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Final Thesis

Italian firms' path to BCorp certification.

A case study of planning, obstacles, and limitations

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Introduction

My thesis aims to define the steps and parameters necessary to transform a traditional company into a Benefit corporation and B Corp in business practice and operational routine. To achieve this, I decided to adopt the interventionist research (IVR) approach, which allowed me to be an "insider" interventionist and study a company, Colfert S.p.A., closely by playing the role of an inside company consultant for six months and guiding the Company on its sustainable path. My thesis is developed in three chapters, starting from some purely theoretical general notions, then presenting tools and models, up to the latter's application within Colfert S.p.A. as it decided to get involved and try to take the path that will lead it to be sustainable.

The objective of the first chapter is to provide the reader with a series of theoretical notions about sustainability, Benefit Corporation, and B Corp through the reading of five parts, each based on a literature review.

In the first part, the concepts of sustainability and Triple Bottom Line (TPL) will be presented, explaining their origin and how companies have begun to approach social and environmental concerns. I will also illustrate why consumers, employees, regulators, investors, and markets have pushed companies to consider sustainability a central issue for their business. Subsequently, the focus will shift to TPL and the three dimensions of performance incorporated by it. I will provide examples of how this framework can measure the sustainability performance of projects or policies, underlying its flexibility. The different visions concerning the existence of a possible hierarchical order among the various dimensions of TPL will then be treated, and this first part will conclude with the main criticisms of TPL.

The second part will focus on the notion of Corporate Social Responsibility (CSR) and the new paradigm of capitalism. The evolution of the concept of capitalism from the time of Aristotle to the present will be addressed, and it will be explained how some companies have demonstrated their commitment to corporate social responsibility. Then, I will investigate the connections between social responsibility and the enterprise and how these have developed over time through two distinct visions from Friedman and Freeman. In conclusion, I will discuss the four main shortcomings of CSR.

In the third part, I will explain why sustainability has become an attractive topic and why we talk about sustainability today in Italian small and medium-sized enterprises. The focus will be on the main drivers pushing to take concrete action to put into practice the issues that have been discussed for too long. Here, therefore, I will talk about the importance that the Italian Civil Code, 2030 Agenda on Sustainable Development (United Nations), companies, national laws and provisions, and consumers have in conveying the importance of urgently starting to do some things that maybe we could afford to postpone until recently.

The fourth part will deal with the evolution of sustainability reporting, presenting the three phases that make up the essential precursor of the current reporting condition. Then, the focus will shift to the difficulty in standardizing and integrating reporting and sustainability reporting across countries and to what European Union regulation provides in this regard. Therefore, the 2014/95 EU Directive and the European Union Directive Proposal of 21 April 2021 will be addressed, highlighting the main characteristics of each and the related innovations to corporate reporting.

In the fifth and last part of chapter 1, I will present the concept of "impact" and how it has extended corporate responsibility. I will explain how this notion is present, together with financial materiality, also in the double materiality assessment required by the EU Directive Proposal on corporate sustainability reporting (CRSD). Then, the United Nations' 2030 Agenda for Sustainable Development will be investigated as far as its content and consequences in terms of legislation and application are concerned. To connect to the two central themes of this thesis, B Corp and Benefit Corporation, I will also talk about the Business Roundtable, which is recognized worldwide as an event contributing to an unprecedented ethical change. Finally, B Corp and Benefit Corporation will be addressed, starting from the events that have led to their creation to their peculiar characteristics and differences between them. This last paragraph of the first chapter will end with some references to the B Impact Assessment (BIA) to explain why some organizations extended their purpose beyond maximizing shareholder value. BIA will be addressed in depth in the second chapter of my thesis.

The objective of the second chapter is to provide the reader, through three sections, with a series of theoretical notions regarding the various strategic and performance evaluation tools associated with sustainability issues.

In the first section, I will present in detail the approach that I used during my internship at Colfert S.p.A. and for the writing of my thesis (IVR), and I will explain how the theoretical tools that I will present in the other two sections were used in the case study.
The second section will provide a general overview of the frameworks most used for determining, measuring, and sharing corporate ESG (Environment, Social, Governance) performance. Self-assessment frameworks used by the Company itself to report on goals that it set itself and Third - Party Assessment Frameworks used to rank and rate companies on their sustainability performance will be presented, including comparisons among frameworks belonging to each category. Then, a detailed explanation of B Impact Assessment (BIA) and GRI will be presented as the main similarities, differences, and complementarities between them.
In the third section, I will theoretically introduce the four tools I will use in chapter 3 dedicated to the business case study: business model Canvas (BMC), B Impact Assessment, SDG Action Manager, and A3. I will present the business model and the three streams concerning its use. Then the attention will be on how it can functionally support sustainability-oriented businesses. Later, the generic components of the business model will be exposed, connecting them to the regulatory sustainability requirements that provide "boundary conditions" within which a business model must be operated to market sustainable innovations successfully. Next, the attention will focus on three streams dealing with business models and sustainability issues, commonly classified as technological, organizational, and social innovation. Afterward, distinctions between business model and strategy will be made to highlight that two companies may have identical business models, but they must differentiate themselves by adopting different strategies. This section will end up with Osterwalder and Pigneur's business model, Canvas, investigating the nine building blocks of the framework and its best uses. Sustainability business model Canvas (SBMC) will be introduced, making sustainability one of the critical elements within the business model through three blocks. As far as the B Impact Assessment, I will talk about its structure and the five impact areas in which the assessment measures companies' performance (Governance, Workers, Community, Environment, and Customers). This tool's scoring method and customization will be investigated to move to Operational Impact and Impact Business Model sections. It will be made clear what lies behind considering BIA as the best tool for sustainability impact

measurement, highlighting its simplicity, instruments made available by B Lab to support the fulfillment of questions, as well as practical information about who inside the Company should take the assessment and how they can act. This part will focus on small and medium-sized enterprises (SMEs) taking the assessment and providing suggestions to overcome challenges they could face. There will also be references to how COVID-19 has (potentially) influenced how firms report information.
Concerning the third framework to be discussed, SDG Action Manager, I will provide an overview of this tool as far as its structure, design, methodology, content, principles, and development process. The different purposes behind this assessment will be explored, and how the five Specific Modules Sections of SDG Action Manager can contribute to business action on SDGs. In the end, I will talk about how and to what extent SDG Action Manager creates a payoff between breadth and depth, meaning between specializing in a specific area of sustainable development or generalizing across different fields, also focusing on related strategies adopted by firms. Finally, I present a third strategy, the Generalized Specialist Strategy, which breaks the Breadth and Depth trade-off. For the fourth and last instrument, the A3, I will talk about its origins, key features, and a come Shewhart's (1931) Plan, Do, Check, and Act (PDCA) scientific method - the beating heart of the Toyota Way - and A3 are strictly linked. Then, a general guide to make the best practical use of A3 will be provided, investigating deeply all the stages that need to be followed and providing a template that can be easily compiled. This part will discuss similarities and differences between A3 and Business Model Canvas based on their key features. Both initially appeared as methods for problem-solving and designing solutions and displayed similarities concerning working principles and application areas.
The objective of the third chapter is to explain how I applied the tools and models presented in chapter 2 during my internship at Colfert S.p.A. and what results have been achieved. To do this, I have decided to divide the chapter into six parts.
The first part will deal with the history of the Company, mentioning the most important milestones that have taken place from its foundation (1967) to today. I will explain the five corporate values and how they are connected to the Golden Circle by Simon Sinek, focusing on how these values are connected to some SDGs through specific characteristics, initiatives, or company activities.

In the second part, I will explain how and why Colfert S.p.A. decided to follow the path of sustainability, mentioning the events that led to sustainability that have gradually and almost naturally entered Colfert S.p.A. but at the same time highlighting the lack of a well-planned way to achieve sustainable objectives made explicit. From here on, I will talk about how the decision to become a benefit corporation came about, explaining some of the action proposals that I have presented to the Company with the consequent responses from top management. Subsequently, I will present which statutory changes were made for the transformation into a benefits company, and I will focus on the four purposes of common benefit included in the statute, as well as criteria used by the external consultant and me, the CEO, director, and HR manager for deciding the content of these. In the third part, I will deal with the "as is" and the "to be" to show the transition from the pre-statutory change to the post situation. To represent the current situation, I will first perform a business model analysis of Colfert S.p.A., which leads me to redact two business models, CANVAS, one for the hearth quarter and the other for the productive business unit (YCO). Second, I will show how I applied the B Impact Assessment, concentrating on how each of the 194 questions was assigned to a company area delegated to answer. The performance obtained in each impact area will be discussed, with a specific focus on the areas in which Colfert S.p.A. demonstrated exemplary performance and those where it was underperforming. For each impact area, the sum of obtained points split among Colfert's areas and some questions from the BIA platform with relative possible answers will be shown, with the support of some graphs. Company performance in each area will be compared against other similar businesses using benchmarks provided by B Lab based on company size, sector, and geographic area. Some similarities between Colfert's performance in the five impact areas and the Company's performance against BIA's benchmarks will be explored. Third, I will present two analyses of how the SDGs are considered by Colfert and relative results, focusing on the similarities and differences. The first analysis was carried out by Colfert's marketing department in 2020, and it is relatively informal and based on perceived and logical associations. For the second analysis carried out by me in 2021, on the other hand, I used the SDG Action Manager tool by B Lab to collect and analyze data on Company's performance on each SDG. As far as the "to be," first, I will show how I applied the A3 method to skim the first list of 53 objectives related to the four purposes of common benefit. I will describe how the seven sections of A3 have been compiled following the order of the blocks, and at the end, there will be a visual representation of my proposal A3. I will illustrate the criteria used for the skimming, displayed in the future state section of the A3, which led me to obtain 22 specific objectives and then, through another skimming, 18. The 18 specific objectives will be presented and connected to relative company areas. Second, I will talk about two hypotheses of what could happen in the Company after transforming into Benefit Corporation. The implications of this transformation are not yet materially visible to date, and Colfert S.p.A.'s sustainable commitment is still a work in progress. The first hypothesis, developed by the marketing department, regards the positioning of sustainability inside the corporate organization chart. The second deduction, made by me, is about changes in the hearth quarter and YCO business models. Third, I will summarize the future steps of Colfert S.p.A. to become B Corp through a Gantt Chart visual representation. These steps coincide with the steps I followed in carrying out the Colfert sustainability project.

Chapter 1

Sustainability, Benefit Corporation, and B Corp

'We have a dream. That one day, all companies will compete not only to be the best in the world but the best for the world.' - #BTheChange, #UnlockTheChange
- BCorporation Movement

1.1 Sustainability and Triple Bottom Line (TBL)

1.1.1 Setting the framework

According to the Brundtland Report of the World Commission on Environment and Development (United Nations 1987), sustainable development is the "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." From the business perspective, a sustainable business is one that "meets the needs of its stakeholders without compromising its ability to meet their needs in the future" (Hubbard 2009). Both definitions emphasize the consideration of both present and future impacts of operations, a perspective that usually has not been considered by traditional business management, which conventionally focused on accomplishing shareholder needs within a short timeframe.

According to the International Institute of Sustainable Development (2009), the term 'sustainability' appeared in 1962 with the gradual merging of the environmental movement and the post-World War II international development community. In 1962, people began to recognize the existence of a close connection between environment and development. Also, this year, Rachel Carson published the book Silent Spring, which prompted readers to become more concerned about threats to the environment.

As Hoffman (2002) explained, since the 1960s, it has been possible to identify three significant areas of interest regarding companies' environmental and social impact. The first area was purely normative and has led to the formation of the U.S. Environmental Protection Agency (1970). The second one appeared around 1990 and was strategic by its nature as insurance companies, investors and customers began pressuring companies about addressing environmental issues. The last wave began in the 1990s, and it is still strengthening today as we are still experiencing the full effects on markets and global economies. The focus is on merging global economic issues with environmental and social concerns.

