions that meet or exceed customer needs while simultaneously reducing climate impacts, then we will be on the right path.⁹⁴

Following the Paris Conference, the 196 countries participating in the 22nd Conference of the Parties (COP22), held in Marrakesh from 7 to 18 November 2016, committed to intensifying their efforts with the "Marrakesh Proclamation": a collective response to the global warming emergency. Solidarity with the communities most exposed to the effects of climate change, eradication of poverty, food security, greater ambition and more cooperation: these are the challenges. First in Paris, then in Marrakesh, the countries definitely started on the path to a low carbon economy which requires a new vision and, especially, new production and consumption models.

The following year, at the Bonn Climate Change Conference, held from 30 April to 10 May, environment ministers from seven European countries called for the transition to a low-carbon economy to be accelerated. Germany, France, Sweden, the Netherlands, Finland, Portugal and Luxembourg re-launched the commitments made at the Paris COP21 and propose more ambitious obligations to combat climate change. This would be important because from the analysis carried out in the latest edition of the "Climate Change Performance Index" (CcpI), an annual study conducted by Germanwatch, the NewClimate Institute and the Climate Action Network published in December 2018, things do not seem to be going fast enough to allow us to achieve the climate targets set in Paris in December 2015. According to the study, which measures the climate

⁹⁴ D. LUBIN – J. MOORHEAD - T. NIXON, *Global 100 Greenhouse Gas Performance New Pathways For Growth And Leadership*, Thomson Reuters, May 2017.

performance of 56 countries responsible for producing 90% of global greenhouse gas emissions, no country is pursuing climate action consistent with the objectives set.

In addition, the United Nations Environment Programme (UNEP), which published its "Emissions Gap 2018" report on 27 November 2018, also reiterated that countries are not taking the necessary measures to avoid the worst effects of climate change, and that the commitments made in the Paris 2015 Agreement will not be met unless governments urgently introduce additional measures. The UNEP warning came before the key talks at the Cop 24 in Katowice, where governments have met to write the instruction manual for the commitments made in Paris in 2015.

Therefore, it is indispensable to have a common vision around the climate change issue. Even if this agreement does not impose direct binding sanctions, any failure to comply would in any case have significant consequences, with considerable damage in terms of reputation, financing and access to market mechanisms. In addition, we have to consider that meeting the Paris climate agreement targets could save around one million lives a year worldwide by 2050 by reducing air pollution alone. This is what the World Health Organization (WHO) says in a report launched at the UN COP24 climate conference being held in Katowice, Poland. The document, entitled "*COP24 special report: health and climate change*", states that exposure to air pollution causes 7 million deaths a year worldwide⁹⁵ and costs a total of US\$5.11 trillion in welfare spending. In the 15 countries responsible for the majority of greenhouse gas emissions, the health impact of air pollution is estimated to cost more than 4% of their GDP, while the actions to meet the objectives of the Paris agreement would cost about 1% of global GDP.⁹⁶

The milestone towards a sustainable approach was “the adoption of the SDGs – that - was truly historic and sets the long-term agenda for our world aiming to end global poverty, protect our planet and build a life of dignity for all by 2030”, as explained by Lise Kingo, Executive Director of United Nations Global Compact.⁹⁷ In September 2015, all 193 Member State of the United Nations adopted a plan namely “*Agenda 2030*” for achieving a better future for all, laying out a path over the next 15 years to

⁹⁵ WORLD HEALTH ORGANIZATION, *COP24 special report: health and climate change*, November 2018, p.4.

⁹⁶ WORLD HEALTH ORGANIZATION, *COP24 special report: health and climate change*, p.27.

⁹⁷ GLOBAL COMPACT NETWORK ITALY, *Italian Businesses: Practices Towards A Sustainable Development* p.19.

end extreme poverty, fight inequality and injustice and protect our planet. At the heart of this document there are the 17 Sustainable Development Goals articulated in 169 targets. Through Agenda 2030 a clear assessment has been made of the unsustainable current development model, not only from an environmental point of view, but also from an economic and social one. In this way, this is the highly innovative character of the Agenda, the idea that sustainability is not only an environmental issue is definitively overcome and an integrated vision of the different dimensions of development is affirmed. In addition, all countries are called upon to contribute to the effort to take the world on a sustainable path, without distinction between developed, emerging and developing countries, even if obviously the problems may differ according to the level of development achieved. This means that each country must commit itself to defining its own strategy for sustainable development that will enable it to reach the SDGs, reporting on the results achieved within a process coordinated by the UN. The implementation of the Agenda requires also a strong involvement of all components of society, from businesses to the public sector, from civil society to philanthropic institutions, from universities and research centres to information and culture operators. This reflects the aim of Goal 17, which seeks to encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.⁹⁸ In fact, multi-stakeholder partnerships represent important vehicles for mobilizing and sharing knowledge, expertise, technologies and financial resources to support the achievement of the sustainable development goals in all countries, particularly developing countries.

The SDGs provide a unique opportunity overall for big corporations to actively engage in and contribute to development issues, and for small-medium enterprises (SMEs) to grow and become more competitive. In this context, organizations such as the UN Global Compact are fundamental to translate the SDGs into business action and innovation everywhere, helping all the actors to achieve them. To do this, we urgently need to change lifestyles and consumption, but above all to rethink the model of development.

To promote the Agenda 2030 in Italy, in 2016 the Italian Alliance for Sustainable Development (ASviS) was created on the initiative of the Unipolis Foundation and the

⁹⁸*Multi-stakeholder partnerships & voluntary commitments*, to be consulted at www.sustainabledevelopment.un.org.

University of Rome Tor Vergata. The aim is to raise awareness in Italian society, in economic entities and in institutions and mobilize the various players to achieve the objectives of sustainable development established by Agenda 2030. But what's worrying is that "it is not working properly", as explained by Enrico Giovannini during the presentation of the last ASviS Report.⁹⁹ This underlines that, despite the improvement observed in many global indicators on economic and social issues, and the actions taken in the right direction by many countries, thousands of companies and cities, have not yet taken strategic choices needed to achieve, by 2030, the goals to which all world leaders have committed themselves.

4.2 National documents

At national level, the documents that I would like to underline are: the national strategy for sustainable development; the corporate social responsibility manifesto for industry 4.0; the legislative decree for Non Financial Declaration and the law 125/2014 for international cooperation.

In March 2018, the Council of Ministers entrusted the Presidency of the Council of Ministers with the task of coordinating the economic, social and environmental policies suitable for achieving the objectives set out in the National Sustainable Development Strategy by 2030. To this end, it was established a special "National Commission on Sustainable Development", chaired by the President of the Council or his delegate. *The National Strategy for Sustainable Development (SNSvS)* outlines a vision for the future and for development that is focused on sustainability, as a shared and indispensable value for tackling our country's global challenges. This strategy represents the first step towards the definition of the principles and objectives of Agenda 2030 at national level, assuming its four guiding principles: integration, universality, transformation and inclusion.¹⁰⁰ Starting from the updating of the "Environmental Action Strategy for Sustainable Development in Italy 2002-2010", entrusted to the Ministry of the Environment by law no. 221 of 28 December 2015, the SNSvS takes a broader perspective and becomes a strategic framework of reference of sectoral and territorial policies in Italy, drawing an important role for institutions and civil society in the long

⁹⁹ ASviS REPORT, *Executive Summary*, 2018, p.8-9.

¹⁰⁰ *La strategia nazionale per lo sviluppo sostenibile*, Ottobre 2017, to be consulted at www.minambiente.it.

process of implementation, which will continue until 2030. The Strategy is articulated in 5 areas: people, planet, prosperity, peace and partnership. Each area contains strategic choices and strategic objectives for Italy, related to the SDGs of Agenda 2030. A sixth area is dedicated to the so-called vectors for sustainability, to be considered as essential elements for the achievement of national strategic objectives.¹⁰¹

The Manifesto on Corporate Social Responsibility for Industry 4.0, launched in January 2018 by Confindustria, focuses on sustainability, which through innovation and corporate social responsibility is considered one of the pillars of economic development. In drawing up this document Confindustria has decided to focus on 3 of the 17 objectives of sustainable development: decent work and economic growth (goal 8): industry, innovation and infrastructure (goal 9); reduced inequalities (goal 10). It is divided into ten guidelines to guide companies along the path of corporate social responsibility as a strategic factor of competitiveness. The manifesto stresses the importance, in order to accelerate the path towards sustainable development, of involving small and medium-sized companies and persuading them to change their way of doing business.

Some of the contents of the manifesto are: greater governance for competitiveness; attention to social and environmental problems; support for innovation in business models and business strategies aimed at achieving SDGs; support for policies and management systems to ensure the integrity of behaviour; fight corruption; develop of public-private partnerships and partnerships with the non profit sector. The words sustainability, shared value and corporate social responsibility are the basis of corporate governance in these difficult times and are the levers that make it possible to reduce costs, increase productivity, attract consumers and investors and seize market opportunities.¹⁰²

Subsequently, another important change was given by the Legislative Decree n. 254 of 30th December 2016, that transposes in the Italian law the 95/2014 EU Directive. A new era has opened up in the debate that has been going on for years about the inclusion of sustainability aspects and the introduction of ESG (Environment, social and governance) elements in the strategies of large companies and business groups.

The Legislative Decree introduces the mandatory requirement to draw up and publish a “*Non Financial Declaration*” (NFD), along with financial ones, to consent a better

¹⁰¹ *Ibidem.*

¹⁰² *La responsabilità sociale per l'industria 4.0*, 2018, to be consulted at www.confindustria.it

evaluation of companies' activities, results and impacts. It became effective from January 2018 and its provisions shall apply to financial years beginning on or after 1 January 2017. The non-financial declaration provides the obligation to report for companies with 500 employees, assets in the balance sheet greater than € 20,000,000 and net revenues greater than € 40,000,000 or considered as an entity of public interest¹⁰³. These companies are obliged to draw up a declaration that allows understanding the activity and performance of the company in relation to environmental issues, social issues, workforce and diversity policies, respect for human rights and the fight against corruption. Also organizations other than EPI can draw up a Non-Financial Declaration, but on a voluntary basis in accordance with the provisions of the decree.

Article 3 of Consob¹⁰⁴ Regulation of 19 January 2018, implementing Legislative Decree no. 254 of 30 December 2016, requires at comma 3 that Consob has to publish annually on its website the list of parties that have reported the non-financial declaration. In this way, the company's non financial reporting is subject to compliance proceedings and is also subject to supervision and possible sanctions by Consob. This appears as a cultural change capable of substantially modifying both the rules and the players of the game.

Approximately 250 companies have entered into the obligation and have prepared the documentation to be attached to the 2017 financial statements¹⁰⁵. Some companies have been doing this for some time, confirming that there are different sensitivities within the business system.

Regarding this legislative decree, the most critical issues, on which the Senate had invited the Government to be more courageous, are related to the scope of the decree and the reporting standard. The fact that it refers only to public interest entities (PIEs) as governed by Article 16, paragraph 1 of Legislative Decree No. 39 of 27 January 2010, namely listed companies, banks, insurance companies, reinsurance companies with certain size characteristics related to employees and turnover, severely limits the

¹⁰³ Articolo 16, comma 1, D.Lgs. n. 39/2010.

¹⁰⁴ CONSOB, the national commission for companies and the stock exchange, is an independent administrative authority whose activities are aimed at investor protection, efficiency, transparency and the development of the Italian securities market. It performs the supervisory function together with the Bank of Italy.

¹⁰⁵ CONSOB, *Soggetti che hanno pubblicato la dichiarazione non finanziaria*, to be consulted at www.consob.it

disruptive and revolutionary role of the decree.¹⁰⁶ In addition, as far as the reporting standard is concerned, both the directive and the transposing legislative decree leave the freedom to generally adopt "reporting standards" issued by authoritative supranational, international or national bodies. Perhaps it would have been more appropriate to affirm the principle of taking the Global Reporting Initiative (GRI) model, which at the moment proves to be the most authoritative, as a reference in order to ensure greater homogeneity in the drafting of non-financial disclosures.¹⁰⁷

Another concrete step forward in this sense regards the fact that, from July 2015, the Code of Conduct for Listed Companies of the Italian Stock Exchange provides for the creation of the Sustainability Committee within the Board of Directors. The reform refers to sustainability in relation to the medium-long term vision of the organization. The Board of Directors must keep under control the risks that may arise from incorrect conduct in a perspective of sustainability and must also monitor the effective functioning of the system of internal controls and risk management. In addition, some tools have been introduced against corruption and illegal behaviour, such as the legislation on whistle blowing¹⁰⁸, which is an important step forwards a cultural change. Finally, in January 2036, the regulations relating to the reform act 125/2014 for international cooperation entered into force. Regarding this reform act, one of the main changes is the creation of the *Italian Agency for development cooperation*, which has the task of verifying that the members respect international standards in terms of human rights, social responsibility and environmental protection and that they have not behaved in a manner connoted by serious negligence in the implementation of projects or in the exercise of their activities. With this new structure determined by the reform, Italian cooperation also strengthens the tools to promote greater internationalization of companies, which is a synthesis of new opportunities and promotion of development through the strengthening of the private sector in the countries of the South of the world. In this scenario, the willingness of companies, non-profit organizations and institutions to feel part of a single system is a fundamental condition for development. This orientation becomes even more necessary when companies operate in countries in the

¹⁰⁶ L. FERRATA, *Il decreto sull'informazione non finanziaria è legge*, in *Asvis*, to be consulted at www.asvis.it/goal12.

¹⁰⁷ *Ibidem*

¹⁰⁸ Law 179/2017 on whistle blowing: thanks to this law, employees who report crimes or irregularities of which they have become aware for work reasons are protected.

South of the world where they can have a major impact. In those areas, while pursuing their goals of opening up new markets and making a profit, companies have also to work together to reduce poverty in local communities.¹⁰⁹

4.3 The Code of conduct and the Social Report

In addition to international and national guidelines, there are also documents that have become essential within an organization such as the Charter of Values, the Code of Ethics and the Code of Conduct to regulate relations between the organization and its publics. The charter of values is a document that summarizes the shared principles, fundamental values and guidelines that address the choices of an organization. The code of ethics summarises the lines of conduct required of those who work in the organisation vis-à-vis stakeholders and clarifies the basic principles that guide company decisions and processes. The Code of Conduct is based on principles of conduct such as moral integrity, personal honesty, fairness in internal and external relations, transparency and responsibility towards the community. This tool aims to recommend, promote or prohibit certain behaviours and for this reason it is also signed by external parties.

A sign of the improvement of CSR policy was that many multinationals started to develop a code or a charter in order to address their internal and external behaviour, and already in 2004, more than half of the large multinationals had got it. Such codes are of a soft nature since they are mostly developed by company management and consist of commitments freely entered into by the company. In some cases, the code provides nothing more than a general statement that recognizes the international standards, while in others there is a detailed elaboration of the rights as well as the ways in which the company seeks to advance them. These documents are public via internet and are intended to signal virtue to the firm's competitors both within and outside the sector. They signal the social and environmental achievements of the firm to other corporations in order to persuade them to adopt similar measures and standards of responsibility, thus levelling the playing field. These documents aim to overcome collective action

¹⁰⁹ R. SOBRERO, *Sostenibilità competitività comunicazione. 20 idee per il futuro*, p. 49.

problems and to underline commitments to social responsibility.¹¹⁰

Among the instruments useful to draw the strategy of the company there are also certifications and social reports that are useful for accountability, auditing and reporting. Before drafting a report, it is essential to receive the recognition of the products' quality, the respect for the environment and the safety and health of workers by an external body. A number of additional certification bodies were created to formulate mechanisms for monitoring adherence to corporate social reports. Some of these are: International Organization for Standardization (ISO); Social Accountability International (SA8000); the Collegiate Licensing Company (CLC); the Worldwide Responsible Apparel Production (WRAP); Verité, which especially monitors human right and Bureau Veritas, world leader in inspection, compliance verification and certification services¹¹¹. The certifications, granted by these external actors, are useful to validate the business activity according to ethical, social and environmental parameters and are used in communication also to enhance the sustainability of the business. Some of these are: ISO 14000 that establishes the guidance for an environmental management system and ISO 14001, which defines how to set up an effective environmental management system (EMS). Then we have the UNI ISO 45001 international standard (Occupational Health and Safety Assessment specification) which replaces the OHSAS 18001 - whose compliance ensures respect with the requirements and allows the organization to better assess risks and improve its performance.¹¹²

In addition, there is the Social Accountability International, founded in 1997, to harmonise the growing number of code of conduct put in place by companies. Its aim is to develop and verify the implementation of voluntary corporate social responsibility standard, the first of which was called SA8000 certification that helps certified organizations to demonstrate their dedication to the fair treatment of workers across industries and in any country¹¹³. This standard is based on ILO Conventions, the Universal Declaration of Human Rights and the United Nations Convention on the Rights of Child. The SA8000 comprises nine key areas : child labour; forced labour;

¹¹⁰ A.OJEDA-AVILES, *Transnational Labour Law*, pp.90-100.

¹¹¹ D.K. BROWN - A. V. DEARDORFF - R.M. STERN, *The Effects of Multinational Production on Wages and Working Conditions in Developing Countries*, Research Seminar in International Economics, Discussion Paper No. 483, 30 August 2002, p.20.

¹¹² *Bureau Veritas Italia, Certificazione ISO 45001 - Sistema di gestione della Salute e Sicurezza sul Lavoro*, to be consulted at www.bureauveritas.it.

¹¹³ OECD, *Combating Child Labour: A Review of Policies*, p. 75-77.

health and safety; compensation; working hours; discrimination; discipline; free association and collective bargaining and management systems.¹¹⁴

Among these certifications, there is also the guideline UNI ISO 26000, published on 1 November 2010, represented the end of a long and complex journey, started by ISO in 2005 with the aim of filling a gap in the ISO Social Responsibility of Organizations system. It represents, in fact, the result of the broadest international consensus among experts and key stakeholders and has been developed with the aim of encouraging the adoption of best practices in the field of social responsibility worldwide.

Regarding ISO 26000 we have to consider that is a guideline and not a standard: this means that it will not be certifiable by a third party on the model of quality management systems, environment health and safety, or, to remain to the theme of CSR as the SA8000, but is a guide to concepts, principles and practices related to Corporate Social Responsibility. This means that a company or organisation wishing to adopt these new guidelines cannot rely on an external company to certify its commitment in the field of social responsibility, but must confront itself with its stakeholders, first and foremost the trade union with regard to relations and working conditions, so that they can assess whether or not they comply with the contents of ISO 26000.¹¹⁵

Even if cannot be certified by an external body, it can be considered an excellent tool to spread culture on CSR rather than to manage it and to understand how CSR impacts on key issues such as: human rights, labour, environment, corporate governance, business behaviour, consumer rights, community involvement. Therefore, it does not offer practical solutions that can be immediately used in organisational contexts, but rather focuses on a deep thought from in order to build an effective CSR culture within organisations.

These certifications, coming from external bodies, make sustainability claims credible by checking company's sustainability indicators and practices. Without an external verification, an enterprise risk lack of reliability and high self-referentiality. In the past there have been companies with very well done social budgets, but which in practice have made disasters to the environment and the surrounding community, because without certifications by third parties. Adapting to these standards and certifications, the

¹¹⁴ SA8000 - A Social Accountability Standard, to consult at <http://www.sa-intl.org>

¹¹⁵ International Organization for Standardization, ISO 26000 - Social responsibility, to be consulted at www.iso.org.

company turns words into action, making its reputation more reliable both for other enterprises who want to collaborate and for stakeholders already engaged in his business, setting a strong long-term relationship.¹¹⁶

Thereafter, it is necessary to communicate the results obtained in a comprehensible and effective manner. The corporation's primary CSR application communication tool is the reporting activity that sees in public reporting and in the *Triple Bottom Line (TBL)* its application. This last one was proposed by Elkington in 1994 and is an accounting framework, which consists of three P: profit, people and planet. It aims to measure the financial, social and environmental performance of the corporation over a period of time. Only a company that produces a TBL is taking account the full cost involved in doing business with a minimum of negative consequences for all the three components¹¹⁷. In fact, the use of the TBL should not only look at the result of the economic line, but the TBL in order to be optimized, must consider also the environmental and social variable as a critical size to be monitored, taking into account the possible presence of externalities (positive or negative) that, not having a price, are difficult to evaluate in monetary terms. In this case, *KPI (Key Performance Indicators)* can be used to assess these externalities. These are the set of indicators that make it possible to measure the performance of a given activity or process. Performance indicators must be quantifiable and measurable and should be chosen on a long-term basis, and not change in the short term, in order to be comparable.¹¹⁸

After the Triple Bottom Line, in order to enable organizations to comparably report the social impact of their activities and the information contained in the annual reports, numerous national and international standards have been developed. The most authoritative, as a reference in order to ensure greater homogeneity in the drafting of non-financial disclosures is the *Global Reporting Initiative (GRI)*. This is an independent international organization, established in 1997, that has pioneered sustainability reporting. It is recognised as the main reference model at international

¹¹⁶ BUREAU VERITAS, *Sustainability from A to Z*, 2015, pp.7-10.

¹¹⁷ THE ECONOMIST, *Triple bottom line*, November 17th 2009, available at: <http://www.economist.com/node/14301663>. This article is adapted from “The Economist Guide to Management Ideas and Gurus”, by Tim Hindle.

¹¹⁸ IMPRONTA ETICA- SCS CONSULTING, *Linee guida per la misurazione dell'impatto sociale*, Giugno 2016, pp. 45-47.

level for sustainability reporting. The Annual Report of a company, in fact, is prepared in accordance with the reporting guidelines defined by the GRI. It was jointly promoted by CERES - Coalition for Environmentally Responsible Economies – Tellus Institute and the United Nations Environment Programme, with the aim of designing, promoting and disseminating general adherence guidelines for voluntary reporting of economic, environmental and social performance. In fact, it helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being. In this way, this initiative aims to make social reporting as regular and credible as financial reporting in terms of rigour, verifiability and comparability.¹¹⁹

The Sustainability Reporting Standards (GRI Standards) are the first global standards for sustainability reporting. They feature a modular, interrelated structure, and represent the global best practice for reporting on a range of economic, environmental and social impacts. The practice of disclosing sustainability information inspires accountability, helps identify and manage risks, and enables organizations to seize new opportunities. Reporting in line with the GRI Standards supports companies, public and private, large and small, to protect the environment and improve society, while at the same time thriving economically by improving governance and stakeholder relations, enhancing reputations and building trust.¹²⁰

Over the years, the GRI has updated its guidelines, up to the fourth version known as G4 of the Global Reporting Initiative, allowing the drafting of the Sustainability Report of several companies. On 19 October 2016, the Global Reporting Initiative presented the new sustainability reporting standards that definitively exceeded the G4 guidelines on 1 July 2018.¹²¹ The new structure includes: 3 universal standards, i.e. standards applicable to any type of organization, which are intended to support the Sustainability Report author in reporting relevant contextual information and how the organization manages material issues; 33 specific standards, divided into economic, social and environmental issues.

The new Guidelines, adopting a universal language, allow producing non-financial

¹¹⁹ *Global Reporting Initiative*, to be consulted at www.globalreporting.org.

¹²⁰ THE ECONOMIST, *Triple bottom line*.

¹²¹ GRI Sustainability Reporting Standards are made up of a set of 36 interconnected and modular standards (3 universal standards and 33 specific standards), designed to ensure flexibility and able to respond to the specific needs of each organization that prepares a sustainability report.

information that is uniform and therefore allows companies to be more transparent in communicating the impact of their activities on the economy, the environment and society. In addition, the GRI standards help organizations make better decisions and contribute to the UN Sustainable Development Goals (SDGs).¹²²

Regarding the integration of SDGs into corporate sustainability reporting, 1 August 2018 thanks to the collaboration between the United Nations Global Compact (UNGC) and the Global Reporting Initiative (GRI), the Report "*Integrating the SDGs into corporate reporting: a practical guide*" was published. This document complements a toolkit that aims to improve companies' reporting on their Sustainable Development Goals, to measure and report on actions and progress towards achieving Agenda 2030. The guide does not create a new framework, but follows an approach that is in line with the Ten Principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the GRI Sustainability Reporting Standards.¹²³ Here below there are the steps outlined in this guide.



¹²² THE ECONOMIST, *Triple bottom line*.

¹²³ GLOBAL REPORTING INITIATIVE – UNITED NATIONS GLOBAL COMPACT, *Integrating the SDGs into corporate reporting: a practical guide*, August 2018, p. 4-5.

These instruments mentioned above, are fundamental for the enterprises in order to draw up their reports. One of the main reports drafted by a company is the *Sustainability Report*, born as a tool in the 80s and 90s to respond to the market's need for a greater level of companies' transparency about the risks and opportunities they face. Sustainability Report is the central tools with which companies that intend to adopt "socially responsible" behaviour account for their economic, environmental and social impacts caused by its everyday activities. The growing attention to the reporting of non-financial information has also brought with it a progressive interest in the concept of social impact and in the development of methodologies suitable for its measurement. Over the years, in fact, there has been an evolution, within the reporting standards, of the subject of sustainability reporting: from the single concept of economic, environmental and social performance to a growing inclusion of the notion of impact, the measurement of which makes it possible to identify not only the outputs of the business activity but also its outcomes (socio-economic benefits).¹²⁴ Major providers of sustainability reporting guidance include: GRI (GRI's Sustainability Reporting Standards); The Organisation for Economic Co-operation and Development (OECD Guidelines for Multinational Enterprises); The United Nations Global Compact (the Communication on Progress) and The International Organization for Standardization (ISO 26000, International Standard for social responsibility).

The indispensability of having a global vision comes with the *Integrated Report* as a single document containing both financial information enclosed in the annual report and non-financial information contained in the social reports or the sustainability report. An integrated report is a concise communication tool about how an organization's strategy, governance, performance and prospects, in the context of its external and internal environment, lead to the creation of value in the short, medium and long term.

In addition, this tool launches the vision of CSR as an opportunity for growth in company's performance, including the financial and non- financial ones.¹²⁵

One of the problem of sustainability reports that is necessary to underline is that sometimes are not very sustainable because to draw up a report there are documents that are not used and this entails a waste of resources. For this reason, in recent times was proposed the *Open Report* as a reporting portal that communicates dynamically and

¹²⁴ *About Sustainability Reporting*, to be consulted at www.globalreporting.org

¹²⁵ *Ibidem*

interactively how sustainability strategies are translated into choices, activities and concrete results that can be immediately found online. In this way, the company supports a communication in progress, stable over time and oriented towards stakeholder involvement, such as that of LGH, which is one of the first companies to present an Open Report. In fact, with this report you can choose the theme that you are interested in deepening, customizing the navigation. The matrix of materiality represents the relevant themes for LGH's sustainability, which guide its action. They are divided into three dimensions - social, environmental and economic - and positioned on the graph according to the relevance defined by LGH and its main stakeholders. Each theme is dynamically linked to the Global Goals for sustainable development of the UN Agenda 2030. The Open Report is therefore a tool that connects the company with the territory, allowing, with a dedicated section, stakeholders and citizens to be active in the construction of contents.¹²⁶

All these instruments (international and national documents, code of conduct, certifications and social reports) became essential in order to define the strategy and accountability of the company. As enterprises begin to include social and environmental dimensions in their Annual Report, they can be used as a communication tool to increase awareness about these issues both in the stakeholders and in the external environment in general. In fact, it is much more likely that companies with a socially responsible attitude will present much more honest information. Nowadays, to certify the undertaken commitments, sustainability and integrated reports represent strong instruments with a real impact. Corporations, through them, gain the trust of consumers indicating that are trustworthy, making coherent what is declared by the actions performed on a daily basis. Although they are considered only a soft law without sanctions and only internal standards to judge corporate behaviour, many companies are truly committed about their statements, because, as seen before, give false statements have a big weight on the corporation's reputation and profitability. For this reason, what requires more attention are mechanisms for transparency and dissemination of the codes along the entire production chain, the adoption of appropriate and effective control mechanisms and finally, the setting up of monitoring procedures. As mentioned before,

¹²⁶ *Open Report LGH: la nuova comunicazione digitale per la sostenibilità*, to be consulted at www.openreport.lgh.it

certifications, the adoption of G4 of the Global Reporting Initiative and the Key Performance Indicators to measure the progress of a project, are fundamental instruments that assess the company's accountability.

This meaningful change is due to the fact that, over time, businesses have understood that they must reconnect company success with social progress, in order to achieve economic achievement. In order to get this, it will require the commitment of all the actors to work together to enable shared value rather than work against it. In this context the international efforts of the UN, the ILO, the OECD and of the national government to draft several international and national instruments in order to drive the business behaviour represent an important step forward. Even if these documents are recommendations and are not legally binding, they aim to ensure that the operations of all the organizations are in harmony with government policies, to strengthen the basis of mutual confidence between enterprises and the societies in which they operate and to enhance the contribution to sustainable development made by all the sectors in society.

In addition, in recent years, market starts to be the place where competition among producers allows social preferences to affect the choice of various agents, such as the ability of individual consumers to choose some products over others based on social values. This behaviour made realise multinationals - which do not comply with CSR policies – that they might have a heavy disadvantage for their profitability. For these reasons, many corporations, to ensure corporate accountability, started to take into account the environmental and social impact in their business model. To implement the culture of sustainability, from one side, consumers have to stay always informed about how corporations produce what they buy. From the other side, firms, governments, NGOs and all the actors involved have to promote CSR in plain language through reports, advertising campaigns, press office, etc., both online and offline. In this way, consumers will be more involved in environmental and social issues and gain more awareness about the product.

At the end, States, international organizations, public administration and companies must assume their own responsibility and stop to turn a blind eye. Global challenges – ranging from climate, water and food crises, to poverty, conflict and inequality – are in need of solutions that the private sector can deliver, representing a large and growing market for business innovation. The SDGs represent a unique opportunity to actively

engage in and contribute to development issues. In this context, international organizations such as the UN Global Compact are fundamental to translate the SDGs into business action, helping all the actors to achieve them. For organizations wanting to advance the Agenda 2030, the job starts by acting responsibly and understanding that good practices or innovation must involve every single sector, not just one. For this reason, integrity and values will have a huge role to play. Therefore, Corporate Social Responsibility, always more, is a different way of doing business and does not represent the final goal of a company. It is an unavoidable way of working and who decides to not follow this concept as the mainstream of its activities, probably will run a big risk being out of the market, whereas companies that do business responsibly and find opportunities to innovate around sustainability will be the business leaders of tomorrow.

Chapter 2

FROM THEORY TO PRACTICE

SUMMARY: 1. Randstad Italia Group S.p.A. and its social sustainability. - 1.1 Randstad CSR projects and initiatives. - 1.2 Randstad certifications. - 1.3 From the Sustainability Report towards the Integrated Report. - 2. Edison with a focus on its environmental sustainability. - 2.1 Edison's Governance 2.2 Relations with stakeholders. - 2.3 Towards low carbon commitment and reduction of impacts. - 2.4 Increasingly sustainable energy. - 2.5 Special attention to the safety of communities and biodiversity. - 3. Cesvi Fondazione Onlus – Cooperation and development. - 3.1 Transparency as success factor. - 3.2 Partnership profit-non profit: the logic of contamination. - 4. Progetto Quid – when fashion becomes ethical. - 4.1 The enhancement of human resources. - 4.2 The relationship with the profit sector. - 4.3 The results and future path.

1. Randstad Italia Group S.p.A. and its social sustainability

Randstad Group is a North European company since was founded in Amsterdam in 1960 and is present in 39 countries. Randstad has been operating in Italy since 1999, with its headquarter in Milan, and a dense network of 275 branches developed throughout the country. The company is a Labour Agency specialising in the search, selection, training and administration of personnel. It is the second agency at world and national level and, in 2017, boasts more than 1.5 billion euros in revenues, 2,195 internal employees and more than 107,000 workers administered (who work for client companies) with a widespread presence throughout the country.¹²⁷

Given Randstad core business, I will try to focus more on its social sustainability, because is the field in which is expected to be more reliable, analyzing the strategy function of its Integrated Report, prepared in accordance with the guidelines of the Global Reporting Initiative (GRI), in its G4 version.

Since the 1960s, Randstad has been aware that its success depends on society, implying a set of actors who benefit from the positive effects of working together towards a common goal. For this reason, Corporate Social Responsibility (CSR) is a key element in Randstad's way of working. In addition, the Northern European matrix led the company to pay attention to certain values: first of all to the human one (truly human) and then to the aspect of soft skills, therefore the ability to be respectful people,

¹²⁷ RANDASTAD INTEGRATED REPORT, p. 7.

predisposed to listen to others and to diversity. Training and involving staff are key rules for good corporate social responsibility practice, as is the ability to manage talent and employee expectations. These efforts create a positive atmosphere that has an impact on the business performance, showing how the development and competitiveness of a company depends on its human resources, even more if it is based on sustainability principles. National and international bodies, European directives and opinion movements are changing the way the company thinks about its role, requiring precise social and environmental responsibilities. In addition, young talents approach the labour market considering corporate culture and corporate social responsibility increasingly important elements in the choice of the employer and therefore these aspects cannot be ignored today.

For a company, like Randstad, where social role is predominant in its core business, because it puts those who offer work in contact with those who seek work, the economic and financial results depend even more on the behaviour put in place with all stakeholders who, each with its own role, characterize the complex labour market: workers, companies, institutions, trade unions, media, etc. Promoting the interest of all those involved, and creating shared value, in a transparent and constructive way, becomes the best way to build a solid competitive advantage and at the same time contribute to the development of the country.

For these reasons, Randstad try to put at the centre of its activity the value of the person - worker, employee, and customer - accompanying them in their own development, entering into a relationship with each one, listening to their needs and requirements and being able to give coherent and precise answers. This process is carried out with *ad hoc* tools, surveys, both with employees and with customers and workers, and with increasing frequency because in a world in continuous and rapid change the timeliness of responses becomes decisive. The propensity for human relationship is a distinctive characteristic that the stakeholders recognize to Randstad and that is even more present today because the way in which we live, work and relate is changing rapidly. Today, technology and digital tools have become a daily component of everyone's life, changing the way people connect to the labour market as well. Faced with this scenario, the company has chosen to continue to build its actions around people, going beyond, forward. Hence, the foundation of *Human Forward* represents the new Randstad

positioning that aim to support people and organizations in realizing their true potential.¹²⁸

1.1 Randstad CSR projects and initiatives

Since its inception in Italy in 1999, the company has always shown commitment to social responsibility issues, with particular attention to its employees and the community, as well as to the definition of a series of policies and rules of conduct that, inspired by the values of honesty, legality and transparency, have defined a clear framework of business ethics. In fact, in addition to involvement and listening, they continue to invest in a series of initiatives dedicated to their employees to contribute to their engagement, considered essential to achieve high performance and improve service standards. In 2017, data that most testify Randstad's commitment towards employees, young people, local community, society and the environment were: 438,227 euros paid for the nursery for employees' children, 66,300 hours of training offered to employees, 400 high schools, 70,000 young people met for work orientation and 1.100 work-school internships offered by the Youth@Work division, 263 asylum seekers and 222 long-term foreigners trained between Milan and Turin under the Without Borders project, 80% of women in the company and 100% of electricity consumed from renewable sources.¹²⁹

¹²⁸ RANDSTAD INTEGRATED REPORT 2017, p.15.

¹²⁹ RANDSTAD INTEGRATED REPORT 2017, p.8

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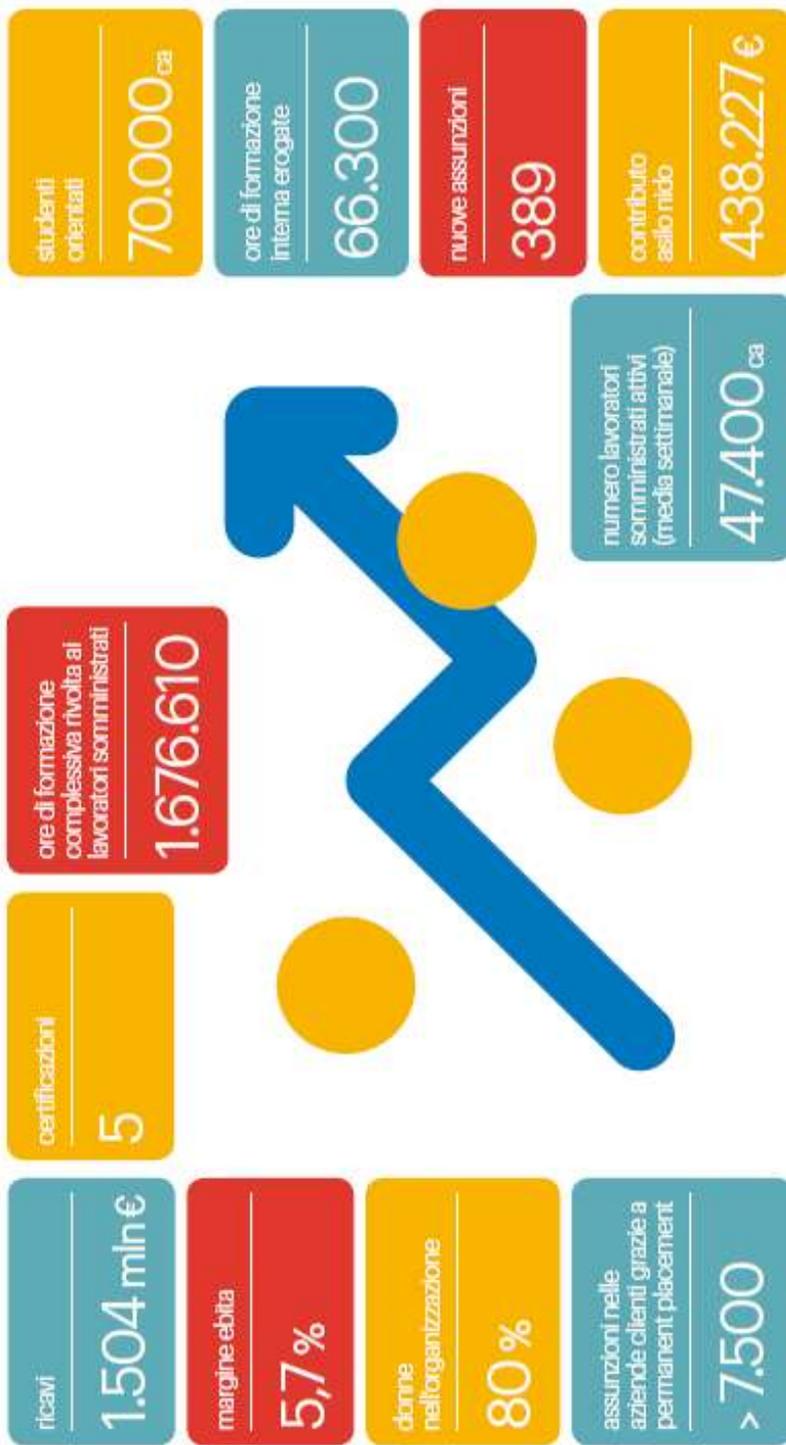
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connessioni.

highlights 2017.



report integrato 2017.

8



Some of the most significant projects and initiatives of 2017 have been:

- children in the office: each employee can go to work with their children (but also with their parents) to spend time with them, alternating leisure and work activities;
- supplementary health care, which allows employees to access health facilities with which they have an agreement¹³⁰;
- the monthly contribution of € 250 to employees with children attending the nursery school to promote work-life balance, known as Baby Randstad. In 2017, 239 employees benefited from it, for a total amount of €438,227. This is a considerable cost for the company, but at the same time it is such an important measure for young mothers that it allows a rate of return after parental leave of 96%.¹³¹
- the possibility of using ailments, i.e. 5 days a year when Randstad allows its employees to be absent without requiring a medical certificate;
- Smart working, i.e. the possibility of working from a private place¹³² for one day a week or four days a month, facilitating the balance between private and professional life, with positive effects on motivation and performance¹³³

Randstad's work with young people is in line with the Group's strategic orientation, linked to the new challenges they are facing. To enable companies to find resources and talents in line with the skills required by the market, they must guide and train young people, combining their activities with the expectations and skills of each of them. The *Youth@Work* sector and the professional courses operate in this context, offering various opportunities for young people to enter in the labour market. Moreover, Randstad focuses very much on the development of projects of school-work alternation throughout the national territory, realizing meetings of an orientation character. In the

¹³⁰ The Est Fund, provided for employees, mentions in its regulations that the recipient companies are obliged to register to EST all employees with permanent employment contracts and apprentices whose relationship is regulated by the same national collective employment contracts.

¹³¹ RANDSTAD INTEGRATED REPORT, p 59.

¹³² The place chosen for the performance of the work may be any office/branch of Randstad or private place, including the domicile of the employee himself, with the express exclusion of public places or places open to the public.

¹³³ Smart Working can be used by employees with at least 1 year's seniority in the company.

school year 2016-2017, the Youth@Work division visited a total of about 400 schools and universities, activating more than 1,100 work-school internships and orienting about 70,000 students through various activities and projects. Randstad has strengthened its position in the world of education by significantly increasing its activities in schools and universities in direct, indirect and multi-stakeholder form, exploiting the dense network of collaborations with companies, associations, profit and non-profit foundations. In addition, the company focuses on hiring young people or recent graduates because in this way they have the opportunity to train and absorb the corporate culture, avoiding a continuous change of resources.¹³⁴

The "*Without Borders*" project is one of the most important projects carried out in 2017. The project focuses on the orientation and training of immigrants in Italy, in particular on parents who, in turn, are the first orientation of their children. This project derives from Randstad's strong belief that every worker has equal dignity, regardless of personal characteristics, and that's just respecting what the company believes in. On the other hand, this project is based on the clear awareness that legal immigration is not a phenomenon that will close in a short frame of time. This means that helping people in difficult situation also means investing in a lever that will guarantee the company's future engagement.

This project provides training courses, in partnership with the public sector, includes Italian language courses, active job search courses and professionalizing courses for basic professions for foreign asylum seekers and international protection (with a regular permission), or for long-term residents. At the end of the active job search and professionalization courses, the candidates are specifically notified to the branches so that they can promote their candidature in companies, as trainees or employees, especially in those companies most sensitive to these issues. In this way, Randstad integrates its social responsibility actions with business actions.¹³⁵

As we can perceive, the attention to the value of the person is done without any prejudice of gender, ethnicity, religion, sexual orientation, age, etc. Having teams that

¹³⁴ Randstad Integrated Report 2017, pp 67-70.

¹³⁵ Randstad Integrated Report 2017, p. 40.

are heterogeneous creates value in the company and it increases the ability to meet the challenges of the complex reality that surrounds us and therefore the business opportunities. Bringing together all the diversities makes the difference because otherwise resources would be wasted; for these reasons, attention to the human resources and its management bring better results. As seen from the paragraph above, they have 80% of women in the company both in top managers and in business lines with measures to support women at work. The company has implemented hourly flexibility, smart working and the monthly contribution of € 250 to employees with children attending the nursery school to promote work-life balance. These initiatives allow a rate of return after parental leave of 96%. Over time there have been many other goals, first of all the attention for young people, in fact, the company promotes many projects that annually involve young people in both orientation and training activities, as seen before with the activities carried out by Youth@Work. Another issue they have come up with in recent months is immigration and Randstad focuses on work inclusion as an important tool to create real inclusion, as demonstrated by the “Without Borders” project. In 2017, the company has activated projects in Milan and Turin for a total of 27 courses for asylum seekers.

1.2 Randstad certifications

The company believes in the importance of official recognition of its ethical and social commitment, as well as in the quality of the service offered. For this reason, the company has decided to undertake certification processes that objectively and verifiably guarantee compliance with quality and sustainability parameters in its business processes. Since 2002, Randstad has obtained a series of certifications that have enabled it to develop an Integrated Management System (IMS) for quality, environment, credit risk management and social responsibility.

In particular, the company has *GEEIS certification* (Gender Equality European & International Standard for equal opportunities) that allows them to maintain a high level of attention to people, creating the conditions for a truly inclusive environment. They have also a *SA8000 certification* that represents a guarantee of the ethicality of Randstad Italia's way of operating, with a commitment to raising the standards set by the SAI

(Social Accountability International). The Randstad Group is committed to promoting the understanding and dissemination of the Quality and Social Responsibility Policy to all personnel, making it visible to the outside world through publication on its website.

The Randstad Italia Group has also obtained an *ISO 9001 certification*. The company aims to provide a high quality and professional level of service through a policy based on: customer satisfaction; accurate management of structural and temporary workers; constant attention to the evolution of the market and constant commitment to updating the methods of providing the service.

In line with the integrated Quality, Environment and Social Responsibility Policy, the Randstad Group complies with the *ISO 14001 standard*. The company carries out its activities in a responsible manner in order to prevent, control and reduce any impact on the environment. In this sense, to give continuity to its efforts, it commits to comply with the following addresses and general objectives: ensure full compliance with and compliance with all applicable environmental laws, regulations and other provisions; pursue continuous improvement of its performance and reduction of the environmental impact of its activities, through better waste management; promote the competence, awareness and sense of responsibility of its employees towards the protection of the environment; promote and implement an internal "Green" purchasing policy as indicated in the "Supplier Code".

Randstad is also *ISO 27001 certified* as it aims to ensure high standards of security and protection of personal data and information in line with international technical standards and best practices. This is why it is an organisation with a certified Information Security Management System (ISMS), which means managing its activities with a focus on logical, physical and organisational security aspects. The compliance with its mission is certificated from third bodies that represent a further demonstration of the commitments taken. In fact, these processes must always have an external audit, because a judgment from people outside the company makes it much more credible.

In addition, the Randstad Group subscribes also to: the Conventions of the International Labour Organisation (ILO); the Universal Declaration of Human Rights; and all the relevant national and international laws, including Legislative Decree 81/08 on safety in the workplace and Legislative Decree 196/03 and subsequent amendments regarding

privacy and processing of personal data¹³⁶. Randstad to fight corruption or bribery of public administrators or market abuse has adopted the Organizational Model 231, which is a model of organisation, management and control that complies with the criteria set out in Legislative Decree 231/2001.

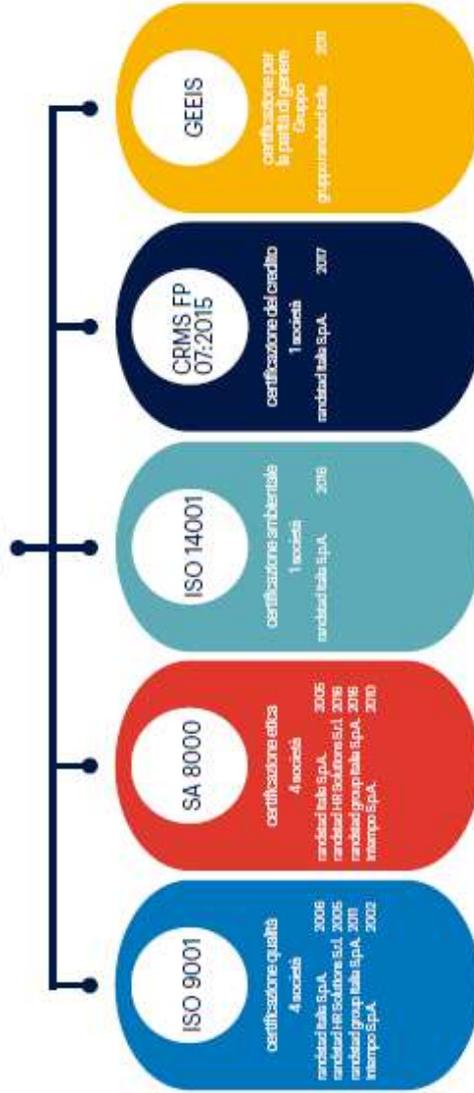
These are concrete responses to social responsibility with a strategy that follows the international guidelines and always put people first. Putting "Human Forward" at the centre of their actions is not just a graphic representation, but a fact. As explained by the CEO, Marco Cerasa, from this precise intent derive strategies, projects and behaviours that have the dual goal of economic and social sustainability. These goals are inseparable from each other because they are connected in content as well as in impacts. Involving students in orientation and training activities to facilitate the difficult transition from school to the labour market, investing in continuous training of their workers to increase their employability, committing to ensure the highest standards of health and safety in the workplace, legality, transparency and safeguards in the world of procurement, enhancing talent regardless of gender are all initiatives that certainly contribute to Randstad's profitability and continuity but at the same time create value for society as a whole.¹³⁷

The sum of all the supplementary activities on a voluntary basis, the certifications that the company has obtained, the commitment that they make to gender equity and diversity create added value that consequently creates a perception in the customer. In fact, the outcome of Randstad's actions has been the subject of an investigation of approval through the certified research institute (CFI). Using CAWI (online interviews) and CATI (telephone interviews) methods, approximately 500 active and 200 inactive customers were interviewed in 2017. The data that emerge are positive and in particular highlight: an excellent level of satisfaction of 75 on a scale of 0-100; an excellent perception of Randstad that is considered a serious, solid company, which inspires trust and transparency, takes care of its customers and is close to them. At the end, they also verified a substantial reduction in inefficiencies, from 20% to 16%.¹³⁸

¹³⁶ RANDSTAD SUSTAINABILITY REPORT 2016, p.38.

¹³⁷ RANDSTAD INTEGRATED REPORT 2017, message from the CEO, Marco Cerasa, of the Randstad Italia Group, p.5

¹³⁸ RANDSTAD INTEGRATED REPORT 2017, p.36.



Le politiche per qualità, ambiente, sicurezza delle informazioni, gestione del rischio di credito e responsabilità sociale rappresentano le modalità attraverso le quali Missione, Valori e Codice Etico prendono forma nelle procedure e nei comportamenti di impresa.