Berthon (2009) explained that sustainability has increasingly become centralized for businesses as companies have embedded sustainability practices across the organization for several reasons according to the industries and geographies in which they operate. Even before the benefits in terms of performance (such as cost reductions, revenue growth, more robust brand positioning, and better risk management), companies should not hesitate to pursue sustainable initiatives and investments to maintain or restore the trust of consumers, employees, regulators, and investors and markets. Indeed, consumers are increasing their preferences for sustainable products and services, and employees are becoming more aware of sustainability issues concerning their companies' actions and strategies. In addition, regulatory bodies at national, regional, and global levels recognize unanimously the need to increase the pressure on sustainability issues. Finally, in capital markets, investors are demonstrating that sustainability investments are a wise option as there are more references to sustainability indexes and investments in sustainable technologies. Evidence suggests that companies can achieve high performance because of, not despite, their attention to sustainability. This condition exists within bad economic times and good ones because sustainability initiatives used to be economically sound. Moreover, the key drivers of sustainability do not depend on the present economic context (for example, the growing scarcity of natural resources will continue despite the business environment).

Corporate sustainability is a dynamic concept whose implications reflect on the whole society beyond the central organization. It is a continuous journey envisaging a balance between financial, environmental, social concerns, commitments, and opportunities. Generally, a 'top-down approach is adopted towards corporate sustainability, starting from theoretical principles and focusing on business practices. In some cases, however, it is decided to start from the concrete reality of the company to learn from an effective application those principles that previously were learned from books or conferences ('bottom up' approach). Beyond the starting point (theoretical or practical), what is good to keep in mind is that sustainability should not be approached as a duty (although companies and entrepreneurs are approaching it) but as an opportunity to grow, innovate, and achieve a new form of competitiveness. In other words, sustainability is the lever to invest in new technologies, adopt new production methods, manage businesses in a streamlined way and adopt reporting, certification, welfare practices, and advanced relationships with its stakeholders (Paronetto 2017).

1.1.2 Exploring the Triple Bottom Line framework

Before presenting the Triple Bottom Line framework, it may be helpful to understand how and why the term "bottom line" came up besides sustainability concerns. To start, the "bottom line" is nothing but a metaphor whose origin comes from within the business lexicon. The net income (earnings) reported on the financial statements of publicly held firms is the symbol of the bottom line as it represents information capture of several separate actions in a unique and concise representation (a number). This condition exists because a standard metric represents these actions and benefits, and costs are summed. Many owners, managers, creditors, and investors perceive an organization's bottom line as the primary measure of a company's performance.
The expression "triple bottom line" refers to a reporting technique in which the bottom line's template is applied to report also on a company's social and environmental aspects. The legitimacy of this application varies according to the extent to which the characteristics of social and environmental applications conform to those of economics and accounting. An actual TBL report should be a periodic report in which the company presents sections on social, environmental, and financial accountability, balancing and giving equal importance to all three dimensions. Elkington (2006) and Wikström (2010) explained that the assumption behind this framework is that sustainable development can be achieved only when the organizational culture pays balanced attention to all three dimensions. Thus, TPL makes all those company actions not covered under conventional reporting techniques more understandable and transparent. By reporting results in these areas, more managers are held accountable for their daily decisions' environmental and social impact, leading them to fully incorporate these dimensions into their decision process (Brown et al. 2006).

As many people developed the idea that the definition of sustainable development proposed by the World Commission on Environment and Development did not translate into a usable business metric, in 1994, John Elkington introduced the notion of Triple Bottom Line (TBL) through his book Cannibals with Forks. It is an accounting framework that goes far beyond conventional return on investments, profits, and shareholder value by including environmental and social dimensions. Indeed, the TBL framework incorporates three dimensions of performance: social (human factors), environmental (risk and requirement factors), and economic (financial factors). These are also called the three P: people, planet, and profits (Figure 1.1).

Several (and new) globalized challenges came up concerning sustained growth of corporations so that Triple Bottom Line Reporting (TBLR) become a sine qua non condition for companies wishing to apply a sustainability plan.

Figure 1.1 – Sustainability and business: the TPL

Source: Vafaei et al. (2016)

1.1.3 TBL' uses

Many businesses (including Unilever, 3M, Proctor and Gamble, and General Electric), non-profits (as Ford Foundation and RSF Social Finance), and governments (as what happens in Vermont, Maryland, Minnesota, the San Francisco Bay Area, Utah, and Northeast Ohio) use the TBL to measure the sustainability performance of projects or policies as its flexibility allow users to apply this structure in a manner that meets the specific needs of different entities (businesses or non-profits), different geographic boundaries (a city, a region, or a country), or different projects (educational programs or infrastructure investments). Specifically, companies are increasingly attracted to TBL because there is evidence of increased profitability in the long run (as what happens with the reduction of packaging waste that entails a reduction of costs). Some firms have tried to identify variables for their TBL scorecard. Cascade Engineering proposed using the amount of taxes paid for the economic dimension. The firm suggested charitable contributions and average hours of training and/or employee for the social dimension. In contrast, the environmental one recommended greenhouse gas emissions, water consumption safety incident rate, sales dollars per kilowatt-hours, use of post-consumer and industrial recycled material, and amount of waste to landfill (Cascade Engineering 2009).

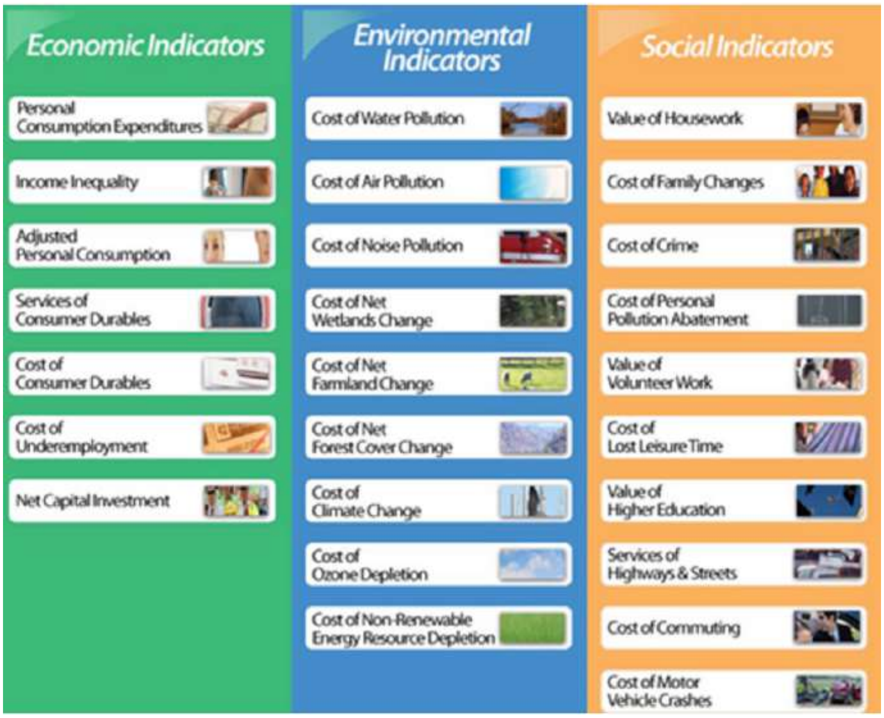
Many non-profit organizations adopt TBL, and some have decided to partner with private firms to address the sustainability issues affecting mutual stakeholders. Companies decide to mate with non-profits because they recognize that it could be a good business opportunity. In particular, they partner with non-profits which goals include environmental protection, social well-being, and economic prosperity. (Senge et al. 2008).

Among the various non-profit organizations that embrace TBL, RSF Social Finance exemplifies how this framework can be tailored to any organization. Through partnerships with several donors and investors, RSF provides individuals, non-profit and for-profit social enterprises committed to improving society and the environment with capital, programs, and services. In particular, RSF supports entities addressing issues in the areas of Ecological Stewardship (environmental), Food and Agriculture (economic), and Education and the Arts (social). This condition happens through funding projects and organizations that regenerate and preserve the earth's ecosystems, exploring new economic models that support sustainable food and agriculture while raising public awareness of the value of organic and Biodynamic farming, and funding education and art projects that are holistic and therapeutic.

As far as governments are concerned, state, regional, and local authorities adopt the TBL as a performance monitoring and decision-making tool. The decision to use this framework is primarily driven by realizing that GDP alone is insufficient to measure well-being. Even its creator, Simon Kuznets, in 1934 stated that "The welfare of a nation can scarcely be inferred from a measurement of national income" and again in 1962, "Distinctions must be kept in mind between quantity and quality of growth, between its costs and return, and between the short and the long term. Goals for more growth should specify more growth of what and for what." In short, just because we are exchanging money within an economy does not necessarily mean that we are sustainable or prosperous.

In support of this argument, think of the economic activity deriving from the exponential growth of urban sprawl. It certainly contributes to the GPD, but there are non-economic costs that come together with sprawl, such as increased traffic congestion, automobile impacts, increased commuting time, and land-use conversion. Thus, policymakers use the TBL framework to know the cause-effect relationship between projects, policies, or projects and investigate whether the results facilitate or hinder sustainability.

Figure 1.2 – State of Maryland's Genuine Progress Indicator



Source: Maryland.Gov[1]

[1] https://dnr.maryland.gov/mdgpi/Pages/default.aspx.

Further, the State of Maryland uses the TBL framework to compare initiatives (as investing in green energy) against the option of "doing nothing" or adopting other policies. Specifically, Maryland uses the Genuine Progress Indicator (GPI), which goes beyond measuring only economic activity to include sustainable economic welfare measurements.

It was developed by Clifford Cobb, Ted Halstead, and Jonathan Rowe in 1995, who identified 26 indicators and then populated them with verifiable data. Now it is used in Canada and the United States together with GDP. Some (from the green and social economics perspective) consider it to be a better and more complete measure of the sustainability of an economy than GDP as it measures externalities - in terms of environmental impact and social costs - of economic production and consumption in a country. The goal is to understand whether these externalities are positive or negative factors for the overall well-being. The GPI formula subtracts to the sum of personal consumption with income distribution adjustments and capital growth, the sum of unconventional contribution to welfare (as volunteerism), defensive private spending, activities that have a negative impact on social capital, costs coming from the deterioration of the environment, and activities that have a negative impact on natural capital.

Maryland government implements the GPI by accounting for income inequality, including non-market benefits from the environment, economy, and society, which are not included in Gross Domestic Product (GDP), and identifying and deducting costs such as loss of leisure time, environmental degradation, and human health effects. Having said so, the use of GPI is challenging because it may be unclear how to quantify, calculate and measure what seems to be unquantifiable at first sight. Thinking about social well-being, how do we calculate its indicators? It is not clear the actual cost of crime or the true value attributed to forests or wetlands. The identification of each indicator is purely subjective, making the comparison among GPIs difficult and allowing for several interpretations and calculations, but this indicator's credibility lies in the use of peer-reviewed studies and nationally accepted data.

1.1.4 Is there a hierarchy of importance among the TBL's dimensions?

A possible hierarchical order among the various dimensions of the TBL has been much discussed, and several graphical representations act as support of different visions.
Many definitions of sustainability refer to the triple bottom line as a stool with three individual legs representing the environment, society, and economy. According to this vision, the exercise of removing one leg at a time shows a hierarchy of importance among the dimensions. Starting from taking away the economy, society would continue to exist although it would enter in a state of chaos and hardship, whereas the environment would not undergo significant changes. Indeed, the economy is an artificial construct that has been designed with the primary objective of delivering goods from the environment to society. Without an economy, it would be difficult for society to access food and materials. The environment will be fined even in case society is removed. The economy, on the other hand, will disappear. Lastly, removing the environment would involve an enormous effort of survival for society as it would lack the necessary conditions to ensure a good survival of the living species: food, water, clean air, etc. Moreover, since the market relies on the environment to provide resources, the lack of goods to trade would destroy the economy.
A more articulated vision of the three-legged stool model sees the sustainable organization as a stool supported by three legs of the same length. These legs represent a more progressive vision of the economy (cost savings, profit, R&D), the environment (involving the use of natural resources and focusing on pollution prevention), and the society (education, community, standard of living, and equal opportunity) perspectives. The exact length of the legs symbolizes that the same importance is given to all three as the stool will be unstable without any of them. Thus, ethical leadership is the parallel rug used to pay equal attention to all legs and stabilize the model. The result will be a balanced stool representing a sustainable organization. However, since the three-legged stool could be pushed over in a cracked or slippery floor, the three legs are further strengthened by three interdependent braces being organizational performance (compensation, motivation, balanced scorecard, and reward), resources (human, material, and financial) and culture (ethical climate, promotion systems, roles, integration and socialization, and justifying statutes).

A socioeconomic relationship arises from an untold or unwritten agreement between business, society, and the environment. Business organizations are expected to use scarce resources efficiently to provide services and goods to society. In turn, they earn a profit. Also, there is no conflict between the business use of environmental and social resources and earning a profit. However, problems may arise in case of unethical steps (e.g., when profit comes at a rate of long-term environmental and social damage or priority is given to the pursuit of profit over social well-being) if there are no measures available to balance these activities, creating an imbalance. Ethical leadership plays an essential role in balancing this socioeconomic relationship by practicing environmental and social responsibility. Precisely, ethical leadership practices in organizations are used to incorporate an ethical culture throughout the organizational environment, resulting in balances between several activities. A strong organizational culture is fundamental for sustainability (Tushar 2017). Cadbury (2006) explained that corporate social responsibility is a way to balance both the organizational commitment that profit would not come at the expense of society in the long run and balance the relationships.

Furthermore, ethical leaders ensure an ethical culture and climate through the organization by fostering the reduction of natural resources exploitation, negative impacts of emission, unhealthy employee treatment, and insufficient financial practices. To reach these results, leaders should incorporate ethics into executive and leadership development programs, provide ethical training and environmental education to all employees, and hire according to candidates' attitudes and knowledge on ethics and sustainability. Moreover, researchers found that ethical leadership by top management is beneficial (although indirectly) to managers'' ethical leadership, which increases group level or organizational performance (Eisenbeiss et al. 2015; Hubbard 2009; Walumbwa et al. 2012).

The three-legged stool of sustainable organization is a widely used and accepted model since it unifies many theories and concepts as environmental sustainability (Newport et al. 2003) and sustainable community development (Dale & Newman 2008).

For others, behind TBL, there is an attempt to go away from a single silo thinking by doing all that at once. Thus, the three dimensions of sustainability are interviewed elements: the economy is included within society, which is located within the environment. This model recognizes that the existence of the economy is possible only in society and that not every aspect of society involves related economic activities.

Similarly, society and the economy strictly depend on a healthy environment, forming the surrounding context.

According to Stigson, president of the World Business Council for Sustainable Development until 2012, the social perspective should be considered an essential dimension, saying that business cannot succeed in societies that fail. Indeed, only those companies that continue to respond to society's needs, and are planning for a changing future, will be still operating successfully many years from now.

Others sustain that sustainability (particularly sustainable development) should not be understood as the sum of the parts that make up the three dimensions. Indeed, it results from a single action that generates synergies from the mutual interconnections, according to the equilibrium model of the three E: Ecology, Equity, Economics. It is essential to adopt an integrated approach on all three dimensions to achieve sustainable development. (Mio 2021). Sustainability is not about looking for a future for the environment where humans are not considered. It is not about protecting social relations and ignoring the human ambitions for prosperity or the environment. It is not about privileging an economy that considers social or environmental issues. This conception implies a shift in perspective, going beyond the commitment to perspectives that force hierarchical decision-making (Brown 2010).

1.1.5 Criticisms of Triple Bottom Line

The harshest critics highlight that defining the TBL is relatively simple; the challenge is measuring it because there is no standard unit of measures for all the dimensions. Some have proposed to monetize all three dimensions (Schilizzi 2002), but to which extent is it possible to assign a dollar value on wetlands or endangered species? Others proposed to use an index (for example, the Indiana Business Research Center's Innovation Index) to calculate the TBL, but even in this case, some troubles may arise. There remains some subjectivity regarding how the index components, each single "P" and sub-components within each "P" are weighted and how categories are prioritized, and by whom.

Some pointed out that TBL accounting (i.e., using financial terms to translate environmental and social liabilities) will be possible once the evolution of current social and environmental accounting frameworks and techniques is completed. Social accounting is still earlier in the process, and the environmental one is not entirely regulated. Moreover, still, there is no accepted framework capable of bringing together all three dimensions consistently (Schilizzi 2002).

Moreover, neither is there a commonly accepted standard for the measures to be included in each of the three categories of TBL. Indeed, a local government and a business may measure success in environmental sustainability due to the reduced amount of solid waste that goes into landfills. Instead, a for-profit bus company could quantify success concerning earnings per share when a local mass transit might gauge success according to passenger miles. In the end, what drives many decisions regarding what measures to include in the entity's level, type of project, geographic scope, and stakeholders. In this context, the availability of gathered data and collecting it plays an important role.

Conventionally, concerning the economic measures, the variables to be considered deal with the flow of money. Examples include personal income, establishment sizes, churn, job growth, cost of unemployment, percentage of firms in each sector, revenue by sector contributing to gross state product, and employment distribution by sector. Regarding the environmental measures, variables should measure natural resources and all factors that could potentially influence its viability. Examples could be solid and hazardous management, electricity consumption, excessive nutrients, sulfur dioxide concentration, nitrogen oxides concentration, and selected priority pollutants. As far as the social measures, social variables refer to social dimensions of a community or a region, for example, female labor force participation rate, median household income, unemployment rate, relative poverty, health-adjusted life expectancy, and violent crime per capita. (Slaper & Hall 2011).

Schilizzi (2002) argues that companies primarily use the TBL framework to enhance their public image. According to his vision, a company considers environmental and social impacts necessary only when they are likely to lead to extra costs or liabilities. When it comes to customers, investors' choices on the stock market, and government retaining an excellent social and environmental management reputation pays (it is more of a correlation than a clear causal relationship).

Some believe that TPL and sustainable development are contrary to the true intentions of capitalism and misappropriate company purposes. In this respect, in January 2005, The Economist published a cover story in which sustainability and corporate social responsibility are presented as a misguided concept used by people with fear or little knowledge of capitalism.

Brown et al. (2006) criticize the metaphor behind the TPL framework. First, they underly that using a common metaphor for the three sustainability pillars constraints the ability to consider them as both different and interrelated. This condition prevents the development and application of different approaches for representing, measuring, and understanding them. Second, the author points out that when indicators are used to measure each factor separately (as GRI 2002 does), the synergies and interactions among the components would be lost, questioning the representation's validity. Third, because of the lack of mandatory standards, companies are free to choose the characteristics to be measured and the standards and metrics to measure them. So, the result is a report that reveals what companies wish to disclose, missing rigor and discipline. As a fourth and last criticism, companies that genuinely want to enhance their sustainability commitment can be distracted as the three dimensions are often presented as independent bottom lines. In support of this opinion, there is a lack of demand to analyze the interrelationships between the three dimensions, and there is no explicit request to consider how impacts in one of the dimensions can influence the others.

According to Norman and MacDonald (2004), the triple bottom line concept is a "good old-fashioned single bottom line plus vague commitments to social and environmental concerns." As the dominant bottom line frame, privilege the economic bottom line, obfuscates the interrelationships among the various factors, and propose measures and aggregations unrelated to the social and environmental dimensions, implying an illusion of compensatory validity and precision. Moreover, according to the authors, economic growth is still the primary goal of development planning, and sustainability is nothing but a reluctant constraint.

Some argue that comparability across organizations (and over time) is complex and even impossible. Indeed, there are no generally accounting standards, no unique reporting format, and general or regulatory requirements that must be respected. Even the few companies reporting according to GRI standards produce only a few comparable information, albeit GRI standards are currently the most developed standards for sustainability reporting. Sustainability's 2004 report accentuates that even the top 50 corporate sustainability reporters provide a mixed bag for social and environmental reporting.

1.2 Corporate Social Responsibility (CSR) and the new paradigm of capitalism

1.2.1 The evolution of capitalism concept: morality and ethics

Calls for responsible businesses' behaviors date back more than a thousand years. Indeed, the relationship between ethics and economic activity has always existed, and man has continually placed himself. However, in different ways, the problem of the relationship between its actions and the rules to be respected, regardless of which was considered the legitimate source of these rules.

Looking at the specific philosophical and historical literature to highlight that relationship, one of the first reflections on economic ethics, in the context of Western thought, is found in Aristotle's Nicomachean Ethics. The Greek philosopher and polymath regulate the purpose of economic activity to realize a personal and communitarian good. Again, there are indications of economic behavior in the Old Testament, beginning from condemning to usury. Instead, ethical and religious ideas in assessing economic behavior are solid (for example, St. Thomas).

Economic disciplines became independent from philosophical ones from the 17th to the 18th century, but this did not lead to a rejection of ethics. There was a general and greater awareness of the disastrous impacts of human activities (mostly corporation ones) on the environment in this period. Companies began to feel society's pressure, which demanded fewer toxins, cleaner water and air, and other environmental benefits. This condition led firms to adopt improvements in their environmental behavior. Moreover, numerous business ethics texts of the eighties emphasize that ethics is not extraneous to the economic activity, rejecting, therefore, the so-called "theory of the amorality of the business," that is of the idea that the business, in particular the activity of the enterprise, act in a sort of moral free zone.

The stereotype of the amorality of business, and in general of the economy, was a by-product, not logically necessary, of the so-called "quantitative engineering" of economic thought that elaborates models related to the calculation and construction of functions which by their nature conceive the human being as a rational "homo economicus." (Sen 2006). Although this "engineering" has been indispensable (regardless of the validity of individual models and theories) as without calculation there is no economic thought, such models and functions involve an economic, simplified, and reductive vision of "human need" that if absolutized as a mirror of being they become inadequate to reality and can be a dangerous boomerang for the economy, as happened in the recent financial crisis. (Rusconi 2014)

Adam Smith, in his book entitled 'The Wealth of Nations' (1776), affirms the existence of the role of ethics in economic action, arguing that free trade on the market motivated by individual interest is the basis of the wealth of nations, the latter also understood as an ethical value. However, the moral conception from its book 'The Theory of Moral Sentiments' (1759) serves as the framework for his theory.

As explained by Craig Smith (2013), the idea that business has societal obligations beyond the mere achievement of profit was present at least since the eighteenth and nineteenth century when, during the Industrial Revolution, visionaries as William Lever and George Pullman founded factory towns in the U.K and the United States trying to lighten industrial unrest. While many parts of the newly industrialized cities were mostly slums, these towns provided workers and families housing and other amenities. A common factor behind these benevolent capitalisms was the intention to reduce labor problems by looking after their workers Always. Corporations had an explicit duty to work for the public's benefit in this period, and thus they started to undertake public work projects as building canals, bridges, and roads for the community (Champlin and Knoedler 2003). Always in the 1990s, corporations began to talk about environmental sustainability even if for several organizations and thinkers became apparent that environmental sustainability could be achieved only by addressing social issues as well (Brown et al. 2006).