Esse si sostanziano in una serie di impegni:

- accurata gestione del personale di strutture e somministrato; coinvolgere tutto il personale in tutti i processi di erogazione dei servizi, consentendo la crescita professionale e di sentirsi parte attiva dell'impresa;
- soddisfazione del cliente: garantire e migliorare costantemente la soddisfazione dei clienti recependone le aspettative, rispettando elevati standard di qualità e i requisiti dei servizi;

1.3 From the Sustainability Report towards the Integrated Report

After having mentioned all the initiatives taken, the most important thing is to know how to organize and communicate all these projects both inside and outside the company. This happened also thanks to Federica Venturin, CSR Manager of Randstad since 2014, who was able to give an overview of the various initiatives of social responsibility that were implemented unconsciously in Randstad, through a structured reporting work. As Federica Venturin explained to me, she has succeeded in enhancing and bringing together the various ideas under the umbrella of corporate social responsibility, fundamental to trigger that virtuous circle of contamination that can create real positive impacts in the company and on society. When Federica Venturin arrived in Randstad, she tried to understand the state of the art on social responsibility issues, analysing the organisation at 360°. She consulted documents, but above all talked to employees and managed to reconstruct an activity plan under the roof of corporate social responsibility. In fact, in Randstad, there was not a department that deals with planning and developing social responsibility initiatives, but the organization was open to any possibility of activating projects of this type. All this originates from a corporate culture strongly imbued with one of the fundamental values, "simultaneous promotion of all interests", which inspires an approach to business that respects the values of sustainability. The other side of the coin is that in such a large and nationwide organization the sharing of all initiatives becomes difficult if there is no structured process of collection and internal communication. This is why the idea of starting a reporting process with a dual value was born: on the one hand, to communicate, internally and externally, Randstad commitment to do business while building value for society and, on the other hand, the desire to define strategies and implement policies capable of responding to the expectations of different stakeholders.¹³⁹

Randstad has begun a process of non-financial, structured, transparent and participatory reporting through the Sustainability Report prepared for the years 2015 and 2016. This has allowed the organization to understand even more how the economic and financial results are entangled with issues of social responsibility and sustainability. In fact, to

¹³⁹ M. TAVERNA, *Gruppo Randstad, l'importanza delle "connession", in CSR Oggi*, 30 June 2018.

guidance and training activities for young people and investment in the continuous renewal of the skills of direct employees and workers, there is also a commitment to constant technological innovation in the services offered to customers together with high standards of safety in the workplace. All these initiatives certainly contribute to the profitability and continuity of the company but at the same time create value for society as a whole. This has due to the fact that Randstad play a strong social role and significant impacts because it connects those who offer work with those who seek work. Through work, people meet their needs and realize their dreams, for themselves and their families, and a better, more inclusive and cohesive society is built, with fewer economic and social inequalities.

Although non-financial reporting is not mandatory for a company like Randstad, the company has voluntarily chosen to take this path in the belief that a part of the value created cannot be represented by economic and financial performance alone.

Strengthened by a process that began in 2015 with the drafting of the Sustainability Report, in 2017 year Randstad decided to draw up its first Integrated Report, a document that confirms their commitment to act in accordance with their identity, telling in a transparent way how they have done to pursue these objectives, in full respect of the requests of their stakeholders. In fact, after the two Sustainability Reports 2015 and 2016, CSR manager Federica Venturin presents the first Integrated Report of the employment agency that has been operating in Italy since 1999¹⁴⁰. A tool based on logic of integration between the strategic plan and non-financial information. Prepared in line with the guiding principles of the Integrated Framework of the IIRC (International Integrated Reporting Council) and the guidelines of the Global Reporting Initiative (GRI), in the G4 version, they did not want to draw up a document that could only be read by "experts", but that could be understood by a wider audience of stakeholders. A double public, the internal one to increase awareness and pride and the external one to put Randstad in the right position¹⁴¹. The very size of the document is intended to be the right compromise between completeness of information and the excessive depth that would be difficult to understand.

The first Integrated Report of the Randstad Italia Group responds to the need to

¹⁴⁰ See *supra*, at note 133.

¹⁴¹ RANDSTAD INTEGRATED REPORT 2017, p.5.

consistently highlight all aspects of value creation. The report, called "Connections", was prepared in a separate document from the financial statements, based on logic of integration of non-financial information with the strategic plan. The name "Connections" has emerged for various reasons, such as the fact that Randstad is a reality that owes its *raison d'être* to relations between people, since it brings together those who seek and those who offer work, and therefore establishes connections; because there can be no real economic sustainability if it is not accompanied, today, by social and environmental sustainability, two closely related elements; connections is also a word that refers to technology, to the "digital" world and therefore to a piece of their strategy; finally, connections are those that involve us and all our interlocutors, not only workers and customers but also suppliers, institutions, the world of education and non-profit.

The word "connections" also includes the evolution of the 2016 Sustainability Report towards the Integrated Report. The 2015 and 2016 Sustainability Reports, which on the one hand enabled the company to identify clear improvement objectives for some of their processes, on the other hand made Randstad even more aware of the extent to which economic and financial results were linked to issues of social responsibility and sustainability. Hence, the decision to move towards the Integrated Report, as the most suitable tool to show how strategy, governance, risk management and business model are coherently linked to create value in the short, medium and long term. It is a sort of in-depth internal analysis to get to know each other better and intervene, where necessary or appropriate, to highlight the strengths and weaknesses that will help to outline future strategies.¹⁴²

The Integrated Report has long been a goal - continues Federica Venturin - because it is the most appropriate means to highlight the interdependence of all these elements, in a reality like that of Randstad, in a transparent, concise and comprehensive way. It is an important point of arrival in the process of measuring and communicating the social and environmental impacts of the business performance. The main difference between the two reporting models relies on the fact that in the Integrated Report it is integrated into the Group's strategy, whereas in the Sustainability Report these elements, detailed in their contents, were not linked to each other. The Integrated Report represents the

¹⁴² See *supra*, at note 133

The business model, chosen by Randstad, describes its value creation processes, highlighting inputs, outputs and capital. The structure of the Integrated Report is in line with this vision: the classic "per stakeholder" approach has been replaced by the concept of value creation. In fact the 2016 Sustainability Report only merely described performance without illustrating the relationships between inputs, activities undertaken and the consequent results.

Some examples may better illustrate these relationships:

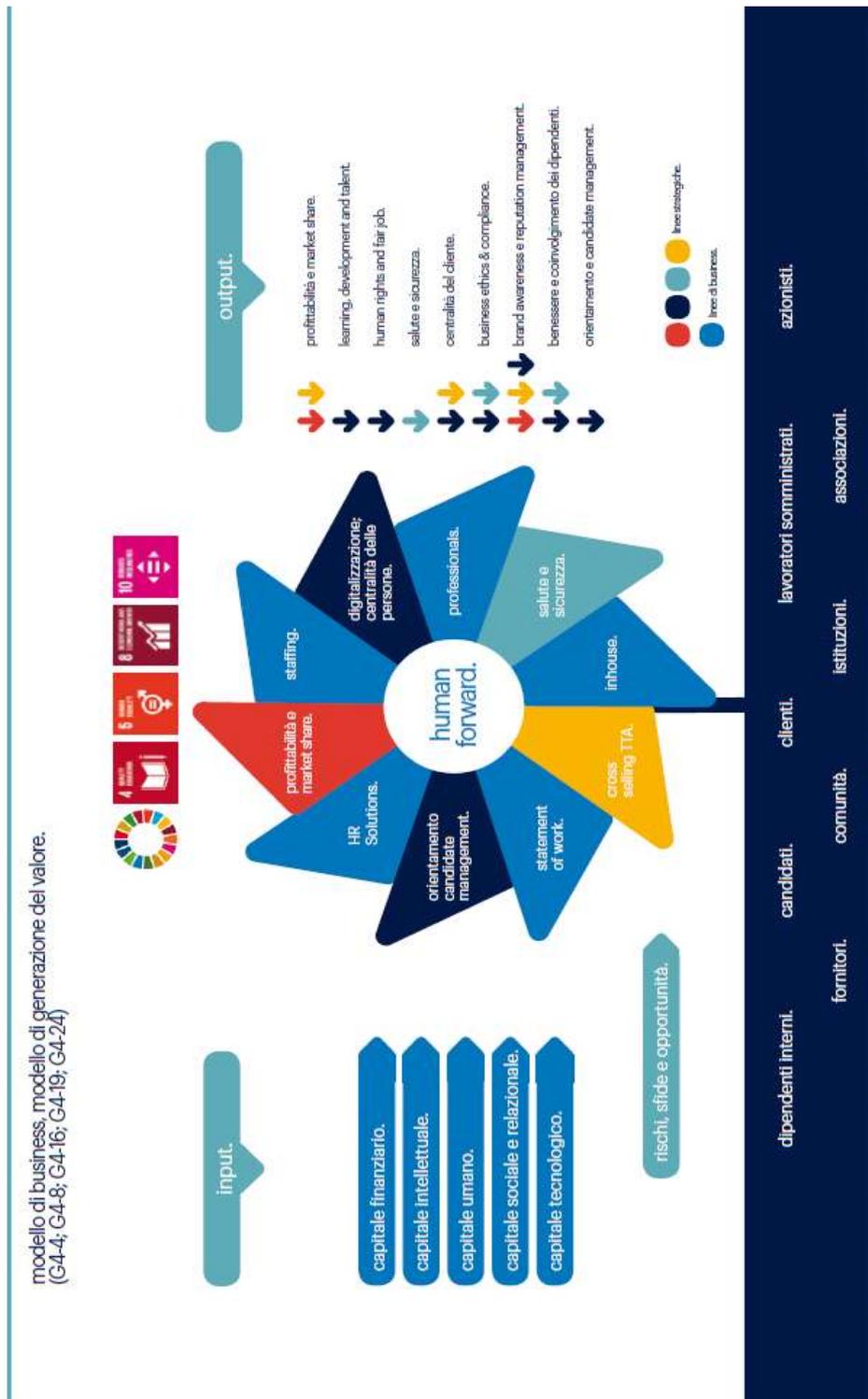
- through the promotion of digitalization (technological capital) and the centrality of people (human and intellectual capital), the Group sees its productivity and market share (financial capital, intellectual capital, human capital) grow;
- the ability to listen to and involve people (relational capital), through the Great Conversations, guarantees a training course aimed at developing talents (intellectual capital);
- the involvement of customers and candidates (relational capital) increases the level of satisfaction with the Group, its reputation and consequently the attraction of new customers and candidates (financial capital).¹⁴⁴

The Group's history has also been represented according to an innovative approach, in line with the principles of the Integrated Reporting Framework, which compared to the version reported in the Sustainability Report, this new representation shows how Randstad designs its business model to change market conditions and address the need for innovation due to the transformation of the external context. With the Integrated Report, sustainability becomes a determining factor for the creation of economic and financial value of the company. Another important element is that sustainability initiatives are part of the guidelines for the management of the company and for the choices and decisions that are made daily. In addition, the Integrated Report is an exceptional tool from a management point of view because it helps to set goals for improvement. The company has set 10 clear objectives on various issues that with the commitment of the management will be carried out in the coming years.

In this way, Randstad can improve its strategy, but above all disseminate the content, first of all internally, to increase the culture of sustainability in the company, because it supports strong financial performance. Randstad is an excellent best practice because it

¹⁴⁴ See *supra*, at note 133.

demonstrates how the integration of sustainability policies in business strategies can create added value for the company in terms of reputation, business results and social influence.



2. Edison with a focus on its environmental sustainability

Edison, with more than 130 years of history, is the oldest energy company in Europe and one of the main operating companies in Italy. This enterprise has developed over the years taking up the opportunities and challenges of its time.

Distributed in more than 15 countries worldwide and supported by the commitment of almost 5,000 employees, Edison's operations are focused on the following business areas:

- Production and sale of electric power through a highly efficient portfolio, with a diversified production mix that includes combined-cycle gas (CCGT) and hydroelectric power plants, wind, solar and biomass.
- Supply, exploration, production and sale of gas and crude oil (hydrocarbons), with a presence in Italy, Europe and the Mediterranean basin with over 100 concessions and exploration and production permits for natural gas and crude oil.

Edison has been a member of the EDF Group since 2012 and in April 2016 the Company expanded its activities to include energy services for industry and large-scale environmental services through its entry into EDF Fenice. This transaction led to the creation of the Energy Services Market Division, which aims to contribute to the growth of the Company on the market through the development, sale and management of energy and environmental services. The Division integrates the activities of Fenice and Edison Energy Solutions.

Today, Edison launched an operation to renew its image to represent its new positioning and strategy, focusing its activities on sustainability and the centrality of the customer and working towards renewable sources, a more advanced commercial offer and innovative energy services: all elements that enrich the dimension of sustainability. This is not a simple change of image, but the visual transposition of the new mission that the Company has adopted to keep pace with the profound transformation of the energy sector. An evolution to strengthen the new values that characterize its work: respect, integrity and responsibility, both for its employees and customers, and for all the external stakeholders.¹⁴⁵

¹⁴⁵ EDISON SUSTAINABILITY REPORT 2016, p.7.

Edison has always been a responsible player, but the decision to adopt this corporate value is designed to give greater prominence to this commitment. In this respect, in 2016 Edison began a process of revising its strategic guidelines in the area of sustainability, starting with the United Nations' SDGs and the EDF Group's commitments, with the support of the Global Compact. Edison has therefore begun a process of renewing its Sustainability Policy and related objectives, during 2017, aiming to improve its initiatives within the business process.

Given Edison core business, I will focus on its environmental sustainability. The energy context today presents new opportunities and challenges: the model for energy production is changing and includes more and more decentralized systems, driven also by a strong development of renewable; the energy market is evolving towards configurations that provide both a new balance between different sources of energy and rules of participation that contribute to the creation of a single European market.

Edison's new strategy has three fundamental key objectives: downstream development, tripling the number of customers, now 1M, through organic growth and the development of new initiatives and acquisitions. Mix low carbon, focusing on the production of energy with low carbon content through the development of renewable sources. Energy security, enhancing its position and expertise in the gas supply chain by contributing to the diversification and security of supply of the Italian energy sector.¹⁴⁶

The essence of the values expressed by the new Edison brand is the foundation for a sustainable energy future. As explained by the CEO, Marc Benayoun, Edison has a new vision and mission, in line with the change that the energy sector is undergoing. A new business positioning that focuses on the customer and interprets sustainability integrated into the business process, as an impetus for the creation of value, thanks to an approach of constructive dialogue with stakeholders¹⁴⁷. Edison's role is to make its capacity for innovation and expertise available to its customers to support their daily activities and needs, building intelligent energy solutions that can amplify the benefits of a rational and sustainable use of energy and the exploitation of raw materials and the environment and the territories in which it operates. In fact, Edison wants to be a benchmark operator in the Italian energy sector with an active role in the process of consolidating the retail

¹⁴⁶ EDISON SUSTAINABILITY REPORT 2016, p.9.

¹⁴⁷ EDISON SUSTAINABILITY REPORT 2016, *Letter to stakeholders from CEO Marc Benayoun*, p. 3.

market and energy efficiency.

During 2016, projects continued to develop solutions for energy efficiency and consumer awareness for the correct use of energy, as well as studies aimed at reducing the environmental impact of industrial activities. During the year, projects relating to increasing digitization and therefore data analytics techniques received an important boost, in order to overcome the challenges of a swift transformation in the technological and market context

2.1 Governance

Being Edison one of the top operators in the production and sale of electric power in Italy, the new business model is designed to create long-term value for all of the Group's businesses categories of stakeholders through the achievement of : profitability and growth objectives, efficiency, operational excellence and prevention of business risks, environmental protection and the promotion of the communities in which Edison operates, the safeguarding of the health and safety of the people and respect for human rights, ethics and transparency¹⁴⁸. In fact, Edison wants to be more and more inclusive and participatory, enabling all interested parties to have a voice in the decision-making processes, creating a model of sustainable governance based primarily on transparency and sharing. In this area, Edison combines the pursuit of economic results with mechanisms designed to improve and strengthen the relationship with all of its stakeholders in compliance with current laws and the Company's Code of Ethics, seeking to combine the response to the Company's needs with the ones related to the stakeholders' social needs in a logic of shared value creation.

Good governance is a key factor in achieving sustainability goals. Edison's corporate governance model, in line with the Group's strategy, combines the pursuit of economic results with mechanisms that aim to improve and strengthen the relationship with all its stakeholders. In fact, Edison is consistent with the guidelines of the Code of Conduct promoted by Borsa Italiana.

The Company's main governance bodies are: the shareholders' meetings, the Board of Directors, the Board of Statutory Auditors, the independent auditors and the Supervisory Body set up pursuant to Legislative decree no. 231/2001 (the 231

¹⁴⁸ EDISON SUSTAINABILITY REPORT 2016, p. 11

Supervisory Body).¹⁴⁹

Edison's Board of Directors acts both through executive directors and directors with powers of representation. It is assisted by advisory committees for control and risks, remuneration and independence. The office of Chief Executive is held by Marc Benayoun. Edison's governance structure is also supported by an *Executive Committee (Comex)* headed by the CEO and comprised of the heads of the various corporate divisions, the Management Committees that support top management and the Internal Audit Department, who reports directly to the Board of Directors.

Edison's governance bodies interface with the Sustainability and CSR Function, which has to connect activities and initiatives and implementing the strategic indications and suggestions made by Comex. In fact, the sustainability governance bodies are Comex, which maintains relations with the *Sustainability and CSR (Corporate Social Responsibility) Office* by expressing recommendations, sharing projects and monitoring the results achieved. The other one is Edison's Board of Directors, which approves the Sustainability Report, the accountability, strategic governance, transparency and communication document that is published annually.

The Sustainability Report is also shared with the Shareholders' Meeting and, subsequently, with all stakeholders through the website. In order to better integrate sustainability into its business operations, the Sustainability and CSR Department works with the various Divisions and Business Units, thanks in part to the activation of the *Sustainability Network*. The Network's activities will enable it to provide more consistent and effective support for the sustainability of Edison's activities, increase its commitment to all corporate spheres and to strengthen the process of integrating sustainability issues into the business. The first area of work that has engaged the Network is the co-design and implementation of this Sustainability Report. At the same time, a working group was set up to renew the Sustainability Policy.

Edison's internal control and risk management system consists of tools, organizational structures, procedures and corporate rules that enable the Company to be managed in a sound and fair manner that is consistent with its strategic and operational objectives. In fact, the system is based on the Code of Ethics and the Organizational Model required

¹⁴⁹ EDISON SUSTAINABILITY REPORT, p.13.

by Legislative Decree No. 231/01 (Model 231).

Edison's Code of Ethics contains the principles and values that inspire corporate ethics and enable more sustainable business management through the definition of conduct and implementation rules. These rules were shared and approved also by the subsidiaries and are binding all those who act on behalf of the Company under specific mandates. It is delivered to all employees and collaborators of the Company. The Code of Ethics, which is an integral and fundamental part of Model 231, is revised and updated on a regular basis, with the aim of strengthening the principle of *zero tolerance* of fraud and corruption by making explicit reference to the ten principles of the United Nations Global Compact concerning human and labour rights, environmental protection and the fight against corruption. Edison has asked all of its employees and those who have contractual relationships with the Company to comply with and sign these principles. In 2016, Edison launched a new and more effective whistle blowing system.¹⁵⁰

In December 2016, the Board of Directors of Edison adopted a further updated version of the Code of Ethics, which reflects a change in the Company's mission and its new positioning as a responsible energy Company committed to the growth of sustainable energy. The new competitive positioning and the new outward approach are also embodied in the proposition of the three values, mentioned above, that the Company has adopted: Respect - Integrity - Responsibility.¹⁵¹

With regard to the organizational, management and control model pursuant to Legislative Decree no. 231/2001, it is composed of the rules and organisational procedures aimed at preventing the commission of offences and the consequent administrative liability of the Company. In 2016, the Company continued to revise Model 231 and the related protocols of conduct in order to incorporate, in particular, the results of its risk assessment activities with regard to the new environmental crimes introduced into the Italian legal system by Law No. 68/2015 and also incorporated into Legislative Decree No. 231/01. This also led to the adoption of an updated version of the environmental risks management protocol.¹⁵²

¹⁵⁰ EDISON NON FINANCIAL DECLARATION 2017, p.12.

¹⁵¹ EDISON NON FINANCIAL DECLARATION 2017, pp.14-15.

¹⁵² *Ibidem*.

	Unità di misura	2015	2016	2017
Azioni intraprese in risposta a episodi di corruzione (GRI Standard 205-3)				
Episodi di corruzione segnalati	n.	0	0	0
Segnalazioni archiviate per assenza di elementi o non veritiere	n.	0	0	0
Segnalazioni che hanno comportato interventi disciplinari a carico dei dipendenti	n.	0	0	0
Segnalazioni che hanno comportato interventi giudiziari	n.	0	0	0
Ore di formazione (GRI Standard 205-2)				
	Numero di persone	Durata del corso	Ore totali	
Linee guida anticorruzione	1.050	30 minuti	525	
Codice etico	1.065	60 minuti	1.065	
D.Lgs. 231/01	1.364	90 minuti	2.046	

During 2016 and 2017, Edison continued to work towards a sustainability policy that will be increasingly representative of the Company's identity, capable of combining the current position with respect to certain macro themes of sustainability (Paris Agreement, SDG, etc.) through an approach of listening to the requests coming from stakeholders. This new Policy has been based on a number of strategic objectives, developed in collaboration with all Company areas, stakeholders and top management, to support the Company's positioning.

2.2 Relations with stakeholders

For Edison, structured dialogue with its stakeholders is central to its activities, which are focused on initiating processes of listening and involvement, in order to strength its sustainability profile. The main objective is to increasingly effectively and innovatively integrate sustainability issues into its business activities, responding to the needs of external stakeholders and highlighting the peculiarities of each sector of the Company. This happens thanks to the activity of "*stakeholder engagement*", that is a systematic activity of listening to and involving the Company's stakeholders on relevant sustainability issues. At the same time, it makes it possible to improve existing relations, listen to the requests made and verify the distance between the expectations expressed and the path undertaken. In 2016, Edison began a listening process on two fronts. Internally, it interviewed the managers and contacts of the various business units of the Company. From an external standpoint, Edison launched a process to establish a

permanent stakeholder panel. The Stakeholder Panel is an innovative tool for listening, dialoguing and involving Edison's main opinion leaders and interlocutors. It is designed to encourage quality in relationships, activate processes for listening to and satisfying the relevant requests and initiate opportunities for development, competitive advantage and innovation on issues identified as materials.

In this way, Edison prevents reputational risks, strengthens its path toward achieving the goals it has set itself and improves both its performance and its dialogue with all the stakeholders and its relationship with the territories in which it operates.¹⁵³

In addition, dialogue with institutions is a key activity in the market and energy sector. Through its Institutional Affairs Department, which has offices in Rome and Brussels, Edison oversees relations with government bodies, the Parliament, the European Commission, the European Parliament and the Council of Europe and fosters relations with independent national (Electric Power, Natural Gas, Water System and Antitrust Authorities) and European authorities, diplomatic representatives and industry associations. Through a dialogue with the main associations and organizations, Edison participates in the main national, European and international forums where energy and environmental issues are discussed. Edison, therefore, contributes to the activities of the most important think tanks at the national, European and international level and discusses with opinion leaders in the energy field on research programmes, in-depth studies, events and seminars to strengthen public debate.¹⁵⁴

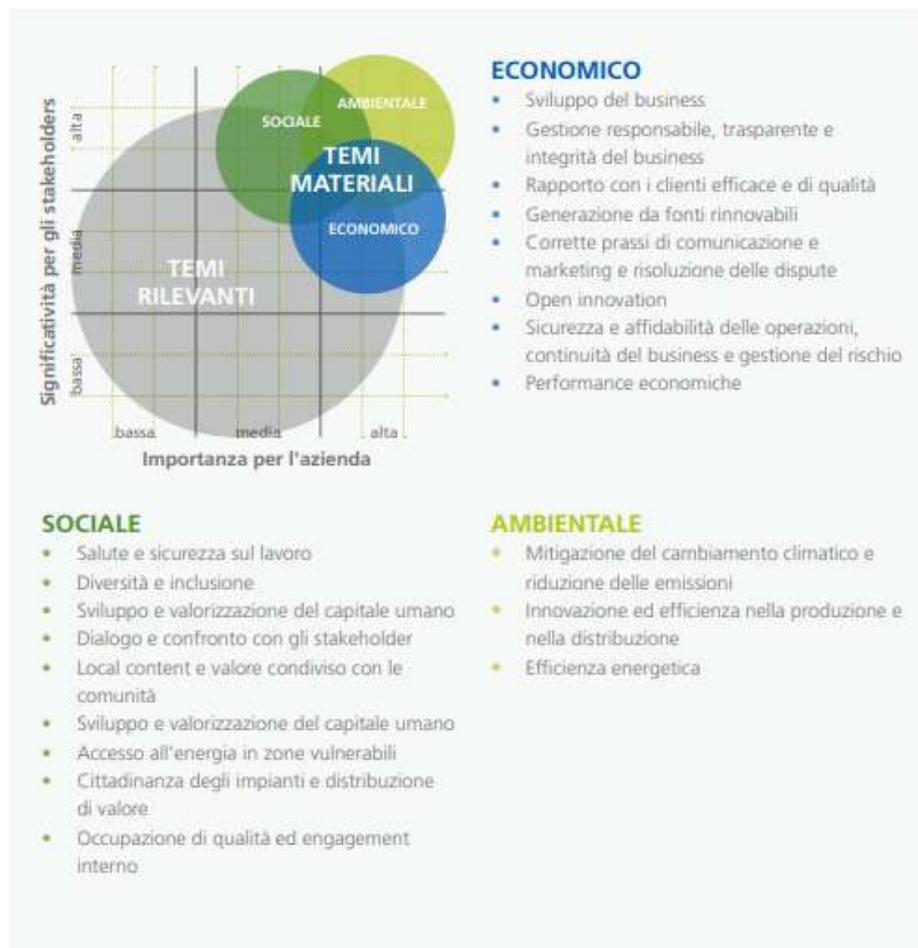
Edison has changed its approach to its relationship with the local stakeholders and the areas in which it operates through its electric production plants. The Company collaborates with institutions, bodies and local associations. They meet with the authorities and underscored the former's interest in the local area and plan to continue working there, while also receiving the broadest possible support for its initiatives. All the local stakeholder engagement initiatives have been implemented in the pursuit of transparency and dialogue and come ahead of the requirements established in EDF's CAP 2030 strategy. In fact, the Energy Services Market Division has a new market approach to the local area in which the local area is considered a partner and key customer and only by working together systematically with local stakeholders can the

¹⁵³ EDISON SUSTAINABILITY REPORT 2016,p.29

¹⁵⁴ EDISON SUSTAINABILITY REPORT 2016, p.31.