1.2.2 Capitalism and CSR

The traditional capitalistic model has evolved towards a more sustainable enterprise economy, starting from the CSR concept and the stakeholder approach till the development of the Fourth Sector and the coming of Hybrid Organizations. This transformation has been led by factors that, together with the 2008 financial crisis, have made people question the legitimacy of the capitalistic system. The capitalistic model, as we intend it also caused benefits and negative externalities. The life expectancy of humankind has increased considerably, leading to substantial economic growth, but the quality of life is increasingly threatened by higher pollution levels affecting the air, the water, and the land. Moreover, the economic growth, together with an increasing life expectancy, drove the entire system towards overpopulation which put pressure on natural resources, even leading to overexploitation.

There is also a wealth gap between regions in this scenario due to labor and human capital commoditization. The legitimacy of the capitalistic system was not the only one to be negatively influenced by the ill-adapted capitalistic model. People's trust in companies has drastically decreased. Companies should become the catalysts of positive impact by internalizing and possibly resolving their negative externalities to restore trust. Firms should support and share the logic of integrating purpose with profit, challenging the institutional barriers. Leaders of the Business Roundtable have recently supported this belief as they incorporate in their governing documents their commitment to the environment, society, and stakeholders in general. In short, leaders should use business as a force for good to drive a systematic change in the capitalistic system, transforming it into a more conscious and responsible entity. We will later investigate the main initiatives (TPL, SDGs, ISO 26000, GRI, and the B Corp certification) that help companies put social and environmental impact next to financial return on the priority list.

Concerning what is meant by the term' corporate social responsibility (CSR), its origin can be attributed to the 1972 United Nations Conference on the Human Environment, when the sustainable development term was launched for the first time. Then, the latter has been enhanced with new attributes as green and bio innovations and environmental issues (Burlea-Schiopoiu & Mihai 2019). There is exhaustive literature on how companies can do well (in terms of financial performance) by doing good (i.e., encouraging social goals), and the "good" done by firms is mostly a direct result of corporate social responsibility (Parhankangas et al. 2014). For many companies, sustainable development became integrated into their vision and mission, and now it is universally referred to as corporate social responsibility. More and more companies are valued for the externalities produced on the environment and society, expanding the boundaries that outline corporate responsibility far beyond the mere responsibility of maximizing profit for shareholders, remaining within the limits of the law. CSR determines how companies can act as "positive and responsible contributors to society" (Wang et al. 2016), and nowadays, it is an essential lever of competitiveness and communication, also valuated in international markets.

The EU's 2006 definition of CSR highlights the willingness of companies to go beyond what law and regulations require by integrating social and environmental issues in their daily business operations (internal level) and their interactions with stakeholders (external level). "It is about enterprises deciding to go beyond the minimum legal requirements and obligations stemming from collective agreements in order to address societal needs."(Craig Smith 2013). CSR has also been defined as a form of companies' ethical self-regulation wherein enterprises adjust their use of environmental and economic resources with the interests of their primary stakeholders being owners, investors, workers, customers, community, and suppliers. (Mitchell et al. 1997). CSR generates a win-win scenario that actively contributes to both the organization and the society. In this context, CSR includes the responsibility of various actors besides companies, including non-governmental organizations and public entities. (Vilke 2014)

Reporting concrete examples, the socially responsible company aims to improve and make efficient the relations with stakeholders through corporate welfare initiatives such as Improvement of labor market policies, granting of permits, creation of nurseries, or supplementary pensions. For example, Netflix supports its employees and their families by offering 52 weeks of paid parental leave that can be enjoyed at any time as needed (on average, other tech companies offer 18 weeks). Lego has already reduced packaging and invested in an alternative energy source concerning the environment. Moreover, among the future goals, it will invest $150 million over the next 15 years to fight climate change, reduce waste, and make its products fully sustainable by 2030. On the other hand, Patagonia has been committed since the '90s to donate 10% of the profits not taxed, and 1% of sales to small groups committed to preserving the environment. As far as social issues, there are infinite initiatives that the company could take, for example, helping the soup kitchens of the poor, cleaning the surrounding parks, volunteering in hospitals, activities in orphanages, or fundraising events for charities. Since 1974, Xerox has launched the Community Involvement Program, an initiative through which employees of the company can actively develop their community through the initiatives they propose. By doing so, the company's brand visibility has increased, and, more importantly, employee morale and productivity has improved.

1.2.3 – Social responsibility and enterprise

Why is social responsibility strictly connected with the enterprise? Paronetto (2017) explained that at the beginning, social expectations were put on the State, the Church, the Public Administration, trade unions, associations, and political parties as they were supposed to play a critical role in giving specific answers. Then (up to today), these social references have progressively lost credibility because they have proved to be unable to adapt and change according to the transformations of society. This condition led these conventional social references to be disconnected from the real needs of those who addressed them. In this context, the enterprise demonstrated to change to remain adequate to fulfill its role. Together with the loss of credibility of the other social entities, this ability has determined different expectations on the enterprise, which are expected some behaviors and determined answers that were previously expected from other institutions. Some entrepreneurs began to wonder whether there were opportunities behind these requests and whether it was necessary to listen to the new expectations to give a concrete answer. Entrepreneurs who have paid attention to this new scenario have developed the awareness that knowing how to respond to new expectations can generate satisfaction from individual stakeholders, thereby increasing the credibility of the company at a time in which the reputational value and the confidence expressed by the market determine the life or death of the company. So, conscious entrepreneurs have started defining who their stakeholders are, what they ask the company, and how they can relate to them.
We are witnessing a transformation of capitalism that foresees a shift from a century focused on maximizing shareholders' values in the short term to a new era where particular importance is given to maximizing shared value in the long term. Two schools of thought should be mentioned in this regard. These represent two opposing visions belonging to the American Freeman and Friedman. Milton Friedman, 1976 Nobel Memorial in Economic Science and founder of economic doctrine, is often remembered

for asserting that the only social duty of managers is to maximize shareholder profit. As Karl Marx did, he also affirmed that firms could not be socially responsible as this responsibility runs against the principles of self-interest on which most businesses are founded. However, in 1970 Freeman began referring to "ethical custom," recognizing that the pursuit of profit for shareholders cannot be translated into an instrumental and formal use of laws contrary to some form of morality. Robert Edward Freeman (1951), philosopher and professor at Daren School of Business of Virginia University, 1984 presented his theory of stakeholders in the publication entitled "Strategic management: A Stakeholder Approach". The stakeholder theory was born mainly from a strategic-managerial need and soon assumed essential business ethics studies. For the first time, the concept of "stakeholders" was applied to strategic management studies, affirming the synergy between ethics and business. In particular, this theory implies the recognition that ethics can contribute to sustainable economic growth and business over time, showing that ethics in the business can be considered intrinsically linked and synergic to the latter. Freeman argued that companies should pay attention to the participation and satisfaction of all those who influence and are influenced by company policies and objectives, no longer placing only shareholders at the center of the question. Referring to stakeholder theory, Freeman stated, "It is not a company theory. Rather, it's a very simple idea of how people create value for each other. It's a theory of what good management is." (Agle et al. 2008). Therefore, he further affirmed the close interconnection between ethics and successful management over the simple assumption that the manager must take ethics into account as a limit to be respected.

In recent years, many scholars have paid attention to sustainability as a strategy for small businesses (Nadim & Lussier 2010), large corporations (Hockerts & Wustenhagen 2010), and new ventures (Binder & Belz 2013) as well.

As explained by Parhankangas et al. (2014), the public demand for large businesses' social responsibility has rapidly grown since the last quarter of the 20th century. Nowadays, it is almost spontaneous to associate CSR and the studies concerned with large companies since their high profile attracts high media attention. They are dedicated to protecting and raising their reputation with a broader public, especially their stakeholders. Managers of large, for-profit organizations are required to maximize shareholder returns, and at the same time, they are supposed to demonstrate social responsibility. Although multiple stakeholders call for socially responsible large companies, the type and level of managers' response may still vary. Indeed, managers often are not correctly equipped to address their demands, fixing divergent and contradictory goals.

Furthermore, concerning SMEs, large firms are often better resourced to invest in CSR, and the considerable pressure for large firms to engage in socially responsible practices is directly translated into obligations to comply with laws and regulations, adoption of specific policies, and transparency of suppliers (Parhankangas et al. 2014). McWilliams and Siegel (2011) point out that complying with these requirements may bring significant advantages for firms. Indeed, it could be a way to launch differentiated products on the market, enhance the firm's reputation, and avoid further regulation. Thus, socially responsible behavior will allow a company to create additional private and social value. Besides large firms' ability to engage in CSR, their acceptance of it prevents them from recognizing sustainability as a responsibility. Large established companies are often driven to accept and internalize social responsibility practices because they do not want to discount their installed capital base value. This condition happens when developing and implementing new processes, technologies, and business models needed for radical sustainable change (Ählström et al., 2009). Thus, they tend to employ existing business models to serve the existent market. At their best, they can produce only incremental innovations.

On the other side, entrepreneurial ventures have no or little installed capital base, so they develop and employ new business models. Indeed, they focus on discovering new opportunities and organizing resources to create sustainable solutions, reaching a competitive advantage (Cohen & Winn 2007; Dean & McMullen 2007; Parrish 2010; Patzelt & Shepherd 2011).

1.2.4 Shortcomings of CSR

CSR presents significant shortcomings that could limit its contribution to social good. First of all, improvements to foster social responsibility may require significant changes and monetary effort, even in the case of minor marginal enhancements. The more conservative managers prefer inexpensive marginal changes with more certain shareholders' returns, giving more importance to the monetary satisfaction of the latter.

For example, Nike responded to unfavorable reports of poor and critical labor conditions in their Asian workers' factories. To repair the damaged corporate image, the company tried to increase its transparency without extending its response to ensuring fair wages for workers to demanding that suppliers pay fair wages. Nike's decision was led by the primary objective of providing high returns for shareholders (Locke 2002).

Another weakness related to CSR is companies that tout social responsibility by implementing only marginal changes mainly concerning environmental protection such as recycling, using hybrid vehicles, reducing paper use, or shunning bottled water. True social responsibility requires further actions to implement more impact areas, highlighting a significant improvement over the marginal and straightforward "been green". This simplification can be referred to as greenwashing (Parhankangas et al., 2014). These authors, together with Frankental (2001), Newell (2005), and Valor (2005), also stress that multinational companies adopt CSR "too little, too late," making company' complaints vanish. Indeed, many MNCs adopt only marginal improvements that never bring the amount of change that organizations need. For example, some large companies promote programs to reduce the amount of net waste they produce to be more environmentally responsible. These initiatives include reducing harmful emissions, recycling, and promoting reusable products in place of disposable ones (Broomhill 2007). Thus, as far as the environment is concerned, sustainability requires minimizing the carbon footprint instead of making marginal improvements in current practices.

Furthermore, Husted and Salazar (2006) have pointed out as some companies' decisions to engage in socially responsible behaviors are a mere response (in many cases also a shallow commitment) to the minimum legal and regulatory requirements. Some practices that are referred to as legal have been demonstrated to be detrimental to the environment in the long term. Many government regulations require mining firms to lay topsoil and re-seeding once mines are closed. This condition represents a marginal improvement over conventional practices but may result in decreased air quality, toxic groundwater, difficult re-vegetation, and permanent ecosystem degradation. (Nanjowe 2010).