Company contribute to the economic, environmental and social development of both the Company and the areas where it operates.

Thanks to a transparent and fair approach, it has established a partnership with its suppliers, who have become an active part of this network. The Company has established communication channels and tools that help it maintain an active and effective dialog with all of its stakeholders. It reports annually on its sustainability performance in its Sustainability Report, which, as mentioned above, is shared with the various stakeholders. The results of these activities made it possible to update the materiality analysis and gather useful suggestions for the development of Edison's sustainability profile. The materiality analysis, illustrated below, has been launched to better focus Edison activities, performance and strategic objectives on issues that are significant for its stakeholders and important for the Company.¹⁵⁵



¹⁵⁵ EDISON SUSTAINABILITY REPORT 2016, p.30

2.3 Towards low carbon commitment and reduction of impacts

2016 was the year of international confirmation of the strategy chosen to build and develop a low carbon economy: the *22nd Conference of the Parties (COP 22)*, held in Marrakech from 7 to 18 November 2016, opened on the wave of optimism generated by the entry into force of the Paris Agreement. The 196 countries attending COP 22 committed themselves to strengthen their efforts with the “*Marrakech Proclamation*”: a collective response to the emergency of increasing global warming. Solidarity with communities most exposed to the effects of climate change, poverty eradication, food security, increasing ambition and strengthening cooperation: these are the challenges.

With Paris first and Marrakech then, the path towards low carbon economy has been definitively set up, which necessarily involves changes in vision, especially in the adoption of production and consumption models.

In this context, Edison is in line with the low carbon objectives defined at international level: in fact, it has already embarked on a path aimed at investing in technologies with a low carbon content, which today is further strengthened by EDF's CAP 2030 strategy¹⁵⁶. The Group's Environmental and Safety Policy highlights the guiding principles that underlie the work of employees and associates and aims to further integrate sustainability into the business. Edison's approach is to constantly implement mitigation, control and monitoring actions.

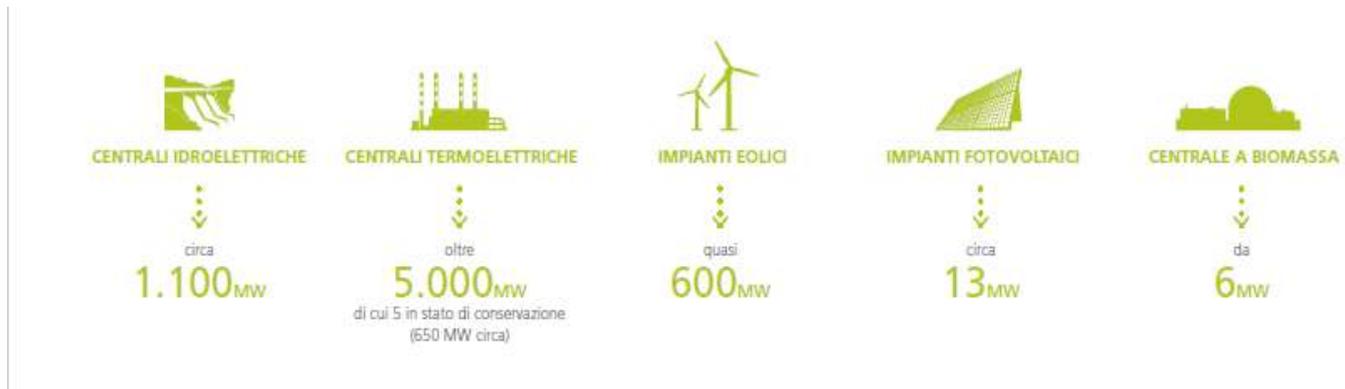
For Edison, it is therefore important to manage and mitigate the environmental impact of its plant infrastructures, while at the same time strengthening its drive toward a more sustainable use of natural resources and greater efficiency in energy consumption.

Edison's production of electric power is based mainly on renewable sources and the use of natural gas. The combined-cycle technology, which is fuelled by gas, produces lower specific Co2 emissions than other thermoelectric power plants that use other fossil fuels. Edison's path toward a low carbon economy also calls for the creation and dissemination of skills and knowledge designed to increase communities' awareness of climate change. The implementation of programs to develop competencies in the territories where Edison operates through its activities is a priority commitment aimed at enhancing the value of good practices at the local level and, at the same time, involving

¹⁵⁶ EDISON SUSTAINABILITY REPORT 2016, p.117.

existing expertise. Awareness raising and employee training on environmental issues is a key component of this process and Edison implements specific training programs.

2.4 Increasingly sustainable energy



In order to meet its commitment towards low carbon economy and impact reduction, Edison has decided to invest in renewable and for a low-carbon mix. In addition, the new corporate strategy combines greater environmental protection and management with greater attention to the health and safety of people for both internal and external stakeholders. Cross-checks were carried out between production sites and safety procedures were improved for specific activities.

Edison's new strategic plan embraces many of the Sustainable Development Goals launched by the United Nations and, in particular, Objective 7 “Ensure access to affordable, reliable, sustainable and modern energy for all”. Edison has decided to focus on the production of electric power from renewable sources, with a target of 40% of total production by 2030. This strategic line, as mentioned above, is part of the broader context of EDF's new CAP 2030 strategy, which aims to drastically reduce emissions from energy production, and of a strategic path launched in previous years that sees gas as a fundamental source of energy transition.¹⁵⁷

Edison's thermoelectric power plants, which use natural gas, account for 82% of the Group's electric power production and 9% of the energy produced from national fossil fuels (National Data Source, Terna). For Edison, 2016 was a year characterized, in line with national production, by a thermoelectric production that was about 20% higher

¹⁵⁷ EDISON SUSTAINABILITY REPORT 2016, p.34.

than the previous year. This improvement is the net result of a reduction in imports from abroad, weather conditions and a reduction in the availability of water resources during the period. Considering that all of Edison's thermoelectric power plants are fired with natural gas, Edison's natural gas is confirmed as a transition fuel to increasingly low-carbon production.¹⁵⁸

Regarding renewable sources, hydropower is the key sector in the Company's development strategy, even at a time of profound transformation such as the present. In this area, Edison's position was strengthened in 2016 through two acquisitions. In May, Edison acquired 90 MW in Friuli Venezia Giulia (Cellina Area). Also in May, Edison increased its installed capacity in the mini-hydro area by 35%, increasing its total installed capacity by 15 MW.¹⁵⁹

Renewable sources are an essential part of the energy future, also in view of the growing attention paid to the levels of consumption of fossil fuels and in light of the commitments undertaken at COP21. Edison has set itself the medium-term goal of becoming Italy's leading wind power operator thanks to its partnership with F2i and EDF Energies Nouvelles and the development of e2i special energies.

Edison's approach to increasingly low-carbon production, with an even greater share of energy from renewable sources, results in a constant commitment to reducing environmental impact and making the most of natural resources. Edison's attention to the environment is confirmed by the environmental clean-up procedures concerning soil and groundwater contamination units detected or launched in previous years at some of the thermoelectric and hydroelectric power plants, which continued in 2016. Specifically, they refer to the production facilities in Marghera Levante and Marghera Azotati in Porto Marghera (Venice), Sesto San Giovanni (Milan), Bussi sul Tirino (Piacenza), San Giuseppe di Cairo (Venice) and Pieve Vergonte (Bologna). As far as the new production plants are concerned, attention to the environment starts from the design phase.¹⁶⁰ Constant monitoring of the activities carried out and full compliance with current regulations led Edison to adopt certified management systems.

Both Fenice and Edison Energy Solutions, in order to ensure high performance

¹⁵⁸EDISON SUSTAINABILITY REPORT 2016, p.36.

¹⁵⁹ See *supra*, at note 152.

¹⁶⁰ EDISON SUSTAINABILITY REPORT 2016, p.87.

internally and externally (to customers, communities and territories) have acquired and maintain the main certifications in the fields of energy (50,001), environment (14001), quality (9001) and safety (18001). Both companies are ESCo certified, in compliance with UNI CEI 11352 technical standards, and are certified as environmental and quality management systems in accordance with ISO 14001 and ISO 14001 standards. In addition, the company is also certified ISO 9001, Edison Energy Solutions obtained it in 2016. Fenice is also certified as an energy management system in accordance with the ISO 50001 standard and as a safety Company (OHSAS 180001, replaced by the future ISO 45001).

In fact, 91% of Edison's facilities/operating sites are UNI EN ISO 14001 certified and some of them have also been registered in accordance with the EMAS regulation. More specifically, in 2016, Edison Energy Solutions, which operates within the new Energy Services Market Division, was awarded UNI EN ISO 14001:2015 certification. The certification achieved is extended to all of the operating sites operated by the Company. No equipment on Edison sites contains PCBs (polychlorinated biphenyls). Periodic checks are carried out at facilities that contain ozone-depleting substances and special plant manuals have been prepared and included in the environmental and safety management system.¹⁶¹

Thanks to the plant engineering projects carried out in recent years, Edison has achieved significant environmental benefits, including in terms of energy savings.

Edison's attention to environmental issues is confirmed, among other things, by the positive results of the audit of the integrated environmental and safety system ISO 14001 and BSI OHSAS 18001 of the Asset Electrical and Engineering Direction. In fact, all of the following have been successfully completed planned surveillance visits and renewal of management systems.

2.5 Special attention to the safety of communities and biodiversity

¹⁶¹EDISON SUSTAINABILITY REPORT 2017, p.89-109.

Collaborations with local communities are essential, often represented by organised groups of people with special interests in the areas where the Group is present, such as mountain communities, fishing groups and the local population. The relationship with the territories in which Edison operates through its power plants is the subject of a renewed approach. In 2016, various actions were taken, some in continuity with the past and others more innovative.

The most important activities carried out in 2016 concern:

The third edition of *At the heart of energy. A trip to discover Edison's facilities*. In July 2016 was organized a weekend of open days at the Meduno hydroelectric power plant (Friuli), where local stakeholders have been able to understand more closely the operation of the plant. The plant technicians accompanied the visitors along a path dedicated to the discovery of electrical energy. Here, in confirmation of its commitment with the communities in which it operates, Edison - in agreement with the local administrations - put out three energy requalification projects that have to be carried out in the area. Visitors voted for their favourite project and Edison undertook to carry out the project that received the highest number of votes: a photovoltaic system at the service of the Centro Polifunzionale di Tramonti di Mezzo, which has an internet station open to the public, a day hospital and blood donation offices.¹⁶²

Also of great value is the experience developed over the last few years in relation to the *Collalto seismic monitoring network*. This infrastructure was created to monitor the natural seismicity and any micro seismicity induced in the area where the Collalto storage reservoir is located, in collaboration with the National Institute of Oceanography and Experimental Geophysics.¹⁶³

In the overall management of environmental performance, Edison pays special attention to the issue of biodiversity: over the years, information have been assessed on land use, protected areas and distribution of vertebrate species. These information has made it possible to classify sites on the basis of their sensitivity. Especially since the authorisations for the construction of new wind and photovoltaic plants, it has always been included a biodiversity monitoring activity, in particular for avifauna, bats and

¹⁶² EDISON SUSTAINABILITY REPORT 2017, p.28.

¹⁶³ EDISON SUSTAINABILITY REPORT 2017, p.15.

flora in genus (considered as a habitat). As far as wind farms are concerned, there is a procedure called "PTE 030 Acoustic Impact" which describes how the Company acts to assess the acoustic impact generated by its wind farms from the earliest stages of design and how it limits the effects. During 2016, three major environmental restoration activities were carried out at two wind farms in operation both in Calabria and Sicily. The activities were necessary because of small landslide movements that generated the need for safety interventions near the parks. Bird monitoring activities continued near the Calabrian Parks. These activities were also accompanied by concrete interventions for the protection of biodiversity with the production of meat products at fixed times of the year and the installation and monitoring of nest boxes for reproduction. 2016 also marked the fourth year of bird monitoring near the Wind Farm of San Benedetto Val di Sambro (BO). The study confirmed the low suitability of the site as a migratory route for birds.¹⁶⁴

These following practices describe Edison effort in pursuing biodiversity preservation (SDGs 14 and 15), not only with projects based in the areas of its own facilities but also involving local stakeholders, and also by mean of education (SDG 4), helping young generation to study and give value to the richness of their own territories.

Edison has a strong presence in Italy, one of the richest countries in biodiversity in Europe. In line with its corporate citizenship view and with the results of its materiality analysis, Edison launched a specific project on biodiversity preservation in 2012, mainly with the objective to monitor and mitigate the impact of its operations. In the last years Edison has carried on three main projects concerning biodiversity, with different focus and approaches.

The first one regards *biodiversity assessment*. In line with the commitment mentioned above, in 2012, Edison completed a vulnerability assessment of the areas surrounding its production facilities in terms of biodiversity issues. More than 140 sites were included in the analysis among: thermal power plants, hydro power plants, wind farms, gas onshore facilities. The assessment method was built on three main indicators based on data coming from official databases:

¹⁶⁴ EDISON SUSTAINABILITY REPORT 2016, p.38.

- Use of soil
- Protected areas
- Distribution of vertebrate species.

The resulting database was then used to develop a ranking of the operating sites and to combine this information into a single biodiversity sensitivity index for each site. The results of the study allowed focusing the attention primarily on those sites in a potentially more sensitive situation due to their proximity to protected areas or areas of particular natural interest.

The object of a deeper assessment was the Chievolis hydroelectric power plant, that it was first classified in terms of vulnerability among Edison's land sites. Launched in 2013, the analysis focused on the existing flora and fauna in the surrounding area of the plant. The results showed that water quality in these two environments was high and the fish life suitable. Moreover, the abundant presence of some protected species in the downstream station, confirmed the good level of preservation of the stream. At the end, despite the various human activities, the area under study appeared to feature a high natural level that was reflected in the state of preservation of the habitat and the fauna present in it. This pilot study has been particularly useful to validate the methodology of analysis for future projects.¹⁶⁵

The second project is about *education on biodiversity*, another key project concerning the area assessed in the surrounding of the Campo Hydro power plant. This represents a virtuous relationship of collaboration and confrontation between the Company and the local authorities that has allowed inaugurating in October 2016 the tourist route "Tracciolino". This area is a 10 km long path connecting two dams located in Val Codera and Val di Ratti and was used for business purposes and recently donated by Edison to the local community, to the Mountain Community of Valchiavenna and to the municipalities of Verceia and Novate Mezzola. The approach adopted on this project moved a step forward, in line with Edison willingness to share competences and knowledge with local stakeholders, and in the spirit of co-creation of value for the local community. In particular, Edison involved the local secondary school in an educational

¹⁶⁵ GLOBAL COMPACT NETWORK ITALY, *Italian Businesses: Practices Towards A Sustainable Development*, pp.48-51.

project, pursuing the objectives of promotion of sustainability culture and awareness raising towards the respect of environmental heritage. Two classes - 50 students and their teachers - were trained on the concepts of biodiversity and environment preservation, and showed the value of their own territory. The first output of this project consisted in posters, made by the students, describing biodiversity of their own territory ecosystems. The occasion gave Edison the opportunity to illustrate the "Edison, energy for the heart" project, which, in collaboration with the Regional Emergency Urgency Agency - AREU, will enable nine municipalities in the province of Sondrio to enter the network of cardio protected areas. Edison will donate 11 DAE (External Automatic Defibrillator) life-saving devices to the municipalities of Valchiavenna and Valtellina, where its hydroelectric power plants are located, and to the provincial and STER offices in Sondrio, and will also provide training modules aimed at managing non-hospital emergency activities.¹⁶⁶

The third practice is focused on *stakeholder engagement approach*. Edison interest in preserving biodiversity has also involved two off shore facilities, named Vega A and Vega B, in one of the most important project: *BioVega*. Regarding the first platform, the Company, in collaboration with the experts of the Acitrezza Protected Area "Cyclops Islands" and the University of Catania, implemented a laboratory to study biodiversity called "*BioVega A*".

The project started in 2013 to monitor the state of biodiversity in the surroundings of the off-shore platform Vega A, located 12 miles from the coast, about 20 kilometers from the town of Pozzallo (RG). The study was divided in 5 subsequent macro phases:

1. Survey of the species on the jacket and in the waters surrounding the platform;
2. Flora and fauna analysis;
3. Monitoring of parameters vital for biodiversity;
4. Installation of special devices capable of creating environments that can host biodiversity;
5. Installation of special video cameras to show Vega's biodiversity to everybody.

The first phase of the project (phases 1, 2 and 3) included: the census of the species and

¹⁶⁶ See *supra*, at note 160.

algae present on the submerged structure and in the waters surrounding the platform, the analysis of the flora and fauna and the continuous monitoring of some vital parameters. This phase was completed in 2014, showing that the platform, as an off-shore environment, was attractive to many species that would not normally be present in this type of environment. For instance, the presence of the jacket has enabled the development of a typical community of molluscs, algae, crustaceans etc. needed for the colonisation of fish species. In the second step will be installed special devices to create environments capable of hosting this biodiversity and in the final phase will be placed video cameras to film the marine environment.

While BioVega A was born and developed on an already existing platform, and for this reason focused mainly on evaluation and monitoring activities, "*BioVega B*" has been developed on a new site under development, called Vega B. In order to add further value to the project, Edison is pursuing a structured stakeholder engagement process with institutional and local actors. BioVega B, strong of the experience of the BioVega A project, has the great advantage of being able to take into account the biodiversity aspects already in the design phase, and considering local stakeholders inputs and opinions. The desired result of this concrete engagement is a comparison of perspectives with regards to the most relevant (current and prospective) environmental issues, with a focus on biodiversity. The emerging elements will contribute to identify ideas for the development of BioVega and to define some goals in the light of closer cooperation with reference to stakeholders and in accordance with the authorization process.

This project represents Edison's approach to the concept of shared value and stakeholder engagement, that want to go beyond the top down model of traditional biodiversity monitoring, considering the needs and ideas of the territories in which Edison operates. The methodology adopted started from a stakeholder mapping and assessment of the status of the relationship with them and an identification of key issues and ideas for the improvement/adjustment of the Biovega project through a desk analysis of public news and interviews to Edison people in Siracusa offices. The results of the interviews have shown a strong interest among the entities involved: most respondents expressed their appreciation for the co-design pathway undertaken by Edison, in line with regional objectives, EU objectives and the SDG 14 on biodiversity protection. They also, expressed their interest in pursuing the relationship, in order to

structure a possible collaboration for the implementation of the work. As a result of the consultations, the most addressed declination of the BioVega B project has been of a scientific technical nature. The platform is, in fact, a precious asset since there are no fixed and permanent points of observation of marine phenomena in the Mediterranean linked to biodiversity.

The project, which is still in the implementation phase, provides for a final phase of returning the results to stakeholders and then activating design and operational paths for the implementation of shared solutions.

Nowadays, classical methodologies to assess and preserve biodiversity richness are still a key first step in gathering information. However, in the last years Edison's approach has evolved towards shared value and stakeholder engagement, approaching the territories where it operates, starting from listening their needs and, if possible, co-designing with them solutions and projects. Relationship channels activated through the shared value approach also allow the dissemination of the culture of sustainability, one of the key steps to create value throughout the territory.¹⁶⁷

From this last BioVega environmental experience, reported also by the Global Compact Network Italy in *"Italian Businesses: Practices Towards A Sustainable Development"*, Edison shows how companies can strategically and operationally integrate the SDGs, making good by doing business. Through this case Edison contributes to development of specific SDGs such as goal 14, 15, pursuing biodiversity preservation and goal 4, involving local stakeholders also through education.

In this way, Edison has shown its commitment to upholding the goals of the Agenda 2030 in accordance with the ten Principles of the U.N. Global Compact by implementing them in its business, starting from the top management. In this respect, in 2016 Edison began revising its sustainability strategies, using United Nations' SDGs and the EDF Group's commitments as its point of departure and with the support of the Global Compact. In particular, Edison's CEO participated in the Global Compact High Level Meeting in September 2016, where top management of leading companies discussed the role of SDG implementation. Edison contributes to achieve the objectives set during COP21, in fact, its new strategy is focused on renewable energies and

¹⁶⁷ See *supra*, at note 160.

customer centrality through energy efficiency services.¹⁶⁸ The code of ethics is an integral part of the 231 Model and the basis on which the model was designed. It is periodically reviewed and updated in order to reinforce the principle zero tolerance for fraud and bribery, by explicitly referencing the 10 principles of the United Nations Global Compact for the protection of human rights, labour rights and the environment and to fight corruption. A training course on “Human Rights” was designed in collaboration with the Global Compact after having evaluated the applicability and the target out of a sample of the employee population.

In this way the Company is innovative and inclusive by combining the production of goods, services and technologies with the promotion of sustainability culture and values closely tied to the community’s needs.

¹⁶⁸ EDISON SUSTAINABILITY REPORT 2016, p. 10.

3. Cesvi Fondazione Onlus – Cooperation and development

Cesvi is a laical and independent humanitarian organization founded in Italy in 1985. With 80 foreign offices and 109 projects, Cesvi works in four continents (Africa, Asia, Latin America, Europe and also in Italy) with international cooperation projects. Cesvi is an authoritative player in the panorama of Italian non-profits, and a credible intermediary on issues such as the protection of minors, the fight against hunger, sustainable development and the defence of migrants who live in vulnerable conditions. Cesvi stands for **Cooperazione e Sviluppo** (Cooperation and Development) and the mission and vision that has always accompanied Cesvi is that only the active participation of beneficiaries can lay the foundations for sustainable development. This means that Cesvi does not provide assistance, but brings development tools to the poorest countries that can produce concrete changes in the communities in which they operate. They work hard on: the prevention of diseases such as malaria and AIDS, food safety, environment, child protection, emergency and post-emergency, without limiting themselves in providing treatments. In fact, instead of implementing new structures, they prefer to strengthen the local health system in the countries in which they operate, transferring skills and funds that can be the basis for a solid development.¹⁶⁹

Under the ideals of social justice and respect of human rights, Cesvi works with the conviction that helping people who are disinherited because of underdevelopment - or more unfortunate because of wars, natural disasters and environmental disasters - does not only provide relief to those who suffer, but also contributes to the well-being of all of us on the planet, also called "*common home*", that has to be preserved for future generations. This is achieved, at an international level too, through works of humanitarian aid, in the context of emergency and development, in support of the weakest categories - children, women, elderly and social outcasts – helping them in meeting their goals with the aim of promoting self-sufficiency for a sustainable future.

In a press release, Cesvi was able to enclose its mission very well: "*We arrive in countries in tears. And we help them turn every tear into drops of sweat. Because only when a country can live off its work, then and only then it is time to leave.*"

¹⁶⁹ CESVI ANNUAL REPORT 2017, pp. 12-13.

3.1 Transparency as success factor

To better understand the effectiveness of Cesvi's work, reference should be made to its 2017 Annual Report, the result of a long process. This one is the annual reporting tool for all the activities carried out by the Foundation, from a narrative, management and economic - financial perspective. Since the nineties, Cesvi has used the “reporting tools contemplated by Annual Reports (...) as an easy and accessible communication tool (...) which gives a clear and complete account of the organization’s activities, thus allowing the reader to fully appreciate the effectiveness of the work carried out in the course of any given financial year”¹⁷⁰, as cited in the motivation for the Oscar for Annual Reports awarded in 2000. The process of drawing up this Annual Report involves multiple stakeholders every year. This Report gives a summary of the whole range of projects which Cesvi implements across the world as well as of the wide range of relations existing with their Italian and foreign stakeholders, be they contributing member entities or partners involved in on-site activities. The Annual Report does not therefore exclude any entity on which the Foundation might exercise a significant control or influence, nor any activity carried out and relevant for reporting purposes.¹⁷¹

The Annual Report is submitted to a yearly auditing by a major auditing Company (currently PricewaterhouseCoopers Ltd), which publishes a Report certifying the transparency and consistency of accounting, organization and procedures in the course of the various financial years. Control monitoring by the auditing Company has recently been extended to effectiveness variables linked to on-site activities. Since it is accredited by the European Commission regarding the use of emergency funds, Cesvi is subject to a procedural and organizational review both at its headquarters, as well as in many other recipient countries. This review is carried out every three years by ECHO (European Commission’s - Directorate-General for Civil Protection and Humanitarian Aid Operations). A similar accreditation has been given to Cesvi by USAID, a US agency for humanitarian emergencies, which monitors the Foundation’s economic and financial situation on a yearly basis and conducts on-site inspections every two years, in particular in those countries where the amount of funds being managed is significant.

¹⁷⁰ CESVI ANNUAL REPORT 2017, p.4

¹⁷¹ *Ibidem.*

Moreover, there are further routine inspections and final reviews conducted on the great majority of projects.¹⁷²

The commitment to adopt a new Model of Organization and Management in compliance with Law 231, obtained on 19 January 2018, was the occasion to design the new Ethical Code, and to revise and update the Cesvi mission and vision. These documents are now shorter and more focused than the versions dating back to March 2000. Mission, Vision, Ethical Code and the Model of Organization and Management are integrated documents, deriving from a participative process involving both the operative and social structure which promoted many organizational changes in the operative structure.

This work is of extreme importance, today more than ever, since 2017, in general, was a year characterized by a climate of mistrust toward institutions, the economy and NGOs as well. The topic of migration was the target of an appalling attack on the world of NGOs. These organizations have been widely scrutinized from the questioning of the rescue operations at sea to the doubting of the role of the humanitarian organizations and the validity of their interventions.

To counter this climate, Cesvi has, as always, adopted a system of clear and transparent economic accountability: the Annual Report. In the face of a growing need for transparency as a result of these conditions, Cesvi has responded by further increasing its standard of accountability, not only with institutional donors and international entities, but also with private citizens, many of whom are overwhelmed by the recent controversy surrounding migrants and have therefore expressed their need for guarantee.

For years Cesvi has been working with precise monitoring systems that are used to measure their impact through the lens of sustainable development. They have always communicated annually their findings relative to efficacy and efficiency in the Annual Report, paying particular attention to the use of the employed resources. At the same time, Cesvi has also developed a system of narrative accountability that highlights performance indicators and the impact of each and every single donation. In fact, for every euro donated, 88 cents are allocated for projects and only 12 cents are used for management costs.¹⁷³ In addition to the areas of intervention, there is a strong

¹⁷² CESVI ANNUAL REPORT 2017, P.4-5.

¹⁷³ To be consulted at www.cesvi.org

commitment to raise awareness, explaining how every single euro received is then used and how good is to continue to support Cesvi.

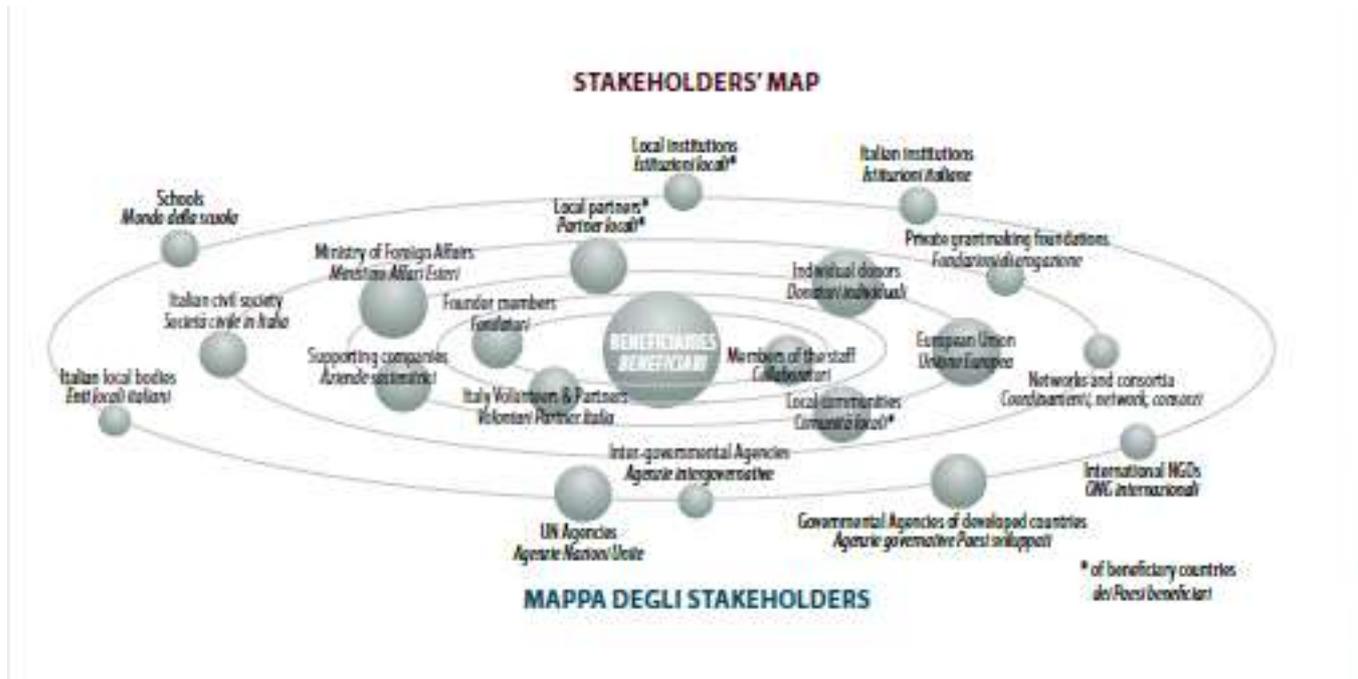
The validity and reliability of this *modus operandi* has been recognized by all external stakeholders: in November 2017, under the patronage of the President of the Republic, Cesvi was the first non-profit association to be awarded with the Annual Report Oscar by the Italian Public Relations Federation (FERPI) for its transparency. The NGO has awarded for the first time in 2000 and the only one that obtained this recognition a second (2011) and a third time (2017) at the Milan Stock Exchange Palace in the category “Foundations and Non-profit Distributing Organizations and Non-Distributing Organizations”. This is a record that has never been achieved by any other Italian NGO¹⁷⁴.

This concept was emphasized really well through a Cesvi advertising campaign

“trusting is good, reporting is better”

¹⁷⁴Trasparenza e partecipazione, to be consulted at www.cesvi.org/trasparenza.

This commitment to transparency, which Cesvi carries out with great professionalism, is primarily directed towards its beneficiaries, who are the core of their multi-stakeholder system.



This map is the compass guiding the day-to-day management of the system of relationships with stakeholders and the solution to conflicts of interest between the various people directly involved.

Cesvi' strengths are private donors - individuals, families, companies - who ensure autonomy and independence for actions in the field. They have also built a relationship of trust, thanks to their pragmatism and efficiency, with the European Union and the United Nations, which are among the first international donors.

In 2017 the number of Cesvi volunteers has remained constant, while the number of individual donors fell, especially small ones, because of a climate of mistrust. Notwithstanding, in 2017, increasingly more businesses decided to support Cesvi in projects in fighting against hunger, promoting sustainable development and aid for Italy. Particular attention from the corporate world has been devoted to projects that offer job opportunities to young immigrants who have reached working age and to effort against the abuse and neglect of children and adolescents in Italy. Corporate foundations have believed in Cesvi by financing their projects and demonstrating that they consider Cesvi

a trustworthy partner, capable of accurate and efficient management of the entire process of reporting and accountability.¹⁷⁵

In fact, for Cesvi, one of its main objectives has always been to pursue greater project effectiveness by working on a large scale, transforming every single Italian donation into a driving force for gathering others donations at international level. In this way, they can multiply their collection capacity several times. These results were achieved also thanks to their high quality standards and a good international reputation.

3.2 Partnership profit – non profit: the logic of contamination

Cesvi has achieved these results over time, following the logic of contamination, which by definition is the basis of the partnership, based on the confrontation, and not on conflict, of civilizations. In fact, as was stressed at the Parma Marketing Club in 2015, one of the contaminations that NGOs must consider is the one between profit and non-profit. This was also recommended by: the papal encyclical *Caritas in Veritate*; by economists, who understand it when they denounce that GDP is not enough to measure collective wealth; even liberalists ask for this relationship, arguing that without trust, without social or relational capital, the economy does not work.¹⁷⁶

Since 1990, marketing and advertising have been among the first managerial disciplines that Cesvi had taken advantage of. Before then, the Italian NGOs, although born from a large international movement, were mostly closed circles, even presumptuous for example with regard to corporations. In fact, we have to consider that the relationship with companies began in a period in which Cesvi, together with other NGOs, were strongly oriented towards Latin America. In those years, NGOs considered companies, and especially multinationals, like a devil because they financed the *coups d'état* in several countries in Latin America. But Cesvi decided to open its doors to marketing, business and economic logic, seeking comparison and not conflict, creating a virtuous partnership with companies. In fact, in 1992, when NGOs - mindful of the *coups d'état* in Latin America – defined every enterprise as "imperialist multinationals", Giangi Milesi, Cesvi Past President, organized a conference for Cesvi in Pirellone subtitled:

¹⁷⁵ CESVI ANNUAL REPORT 2017, p.35.

¹⁷⁶ G. MILESI, *Quando il marketing incontra il sociale*, 16 February 2015. To be consulted at www.cesvi.org

"Volunteering and enterprises for sustainable development". At this conference was hosted also the entrepreneur Marina Salomon, and, at the time, this represented a scandalous approach for what was the division between NGOs and multinational corporations.

In any case, this approach indicated the road that the Cesvi wanted to take, made up of a contamination between profit and non-profit. This allowed the NGO to develop an accountability model that led them to be the first to win the Annual Report Oscar in 2000 and to win it again a second time in 2011 and 2017. An internationally recognised accountability model that enables Cesvi to collect 75% of the resources it administers abroad.¹⁷⁷

These results are obtained according to the purposes for which marketing is used: surely the image of a crying child, with a swollen stomach and flies in the eyes raises more funds than a happy one. But a campaign that evokes pietism and relies on guilt does not educate to solidarity and fraternity - objectives enshrined in Cesvi's Statute and Mission. Therefore, while in the ideological approach of "absolute" ethics the end justifies the means, the Company's disciplines help us to pursue the value of integrity by proposing secular models typical of a Company: such as the identification of a mission, the definition of strategic objectives and the drafting of a Mission and Vision Document that establishes the ethics of the organization, which in turn generates specific codes of conduct. Business communication is fundamental to define this "identity" of the organization.

This logic of Cesvi has begun to materialize, when in 1987 organized the first initiative, *"Missione bontà -mille lire per un mattone"*, in which the partnership profit-no profit has benefited from it. This initiative was the first project of Cause Related Marketing in Italy, making Procter&Gamble, through the Dash brand, the first company to link a commercial brand to a social project. During its many years of history "Missione Bontà", together with Italian consumers, has donated villages, schools, hospitals, educational and health programs in various areas of Africa and has supported many Italian NGOs, including Cesvi, in the implementation of projects to help disadvantaged children.

¹⁷⁷ CESVI ANNUAL REPORT 2017, pp. 4-5.

The transition from philanthropy to co-design took place with the particular success of the project '*SOS North Korea*'. In 1997, when NGOs contested the "armed banks", Cesvi collaboration with the profit world led Banca Popolare di Bergamo (now UBI) to the issue of the first social bond, entitled *SOS North Korea*. Cesvi carried out the large fundraising campaign, hosted by all television and radio networks, also thanks to the commitment of Ezio Greggio, Lorella Cuccarini and Lella Costa. Banca Popolare di Bergamo, supported Cesvi with an innovative cause related marketing campaign: the first ethical bond issued in Italy for hungry North Korean children. Private fundraising exceeds 4 billion Lire and the formula of the solidarity bond becomes, in this way, a financing for development that used alternative energies to public funds: those of private savers. This demonstrates once again the anti-cyclical function of non-profit, which is firmly linked to the real economy and builds trust based on this link. This initiative breaks the pattern of donation seen exclusively in private form and as a form of modesty, but rather as a virtuous social circle. In this way, the bank mobilises new resources and commercially gains from them, having a reputational return. On the other hand, Cesvi raises funds to use them in cooperation projects in the countries in which it operates. In this way, a win-win relationship is achieved.

A few years later, Cesvi relaunched the formula with a new solidarity bond, called *Ubi Comunità per Cesvi*, launched for 20 million euros and soon to be admitted to the Mot. This marks a step forward on the innovation front, as the choice of the credit institution was, this time, to co-finance a European project. The proceeds donated by Ubi Banca were used to improve the living conditions of people living in central Uganda, where long years of war have led to the interruption of agricultural production and shattered the system of families' food self-sufficiency. The project, which will involve no less than 23,000 people, seeks to ensure food security and, at the same time, to increase family incomes, moving from subsistence farming to market-oriented production.¹⁷⁸

This experience led Cesvi to import from London a discipline - Business in the Community - that required six principles to make collaboration work. To the other side, with the same rigour, most NGOs stood up as judges of companies, drawing up their *blacklists*. One example happened in the early 2000s, when Don Gesualdi presented a guide to critical consumption in which he explained that buying a can of peeled

¹⁷⁸ G. MILESI, *La mia passione per il Cesvi*, 14 Settembre 2012, to be consulted at www.cesvi.org.

tomatoes could contribute to the exploitation of African workers by a multinational company. Therefore, any unconscious purchase could turn the consumer into an accomplice of companies that own arms factories, plantations or industries where the most disadvantaged are exploited, the companies pollute or evade taxes or mistreat animals. If a company is reported in that book cannot be the partner for collaboration. On the contrary, Cesvi, since 1998, distorts this thought, moving from boycotts to the companies' involvement in social and environmental issues. The NGO adopted this strategy to reach a partnership that traces the beginning of a virtuous circle, doing co-design operations on the commercial side, helping the company to improve its performance. One example, as mentioned before, was the partnership with Banca Popolare di Bergamo which, following the collaboration with Cesvi for SOS North Korea, came to declare the non-financing of the war industry.

On the basis of these results, Cesvi continues to pursue its collaboration with the world of profit with great professionalism, within a dialectic that takes greater account of the company's logic, while preserving its fundamental values and, very often, by identifying the same values as the main pillars of both missions. This represents a fundamental step in the development of the relationship between profit and non profit, since it shows that non profit can help and accompany profit in elaborating and identifying its ability to be responsible, while profit accompanies non profit in managerial management logics that allow greater effectiveness and efficiency.¹⁷⁹

Cesvi understands that there is a need of coherency and a clear example was represented by the project *Casa del Sorriso* to empower women in the slums of Cape Town. Cesvi has realized this project in partnership with MediaWord with an internal communication initiative of international importance that brought the company into the Italian ranking *The Best Place To Work*.

At the beginning of the second decade of 2000 there was a great migration from the countryside to the city, in search of forms of survival. This phenomenon arose the formation of slums on the outskirts of Cape Town. Deep socio-cultural reasons have made it possible for women to have greater access to the world of work than men. Male frustration, combined with alcoholism, led to serious forms of violence. From this stand point, Cesvi's desire to create a home for women and their children, victims of violence.

¹⁷⁹ For further information see chapter 3.2, *The virtuous partnership profit-non profit*.

Mediaword, partner of the project, set itself the goal not only to provide resources for the project “Casa de Sorriso”, but to involve all its human resources, making them aware of the problem and making them an active part in finding the necessary resources. An internal research had revealed the musical and singing skills of employees, who together have created a Christmas gift to be sold both in stores and to be promoted to friends and families. This initiative has proved to be successful from several points of view: it has had a positive impact on the corporate climate, it has increased the pride of belonging of employees, it has contributed significantly to finding the necessary resources.¹⁸⁰

This project highlights how Cesvi places the beneficiaries at the centre of the stakeholder map, and for this reason it selects its partners with extreme care so that they not only share strategies and approaches, but are also the guarantors of continuity marked by transparency and value identities. The lack of these requirements can give rise to green washing phenomena, which would turn into a reputational boomerang. For these reasons, Cesvi carefully selects its partners first of all to ensure consistency with its beneficiaries and secondly to avoid falling into episodes of green washing, which would lead the company not to activate a virtuous circle. Only when there is consistency between the parties, this translated into ethics, creating benefits for both actors.

The non-profit sector must carefully select its partners even when they are not a company but are public figures, media and testimonials. To do this it must implement the contents in all its activities, drawing on the typical practices of business communication. An interesting example is the campaign “*Fermaiama l’AIDS sul nascere*”, where business communication has been an essential component of success.

In 2000, Africa seemed lost where countries like Zimbabwe were decimated by AIDS, where one third of the adult population was HIV positive. When Cesvi invited in Italy, for the first edition of BergamoScienza, one of the discoverers of the virus - Robert Gallo – he declared himself very pessimistic about the possibility of defeating the pandemic in Africa, but in the face of Cesvi first results he changed idea on it. The main effort was done by African women who, in order to save their children, defied social stigma, ignorance and prejudice. The "symbol" of success arrived on 9 May 2001 with the first child treated who was born (and grew up) healthy from a HIV-positive mother,

¹⁸⁰ CESVI, *Sudafrica, contro la violenza sulle donne e sui bambini*, to be consulted at www.cesvi.org

who called him *Takunda*, that means "we won!".

But that protocol (PMTCT) to prevent the most ignoble, unjust and unconscious contagion not only worked in the field, but allowed Cesvi to collect donations in Italy when there was still no national or international funding. This was understood with the help of Nando Pagnoncelli, sketching a mental map of Italians and AIDS. In this way the NGO were able to produce *pro bono* and effective television advertising: the birth symbol flakes became black but a small donation to the free number could make them pink and blue again. In addition, The use of "authentic" testimonials who know and believe in the project allowed the Foundation to keep the campaign alive and to work alongside an Italian company - Omnitel, which was becoming Vodafone - in the launch of the solidarity SMS. The idea was good because it created an immediate and alternative channel of donation, but it became an effective tool only after the meeting with Claudio Bisio and Zelig on Tour (150,000 SMS from a single operator). The campaign now is supported also by the Trio Medusa, Radio DeeJay and the charity auction on Charitystars.com.

The project, which began in 2001 at the Saint Albert Hospital in Zimbabwe, is today also active in Congo DRC and South Africa and provides for various activities: from drug therapy to reduce the transmission of the virus from HIV-positive mother to newborn; medical care for AIDS patients; training of nurses; structures to welcome and fight social exclusion for AIDS orphans; educational and prevention campaigns with the involvement of the population and local institutions; artistic and sports activities dedicated to young people at risk of coming into contact with AIDS; counselling and listening services for young people and women.

In 2015, 121.207 € was the final donation collected through SMS and charity actions. The funds raised are allocated to St. Albert's Hospital in Zimbabwe for the project aimed at reducing the transmission of HIV from mother to child and to Cesvi's facilities in Zimbabwe and Congo DRC, where street children and young HIV-positive people can find psychological support and appropriate medical care.¹⁸¹

Today, co-design is increasingly ambitious and this means that social organisations must adopt a sustainable approach, taking into account social, environmental and

¹⁸¹ CESVI, *AIDS: insieme, lo fermiamo sul nascere*, to be consulted at www.cesvi.org

economic sustainability. One of the last Cesvi projects of great impact in terms of governance, juridical and economic sustainability is the project in favour of 200 agricultural producers in Zimbabwe, namely also the *oranges' project*.

Shashe is a locality in southern Zimbabwe, on the border with Botswana and South Africa, where climate change and desertification are destroying maize crops. The population is very poor and parents not only do not have the resources to feed their children, but are often forced to move away from them to seek work in more fertile lands. Today, thanks to the gift of European funds and the relations and knowledge of Cesvi, there is a new hope for these families: a concrete project with a long perspective that is giving life to an isolated community of 1,500 people. These people has regained its self-confidence and, instead of emigrating to South Africa, has organized itself and has chosen to invest for eight long years in a market bet: new technologies for water management and 22,000 orange trees that already produce fruit, including financial ones. These outcomes will be obtained for the next 50 years, ensuring economic autonomy and social services for the entire community, with the help of volunteers and experts. The affected area is 90 hectares, equipped with a new irrigation system, and involves 200 farmers. The possibility to market and sell oranges, guaranteed by local partners, allows the continuity of work, which translates into a secure income and breaks the cycle of hunger and poverty forever. In addition to the cultivation of oranges, the inhabitants of Shashe have the opportunity to produce other fruits and vegetables, essential for the daily livelihood of the family, while the children can finally go to school.

In the Shashe area, Cesvi's objective is to initiate a process of sustainable economic development for the community of Maramani, through the production and marketing of agri-food products with high nutritional and commercial value, thus ensuring an economic return to the communities of small farmers and the qualitative leap is made through the network. Notwithstanding, there are still several critics for the collaboration with a local company of the Coca-Cola group, through this project, small producers can become resilient to environmental disasters. In addition, training is provided on food safety for children and support for school activities. In order to reach these results the purpose of "food security" also demands economic sustainability and resilience (including financial) of rural communities, otherwise the risk is that one of abandoning

the land.

"It is the most successful project I have ever seen in my entire career! A concrete and sustainable project". With these words Philippe Van Damme, Ambassador for the European Union in Zimbabwe, commented Cesvi's activities at the end of his visit to Shashe, in the extreme South of the African country.¹⁸²

Today co-planning is increasingly ambitious, but today more than ever Pope Ratzinger's papal encyclical *Caritas in Veritate* is of strong significance, because it establishes a fundamental principle of values: social commitment and profit must contaminate each other. This encyclical realigns the world of NGOs, bringing an end to the opposition between the "economic and social spheres". Not only can the two spheres meet, but - according to Ratzinger - the economy must be ethical (i.e. socially sustainable) and the social in turn must be economically sustainable. The aim is to give a very precise practical indication, underlining the way in which NGOs must learn from profit how to be profitable. Moreover, the maturity of an organization is manifested through the awareness that it acquires of its abilities and opportunities. This does not mean setting limits on one's own projects, but rather adopting smart projects (specific, measurable, reliable, realistic and timely), achieving greater impact and greater credibility in the areas in which one operates.

From this point of view, simple accountability is insufficient, as priority is given to the need to reconcile economic, financial and social performance. Only reporting can satisfy this type of need, in an attitude of maximum transparency and openness towards all stakeholders who are put in a position to verify at any time what has been said and what has been done by the NGO. This shows how a fundamental relationship is based on trust and not only to investment.

As Einstein said: *"Not everything that counts can be counted, and not everything that can be counted counts."*

¹⁸² CESVI, *Zimbabwe: il progetto arance a Shashe prende il volo*, 21 September 2015. To be consulted at www.cesvi.org

Learning to dialogue and forge ever stronger relationships between profit and non-profit does not mean homologating, but mixing donation relationships and market exchange and, more generally, recognizing and valuing diversity, a precious resource in today's complexity and a powerful engine for innovation. NGOs are a "temple" of diversity and the relationship between NGOs and companies must become a laboratory of contamination. "Living and enriching", explained Zygmunt Bauman, talking about the destinies of the world. "There are no recipes for valuing differences, but good practices of collaboration without preconceptions and based on openness in which we assume the role of teacher and disciple at the same time. Assuming that others may have acquired experience, drawn conclusions, interpreted the reality that can enrich our knowledge"¹⁸³ Cesvi is aware that even if its accountability to donors is paramount, a new commitment to the beneficiaries is needed. The NGO adopts the collaboration approach because part of its mission, which bases the effectiveness of its action on participatory processes, increasing the impact of their action. In order to reach these results, Cesvi continues to implement the logic of contamination in which the starting point is the integration between listening and social commitment with marketing research in order to generate value for both actors.

¹⁸³ R. SOBRERO, *Sostenibilità competitività comunicazione. 20 idee per il futuro*, p.122.

4. Progetto Quid – when fashion becomes ethical

The story of this cooperative, Progetto Quid, is extremely interesting because it tells very well how the strong idea to offer employment to disadvantaged and marginalized people through the creation of fashion products and through the recovery of high-quality textile waste materials, can drive companies in their CSR activities, while at the same time helping women with a past of fragility. The word Quid arises from the fact that their project has a unique synergy between creativity, social and market values and respect for the environment.

This ethical fashion brand was born in Verona from the dream of Anna Fiscale, the founder and president of Progetto Quid. She studied Economics at Bocconi University and Political Science in Paris, during which she dedicated time to topics such as microcredit and women's empowerment, on which she focused also during her experiences as an intern in Haiti, India and Brussels. In addition, a personal story led her to reflect on the need to dedicate her time to help women coming out from difficult situations. It was then that she realized how she could connect this mission to one of Italy's most important markets and production sectors, which is fashion, in opportunity for redemption for vulnerable people. In fact, Quid was founded with the strong idea to combine this mission with fashion, by creating new products, giving a second chance to leftover materials that would be thrown away and by giving a second opportunity to disadvantages women that create hand-crafted, ethical, sustainable garments and accessories. Beautiful and affordable products together with the social project behind are giving to Progetto Quid the opportunity to grow. In fact, they've chosen the laundry clothespin as their logo, because it represents how to keep all this stuff together.