Husted and de Jesus Salazar (2006) explain that another shortcoming is related to managers' decision to commit to CSR because of the demand of local stakeholders, without improving the lives of the most distant stakeholders. For example, CSR could lead a firm to reduce pollution of local water sources, but this does not stop the company from moving production elsewhere where government focuses on local economic development or tax revenues rather than on environmental consequences. Many stakeholders have started to pay attention to the plight of the base of the economic pyramid (BoP), where more than two billion people are forced to live on less than $4 a day. This condition leads an increasing number of MNCs to make their products affordable to them, but changes to their product are only marginal (for example, only on the packaging), revealing that MNCs' aim is treating the BoP as an underserved consumer market rather than making radical changes to improve their lives.

1.3 Why is sustainability an attractive topic now and why we talk about sustainability in Italian large and SMEs companies

For almost 50 years, there has been talking of sustainability both at the scientific and political level, but much less has been done than would have been necessary for practice. It is important to ask us why all this, so that we can understand what we can do differently in the future to realize the idea of sustainability.

To answer that question, it is necessary to understand what drives our human behavior, particularly the economic one. What leads us to do business is what we perceive as priorities, and very often, this depends on the importance we give to our ideals, and we work based on the 'urgencies' that we perceive. It is essential to start considering it urgent to do things that maybe we could afford to postpone until recently.

Our Civil Code indicates profit as the purpose of a company, and until a few years ago, this was the sole purpose of existence of a company, but recently it has been updated by also inserting goals that are not the pure pursuit of profit.

Recently, sustainability and sustainable development have become central within the international context. One of the main reasons for this interest lies in the growing awareness that sustainable growth can only exist by adopting a holistic approach linking economic variables to social and environmental variables. This condition has been demonstrated by the institutional and market context that has emerged in recent years.

In 2015 the United Nations launched the 2030 Agenda on Sustainable Development, which comprises 17 Sustainable Development Goals (SDGs), ranging from eliminating poverty and hunger to gender equality, sustainable cities and communities, or fighting against climate change. These 17 macro-objectives and 169 specific targets are functional to pursue the sustainable development of our planet by 2030. Additionally, the United Nations proclaimed the 2020 - 2030 period as a "Decade of action" to convey that it has been long since we talked about these things, and now it is necessary to act.

Avrampou et al. (2019) indicate that achieving the SDGs requires between USD 5 and 7 trillion per year, and public resources are no longer sufficient. Indeed, the involvement of various actors from different sectors, such as the private sector, individual citizens, government organizations, and civil society, is crucial. In particular, as concerned the private sector, companies play a key role in achieving the SDGs, reinforcing the idea that the company's responsibility is not limited to maximizing shareholders' value. (Bebbington & Unerman 2018).

In Europe, countries such as France (with the Grenelle law) and Italy (through voluntary membership mechanisms such as the Made Green in Italy brand, or mandatory such as the Minimum Environmental Criteria of public tenders) have made it clear that the competitiveness of the company it can be pursued by favoring the dissemination of sustainable products and services in internal markets, directing local companies towards the adoption of tools to understand and demonstrate their performance in the field of sustainability. Consumers also play a significant role in sustainability as they are increasingly attentive and sensitive to products and services that respect the environment and the well-being of the community.

1.4 The evolution of sustainability reporting

1.4.1 The three phases of sustainability reporting evolution

Concerning the evolution of sustainability reporting in the context of large companies and corporations, the analysis cannot exclude a reference to the evolution of reporting from a more general point of view. The condition of the current reporting, in fact, was generated through a series of successive phases. In particular, three main phases have been identified that can be ascribed to this process (Lai & Stacchezzini, 2021). These phases, which I will discuss in the following lines, must be considered essential precursors of the current reporting condition. Nevertheless, it is also necessary to refer to a general absence of integration among the results of these phases (as has already been identified in the relevant literature). This condition, which must be considered the foundation of the current situation, does not currently ensure reporting on sustainability evenly distributed among the various economic realities.

The first phase of corporate reporting did not involve a solid focus on sustainability. In particular, this phase can be ascribed to the decades of the 60s and 70s, in which the principles of neoliberalism and a general tendency to ignore environmental and economic issues helped to encourage an economic model based on short-term profit (Buhr, 2007). The information provided by the corporate reporting was financial, which was the cornerstone of the cultural debate of the time. The fundamental objective of the financial statements and corporate reporting was to generate documents capable of being recognizable and manageable in a uniform way by expert staff. In summary, therefore, in this (unsustainable) reporting phase, the main objective was not to generate information capable of improving the integrated performance of the company but of improving compliance with and adaptation of the financial statements to the accounting (Larrinaga, Bebbington, 2021).

For this reason, it is possible to sustain in this historical period the comparability of the balances between industries and countries was the absolute priority for the legislation on reporting. However, it seems interesting to see that, to date, despite the efforts made after Eurizon 2020 and although the rediscovery of Ricardian principles of competitive advantage, the objective has remained the same.

The second phase of this development dates back to the two decades between the 1980s and 1990s. There are the first attempts to integrate sustainability into the corporate reporting philosophy in this period (Siew, 2015). Non-financial knowledge, entirely ignored by accounting in previous decades, has become an essential corporate reporting landscape. Regular reporting, therefore, was no longer able to clearly express all the facets of the complexity of industries and markets. Furthermore, the first signs of globalization had begun to emerge.

The more critical information on companies, the new regulations on employees, the new governance systems, and the increasingly complicated relationships with public institutions have allowed interesting opportunities for expansion for regular reporting to emerge. Furthermore, the new pillars of sustainability have begun to be added to this, going beyond the environmental one. In fact, social issues have begun to take on ever greater importance, allowing new differences to emerge between companies belonging to the same markets and industries. In summary, it was begun to understand how regular reporting fails to give a complete, truthful, and correct view of the size of business impacts, even if they are very similar. At this point, accounting, which previously appeared to be a homogeneous and unique field, began to call quite strongly to integrate differences in terms of business sustainability.

The third phase of the development of corporate reporting dates back to the first and second decades of the 2000s. In this period, sustainability issues had taken hold, making it increasingly felt the need to integrate impact logic into regular reporting. Unfortunately, although this type of reporting was not mandatory during this decade, significant steps and improvements were made to the optional reporting that companies could add to their ordinary financial statements (Lai & Stacchezzini, 2021). This condition is the so-called non-financial reporting, which was then transformed into sustainability reporting (at least in the United States, as far as the European Union is concerned, this change, as I will indicate below, had to wait until April 21, 2021). While many different versions of these reports can be found during this time and, very often, these reports were produced for compliance purposes only, with no real goal of making their business sustainable, the breakthrough produced by this type of reporting has certainly kicked off a new era of integration of sustainability concepts into regular reporting.

1.4.2 The European Union Directive Proposal (April 21st 2021)

The current reporting condition includes integrated reporting, including sustainability reporting, although this is not mandatory for all businesses. However, the legislation differs from country to country. The International Integrated Reporting Council is one of the most relevant players in this process, but, unfortunately, the evolution of this integration has produced considerable difficulties in standardizing the reports. In particular, the nature of the current reporting condition reveals the need to add more and more information (Adams, 2015). Therefore, it is increasingly challenging, especially when smaller companies are considered, which do not have the material resources and time necessary to adapt to increasingly complex regulations.

As for the European Union, the legislation has evolved with a rather characteristic slowness.
On 22 October 2014, the European Council adopted the Directive on disclosing non-financial information and information on diversity, also known as the 2014/95 EU Directive, which modifies the previous 2013/34/EU Directive. The 2014/95 EU Directive aims to improve the transparency and accountability of companies with more than 500 employees on non-financial issues to provide investors and all stakeholders with a complete picture of company performance, activities, and developments in a perspective that goes beyond financial aspects. Large companies referred to by the Directive must provide an analysis of their policies, key performance indicators, and principal risks, including social and environmental aspects, and in compliance with human rights in their annual report (although some European countries have allowed companies, if they so wish, to be able to disclose this information through a separate report). Failure to disclose information in these areas results in an obligation for companies to explain the reason in their non-financial statement, except for subsidiaries which are not required to provide a statement if the information has already been included in their parent company's report. According to the Directive, companies can choose whether to use European, national, or international guidelines such as the United Nations Global Compact to draw up the reports.
Nonetheless, on April 21, 2021[2], a new proposal for a directive on sustainability reporting was issued, introducing a series of significant changes to the current legislation conditions. In summary, the main changes that are made concern the requirements through which companies that are exempt from reporting for sustainability are identified. This regulatory process identifies this directive as a fundamental industrial policy instrument and must be considered only as of the tip of a deep iceberg. Applying these new criteria, which integrate a considerably more significant number of companies, will encounter ERP software and management control problems. Management control and management will have to consider a new dimension of control, which can no longer be

[2] Directive 2014/95/EUDirective 2014/95/EU – also called the Non-Financial Reporting Directive (NFRD) – lays down the rules on disclosure of non-financial and diversity information by certain large companies. This directive amends the Accounting Directive 2013/34/EU.

developed only in a preventive and final way but also through an ongoing control perspective[3].

This directive, which represents a first step towards adopting integrated reporting at a universal level, highlights the obligation for companies to report their impact. This condition improves the conditions of transparency, through which all stakeholders (in particular investors, organizations, and civil society) can be able to evaluate the company in all its dimensions. This is an important step that goes beyond the previous Directive 2014/95 / EU, which proposed the integration of reporting with the "non-financial" one, which was, therefore, a first step towards the recognition of the need to integrate the concepts of sustainability into the internal of the regular reporting of the company (Santamaria et al., 2021).

Figure 1.3 – Forecasted deadlines for the application of the new directive

Source: Climate Disclosure Standard Board[4]

Many more companies will have to comply with the new legislation than the current legislation, which provides for the mandatory nature of non-financial reporting only for

[3] References to this and to the following paragraph may be found in: OIBR, The proposal for a new European directive on corporate sustainability reporting (CRSD): initial reflections on innovations and critical issues, extraordinary Webinar on 7/5/21.

[4] https://www.cdsb.net/what-we-do/policy-work/eu-sustainability-reporting.

companies with more than 500 employees. This condition covers approximately 11,700 large companies, including banks, insurance companies, listed companies, and other public interest entities. With the legislation currently in force, companies must supplement their regular reporting with information on environmental impact, social issues related to the treatment of employees, respect for human rights, anti-corruption and anti-bribery, and respect for the principles of diversity of internal members of the board of directors. Figure 1.3 shows the forecasted deadlines for the application of the new Directive.

The new proposal for a directive is not the first signal after the 2015 Directive. In fact, in 2017, the European Commission published the (optional) guidelines through which it recommended the methods with which companies should integrate regular reporting by also inserting the environmental, economic, and social impacts. Other guidelines were published in 2019, which, however, remain optional.

The four main innovations of the new directive are the following. There is an extension of the scope of application to all large companies and all companies listed on regulated markets (except listed micro-enterprises). There is a request for verification (guarantee) of the information reported and the reporting obligation according to the standards that the Union will provide. Finally, there is an obligation to make the information digital so that artificial readers can read it. Obviously, in defining these standards, the fundamental role will be assigned to the European Financial Reporting Advisory Group (EFRAG).

The five dimensions of intervention of the new directive can be summarized as follows. First of all, there is the extension of the scope of application and intervention, which we talked about above. Secondly, the contents are necessary to modify, which will be set according to a forward-looking and no longer backward-looking perspective. The third critical dimension will be indicators developed and promoted by EFRAG. The fourth dimension refers to the placement of this new reporting within companies' reporting. In particular, it is assumed that this reporting will be an integral part of the Management Report, and its title will probably be "Sustainability Statement." Finally, the fifth fundamental dimension is the relationship with external stakeholders, for which the new role of assurance will become fundamental.

In this panorama of new reporting on the impacts of activities, new legal forms of business and certification for the quality of its processes and the balance of its impacts are emerging. In the next paragraph, I discuss the Benefit Corporation and the BCorp. The latter, in particular, is transforming the basic philosophy of the company concept, not aiming to be the best in the world, but the best for the world.