Anna Fiscale founded this social cooperative with a group of friends, fashionistas and with a great attention to social problems. At first, Progetto Quid was born as an Association of Social Promotion in 2012 and then in March 2013 it became Social Cooperative Project QUID, where the starting team was joined by emerging creatives. Subsequently, Anna and his friend Ludovico Mantoan, now CEO of Quid, proposed their project to fashion entrepreneurs in Veneto. The first to grasp its worth was the Calzedonia Group that donates high-quality textiles and offers some vacant shops in different Italian cities as selling points for Quid collection.

At the beginning the greatest difficulty, rather than the greatest fear, was that of

presenting Quid as a credible actor and stakeholder that other organizations and brands would consider as a possible partner. This happened because Quid's team was made up by a group of very young members, some of which had just finished university, thus with little to no work experience at all. Dedication, time and high professionalism, in spite of the young age, lead important local businesses to give Quid a chance, slowly creating a network of partners and supporters. In fact, after the first few collaborations with renowned fashion companies and other key organizations, Quid gained credibility that supported the further expansion of its activity and thus contributed to the creation of greater impact on the territory. This young group of people dedicated their spare time to the project in order to make it work, when the commercial activity was not already organized, and thus they were far from being financially sustainable. Then one person in the team, supported by a part-time fund raiser, started moving the first step towards raising funds for the project to set its foundation in a more solid manner. The first funds were employed to pay the first workers, buy the technical instruments and to cover the first expenses. When Progetto Quid products started selling, the cooperative was able to pave the way towards financial sustainability, partially covering expenses with its own income and covering the rest with funds raised thanks to local foundations and national or international prizes. In any case, a solid business plan has to include a means of subsistence that relies on the projects income rather than on external philanthropy.

Regarding public attention, Quid has always been extremely dedicated to the creation of a network with local and international organizations, NGOs and academic institutions. The public attention was attracted by getting in contact with relevant organizations, creating a long-term collaboration. Quid appeared on local or national press, thanks to the activity and effort put in by the communication and institutional relations teams. This network was fundamental to create a synergy both on local as well as national level not only with other non-profit organizations and associations, but also with for profit companies and other fashion brands.

On one front, through the relationship with NGOs and other local entities, Quid has had the opportunity to learn from other social projects, understanding what are the needs and on which it can direct its own activity without duplicating something that already exist. At the same time this network is proving crucial in developing further, connecting with others and creating greater impact through these different collaborations.

On the second front, given the increasing attention from the fashion brands towards ethical and sustainable fashion, companies that intend to move in this direction find in Quid a fundamental partner to implement CSR policies and raise public awareness. In fact, increasing consumer demands for companies to implement more sustainable and responsible production models have led many brands to start working with Quid or at least to get to know it. The expansion of the number of collaborations that has come as a consequence of this market shift, had led the cooperative to greater production volumes, thus sustaining the increase in number of people that the cooperative can employ.

As mentioned before, Quid was founded with the strong idea to offer employment to disadvantaged and marginalized people through the creation of fashion products and through the recovery of high-quality textile waste materials: garments and accessories are handcrafted in their laboratory in Verona by employees with a past of fragility. These people can hardly find a job and this work is fundamental because makes them feel useful, as people who can contribute for the society. Now Progetto Quid is made by a group of women and men that have the possibility to start a new life to empower themselves. This result was reached because the aim of Progetto Quid is not to maximise profit, but rather the impact, i.e. the ability to create new job opportunities.

In addition, they have built a model that overturns what is the typical scheme of the fashion industry because they make garments and accessories from high-quality textile waste materials, while companies normally do the opposite. Quid values these fabrics, which the fashion industry would no longer use, just as they value the resources of people with disabilities or a past of fragility, promoting female empowerment.

In the management positions is more difficult to find people with a past of fragility, but Quid does not exclude it when the opportunity should arise. In any case, the inclusion of disadvantaged people is generally foreseen in all phases of production: in sewing machine work, logistical management, quality control, ironing, labelling, packaging and finally in the warehouse. Cutting is the only activity that for now Quid does outside, because it requires very large materials and is a delicate activity to be carried out

In some of these phases are also included people who do not have tailoring skills and are integrated in sectors where skills can be acquired in less time, with less training. Sometimes Quid provides internships or training courses for its employees to acquire tailoring skills, but if a person arrives without any experience is placed in other sections.

Once the product is ready, Quid decided where to send it whether to the Quid stores or in one of the hundred multi-brand stores, where there is a corner of Progetto Quid, or keep them in stock for e-commerce.

4.1 The enhancement of human resources

People with a past of frailty with which Quid works are: victims of violence, ex-prisoners and alcohol-drug addicts, abused women, people escaped trafficking of prostitution and labour servitude, people with disabilities (mental and physical) and refugees. These types of people most of the time have no choice in terms of job market and with Progetto Quid they have the possibility to rediscover hope.

To get closer to these people Quid opened a tailoring workshop in Montorio's prison women's section to give them a second chance. The girls, after serving their sentences, can decide to continue working with Quid in its laboratory, not the one recreated in prison, becoming their employees. As Anna, the Quid President, says "a few years ago we opened a laboratory in Montorio prison, in Verona, because we were interested in training directly inside the prison. In that place we met a very smart girl, who ended the period of detention and became part of our laboratory. She is a very enterprising person and now is responsible for logistics section. To think that she has gone from prison to being one of the key figures of our reality, is a source of pride and satisfaction for us and can certainly make a difference. In addition, another girl, victim of trafficking and escaped from the street, came to us with an internship and now plays a key role in sorting the cut, which then is packaged and finally an item of clothing. One of these girls got married and has a daily life in our city thanks to the inclusion in Quid."¹⁸⁴

For a few months now, the tailoring workshop set up in the women's section of the Montorio prison in Verona, with which the cooperative has been working for several years, has also been extended to the men's section. "In prison, our employees teach prisoners a real job, so that once they have served their sentences, they can have a real opportunity to be reintegrated into the labour market. It has been proven that the level of

¹⁸⁴See <http://progettoquid.it/progetto-quid-unimpresadadonne-su-alley-oop/>. An interview with Anna Fiscale published in Alley Oop - L'altra metà del sole, a blog created and edited by Monica D'Ascenzo, linked to [IlSole24Ore](http://IlSole24Ore.com).

recidivism decreases by 80% if the detainee finds employment," explains Giulia Huston, in charge of institutional relations for Progetto Quid and that I interviewed to find out more information about this cooperative.

As Giulia explained to me, in order to be sure that the idea fits the needs, Quid has always been committed to keep in contact and collaborate with public and private organizations that first offered support to the vulnerable workers that Quid employs. The people who work at Progetto Quid have been identified through these organizations that usually are social services, NGOs or the employment office, which deal with people with disabilities (mental or physical); then there are bodies that deal with people with a past of alcoholism and toxic addiction, some bodies follow both situations, while others deal only with one category. For example San Patrignano community deals with people with a toxic addiction, mainly women. Then there is the community association Pope John XXIII, which has a fairly large pool of beneficiaries, with a focus on women victims of trafficking. They send to Quid the CVs of these disadvantaged women that can have practical knowledge in tailoring or an interest in this field. In other cases, depending on their experience and attitudes, people can be occupied in other sectors along the value chain, such as quality control, etc.

These territorial organizations in charge of the occupational reintegration of categories of people with difficult backgrounds support Quid during the internship as long as the person has settled, both personally and professionally. Such organizations, with whom Quid has created a strong network through which it identifies its workers, always keep in touch with the cooperative also after the individuals have gone through the employment process, because they continue to support these people on issues that are not work-related. In this way Quid receives feedback on each person's experience and has also the chance to adapt the work inclusion programmes according to the need of the workers.

In addition, aware of the difficult past of some employees, the cooperative supports them in solving part of their daily problems, from the difficulty of finding accommodation, to bureaucratic matters and access to medical services. Over the years they have also established informal relationships with some local authorities that support them in these bureaucratic aspects out of their competence and in the future Quid would like to transform these collaborations into real partnerships. In this way

they would be able to act as facilitators of a process of complete social reintegration that is able to take into account the different needs of a person: work, home and health in the first place.

The fact that Quid interfaces with different vulnerabilities makes it a flexible reality. This entails certain difficulties because each category has its own peculiarities and it is necessary to learn to manage them all in a different way. Precisely because the reality of Quid is growing, assistance to staff with a past of fragility is also changing. In the future there is, in fact, the project of a 360-degree support through a project activated with other bodies of the territory to obtain a structured emotional, psychological and bureaucratic support.

4.2 The relationships with the profit sector

Regarding the relationships with companies and the creation of clothing, the latest changes and consumers' needs who are asking companies to implement more responsible production patterns as they become more and more prone to responsible consumptions, have led many brands to start collaborating with Quid and this happens in different ways.

First of all, I would like to underline with which kind of fabrics the cooperative creates its garments. The social enterprise works with the production leftovers not with the waste because it is more difficult and they are not specialized in this, at most they can make accessories, but their main activity is based on the production leftovers. These leftovers materials are rolls of fabric, used in the production chains that the companies advance into their warehouse. On the other hand, the textile companies try to release them because maybe they are: fabrics of past seasons; or of another colour than companies wanted; or are fabrics, that once washed, react in a different way than expected. For these reasons, there is a risk that these fabrics will not be sold, or will be sent into stock and in this way they become a dead weight in the textile production system. The companies obviously discard these fabrics because the garments will be produced in limited quantities, but it is on these fabrics that Quid works to create its collections.

In any case, we have to consider that Quid, when it has to work with fabrics in limited

quantities, has to integrate with other fabric variants. Now, the prediction of integration with different Quid variants can be done much earlier than before, thanks to technological advancement. However, the basic difficulty remains that the production forecast is limited by the quantities that instead any other company decides beforehand. The attempt they make at environmental level is not to send new materials into production, this has happened rarely. In fact, only 10% of the materials is bought, another 40% is due to companies that donate their surpluses because they have recognized in Quid a project of value, a means to do CSR; other times companies, because of legal constraints, cannot sell leftover fabrics, but can only donate them.

Another aspect on which focuses on is that many companies donate their remnant tissues, but Quid has an *NDA (Non-disclosure agreement)*, so they cannot declare that a certain brand donated its fabrics. This is because there are constraints related to some prints or textures that are typical of a certain brand, such as Burberry's tartan. Because of these constraints, many companies have always been doing CSR but cannot declare it. So it's better for them to continue working with Quid, even if it's not declared, by donating their fabrics, rather than having a return on image. This is especially true for the big fashion brands that pursue CSR policies mainly on other levels.

The remaining 50% of the fabrics which Quid works with, have a price, but it is very advantageous because sometimes it is a symbolic price just to cover management costs, other times they are at stock price or a second choice. These are ways to have fabrics that do not impact on the environment and are at a reasonable price. In this way, Quid manages to get on the market as an ethical fashion brand that does not have excessive prices. This is particularly important, because today ethical fashion is part of a high segment, so the average of consumers can hardly afford a sustainable fashion brand. In this case, Quid is able to offer a product on the market that is accessible to the majority of consumers.

The difference of Quid from other companies rely on the fact that here the creative process starts from the fabrics. Fabrics, which companies donate to the cooperative, are sources of inspirations for the creation of their collections. At first it was difficult because they had few fabrics available and they had to start from those to design their models. Today, thanks to the work of the team that has found new suppliers, the warehouse offers much more choice, but since these are inventories Quid can count on

limited quantities of the same fabric. For this reason sometimes they produce a garment using different variants because depends on the footage of fabric available.

Quid also has its surplus of fabrics because companies give a lot of tissues and some of these are perhaps very small sizes or are advanced from previous years. These remnants of Quid fabrics are sold through various channels: in their outlets, or through fairs such as "*Abilmente*" held in Vicenza, also the same employees have access to the warehouse to get dressed. The main pool through which they released their fabrics is by donating them to tailoring projects.

After the recovery of high-quality textile waste materials, their strategy has shifted in order to become exclusive ethical partners of Italian fashion companies. Other than their independent collection, today their creative team develops garments, accessories and other items, in synergy with the style and products departments of the partner companies. For these reasons, in 2014 Quid won the prestigious award for social innovation organized by the European Commission among 1250 participants.

In fact, on the one hand, Quid workers are employed in the production of ethical fashion products that are designed internally by their own design team and then sold through multiple distribution channels: Quid produces its own "Progetto Quid" collections that are sold in Progetto Quid stores, online and in over 90 multi-brand stores. On the other hand, Quid creates co-branded products for other companies that then they allocate in their own distribution channels.

The main collaborations are with Calzedonia Group, Altromercato, Kiko, Natura Sì (produced 100,000 reusable bags on the net for fruit and vegetables and available in all points of sale), Diesel (for the making of OTB Foundation bags), DeN stores and Canadiens (technical equipment for mountain and cycling). Progetto Quid also enters the field of collaborations with major fashion brands. In fact, the cooperative has created a series of hair bands for the grieffe Vivienne Westwood, presented and offered for sale in the boutique in Milan. This partnership has been able to combine beauty, social innovation and environmental sustainability. The hope is that the collaboration with this brand can be the forerunner to further collaborations in high fashion, considering the ethical value and craftsmanship of the Progetto Quid production.

So when a company decides to do CSR, Quid tries to present the hypothetical products that can be *ad hoc* for that type of company, trying to orient the initiative according to

the possibilities of both parties. The company selects the product and once all the steps have been taken: prototyping, presentation, selection, choice of fabrics, based on the availability of Quid and production planning, Quid sends the product into production. Subsequently, the product is sold to the company, which is then absolutely independent in its distribution.

If some fashion brands, as explained above, do not want their brand to be declared, when Quid produces co-branded items for other companies, it always declares its brand, so in these cases the label "Project Quid for" always appears. Collaborations take *ad hoc* forms, depending on the company with which the cooperative collaborate with. Generally, when collaboration is made, Quid tries to use the fabric of the partner company, as happens in co-branding with Intimissimi. The company donated the surplus lace and decided to produce, in partnership with Quid, a set of slippers. Obviously only part of the product was lace, for the rest were used fabrics that Quid had in stock for a long time.

Collaborations always predict different shapes like when Quid produced the bags for the fruit and vegetable section for Natura Sì. The aim was to produce sustainable, reusable bags. In this case, material was purchased on the basis of a great research behind it, because it needed a product that could be washed and put into contact with food. After several researches for a sustainable fabric also from the environmental point of view, they opted for polyester. They are breathable and anti-mildew to allow the vegetables to be stored in the fridge. The project has achieved excellent results, continuing the search for sustainable material that recently has brought to find a material recovered from plastic bottles. In this case, for example, the material is going to buy.

There are times when the company buys to resell, other times to donate, perhaps in view of a special occasion. For example, for Women's Day Kiko asked Quid to produce scarves that Kiko would then give to the ladies who bought a product on March 8. In this case it was a collaboration totally at the expense of the company. Another company bought backpacks that it gave to its employees as a corporate gift.

Clearly, to produce a garment in different variants, in a number of pieces that depends on the footage of fabric available, leads to greater logistical difficulties, especially for multi-brand stores that are not used to handling with small quantities of goods and the risk of sold out. But, over the years, the cooperative has built up a relationship of trust

with both suppliers and customer companies and have not encountered any particular difficulties in this respect. In general, the reality of Made in Italy, especially if they are artisanal, follows more the human pace and distributors tolerate any small delays in delivery. In the case of large brands, Quid tries to concentrate the production force in order to meet the deadlines indicated, because they know that their commercial structure is less flexible. Fortunately, they will soon implement management software that will allow managing production processes more efficiently. This is because their daily priority is to create a beautiful handmade product with attention to detail, so that it is appreciated by the companies for which they work and by the final customer, respecting the delivery times of orders that arrive from the network of partners and multi-brand stores. In addition, "we intend", explained Giulia Houston, Head of Institutional Relations of Project Quid, "to implement plans for the reduction of the carbon footprint, planning a system of travel with vehicles with low environmental impact".

They can reconcile the needs of a company, generally oriented towards profit, with their social mission and commitment to environmental sustainability because the reality of Progetto Quid is a hybrid reality that must necessarily find a balance between social and environmental vocation and the entrepreneurial and commercial one. If the search for profit prevailed, their impact on society would diminish, but if the opposite happened they would expose themselves to economic risks that would still lead to a reduction in the effectiveness of the project.

4.3 The results and the future goals

Now at Progetto Quid 90 % of the management team is made up of women between the ages of 25 and 40: they are apprentices or professionals who, after training abroad or in leading companies in the sector, have chosen to put their talent at the service of social entrepreneurship. It employs 105 people, of which 80 % are women, from 23 to 60 years of age, with open-ended, fixed-term, traineeship or apprenticeship contracts. Employees come from 17 different nationalities, 25 of whom in situations of social insecurity.

More than 600,000 euros raised by local and international foundations - including the Cariverona Foundation, the San Zeno Foundation and the Cattolica Foundation - which

support strategic investments and training courses.

Today it distributes its garments in six stores in the North of Italy and in 90 multi-brands stores that sell their products, as well as ongoing collaboration with 8 fashion and lifestyle brands. It is a very important reality that has a production rate of 100 thousand items of clothing and 200 thousand accessories per year. Since 2012, they have recovered over 800 km of fabrics.

In 2014 Progetto Quid, thanks to this innovative approach, won the prestigious award for *Social Innovation Competition*, organized by the European Commission among 1250 participants. In 2017, Quid won the *Momentum for Change* awards of the United Nations and the *Civil Society Prize* of the European Commission for Employment and Social Affairs. In 2018, with the investment of the Impact Investment Fund Opes, it became one of the first realities of investment with social impact in Italy.

They are about to close 2018 with a turnover of almost 3 million euros and this is possible by creating a beautiful product with a story to tell, that is ethical, but with its own design, at a competitive price, accessible and that is trendy.

As mentioned before, Quid bases its mission on ethical fashion: to create sustainable, fair and equitable fashion, where the work behind it is valued, the fabric is not produced with new resources, but the ones recovered and used in the territory. The goal is that this initiative can be spread more and more so finally people can wear clothes that are the result of a sustainable supply chain.

Quid's belief is that the only way to start thinking of changing the whole system is to make sure that all stakeholders collaborate, creating a fruitful dialogue among all actors involved and to a certain extent also with those that don't initially appear as actual stakeholders. This means the policy makers, the NGOs, the welfare sector, businesses, international networks and the civil society in its entirety. This is not new, but for anyone who attempts to start a social project it must be the first thought, understanding how such collaborations must be the base of every step and for the value generation.

In the future, they would like to create a better welfare system for employees, involving external partners to expand the range of social services dedicated to them. For example, with a team that helps them to facilitate the social reintegration of the worker through a valid psychological support. In addition, they would like to implement the team to be

able to extend the benefits of the project Quid to more people. Finally, once their model is consolidated, they would like to apply it to other territorial realities, through mentoring activities, addressed to entrepreneurs willing to invest in such initiative.

For the two-year period 2018-2020, Quid's objective is to enhance the range and depth of its social impact. Valuing diversity, integrating migrants and valuing women's leadership are the three areas in which - in the second half of 2018 - Quid launched a new corporate CSR plan with the aim of enhancing integration through work. By 2020, 120 Quid employees will benefit from consultancy and training opportunities, the impact of which will be monitored monthly. In response to the intensification of migration flows from Africa to the Middle East, in 2019 Quid will try out the employment of asylum seekers, refugees and unaccompanied asylum seekers between the ages of 16 and 18.

Consumers appreciate the fact that the line is made with up-cycling of textile waste, high quality fabrics that would be wasted, and handcrafted by people with a past of fragility that deserve a second chance in their life. In this way Quid, besides help disadvantaged people, can become the ethical line of garments and accessories for all the Italian companies, which have an ethical interest and desire to invest in social responsibility.

Chapter 3

BE SUSTAINABLE IS ADVANTAGEOUS

SUMMARY: 1. A business model to shift from quantity to quality. - 2. Partnership profit-non profit for the future well-being. - 3. Sustainability and Public Administration for the Agenda 2030. - 4. Consumers as a crucial lever in CSR development. - 5. A virtuous circle that generates tangible and intangible values.

The focus on corporate social responsibility is so important that the financial information giant Thomson Reuters has introduced, alongside traditional economic and financial indices, social and environmental impact assessments, verifying the use of resources, the level of innovation, the greenhouse gas emissions, the treatment of the workforce, the respect for human rights and diversity, the relationship with communities, etc. Companies, of course, are aware of this growing tension towards their new role and have long since begun to adapt it. In Italy, 2018 was a year of growth for the spread of social responsibility. According to the 2018 edition of the Socialis Report, the number of medium/large Italian companies (more than 80 employees) that claim to be committed to CSR initiatives is almost 85%, with a total investment of almost 1.5 billion euro (+25% compared to 2015).¹⁸⁵

General awareness and simple commitment, however, may no longer be enough. According to Michael Porter, it is necessary to modify the approach to the core business, combining the generation of profit with benefits for the community, in a process aimed at creating "*Shared Value*", functional to the company's profitability and competitive position. It uses the specific resources and expertise of the company to create economic value through the creation of social value¹⁸⁶. Companies must take action to reconcile business and society, i.e. to create economic value in a way that simultaneously generates value for the company but also for society, responding to both the needs of the company and the social needs. Social responsibility must become an asset integrated into the company's strategy in order to be a real factor in competitiveness. In order to get this, we need a change of mentality, a new approach to business. In fact, as can be perceived from the different four case histories mentioned above, to talk about sustainability requests an empathy and open - mindedness

¹⁸⁵ D. GHIETTI, *CSR: per un economia a misura d'uomo*, p.55.

¹⁸⁶ M.E. PORTER - M.R.KRAMER, *Creating Shared Value*, p.2.

approach, with a 360° vision.

Profit today, in order to be able to feel better on the market place, being innovative and competitive, must be less impactful and more sustainable, also because today's consumers are much more conscientious about the label, thanks to the digital communication. This latter has a cultural impact because it helps to raise people's awareness on issues such as social and environmental problems. Sustainability is increasingly synonymous with quality, because sustainable goods are perceived as more innovative and qualitatively superior than other products. For this reason, quality can be one of the real turning points towards sustainability. The desire to "consume well" is associated with a growing attention to quality and represents the most pervasive and lasting driver in the choices towards sustainable products, for which people are willing to pay for. This is also reflected in a study by the Nielsen Global Survey, a global company that measures and analyses consumer and market data, carried out in 2015 at the international level. On average, the age group most likely to pay more for sustainability is 21-34 years old, followed by late adolescents (15-20 years old). As for Italy, the main drivers that push for sustainable choices are trust in the brand (53%), if the producer is eco-friendly (41%), packaging with low environmental impact (38%), commitment to social issues (33%), and the positive impact of the company on the territory (31%).¹⁸⁷ These data show how now, more than ever, is fundamental a healthy, virtuous, transparent and sustainable value chain and in this way sustainability becomes a competitive lever for value creation that increases also the organizations' productivity and profitability.

1. A business model to shift from quantity to quality

In this scenario, corporations have a critical role to play in the transformation towards a sustainable future and the SDGs of the Agenda 2030 open up enormous opportunities for business to be a force for good. Corporate Social Responsibility is the most effective and correct method for reconciling business and the goals of Agenda 2030. Therefore, companies that do business responsibly and find opportunities to innovate around sustainability will be the business leaders of tomorrow. In fact, today the 60% of

¹⁸⁷ NIELSEN, *Global Generational Lifestyles Report*, November 2015.

managers believe that this is the best time to tackle these dynamics of CSR, i.e. the ability of companies to be socially responsible by integrating this approach into their productive life. This way of working imposes a challenge because these are elements that need to be explored, understood and deepened, but in the end the most flourishing companies are those that produce in a sustainable way. In fact, during the crisis, those who did not make choices of accountability lost more. In addition, 68% of the world's population believe that companies that will have success in the future will be those that will make a positive contribution to society; 55% of corporate reputation managers of large multinationals believe that consumers expect companies to take a stand on society issues and 64% of the Italian population considers CSR as a driver of business success.¹⁸⁸

Our resources are limited, differences and disparities have reached the highest levels ever and the recent crisis has changed, or rather forced companies to radically rethink the way they do business. Today, a company that wants to be truly competitive in the long term must strategically integrate its business with its social responsibility. Consumers, employees, international and national regulations: all sections of society call business to its social role. The way in which this commitment should be addressed, however, is not obvious.

What does a company need to do in order to implement CSR and be more competitive in the long term?

First of all, we have to underline that a company to make sustainability must be in profit with a solid organizational foundation. Moreover, when a company decides to do CSR, the profit must always be the final goal that can be reached through sustainability. CSR, in fact, is a means to do business, not a goal. In addition, a company should be conscious that sustainability means also incurring costs in the short term, but with prospective of investment in the long term.

Then, beyond to the skills and technical capabilities, there are fundamental concepts to focus on in order to reach a business model that effectively covers a social need, thus inducing a - hopefully positive - change that is expressed in terms of increasing the quality of life of the beneficiaries of the activities, services or products of the organization.

¹⁸⁸ D. GHIETTI, *CSR: per un'economia a misura d'uomo*, p.56.

There are some fundamental concepts that a company that chooses the path of sustainability must absolutely make them a cornerstone of its strategy. The first one, as the world CSR suggests, is *responsibility*, which in general represents awareness of the consequences of way of acting and of one's own behaviour. Talking about sustainability, responsibility is fundamental because means that organisations and people pay attention to their daily actions, thinking about the consequences that can be generated. It is important that companies in any sector apply, explain and internalise this concept and once they have adopted it, share it with all stakeholders, moreover internal.

Then, *traceability* of the production chain is fundamental and must be based on transparency, collaboration and sharing in order to create a healthy, virtuous, transparent and sustainable supply chain. If traceability is one of the tools to improve the control of the supply chain, *transparency* remains one of the objectives that all organizations should strive for, from the internal relationship, to the one with external stakeholders that becomes an asset to get their collaboration and positive results on the market place.

These concepts are fundamental overall for TNCs that, as mentioned in chapter 1, with their production overseas must be responsible along their value chain, avoiding environmental and human rights violations.¹⁸⁹

Another fundamental concept of CSR is that about seeing business as an integral part of society, the global community and the environment that supports it. Therefore, it relies on a multitude of relationships with several actors called stakeholders and the company's aim should be the one to achieve *stakeholder engagement*. This is referred to the ability to involve different stakeholders (customers, employees, suppliers, communities, investors and others) in a positive and lasting relationship. In order to approach the stakeholder engagement the IISD has outlined a five-step process: 1. Identify stakeholders; 2. Understand the reasons for stakeholder engagement; 3. Plan the engagement process; 4. Start the dialogue; 5. Maintain the dialogue and deliver on commitments. The order and steps suggested here simply represent one way of approaching stakeholder engagement, because this depends on the issue involved, the size of the firm and other factors and some firms may choose less elaborate approaches than what is outlined above.¹⁹⁰

¹⁸⁹ R. SOBRERO, *Sostenibilità competitività comunicazione. 20 idee per il futuro*, pp.7-14.

¹⁹⁰ IISD, *Corporate Social Responsibility An Implementation Guide for Business*, 2007, p.78

The AA1000 Series², especially the AA1000 Stakeholder Engagement Standard Exposure Draft, is a standard that provides an indication of how to ensure that stakeholder engagement is consistent with issues relevant to the company and its stakeholders and how to align stakeholder engagement with an organization's strategy.

Some fundamental aspects, through which this can be reached, are listening and sharing in order to build a relationship on an equal standing with internal and external stakeholders. In this way, the enterprise can understand their needs, interests, expectations, criticisms and suggestions, in order to reach together a common goal. Therefore, stakeholders are deeply involved from early in the decision making process, sharing a sustainability strategy. Spreading the awareness that social and environmental commitment can bring great value to the company affects the motivation, pride and sense of belonging of all the stakeholders, but first of the employees. In fact, a company that involves the internal public means that tries to share the company's mission, vision and culture at all levels, promoting teamwork, collaboration and stimulating creativity. It is fundamental that this approach starts from the top management, creating a relationship with employees based on dialogue and transparency that brings a positive atmosphere inside the company. When this happens, a process of confidence and virtual trust can be built. In this way, the employee feels trustworthy and sees the manager as reliable. This efficient relationship allows a good atmosphere at work, increasing the productivity and profitability of the enterprise that leads to a mutual benefit for everyone. In fact, thanks to this approach, all the employees get used to work in compliance with the rules, developing a great sense of awareness and duty. In this way, the company, that shares its paths and listens to its employees, helps to create more responsible people, who, in turn, in a circular process, increase corporate responsibility¹⁹¹. The adoption of CSR strategy means giving more importance to the values sphere and also the leadership model is changing, from logic of collaboration rather than logic of opposition. In addition, the stakeholders engagement is fundamental for an enterprise because otherwise customers might see the firm as unresponsive to their needs; employees can feel unappreciated; suppliers could have less trust in the firm; local communities might be less cooperative; and investors could get nervous. In

¹⁹¹A.B CARROLL- K. M. SHABANA, *The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice*, in *International Journal of Management Reviews*, p.97-98.

short, the firm might miss important messages about its profile and performance. Instead in this way, employees and stakeholders feel them as an integral part of a common path that motivates them and improves their performance, while also increasing productivity.¹⁹²

In particular the management, training and involvement of its employees is part of the fundamental values of a company and is involved in building up the intangible capital that has now acquired a very important meaning in the evaluation of a company. Social responsibility is an asset integrated into strategies and represents a real factor of competitiveness. In fact, employees of companies are demanding more attention from their employers. The 93% of people want to work for a company that takes care of them as individuals, 51% say they do not want to work for companies that do not have a strong commitment to social and environmental issues¹⁹³. It's not just a theory, in fact, as was mentioned above, MediaWord employees were proud of the partnership that the company has established with Cesvi, which involved the entire staff in the fund-raising television marathon, which have actively and significantly contributed to achieve a very good result. Employee policies are one of the areas with the greatest potential on which companies can have an important impact. In this area, the aspect that requires the most attention is undoubtedly that of diversity and inclusion. A complex issue, involving spheres such as gender, sexual and cultural orientation, age and religion. Factors that, if valued, as in Randstad, can positively influence the performance of the company.

Regarding stakeholder engagement is essential questioning and listening to them in order to determine the relevance of the various topics of interest to each stakeholder. These results greatly influence the definition of the scope of analysis, helping to distinguish what is relevant to measure from what is not and use the information gleaned from them to drive innovation. It is a cross-cutting activity, which is not entirely carried out at this stage, but remains relevant throughout the evaluation process, from the identification of impact areas, to the collection of data, up to the verification of the results obtained¹⁹⁴. Last but not least, stakeholder engagement avoids that the analysis is ultimately self-referential or superfluous.

¹⁹² BUSINESS AND SUSTAINABLE DEVELOPMENT COMMISSION, *Better Business Better World*, London, January 2017, p.29.

¹⁹³ D. GHIETTI, *CSR: per un'economia a misura d'uomo*, p.55.

¹⁹⁴ IMPRONTA ETICA- SCS CONSULTING, *Linee guida per la misurazione dell'impatto sociale*, pp. 45-47.

Once the stakeholders have been identified and their interests defined, it becomes appropriate to understand what to include in the scope of the measurement. Especially when an organization realizes a plurality of impacts of different types (not only of a strictly social nature, but also economic and environmental), it may be appropriate to conduct a *materiality analysis* on the entire organization. This analysis lets the enterprise to define the object of the evaluation on the basis of what is actually important, not only for the organization, but also for its stakeholders. Linking the concept of impact to that of materiality allows, in addition understanding what to include in the scope of a measurement, to give priority to different impacts, thus defining the priority areas and the actions to be taken. Subsequently, we need to formulate a logical framework, known as the *impact value chain*, making it possible to identify the various steps through which a project or programme generates a specific *social impact*¹⁹⁵. This one means the influence that a social actor is able to generate in the context in which it operates. Understanding the process of generating impact is of primary importance in order to compare the social benefits generated with the costs incurred in carrying out the activities. In this way you can assess not only the effectiveness but also the efficiency of a project.

The next fundamental step is the use of indicators, in order to measure instrument that can quantify a change. It can therefore detect positive, negative or no change in the initial conditions. The selection of indicators is not an easy task, as there is no universal rule on which indicators should be used. For an exhaustive collection of social indicators, reference can be made to the collection of indicators contained in the G4 Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI)¹⁹⁶. This independent organization has developed the first global standards for sustainability reporting. These guidelines feature a modular, interrelated structure, and represent the global best practice for reporting on a range of economic, environmental and social impacts.

In addition, the growing attention to sustainability is also due to the publication of laws, regulations, national and international documents and guidelines, useful to create a new

¹⁹⁵ *Ibidem*

¹⁹⁶ GLOBAL REPORTING INITIATIVE, *G4 Sustainability Reporting Guidelines*, August 2015.

awareness on the subject and to outline guidelines for companies. These instruments became so important that, as mentioned in Chapter 1.5, it has been launched the collaboration between UNGC and Global Reporting Initiative, which published the report "*Integrating the SDGs into corporate reporting: a practical guide*" to encourage transparent reporting by companies around the world with respect to the UN's sustainable development objectives.

These international and national documents, mentioned in Chapter 1.4, considered sustainability as an opportunity for change to define a new economy capable of responding to the current crisis and the challenge of innovation, competitiveness and employment. In these documents, sustainable development is considered a key to enable the economy to grow. Therefore, when a company is able to combine its positioning on certain macro sustainability issues (Paris Agreement, SDGs, etc.) through a listening approach of the requests coming from stakeholders, the sustainability policy becomes mostly representative of the company's identity¹⁹⁷. This is what is happened with Edison case study, where the new sustainability policy is in line with the Global Compact criteria, implementing them in its business and also its code of ethics makes explicit reference to these principles. Edison also promotes the SDGs and contributes to achieve the objectives set during COP21¹⁹⁸. On the same line also Randstad Italia, which has subscribed the International Labour Organisation (ILO) Conventions, follows its standards for calculating the frequency and severity of accidents at work. It also signs the Universal Declaration of Human Rights and all relevant national and international laws, including Legislative Decree 81/08 on safety in the workplace and Legislative Decree 196/03 and subsequent amendments regarding confidentiality and processing of personal data¹⁹⁹. The commitment to CSR has to be combined with these international guidelines, that even if are not legally binding, drive the company's behaviour, helping businesses to integrate these guidelines (SDGs, Global Compact, OECD and ILO conventions) into their existing business processes and to report them in their Sustainability Reports.

¹⁹⁷ IISD, *Corporate Social Responsibility An Implementation Guide for Business*, p.34-35.

¹⁹⁸ EDISON SUSTAINABILITY REPORT 2016 p.117.

¹⁹⁹ RANDSTAD SUSTAINABILITY REPORT 2016 p. 152.

Therefore, the process of measuring social impacts and the commitments undertaken also in compliance with international and national standard ends with the preparation of an Annual Report addressed to the relevant public, where all the initiatives that an organization made inside and outside have to be reported. This instrument is the reporting and communication tool with a dual value: management because it allows you to measure the economic, social and environmental performance of the organization; communication because it allows you to present the overall commitment of the company. The objective is that the entire evaluation process, and in particular its outcome, is quickly comprehensible and communicable to the outside world. At the same time, the results of the analysis will be used internally by the organisation to learn from the change process, redefine its activities and review its strategy. The report must include, in addition to purely quantitative and financial aspects, also the most qualitative ones, to provide the user with important information on how social value has been generated and what assumptions and decisions have been made to ensure the robustness and accuracy of the calculation of this value.

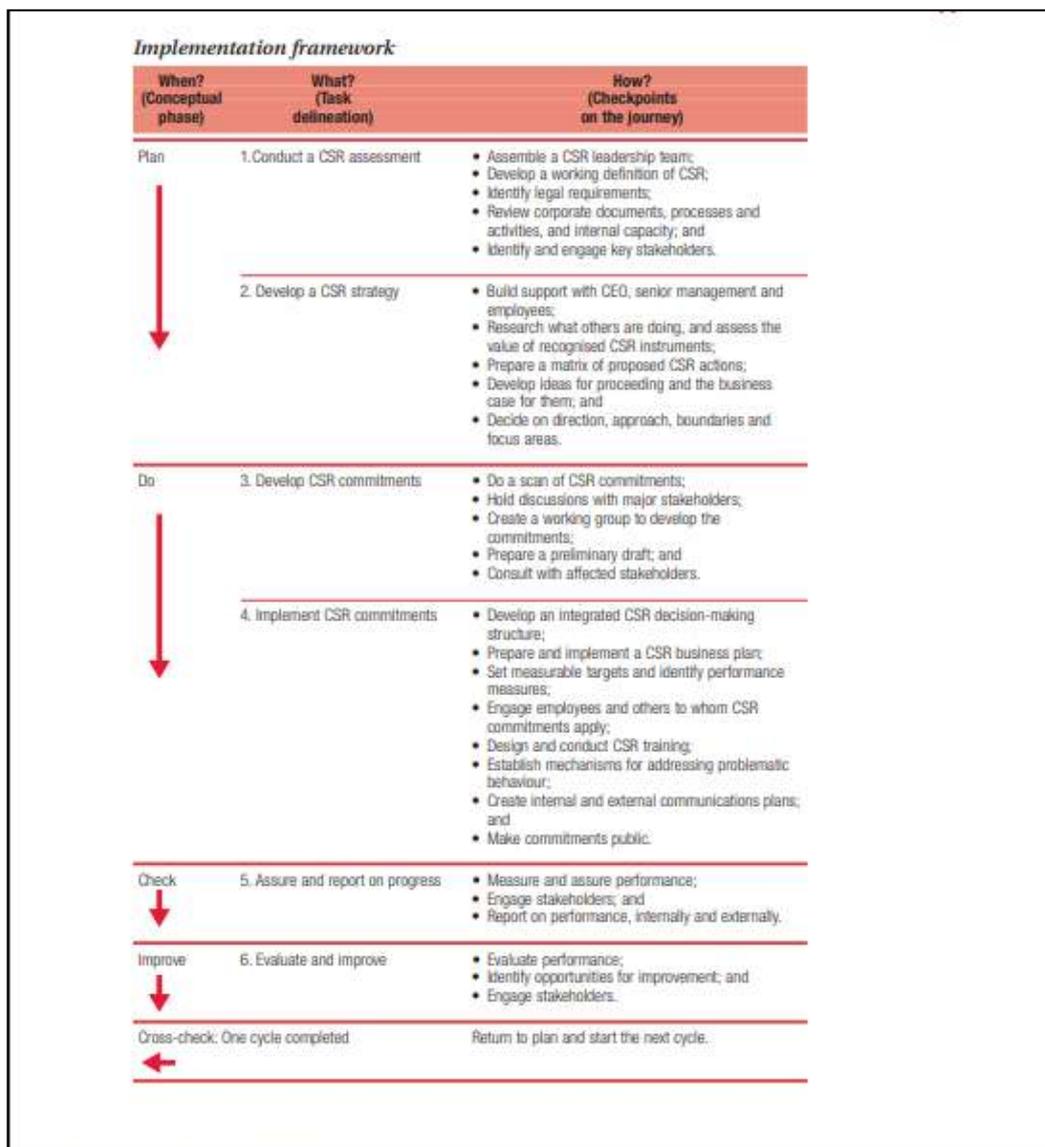
One critical issue regarding the importance of measure and communicate the social impact, is provided by the data from the 2018 survey of the 'Permanent Observatory on Sustainability and Communication' (684 interviews conducted successfully), presented by the new consortium Sic (Società italiana comunicazione), consisting of three communication agencies - Homina, Mediatyche and Extra - and Format Research. In this survey is presented how the obstacles to overcome are: the lack of budget which, in 53.1% of cases, is the main obstacle to the evolution of a company into a sustainable enterprise. After that, 24.1% of the companies complain of a lack of skills and qualified resources. Moreover if we translate this data into concrete activities of promotion and communication, the percentages drop dramatically: only 11.5% have a strategy of communication to the outside of their economic, environmental and social performance. The vast majority (84.6%) do not have the resources allocated to drawing up a sustainability report²⁰⁰. Therefore, this commitment has not yet been adequately communicated to external stakeholders, nor has it been officially sanctioned with an *ad hoc* report. This demonstrates how a central role in the development and dissemination of corporate CSR is played by the communication function. This is certainly a gap to be

²⁰⁰ Osservatorio "Sostenibilità e Comunicazione": presentati i dati dell'indagine 2018, to be consulted at www.improntaetica.org.

filled, given that communication is undoubtedly one of the strategic levers for enhancing sustainability processes, with obvious advantages of image and reputation. This function acts as a link with all the actors involved in the CSR process and with the policies adopted. In this way, the company becomes an open reality and is at the centre of constant dialogue, adopting the two-way, symmetrical, transparent and truthful model of communication. The first effect is that of considerably increasing the reputation of the company, which must be constantly safeguarded by keeping the communication channels active and making choices and behaviours that are consistent with the declared values. Obviously, the more the company strengthens its communication function with the necessary tools, the more it will achieve the objectives set. As communication tools, companies began by choosing a building with green features as their headquarters, but also the store began to have a sustainable design. There is also a growing commitment to improve packaging, of course, without disregarding the functional requirements of the product. Materials, forms and technologies are being improved in order to optimise resources and energy in production, facilitate their use and disposal, and reduce the number of pallets and therefore the means of transport required. Packaging is a tool to stimulate and promote virtuous behaviour, to inform consumers and encourage them to make an informed choice during the purchase phase. Today, digitization is fundamental, understood as the creation of a database, the use of social networks, the management of webPR, etc. Social networks have overturned all the parameters of conversation and they are now the fastest and most immediate way to communicate. Advertising has also recently adapted to this new vision, combining emotional storytelling with technical-scientific data or, in any case, with a reference to the in-depth analysis of the CSR undertaken. Effectively communicating one's own choices of sustainability and the motivations that support them becomes fundamental not only to enhance the initiatives, but also to involve consumers in the cultural and decision-making process that makes these projects truly effective. It is no coincidence that Mulino Bianco, together with the Armando Testa agency, decided to plan an extensive communication campaign to promote the project and its approach "Good for you, good for the Planet, good for the communities".²⁰¹

²⁰¹D. GHIETTI, *CSR: per un'economia a misura d'uomo*, p.62.

In the light of all the fundamental components for the activation of CSR policies, we can therefore envisage an implementation framework that integrates economic, social and environmental decision making throughout a firm—from the board of directors to front-line officials and supply-chain partners—and is therefore intimately connected with effective corporate governance, as can be perceived in the case studies previously analyzed. A properly governed firm, that makes the decision to adopt CSR-oriented activities, can reap optimal benefits for itself and its shareholders, and in turn for those who are affected by the firm’s activities. The main activities to prepare the plan, included throughout the year are illustrated in the scheme below.²⁰²



²⁰² IISD, *Corporate Social Responsibility An Implementation Guide for Business*, 2007, p. 19.

If well managed, at the end, a virtuous circle is activated that brings excellent results in terms of reputation and competitive advantage on the market. Sustainability is seen as an integral part of the strategy implemented by a company, as a competitive lever for the creation of tangible and intangible value. Therefore, it is essential to have a shared value approach in incorporating sustainability into the corporate strategy, because it inevitably affects company's values, products and services and, therefore, its way to do business. For all these reasons, the difference between philanthropy, charity, etc. and CSR lies in the fact that sustainability policies are incorporated into the company's mission, vision and strategies. Moreover, CSR can no longer be considered as a marketing or communication device because today information is available to everyone and would create distrust and refractoriness towards the company. In addition, any lack of consistency between statements and actions, even if supported by an action of propaganda, is transformed into a boomerang for the company itself. For this reason, third parties such as certification bodies are so important, because the judgment of people outside the organization makes the work even more credible. In fact, even if at the beginning, sustainability means incurring in costs in the short term, it will give a prospective of investment in the long term return²⁰³. The return is in economic and reputational terms and the company must be ready, once these investments have been chosen, to work at 360° on its reputation, with precise choices shared with all its stakeholders. In fact, it is shown how there is a positive relation between investments in CSR initiatives and business success. In Italy, medium-sized industrial companies that have invested in the green have had a greater increase in turnover, number of employees and exports than companies that have not made the same investments. The number of CSR managers and top managers who recognize an increase in attention to CSR in the work of the Board of Directors of companies grew by 125%.²⁰⁴

As Livio Zingarelli, head of Hr&business transformation Philips Italy, also points out that the programmes and initiatives for change introduced as a result of their budget have led primarily to a cultural transformation based on performance, flexibility and entrepreneurship through the development of new skills and the definition of other operating models. The electronics giant has taken action with specific measures,

²⁰³ IMPRONTA ETICA- SCS CONSULTING, *Linee guida per la misurazione dell'impatto sociale*, pp. 45-47.

²⁰⁴ D. GHIETTI, *CSR: per un'economia a misura d'uomo*, p.55.

including: the elimination of the time stamping system; the strengthening of the goal management program; performance measurement and feedback management; the Women@Work program for the development of women's leadership; Philips University on training and acquisition of new skills and many others. This transformation has enabled the creation of positive energy, which has resulted in an increase in productivity of 18% and in engagement of 25% over the last four years. In the future, they aim to increase these percentages thanks to new projects that have been added to the welfare plan.²⁰⁵

At the end social responsibility is an asset integrated into businesses strategies and represents a real factor of competitiveness that creates a return on investment, as well as a good for society. Corporate social responsibility is a tool to solve problems that cannot be solved otherwise and gives the opportunity to turn the page and to take care of social and environmental issues. In this historical moment it is essential to adopt CSR strategies and concrete actions for the implementation of the objectives of sustainable development set by Agenda 2030, as an opportunity to understand and address the unresolved issues of the present and to place organizations on the market acquiring - or consolidating - credibility and consensus.

2. Partnership profit-non profit for the future well-being

It is clear that the competition of companies today is played on a level that goes beyond the old logic of profit for its own sake. Sustainable companies will only be those that have understood and taken the road towards a social responsibility integrated into the business model to create shared value. In order to get this, Agenda 2030 reminds us that it is necessary to act in a coordinated and collaborative way if we want to generate a significant impact with respect to the challenges posed at global level. Partnership work, as underlines in goal 17, between all the actors is fundamental: public administration with citizens, dialogue with internal and external stakeholders, profit-non-profit collaboration, translating everything into key projects²⁰⁶. In particular, civil society today is asking the non-profit sector and businesses to get closer and talk to each other

²⁰⁵*Ibidem*

²⁰⁶ G. RUSCONI – E. BORGONOV, *La responsabilità sociale delle istituzioni di pubblico interesse*, pp.34-45.

better than they have done so far, in order to promote social welfare through the solution of specific problems.

The 2018 edition of the Socialis Report reveals that although 85% of European managers say that CSR is increasingly important to their company, only 21% consider it as a real competitive advantage. In addition, in Italy, 97% of companies that implement CSR initiatives are already satisfied with their activities.²⁰⁷ Faced with this unrealistic perception, the Department of Social and Economic Affairs of the United Nations has deemed it necessary to publish some guidelines to activate effective partnerships for sustainable development. This is due to the fact that, traditionally, CSR's activities have been delegated to third sector organizations, entrusting then the company's marketing and communication experts with the task of enhancing the initiative. But now this is no longer enough and the collaboration between the business world and the third sector must be closer. On the subject of SDGs, for example, the United Nations declare that the existing partnerships, in addition to be numerically insufficient, do not express their potential, maybe because they are two realities that traditionally distrust each other.

The introduction of new regulatory requirements (in particular the obligation for listed companies to also provide non-financial information on their financial statements) has induced the business world to deal with issues that have historically been managed by the non-profit sector: the protection of rights, the promotion of social, cultural and environmental values, etc. In this process firms began to discover and understand the skills and role of third sector organisations on these issues²⁰⁸. Surely profit - non-profit partnerships have a more recent history in Italy, if compared to that of the Anglo-Saxon world or to Northern Europe, but with time, the relationship begins to mature. In fact, there is a greater awareness by companies of the territory, employees and all stakeholders and a greater recognition of the non-profit subject and in this way the collaboration between profit and non-profit is very fertile for both partners. Businesses are required to take responsibility for certain social and environmental issues, alongside the creation of work and wealth, also generating value for the territory and integration with the communities of reference, thus acquiring the role of grant-maker. On the other

²⁰⁷ D. GHIETTI, *CSR: per un economia a misura d'uomo*, p.56.

²⁰⁸ D.T STIBBE - S. REID - J. GILBERT, *Maximising the impact of partnerships for the SDGs: A practical guide to partnership value creation*, The Partnering Initiative and UNDESA 2018, p.39.

hand, the non-profit sector is required to make a strategic, cultural and organizational leap by consciously selecting alliances and concrete actions with other actors of civil society, including businesses²⁰⁹. This relationship has shifted a series of concepts from the company to the non-profit organisation and vice versa, as can be perceived from Cesvi's case history. For example, accountability is a practice that comes first of all from the world of public companies and then is adopted from the world of non-profit, even if with a certain approximation. In fact, companies have a certain methodological rigour in measuring the effectiveness of their activities, investing in precise and complete Annual Reports. The acquisition of these skills also benefits the entire non-profit sector, where the accuracy and completeness of the information is not always verified due to the limited resources available. In this way, a virtuous mechanism is activated.

One example, on the same line with Cesvi, comes from Save the Children that has believed, since the start of its activities in Italy, in the importance of dialogue with the business world and this is confirmed by the fact that 19% of the organization's donations come from companies²¹⁰. Over years, there has been a progressive change in the relationship with the corporate world, in fact, the NGO has increasingly endeavoured to understand the needs of the companies and to increase the range of interlocutors involved in a partnership, with the aim of amplifying the impact on children as much as possible. Therefore, a company that wants to start a collaboration with a non-profit organization must see the partnership as an investment in the future of thousands of children, as well as a strategic tool that contributes to several objectives of the company: sustainability, the creation of a positive feeling by employees, the strengthening of its brand equity.