1.5 United Nations Agenda 2030, Business Roundtable, Benefit Corporation, and Bcorp

1.5.1 The concept of "impact" and the Agenda 2030

In general, it is possible to say that the concept of sustainability, understood broadly, has the objective of maintaining a specific quantity at a certain level. Suppose this concept is applied to various dimensions, i.e., economy, environment, and society, then the problem shifts to the management of resources, which must be used to consider the needs of the current and future generations. For this reason, we are not limited only to referring to the use of resources but also to the ability (natural or artificial) to regenerate, replace and improve them over time. In this sense, for a society to be considered a civil society, the whole system of exploitation of resources must be redesigned in a regenerative sense.

It is undeniable that human presence contributes critically to the planet's development. Although its presence is temporary, humanity has acquired a very high self-awareness over the millennia. The preservation of our species is much more than a natural and instinctive condition. For man, this preservation is a fundamental responsibility towards the future. In this sense, the preservation of living conditions cannot ignore the inclusion in the production process of variables beyond the financial ones and question the best ways to allow natural, economic, and social resources to be preserved in the long term. First, the environment should be considered a real regenerable production factor, for which companies should be responsible both from the viewpoint of quality and of present and future availability. Secondly, the company should also be considered an integral part of the inputs (as well as the outputs) of a production process. Ensuring the quality and safety of life, not only for employees, should be considered a corporate responsibility in a much more complex way than the interpretation currently practiced. Finally, the creation of economic value must be philosophically inspired by concepts of value that go beyond the logic of profit and increasingly approach a logic of efficiency.

The integration of these principles has, in general, the advantage of maintaining stable and sustainable growth over time. On the other hand, it has a disadvantage in terms of complexity. Indeed, the classical production inputs (land, labor, and capital) must be integrated with the environment, society, and economic value understood in a broad sense. Stakeholders, therefore, become many more, relationships become more complicated, and inputs are, at the same time, outputs. The environment becomes a production factor and a product, given the impact of production on ecosystems. Civil society, of which the company's employees belong, also becomes an output in terms of well-being, satisfaction and happiness. In this sense, the company becomes an integral part of a self-powered circuit that sees it as an entity capable of improving the living conditions and preserving natural, social and economic resources for the future. In summary, businesses are a crucial factor for the prosperity of growth and achieving sustainable development, aiming to achieve the highest possible level of social progress and improve the quality of life.

Figure 1.4 – UN – Agenda 2030: the 17 Sustainable Development Goals

Source: United Nations – Department of Economics and Social Affairs – Sustainable Development

In this sense, the concept of "impact" has become increasingly studied, and its meanings, ever deeper, have extended the concept of corporate responsibility.

Examples of extensions of the “impact” concept to corporate responsibility include the proposal for a new European directive on corporate sustainability reporting (CRSD), where corporate impact is its subject. CRSD considers ‘materiality’ as double and dynamic, able to assist the company in reporting on internal and external issues to different stakeholders and developing a successful management strategy. It promotes a double materiality assessment through the definitions provided by the standard setting. The first standards should be published in the second quarter of 2022 and include two fundamental guidelines: double materiality and quality of information. Double materiality assessment requires companies to report on sustainability matters that are both material to the market, environment, and people and financially material in influencing business value.

CRSD embeds impact and financial materiality. The former considers the internal-to-external impact of business operations and its value chain, assessed in terms of severity and likelihood of actual and potential adverse impacts, scale, scope, and the likelihood of actual positive impacts. The latter, financial materiality, believes that sustainability issues are reasonably likely to affect the value of an organization much more than is already highlighted in the cash flow statement and determines financial significance by relying on quantitative, monetary-quantitative, or qualitative non-monetary data.

Although these conceptions are still far from being a generalized source of inspiration, the neoliberal and corporate model currently considered the most common has been thrown into crisis. The criticisms that are gaining ground in corporate practice to the negative impact (economic, social, and environmental) of the current economic model have led the most significant bodies and major supranational institutions to generate agendas that could lead to the achievement, in the medium- long term, of an economic model that is more efficient, sustainable and respectful of human dignity and life. As I have already mentioned above, one of these agendas, the most famous in the application field, is the United Nations' 2030 Agenda for Sustainable Development. In this introductory and explanatory paragraph of Benefit Corporation and BCorp, however, it is essential to thoroughly investigate this agenda's content and its consequences in terms of legislation and application.

The 2030 agenda provides for the achievement of 17 fundamental goals regarding sustainable development and does not exclude the impact that the achievement of these goals will also have on nations that are not part of the group. The objectives, represented in Figure 1.4, go beyond the simple three dimensions of sustainability. In particular, they comprise five dimensions which can be summarized as follows. First is people: the elimination of hunger and poverty and the guarantee of all forms of equality and dignity throughout the world. Secondly, we find prosperity, that is, the guarantee of a life in which harmony between people and nature is guaranteed. Thirdly, peace integrates the concepts of inclusiveness, ethics, and justice. Fourthly, a partnership is the implementation of collaborations that can help develop concepts of sustainable value. Finally, the planet, as the protection and preservation of resources. The dimensions considered in the Agenda 2030 for the Sustainable Development can be also associated to shared value projects and responsible business practices (Figure 1.5).

Figure 1.5 – Agenda 2030 and sustainable business strategies

Source: KindPng[5]

1.5.2 The Business Roundtable for sustainability

This evolution of the meaning attributed to the concept of "impact" has generated two phenomena of relevant importance. The first is that of the benefit corporation, which is a recognized legal form in many states. The second is BCorp, a particular type of certified benefit corporation that respects stringent sustainability parameters. In the following

[5] https://www.kindpng.com/imgv/hwRomTm_sustainability-strategy-model-sustainable-business-strategy-hd-png/.

paragraphs, I will consider these two phenomena by analyzing an event that contributed to an unprecedented ethical change, the Business Roundtable.

The Business Roundtable is an association of CEOs of a considerable number of the major corporations in the United States of America that discuss the promotion of a sustainable economy to create a better economic condition for all American citizens through policy improvement. On 19 August 2019, the Business Roundtable published a Declaration on the Purpose of a Corporation (Figure 1.6) signed by 181 CEOs who are committed to guiding their businesses through a new paradigm, entirely focused on the benefit for stakeholders: customers, employees, suppliers, communities, and shareholders.

Figure 1.6 – Business Roundtable – Statement on the Purpose of a Corporation

STATEMENT ON THE PURPOSE OF A CORPORATION

Americans deserve an economy that allows each person to succeed through hard work and creativity and to lead a life of meaning and dignity. We believe the free market system is the best means of generating good jobs, a strong and sustainable economy, innovation, a healthy environment and economic opportunity for all.

Businesses play a vital role in the economy by creating jobs, fostering innovation and providing essential goods and services. Businesses make and sell consumer products; manufacture equipment and vehicles; support the national defense; grow and produce food; provide healthcare; generate and deliver energy; and offer financial, communications and other services that underpin economic growth.

WHILE EACH OF OUR INDIVIDUAL COMPANIES SERVES ITS OWN CORPORATE PURPOSE, WE SHARE A FUNDAMENTAL COMMITMENT TO ALL OF OUR STAKEHOLDERS. WE COMMIT TO:

DELIVERING VALUE TO OUR CUSTOMERS. We will further the tradition of American companies leading the way in meeting or exceeding customer expectations.

INVESTING IN OUR EMPLOYEES. This starts with compensating them fairly and providing important benefits. It also includes supporting them through training and education that help develop new skills for a rapidly changing world. We foster diversity and inclusion, dignity and respect.

DEALING FAIRLY AND ETHICALLY WITH OUR SUPPLIERS. We are dedicated to serving as good partners to the other companies, large and small, that help us meet our missions.

SUPPORTING THE COMMUNITIES IN WHICH WE WORK. We respect the people in our communities and protect the environment by embracing sustainable practices across our businesses.

GENERATING LONG-TERM VALUE FOR SHAREHOLDERS, WHO PROVIDE THE CAPITAL THAT ALLOWS COMPANIES TO INVEST, GROW AND INNOVATE. We are committed to transparency and effective engagement with shareholders.

EACH OF OUR STAKEHOLDERS IS ESSENTIAL. WE COMMIT TO DELIVER VALUE TO ALL OF THEM, FOR THE FUTURE SUCCESS OF OUR COMPANIES, OUR COMMUNITIES AND OUR COUNTRY.

Source: Business Roundtable

1.5.3 Benefit Corporation and BCorp

This new approach has had global relevance and has done nothing but contribute to enhancing the new concepts of corporate action. For this reason, the Benefit Corporations have reached a greater diffusion and are one of the fundamental cornerstones on which the new models of sustainable development are based.

The events that have led to the creation of the Benefit Corporations and its mission suggest that there is complementarity between it and B Corporations.

The spread of a more evolved business paradigm consisting in using business as a force of good was born in 2006 in the USA when a movement of people had the intuition that business could be used to create a common and shared value for the whole of humanity, quickly becoming a global movement now called ‘B Corporations.’ Since 2006, the US non-profit organization B Lab, thanks to the support of entrepreneurs (such as Jay Coen Gilbert, Bart Houlahan, and Andrew Kassoy) and foundations (primarily Lumina, Skoll, and Rockefeller), has developed the most robust impact measurement tool in the world, the B Impact Assessment (BIA). Subsequently, in 2008 the first 100 B Corp certified companies gave light to the first new legal forms of enterprise, creating a new operating system for the 21st-century economy. In the period 2009-2010, the number of certified B Corps doubled, including several high-profile companies, and the BIA framework began to have more and more support from investors such as RSF Social Finance, Acumen Fund, and Renewal Partners, as well as from press and media partners like Care2.com and Ogden Publications, and prominent institution players as PwC and Deloitte. (Marquis et al. 2010). Since 2010 in Maryland, B Corp companies have started to be codified with a new legal form: the Benefit Corporation. Then, Benefit Corporation status was recognized by 32 US states and, starting from January 2016, also in Italy (in October 2017, the Benefit Companies in Italy were over 150).

Italy was the first European country and the first sovereign state to have introduced the equivalent of the Benefit Corporation with the Stability Law 208/2015, which in Article 1 governs the new legal instrument. The introduction in Italy of the legislation that recognizes the Benefit Companies was also favored by the determination of some companies that have decided to transform, including Nativa. The latter was the first company in Europe to measure its impacts through the BIA and became a B Corp certified company in February 2013. Since that time, B Lab has recognized Nativa’s proactivity, named the company’ Country Partner’ for Italy, and recognized the ‘Most Valuable Player Award,’ transforming the company into the Italian B Corp movement (di Cesare & Ezechieli 2017). Currently, 31 out of 50 US states have already passed a law for the recognition of the Benefit Corporation, and eight states have promoted a text still in the process of being approved. The states that recognize the Benefit Corporations are Hawaii, Washington DC, Oregon, California, Idaho, Nevada, Montana, Utah, Arizona, Colorado, Nebraska, Minnesota, Arkansas, Louisiana, Illinois, Indiana, Tennessee, New

Hampshire, Vermont, Massachusetts, New York, Rhode Island, Connecticut, Pennsylvania, New Jersey, West Virginia, Virginia, Delaware, Maryland, South Carolina, and Florida. At the same time, those in the recognition process are Alaska, New Mexico, Oklahoma, Kansas, Mississippi, Iowa, Georgia, and Kentucky. There is no single text signed by the various countries of the United States.

Nevertheless, each state has developed a different text in which standard guidelines stand out as defined by the Model Benefit Corporation Legislation. As far as Italy is concerned, the number of benefits companies has increased. The latest data from Infocamere (April 2021) census about thousand (926) benefit corporations in our country. During the year of the pandemic, the number almost doubled, and at the end of March 2020, again, according to Infocamere, there were 511 Benefit Corporations. This legal form is widespread in all regions of Italy and, in particular, in Emilia Romagna (94), Lazio (117), and Lombardy (316) (data are available at www.infocamere.it).

The first thing to point out is that the Benefit Corporation is a for-profit enterprise. This condition is not a company belonging to the third sector but an entity that aims to generate profit and goes beyond this purpose. This condition is the evolution of the business concept according to a philosophy inspired by the new concept of "impact." In this sense, the primary objective of this new type of business is to generate profit through a positive impact on the environment, society, and the economy. The paradigm, therefore, goes beyond the Friedmanian conception of the company, considering the improvement of employees' lives, the positive contribution to society, and the preservation of the environment as a fundamental part of its philosophy while maintaining stable profit and growth objectives.

Promoting this new paradigm of sustainable growth occurs in various forms, but the main one is the BCorp certification[6]. In particular, the certified body BLab is responsible for verifying which Benefit Corporation has the requisites to be defined as such, or rather BCorp. In general, BLab deals with two main activities. The first is to create standards that can serve as a reference for assessing whether the activities, policies, and tools connected to a business positively impact the economy, society, and the environment. The second is a fundamental certification for the Benefit Corporation, which wants to

[6] All the information about the BCorp Movement are available at https://www.bcorporation.net/.

become a practical part of the BCorp movement. In this sense, all BCorps are Benefit Corporations (even non-formally), but not all Benefit Corporations are BCorps.

The vision of BLab (and therefore of the BCorp movement) is to expand the idea of stakeholders, promoting a new model of capitalism that contributes to the sustainability and replicability of all resources in a sanitized and healthy economic, social and environmental environment. To obtain BCorp certification, it is necessary to demonstrate that it possesses the characteristics that allow the benefit component of a company to fully and completely express its nature. The concreteness of the questions that BLab asks to grant certification makes obtaining this recognition particularly difficult. Therefore, the questions are asked to verify that the benefit side of the company does not exist only as a matter of compliance or facade but that it is an integral part of the philosophy with which the company conducts its business.

BLab's vision is the same as that of the BCorp movement: to create a new economy in which businesses do not aim to be the best in the world but the best for the world. It is only on this condition that it is possible to achieve effective, sustainable growth, but above all, shared by all stakeholders. Therefore, the entrepreneurs who make up this community have very similar objectives to each other, from every point of view connected to the three pillars of sustainability. For this reason, business action should concern the reduction of inequalities, the control of climate change induced by human activities, and the containment of social unrest, regardless of their nature.

BLab's mission is also the same as that of the BCorp movement: to use business as a force for obtaining a new generation economic system, which can be integrated with the concepts of sustainability and reproducibility. To obtain these results, it is essential to have a dynamic tool that can help companies obtain certification and understand which paths they should follow to achieve it. Achieving a dynamic set of objective qualitative and quantitative criteria is, therefore, a determining condition for developing this new version of capitalism.

In summary, the construction of this new business philosophy manages to integrate the concept of common benefit into the economy: the search for a profit through a positive impact on the economic, social and environmental system and, in general, on all stakeholders. Table 1.1 summarizes the main characteristics of BenefitCorporation and BCorp.

Table 1.1 – Main characteristics of Benefit Corporation and BCorp

Benefit Corporation	BCorp
Company form (or, where not yet recognized, as in Italy, modification of the company statute) in which the concept of common benefit is emphasized.	Certification of excellence that is awarded by BLab to benefit corporations that demonstrate that they have perfectly integrated the benefit philosophy within their business paradigm.
Company that has the study of its (positive) impact on all stakeholders as the basis of its principles, behaviors, and actions.	The certification objectively measures the economic, social and environmental impacts of the businesses' activities. Dimensions inherent to transparency, accountability and profit are also included in the evaluation.
In several countries this is a recognized company form (36 states in the USA, Colombia, Ecuador, and France).	This certification can be requested by any company in the world.

Source: own elaboration from Nativa. (2021). The B book Il grande libro delle B Corp italiane.

In Italy, the BCorp phenomenon is relatively widespread. In fact, to date, more than 500 Italian companies have adopted, within their corporate bylaws, the principles of the Benefit Corporation and, of these, more than 20% have obtained certification in 2021. The Italian BCorps are listed, with contacts and characteristics, within the BCorp Book, which is published by the same BLab. Figures 1.7 and 1.8 show the distributions of BCorp in Italy both from a territorial point of view and by sector.

Figure 1.7 - Territorial distribution of Italian BCorp

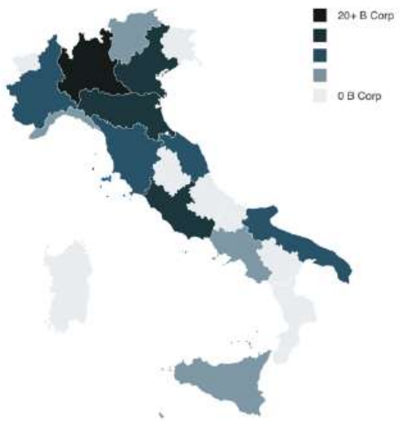
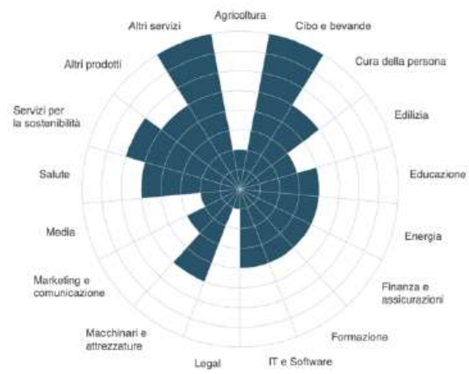


Figure 1.8 - Field distribution of Italian BCorp



Source: Nativa. (2021). The B book Il grande libro delle B Corp italiane.

1.5.4 The B Impact Assessment

The requirements for certification as a BCorp are verified through the B Impact Assessment[7] and include a 3-step procedure that aims to understand the positive impact that the company produces on society, the environment, and the economy. In Table 1.2, these three phases are listed and explained. The goal is to reach a score of 80 on a scale of 200. Specifically, reaching a score of 80 appears to be at least challenging.

Table 1.2 – Phases for the BCorp certification (B Impact Assessment)

Phase	Objective
Assess	This is a questionnaire that aims to understand how a business can be created and improved that has a positive impact on employees, society and the environment.
Compare	The questionnaire that is completed during the "Assess" phase is compared with other questionnaires that have been completed by other companies. There are thousands of answers that help define the scoring threshold lines.
Improve	The last phase aims to proceed with the improvements necessary to obtain the minimum score to become a BCorp or to achieve even higher scores if the minimum has already been reached.

Source: own elaboration from Nativa. (2021). The B book Il grande libro delle B Corp italiane.

The B Impact Assessment includes five sections: environment, workers, community, governance, and customers. Each section corresponds to a series of questions to verify the impact of the business on that specific dimension. A score is assigned at the end of the questionnaire for each section. All the scores, added together, generate the final score. If the result is equal to or greater than 80, the company obtains BCorp certification (Figure 1.9).

Examples of individual leaders as Sir Richard Branson, who in 2013 co-launched the "B Team", publicly calling for a performance that takes into account people and planet or leaders of firms as Patagonia or Ben & Jerry (both B certified companies) who have societal and environmental agendas, partly explains why some organizations extended their purpose beyond maximizing shareholder value.

[7] The structure and questions related to the B Impact Assessment are available at https://bimpactassessment.net/.

Figure 1.9 –B Impact Assessment sections

Source: Nativa. (2021). The B book Il grande libro delle B Corp italiane.

According to Suntae Kim and Todd Schifeling the rise of B Corporations does not depend only on leaders' will. By doing qualitative research examining the internal reasons of companies and quantitative research testing the key factors in the firms' external industry environment (also considering their competitors' stakeholder and shareholder focus), they found that there are two main underlying reasons that pushes firms choose B Corporation certification. First, many certified B Corporations highlight how the certification allow them to stand out the "greenwashing" phenomenon and help consumers to distinguish firms and products that are truly socially and environmentally responsible from just a good marketing adopted by companies to cover up unsustainable corporate policies and agendas.

A second reason can be identified in certified firms' effort to contrast the conventional competitors' use of (unethical) practices that maximize profits. Many B Corps believe that "the major crises of our time are a result of the way we conduct business", and they become certified to "join the movement of creating a new economy with a new set of rules" and "redefine the way people perceive success in the business world". In this connection, through quantitative analysis Kim and Schifeling found a positive relationship between the number of shareholder-centric activities in an industry and the emergence of B Corporations in that industry.

CHAPTER TWO

Methodology

2.1 Approach, methods, tools, and practical application

During my internship at Colfert S.p.A. and for writing my thesis, I adopted an interventionist research (IVR) approach to achieving my research objective of defining the steps and parameters necessary to transform a traditional company into a benefit corporation and b corp in business practice and operational routine. IVR allowed me to become an "insider" interventionist and study Colfert S.p.A. closely by playing the role of an inside company consultant for six months and guiding the company on its sustainable path. IVR approach is emerging in the accounting field (Chiucchi 2013; Campanale et al. 2014; Jansen 2015; Bracci 2017; Gatti et al. 2018). It is characterized by the researcher's active participation in organizational activities and collaborative relationships with organizational managers, producing both theoretical and practical outcomes due to the adoption of both theoretical and practical perspectives in considering the results obtained (Baard & Dumay 2018). A solid problem-solving orientation characterizes IVR as it starts with the research identification of the problem, then moves to find solutions through collaboration between researchers and managers, and later the company implementation of it (Jönsson & Lukka 2007). It should be clarified that the IVS approach is separate from the business consulting activity due to its constant connection with the theory (Malmi & Granlund 2009; Dumay & Baard 2017).

Colfert S.p.A.'s transformation into a benefit corporation started with the representation of the "as is" through the Business Model Canvas, B Impact Assessment, and SDG Action Manager. The choice to use the business model Canvas was driven by the need to have a complete and clear picture of the company in all its parts to understand existing connections and synergies. Then, the B Impact Assessment was used to measure the current performance of the company in five impact areas (Governance, Workers, Environment, Community, and Customers), and an analysis was made of the answers directly transferred from the B Impact Assessment to the SDG Action Manager to get an idea (albeit partial) of the impact that corporate actions have on global goals.

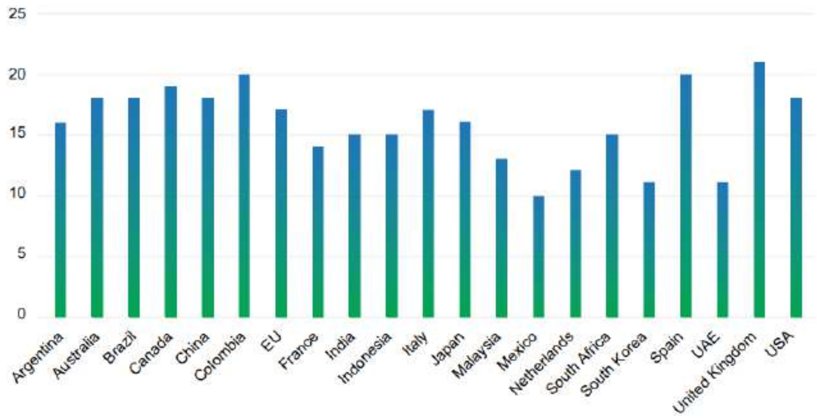
The wide variety of questions composing the B Impact Assessment and relative scores obtained has helped draw a preliminary list of 53 specific objectives for each of the four common benefit objectives of the new company statute. Then, using the A3 instrument made it possible to skim the first list and propose another more compact and affordable for the company.