“Without a doubt, the requests for partnerships have changed -confirms Valerio Neri, Save the Children General Director-. The more mature relationship between the profit and non-profit world has given rise over time to richer partnerships that have involved more and more interlocutors from both the NGO (non-governmental organization) and the company”²¹¹. Today, it is increasingly common for the company to express its willingness to know in depth the projects it finances and to understand their impact on

²⁰⁹ *Ibidem*

²¹⁰ *Save the Children Bilancio 2017*, to be consulted at www.savethechildren.it

²¹¹ D. GHIETTI, *CSR: per un economia a misura d'uomo*, p.60.

the lives of children. Partners are also increasingly focusing (and SDGs play a fundamental role in this) on how crucial business behaviour is in creating a positive or negative impact on the entire value chain. Because of this process of change, more recently Save the Children has established partnerships that are consistent with the company's sustainability strategies. Once the company functions with which they talked were mainly marketing and communication, now these roles, which remain central, have been joined by human resources, sustainability and procurement. For the NGO, the partnership has become increasingly wide-ranging, enriched by interlocutors and activities. This makes planning fundamental, building a relationship of trust and mutual knowledge: both need to marry a common goal and possibly a long-term one. Creating an impact for children involves a much richer range of actions and policies implemented by the company. Of course, any collaboration is different and must be built together with the partner, on the one hand, on the basis of the specific needs of the company and, on the other, on the needs of the organization. It is not always possible to find this “right match” and, in those cases, Save the Children shares with the company in a transparent manner the reasons that make the partnership not practicable from their point of view.²¹² This shows how one of the most effective examples when it comes to circularity is precisely the profit-no-profit partnership, in which companies open themselves up to dialogue, to confrontation together with the non-profit sector for a more common language, as can be understood from the path of Save the Children and as demonstrated by the case histories of Cesvi and Progetto Quid, but not only. In this way, the NGO carries out international cooperation projects and acquires greater awareness and redefines its mission also towards an organizational dimension and effective management. At the same time, companies find in the third sector a fundamental partner to start a circular economy, a path of sustainability that involves the company in its entirety: from management, to direct employees, to external stakeholders, giving concreteness to its growth project and transforms it into value. In addition, customers also feel involved in the project and are satisfied. These examples show how the need for more systematic relations between profit and non-profit emerges with the creation of medium/long-term partnerships, in any case and always oriented towards the final

²¹² *Ibidem.*

beneficiary of social intervention and the well-being of society as a whole²¹³.

To get this, are fundamentals:

- Integrity understood as coherence within a profit-no-profit partnership,
- Cultural convergence for the coordination of common objectives
- Integration through real, transparent and symmetrical communication.
- Maximising value for the actors involved, first and foremost the beneficiaries
- Initial transparency on mutual expectations, to avoid subsequent misunderstandings

The partnership takes place when the company respects a fundamental coherence in its relations with non-profit organizations, analysing the points in common and verifying that the company's strategy of action is consistent with the company's relationship modalities and business objectives. Furthermore, the company should assess whether the proposals put forward by the NGO respond to a real social need and whether they are shared and accepted by society in general and, in particular, by the company's relevant interlocutors. The company should consider how reliable the non-profit organization is with respect to the possibility of interaction on certain goals.

The perceived image of the non-profit organization by society and, in particular, by all the stakeholders of the company, is fundamental to estimate. Furthermore, the company's vision must be compatible with that developed and supported by the non-profit organisation, since collaboration with the non-profit organisation in relation to a given cause should be able to increase the communicative impact of the mutual interests towards the stakeholders. The company must examine whether there are guarantees of monitoring, control, transparency and reporting in the non-profit organization with respect to the methods of management. Furthermore, the company must establish whether the non-profit organization is able to give concrete and satisfactory answers within a reasonable time to its objectives and whether it is really aware of and shares the interests and business of the company.²¹⁴

On the other hand, the non-profit organization must evaluate that the mission, vision and values of the company are consistent and complementary to those of the

²¹³ D.STIBBE - S. REID - J. GILBERT, *Maximising the impact of partnerships for the SDGs: A practical guide to partnership value creation*, pp.7-10.

²¹⁴ FERPI, *Il non profit? Non un settore ma un valore sociale*, 25 October 2018. To be consulted at: www.ferpi.it

organization. In addition, the NGO should analyze whether the core business of the company can bring added value to its field of action and whether the interaction between the organization and the company is able to bring benefits from the point of view of communication prospective. The organization must have also clear how to involve the company with which it could relate and must ensure that the company implements tools to monitor and control the donation's activities. It must assess whether the company's stakeholders are or can become its own stakeholders and the added value that the company can generate. In a perspective of exchange, it must first of all be aware of the value that its brand can cause to the company. Finally, the company must make goods, products and services available to the non-profit organisation, capable of facilitating the objectives of solidarity support.²¹⁵

In this way, companies and non profits can take advantage of each other in terms of visibility and towards their respective stakeholders through co-branding and co-marketing actions. Both the company and the non-profit organization can interact on the operational front and on the communication front to make known and disseminate their common objectives within their respective networks of relationships. Company's employees and members of the non-profit organisation play an important role as witnesses and convey their objectives of supporting solidarity within their respective spheres of relations and influence, as in the Cesvi-MediaWord partnership. It is essential that both partners propose, in each individual initiative, to anticipate the objectives to the stakeholders, as well as to measure and report the results both in terms of efficiency (output) and effectiveness (outcome).

At this point the advantages for the enterprise are:

- development of relations with influential publics
- social attention on the territory and within the community to which they belong
- exchange with institutions
- development of the internal climate and pride of belonging
- declination of values, vision and mission
- attraction of the best talents

²¹⁵ FERPI, *Al non-profit servono competenze*, July 2016. To be consulted at: www.ferpi.it

The advantages for the not-for-profit sector are:

- greater widespread attention and reputation of the cause
- greater organisational and strategic capacity
- greater means and resources to be devoted to institutional purposes
- cultural learning
- increased operational capacity for mobilisation²¹⁶

Social commitment and profit must therefore be contaminated in order to continue to produce results for the good of society and for the achievement of the goals of the UN Agenda 2030. The profit-non-profit collaboration generates a shared value, because it creates awareness that it is the basis of social responsibility. The non-profit sector carries out its cooperation projects in a transparent and credible way and, above all, maintaining integrity. The company becomes a detonator that triggers generosity and involves all its stakeholders, internal and external, into a virtuous circle, whose first beneficiaries is the company itself, increasing the relational capital, improving the reputation and increasing the motivation of employees thanks to projects in which they are personally involved.

3. Sustainability and Public Administration for the Agenda 2030

As mentioned at the beginning of this chapter, when we talk about sustainability we are talking about a 360° circularity that involves among the key players also the public sector, which could create urban regeneration projects, initiatives for the redevelopment of the suburbs and possible changes thanks to technological innovation. To make it possible, the Public Administration must start from listening to the citizens, involving local communities and collaborating with civil society and businesses. The themes of sustainable development are also deeply linked to the innovation of the administration, which must be efficient, digital, open and collaborative.

On this front there have been positive signs at European and national level. In May 2018 the European Commission has undertaken the third and final set of actions for

²¹⁶ FERPI, *La comunicazione che crea valore nel non-profit*, November 2016. To be consulted at: www.ferpi.it

mobility of the sustainable future called: “Europe on the move”. This initiative is part of the broader European strategy for safe, clean and connected mobility, which has already seen the publication of two packages of measures, put forward in May and November 2017. The overall objective of the strategy is to make Europe a leader in the process of transition to innovative and low carbon mobility. The objective is to allow all Europeans to benefit from safer traffic, less polluting vehicles and more advanced technological solutions, while supporting the competitiveness of the EU industry.²¹⁷ To this end, these initiatives include an integrated policy for the future of road safety with measures for vehicles and infrastructure safety; the first ever Co2 standards for heavy-duty vehicles; a strategic Action Plan for the development and manufacturing of batteries in Europe and a forward-looking strategy on connected and automated mobility. At national level, the Commission gives to Member States and national authorities the necessary tools to better manage and invest in infrastructure through smart road charging. It will also give them the possibility to better tackle the external costs of transport, such as air pollution. With this third 'Europe on the Move', the Commission is completing its ambitious agenda for the modernisation of mobility²¹⁸. Regarding the implementation of sustainable projects also at national level have been made several steps forward: in 2018 the National Commission for Sustainable Development was created and the National Strategy for Adaptation to Climate Change was defined. Another important innovation is the inclusion inside the Economic and Finance document of the BES indicators (Benessere equo sostenibile), twelve indicators from health to the environment, which will make it possible to measure quality of life and assess the impact of public policies on certain key social dimensions, going beyond GDP. Italy was the first country in the European Union and in the G7 to have introduced welfare objectives into economic policy. The decree that issued the 12 indicators provides for two documents that have to be drawn up by the Ministry of Finance: the first describes the indicators trend over the last three years and forecasts for their evolution; the second, to be presented to Parliament on 15 February each year, examines the evolution of the indicators trend on the basis of the current three years.²¹⁹

²¹⁷ *Europe on the Move: Commission completes its agenda for safe, clean and connected mobility*, to be consulted at www.ec.europa.eu.

²¹⁸ *Ibidem*

²¹⁹ *Arrivano 12 indicatori di benessere nella finanza pubblica per andare 'oltre il pil'. Italia prima in Ue e nel G7 ad introdurli*, to be consulted at www.mef.gov.it



However, there is a significant delay in implementing concrete programmes for sustainable development. According to the 2017 Report of the Italian Alliance for Sustainable Development (ASviS), there are, in fact, strong criticalities in the Public Administration that prevent Italy from keeping up with the risk of not being able to meet the targets set by Agenda 2030. The Report underlines that the gap to be filled with respect to other European countries is still wide, also due to strong territorial inequalities. Therefore, the involvement of all the actors of the territory already in the planning phase becomes strategic: the public administration is therefore called upon to collaborate with companies, non-profit organizations, other municipalities and other bodies, universities, research centres and associations. The only way to trigger virtuous mechanisms is therefore to involve the different actors by proposing forms of collaboration that increase the resources available, create sharing and improve integration²²⁰. Some virtuous municipalities are already implementing projects aimed at improving reception and social inclusion, developing circular economy initiatives, promoting energy efficiency and innovative management of the waste collection system and promoting sustainable mobility. One example is represented by the Emilia-Romagna region, which has approved and promotes projects aimed at the dissemination and development of expertise in the field of sustainability. In fact, in March 2017 the Region presented the new three-year programme in the field of education for

²²⁰ ASVIS REPORT 2018, *Executive Summary*, p. 6

sustainability. This program promotes knowledge, awareness and sustainable behaviour in a perspective of long-term learning by choosing to use education methodologies that concretely change lifestyles to make them more sustainable. This tool has constantly evolved over time and has produced more than 500 projects co-managed by schools and sustainability education centres that have grown the environmental culture throughout the Emilia-Romagna territory. The programme was built through a participatory process: in addition to Arpae and the 38 Sustainability Education Centres in the region, schools, universities, environmental, consumer and business associations were involved, as well as citizens, who were able to make their voices heard through the regional platform *Io Partecipo+*. Among the main areas of intervention that will be developed over the three-year period through the Programme, there are: education on biodiversity, the use of environmental resources, healthy eating, sustainable mobility, citizenship and care of common goods, circular economy and green economy, and differences.²²¹

Subsequently, the region approved the Regional Energy Plan 2030 and the Three-Year Implementation Plan 2017-2019. The former plan sets out the strategy and objectives for climate and energy up to 2030 in terms of strengthening the green economy, energy saving and efficiency, development of renewable energy, interventions on transport, research, innovation and training²²². For the implementation of the new energy strategies put in place by the region, the Regional Energy Plan 2030 has been supported by the three-year implementation plan 2017-2019, financed with resources of 248.7 million euros in total. The priority of intervention of the Emilia-Romagna Region is dedicated to decarbonisation measures where the regional intervention can be more effective.²²³

²²¹ Regione Emilia-Romagna, *Programma di informazione ed educazione alla sostenibilità della Regione Emilia-Romagna per il triennio 2017-2019*, pp.7-11.

²²² Piano Energetico Regionale Emilia-Romagna 2030, Febbraio 2017, to be consulted at www.energia.regione.emilia-romagna.it

²²³ Piano triennale di attuazione 2017-2019 del Piano Energetico Regionale Emilia-Romagna Marzo 2017, to be consulted at www.energia.regione.emilia-romagna.it

4. Consumers as a crucial lever in CSR development

In this context, consumers play an important role because they push all the players (companies, NGOs and public administration) to behave responsibly. They represent a key factor for the development of CSR and can activate a virtuous circle capable of triggering change. In fact, consumers started to privilege some corporations over others on the market because also of their social and environmental commitments and performance. A socially responsible behaviour becomes an additional qualitative dimension of products that consumers are willing to pay for. This shows how CSR is a market and civil society today is in a phase of constant increase in its awareness and therefore orienting its purchasing choices towards those organizations that have been able to increase their fairness, credibility and transparency along their value chain in a decisive way.

According to the study *"2017 Csr Study Cone Communication"*, in the United States 87% of consumers will buy a product because the company is engaged in a cause that they consider important, while 76% will avoid the brand if it is involved in issues that affect their sensitivity. In Italy the situation is similar: an Ipsos research, a global market and opinion research specialist, reveals that in our country consumers' aware has increased by 65% in the last 4 years and now the percentage of whoever generally considers important the theme has reached 93%. In addition, the majority of consumers believe that in the last 3 years companies have become increasingly aware of sustainability, in particular from an environmental point of view²²⁴.

International community, non-governmental organisations and consumers have become the decisive actor of evaluation. Their pressure became fundamental in order to contrast green washing practice and they can exert market pressure on organizations that do not comply with the norms and standards in the codes, or reward those who do. In this contest a key role is also played by consumers organized in associations that have become a fundamental stakeholder with whom the company establishes symmetrical and bidirectional relations, always characterized by a careful listening phase. These associations serve to make the problem of the individual, a problem that can affect the whole community, avoiding that the voice of the individual remains isolated. This

²²⁴ D. GHIETTI, *CSR: per un'economia a misura d'uomo*, p.54.

osmosis gives the consumer a more complete protection, through the associative network. In this way, the customer has decision-making power and also contributes directly to the definition of policy and business strategies of an organization.

At European level, the European Commission has adopted a new set of ecological criteria for the award of the EU Ecolabel to the following products: computers, furniture and footwear. The new criteria have entered into force on 10 October 2016. The EU Ecolabel is the European Union's voluntary eco-label that rewards the best products and services from an environmental point of view: the label certifies that the product or service has a reduced environmental impact throughout its life cycle. This instrument and its criteria are part of the European Union's efforts to promote a circular economy that supports both sustainable production and consumption.²²⁵

5. A virtuous circle that generates tangible and intangible values

In just few years, corporate social responsibility has made great progress and has entered in the political agenda as well as in the strategy of many organizations. Many transformations are underway: from changes in language to changes in lifestyles and consumption; from factors that influence the market to laws and regulations that redesign the rules of the game. As we have seen, companies are changing processes, products and governance in a sustainable way and there are numerous examples of projects that address sustainability with different focuses. This attitude must be part of a shared path within the organization in which the employee becomes a source of extreme credibility outside and it follows that internal communication is essential for the success of the company as well as the external one. In addition, the implementation of sustainable production systems moving towards circularity will not only benefit society, but it will also represent an opportunity for companies on a number of fronts, as well as leading the private sector to positively affect economic growth, reduce its negative impact on the environment and create more jobs through technological innovation. Sustainable production will in fact generate substantial net material cost savings for businesses, improving its competitiveness. One example that includes all this is given by the *OECD Report on the European emissions market*, which talks about how Europe

²²⁵ *Circular economy: Commission expands Ecolabel criteria to computers, furniture and footwear*, to be consulted at www.ec.europa.eu.

reduces its emissions. The companies, that are some of the key players, have invested more than the others, seeing their turnover grow more. This report stresses that stopping the greenhouse effect will not be for free, but helps to safeguard the future of our children; also, it will produce an immediate, tangible, substantial return, which can be measured immediately in the economy. Precisely the most stringent instruments give the best results. In fact, since 2005, European companies of a certain size, operating in the energy (such as power plants), steel, glass, cement and paper sectors, - activities in which a lot of carbon dioxide is produced - cannot exceed a certain threshold in the amount of Co2 emitted by their plants. If they go above x tonnes of Co2, they have to buy (on a specific market) the emission's rights for those x tonnes. These rights are provided by companies operating in the same sectors that manage to stay below that threshold and, for this reason, acquire a bonus that they can resell. It is the world's largest Co2 control experiment, involving 14,000 electrical installations and factories in 31 different countries and covering 40 percent of total EU emissions. Between 2005 (when it was set up) and 2014, the OECD calculates emissions of the sectors and companies concerned have decreased by 25 percent²²⁶. In the factories and plants that had to comply with the market regulations, emissions have in fact decreased by 10-14 percent more²²⁷, compared to factories and similar plants that, however, were exempted from emissions regulations. In fact, the great issue that is still unresolved, at the recent UN Summit in Katowice, is how to re-propose at world level a European emissions market, perhaps the most concrete effort of arriving at a tangible and significant cut in Co2, before it is too late. In addition, the report explains that to run this system is convenient for the market and first of all to the companies that have to comply with its rules: a series of strict rules, but virtuous ones. In fact, forcing companies to find a way to curb emissions or face higher costs (those of purchasing rights to issue) is good for their Reports. These rules have had no effect on turnover, profits, employment or investment. The OECD Report says that companies falling under the ETS (Emission Trading System) tend to go better. Being forced to curb emissions has affected neither profits nor employment, because no one has lost its job in the fight against the greenhouse effect. At the same time, the revenue of these companies increased between

²²⁶ OECD, *The Joint Impact of The European Union Emissions Trading System on Carbon Emissions and Economic Performance*, Economics Department Working Papers No. 1515, 14 December 2018, p.6.

²²⁷ See *supra*, at note 226, p.27.

7% and 18% more than companies, in the same sectors, that were not subject to market obligations. Investments were also higher, between 6% and 10%²²⁸. This European best practices demonstrate how is not true that investing in carbon dioxide reduction technology penalise companies, instead the OECD Report is yet another confirmation of how this generates a virtuous circle and increases also productivity. These examples represent a clear explanation why many organizations have undertaken the path of social responsibility and transparency.

The concept of corporate social responsibility as well as being due from a moral and ethical point of view, it also recognizes that social harms or weaknesses frequently create internal costs for firms, such as wasted energy, raw materials and costly accidents. Furthermore, from a multinational point of view, TNCs know that all these environmental and human disasters, as for example the Rana Plaza collapse, have a huge cost for them. These dramatic disasters represent just a waste of money for the enterprises that it would not exist if they had followed the international and national standards. In addition, addressing societal harms and constraints does not necessarily raise costs for firms, because they can innovate through using new technologies, operating methods, and management approaches, and as a result, increase their productivity and expand their markets²²⁹. Another important motivation that drives companies to invest in these initiatives is to increase business competitiveness. The concept of CSR can be defined as policies and operating practices that improve the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. In this way, the value creation focuses on identifying and expanding the connections between societal and economic progress.²³⁰

The CSR approach demonstrates as without ethics in the productive world, but not only, satisfactory and lasting global results will never be achieved. In fact, the green economy has been established as a driver of development and the adoptions of CSR initiatives became functional to the profitability and competitiveness position of the company, but they have to include not only environmental but also social performance, by increasing

²²⁸ *Ibidem*

²²⁹ M.E. PORTER - M.R.KRAMER, *Creating Shared Value*, pp.2-3

²³⁰ *Ibidem*.

productivity and quality. To invest in the CSR function must no longer be marginal or extraneous, but at the heart of an organisation's strategy. It is, therefore, essential the presence of a department that deals with planning and developing social responsibility initiatives, starting a process of non-financial reporting, structured, transparent and participatory through the drafting of the Sustainability Report or Integrated Report. The necessity to coordinate all these initiatives and project, that at the end have to be reported in the sustainability report, has led to the emergence of the corporate figure of the *CSR Manager*, who brings the culture of sustainability into the organization, dealing with its social responsibility, a figure increasingly in demand that must combine technical skills with interpersonal skills, and guide the organization towards its change. This type of position is already very present in U.S. and Northern European companies, even Italian companies are beginning to have their own CSR manager, especially those of large size, multinationals and those listed on the Stock Exchange.

One critical aspect regarding sustainability and CSR initiatives is that are mainly from an environmental point of view, while the lack of a holistic view emerges. The environmental dimension prevails, generating tangible changes for a large number of people, while the social dimension remains more abstract. Instead, all organizations that start a sustainable path should have a holistic approach, because only in this way can they achieve results in a medium - long term perspective, generating value. Only those who see sustainability as a lever of social cohesion and who aim to achieve a balance in three dimensions: economic, environmental and social, have overcome the concept of ecology, often perceived as opposed to the search for economic development and prosperity, and have entered into a concept of circularity and shared value. As can be perceived by the data mentioned above, firms which engage in CSR activities have been rewarded by the market in economic and financial terms, as well as in reputational terms. The social and environmental sustainability of companies has become a real commitment for many medium-large companies, the mirror of a renewed mentality and sensitivity of management that has recently become a legal obligation with Directive 2014/95/EU for which large organizations are obliged to communicate non-financial information. In order to be efficient CSR initiatives need to produce direct and indirect links to business performance and in this way the firm can benefit from CSR

opportunities. CSR enables the firm to enhance its competitive advantage and create win–win relationships with its stakeholders, in addition to realize gains from cost and risk reduction and legitimacy and reputation benefits. The reasons for companies to implement CSR initiatives maybe categorized under four arguments: (1) reducing cost and risk; (2) strengthening legitimacy and reputation; (3) building competitive advantage; and (4) creating win–win situations through synergistic value creation²³¹. Therefore, the right CSR strategy is the one that pursues issues which demonstrate a convergence between economic and social goals²³². At the end, only having a holistic view, sustainability is the answer to the goal of sustainable development established by Agenda 2030 and the solution for solving external challenges. It is a different way of doing business which does not affect productivity, but on the contrary increases it thanks to a chain that generates value. Sustainability is therefore a strategic element, especially from the point of view of values, since it is a win-win choice: it helps the environment, it helps companies, and it helps consumers.

²³¹ E.KURUCZ – B. COLBERT – D. WHEELER, *The business case for corporate social responsibility*, in *The Oxford Handbook of Corporate Social Responsibility*, Oxford University Press, 2008, pp. 83–112.

²³² M.E. PORTER - M.R.KRAMER, *Creating Shared Value*, p.12.

CONCLUSIONS

It is urgent to change the economic model to avoid the risk of collapse. The economic crisis is part of a larger crisis, the environmental and social one, from which the very survival of the planet derives. For this reason, it is clear the impossibility of continuous economic growth, because it clashes with the limits of the planet's resources. Therefore, economic growth alone is not sufficient to achieve the goals of the UN Agenda 2030 and must be reviewed within a circular economy in which the strategic orientation based on sustainable development implies finding a balance in the long term between the various dimensions: social, environmental and economic, through the development of appropriate CSR policies by all the actors of the society. Today, knowledge and awareness of all three dimensions of the sustainable development have grown and, together with technological development, are able to offer the best answers for a sustainable economic growth.

In order to adopt this approach, we need a change in behaviour, because sustainability implies sharing, an attitude that will radically change people's lifestyle and consumption. Of course, if each actor aims to achieve their goals, while neglecting that of others, it is difficult to reach significant results. When we talk about sustainability, it is essential to work together, making objectives and expected results interact: only in this way everyone can win. A sustainable path is first of all characterized by listening and dialogue, understood as a bi-directional communication process, in which we try to respond to the requests of stakeholders, but also to define shared values and social capital. Activate therefore CSR policies means to take responsibility for the world we live in and the people around us. At this point all the actors on the international community are responsible and it is urgent to intervene at a multiple level through the commitments of trade unions (national and international), company-level initiatives, government legislation and multilateral initiatives (such as ILO, UN and OECD guidelines).

In this scenario, a fundamental role is played by the enterprises and for this reason a new business model has to be adopted, where social and environmental aspects are respected and considered in a profitable way. First of all, workers and manager need to establish a good and sane relationship to raise profitability, considering human capital the first and more important resource. Environment must be treated no longer as a

factory but we must make sure that the planet returns to breathe. Therefore, the development of a CSR strategy, also defines as a sustainability strategy, is a crucial component of a company's competitiveness and is something that should be managed by the company itself. This means implementing policies and methodologies that integrate social, environmental, ethical, human rights and consumer interests, with business operations and its core strategy - all in close collaboration with stakeholders. This allows decreasing costs, increasing productivity, attracting consumers and investors and seizing market opportunities. This can happen only through a mutual commitment and with a reward of the best organizations, isolating the worst ones.

Unfortunately, there is still a huge progress to do, but as demonstrated by the four case studies and by the several data in Chapter 3, a variety of empirical evidences available suggests that the implementation of CSR initiatives has a positive effect on the company's performance. In fact, as the OECD Report has noticed, companies that have undertaken a green economy path have a better growth than those who doesn't. For these reasons, companies are absolutely useful and fundamental and they must continue to improve the welfare of all their workers and of the human being in general, because they have a huge power that can bring a meaningful change. In order to activate a virtuous circle, it is required partnerships between governments, the private sector and civil society. These inclusive partnerships built upon principles and values, a shared vision, and shared goals that place people and the planet at the centre, are needed at the global, regional, national and local level. All the players in the international system have to work together to activate a virtuous circle capable of improving the lifestyle of all and achieving the real change that all we need.

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