Sections 2.2 and 2.3 are different strategic and performance evaluation tools associated with sustainability issues, and all the instruments cited above will be explained through a literature review and some examples, whereas the relative outcomes will be presented in Chapter 3.

2.2 – Frameworks used by companies to report on Environment, Social, and Governance (ESG) performance.

It is well known that worldwide organizations are actively part of the sustainability challenge as they contribute to and are affected by its impacts. The complexity of sustainability challenges together with the ever-increasing number of sustainability reporting instruments available (only in 2016 KPMG counted 383 sustainability reporting tools of which 248 were mandatory and 135 voluntaries, across 71 countries), and the different purposes served by many management and reporting tools, make it difficult for the company to understand which tool could be the most appropriate one. Moreover, today the ideal recipe is still debated, and there is still confusion on the right combination of voluntary and mandatory approaches, key topics to focus on (social care, climate change, and others), disclosure options (such as annual reports, sustainability reports, digital platforms, quantitative statements, questionnaire responses), and statements and timeframes of coverage. (van der Lugt et al. 2020). What is clear is that a one-size-fits-all tool does not exist.

Figure 2.1 – The largest number of reporting provisions: Twenty countries and the EU (2020)[1]



Source: van der Lugt, van de Wijs, Petrovics (2020).

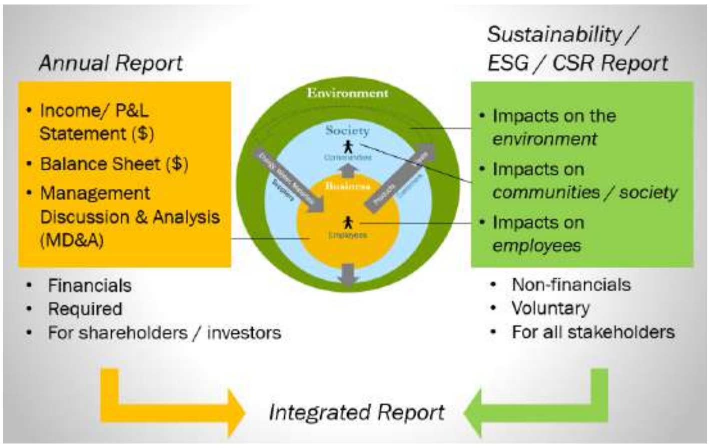
This section will provide a quick explanation of the frameworks most used for determining, measuring, and sharing corporate ESG (Environment, Social, Governance) performance starting from a general overview about reporting provisions. Then, BIA and GRI frameworks will be explained in detail, focusing on which performance measures they use, which similarities exist between them, how they diverge, and how they can complement each other.

Before starting, it is appropriate to specify what lies behind the necessity of reporting non-financial information. Herremans and Nazari (2016) explained that the increasing environmental and social issues have urged companies to show the performance of non-financial aspects previously not considered. Added to this are the inadequacy and the incompleteness of financial information of corporate reporting in explaining the company's value creation process and its non-financial risks. (Eccles et al. 2014). Thus, in addition to the financially focused Annual report, other types of reports not strictly focused on financial performance emerged: Sustainability, ESG, and CSR Report. Then, the Integrated Report breeds integrated thinking by incorporating financial information and information related to environmental and social impacts in a single document (Figure 2.2). It is helpful to keep in mind that reporting is the "trim tab" on the corporate rudder: as explained by Barnett (2015), what gets reported gets measured, what gets measured gets managed, and what gest managed gest embedded in the executive's mind. What

[1] Most of the data presented in this section refer to 2020 because for many of the topics presented 2021 data has not yet been made available.

managers report shapes the way they think, and that is why to change the game, it is necessary to change the scorecard to allow better reporting for a better business.

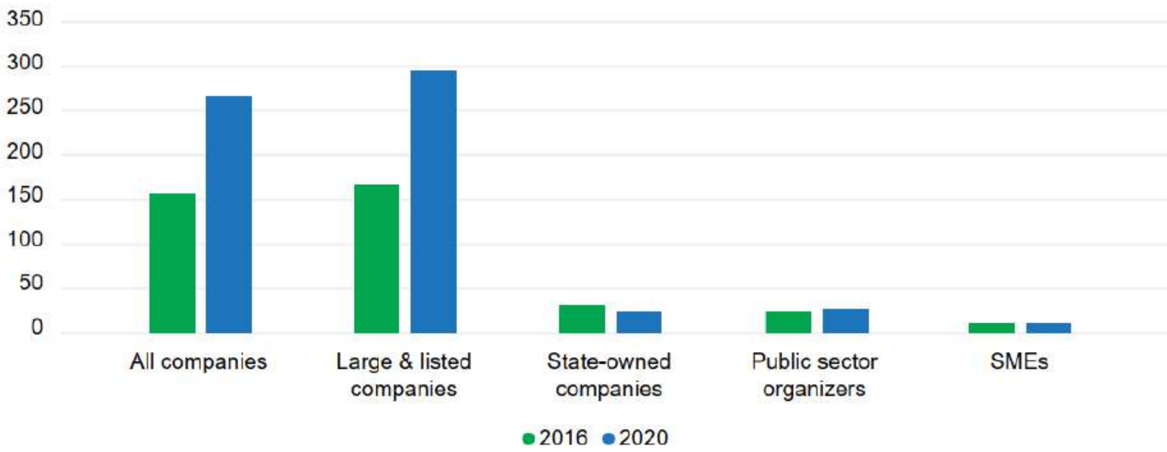
Figure 2.2 – Financial report, Non-financial Report, and Integrated Report



Source: https://sustainabilityadvantage.com/

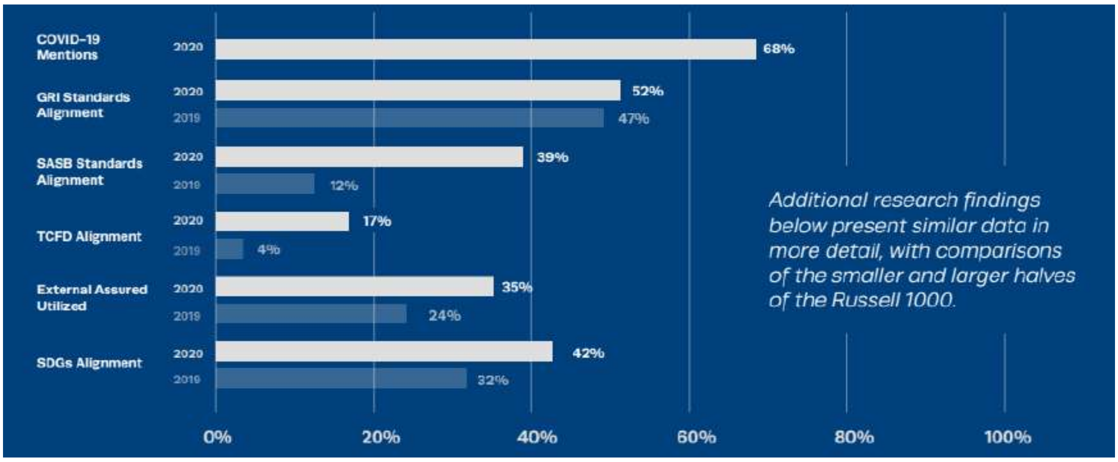
The growth of reporting practices is primarily due to the expansion of reporting provisions (the 60.000 reports registered in the GRI Sustainability Disclosure Database – SDD – provide evidence of it). The dominant target for reporting provision is either all organizations or large and listed companies (size relates to metrics like the number of employee and turnover) supported by new listing requirements of stock exchanges (ESG reporting guidance published by stock exchange represent half the 100 exchanges in the Sustainable Stock Exchanges – SSE – initiative). Research conducted by Governance and Accounting (G&A) Institute in 2021 reveals that 92% of S&P 500 and 70% of Russell 10000 companies published sustainability reports in 2020. Precisely, 53% of them referred to SASB somehow, 53% used the Global Reporting Initiative (GRI), 40% responded to the CDP Climate Change survey, 32% acknowledged the SDGs, and 30% referred to the TCDF. (2021 Sustainability Reporting in Focus). Compared to 2019, all the frameworks mentioned above have been increasingly used by companies (in some cases, the growth has even been exponential, for example, in SASB and TCDF). The percentages of 2020 and 2019 are available in Table 2.1. (Governance and Accountability (G&A) Institute, 2021). Reporting provisions related to state-owned companies have faced fewer developments since 2016, except for China which continues to move towards increasing non-financial reporting, and for the State-Owned Enterprise Regulation (2017) in Indonesia, which requires SOEs to disclose in their annual report also information on small business development, community support programs, and partnerships. Also, the number of SMEs involved in reporting provisions is relatively low (Figure 2.3).

Figure 2.3 – Organisations targeted by reporting provisions



Source: van der Lugt, van de Wijs, Petrovics (2020)

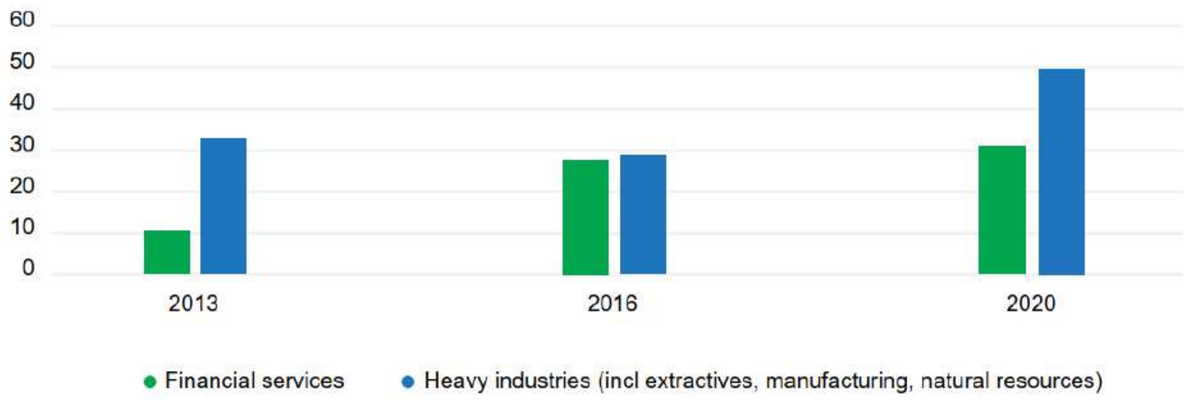
Table 2.1 – Key takeaways from *Governance & Accountability Institute (G&A) Sustainability Reporting in Focus*



Source: Governance & Accountability Institute (G&A), Inc. 2021 Research – ga-institute.com

Reporting provisions sector and industry-focused are becoming more common as specific guidance for sustainability reporting are crucial for securing the disclosure of relevant and material information, considering the specific context of individual sectors and their value chains. Concerning industries, reporting provisions have targeted two cluster industries since 2013 in terms of numbers of provisions concerning industries. The two industries are financial services (investment, banking, insurance) and heavy industries. For the latter, starting from the industry with the highest number of provisions up to the lowest, the specific industries targeted are extraction, manufacturing, transport and storage, energy supply, natural resources, accommodation, food service, construction, trade, and retail. Topics related to conflict minerals, human rights, and transparency of payments to foreign governments are common among them. For example, the Government of Quebec in Canada in 2016 issued the Act on Transparency Measures in the Mining, Oil, and Gas Industries. Again, the Corporate Sustainability Compact for the Textile and Apparel Industry (2018) issued by the China National Textile and Apparel Council (CNTAC) is an example of reporting provisions for manufacturing industries. (See Figure 2.4 and Figure 2.5).

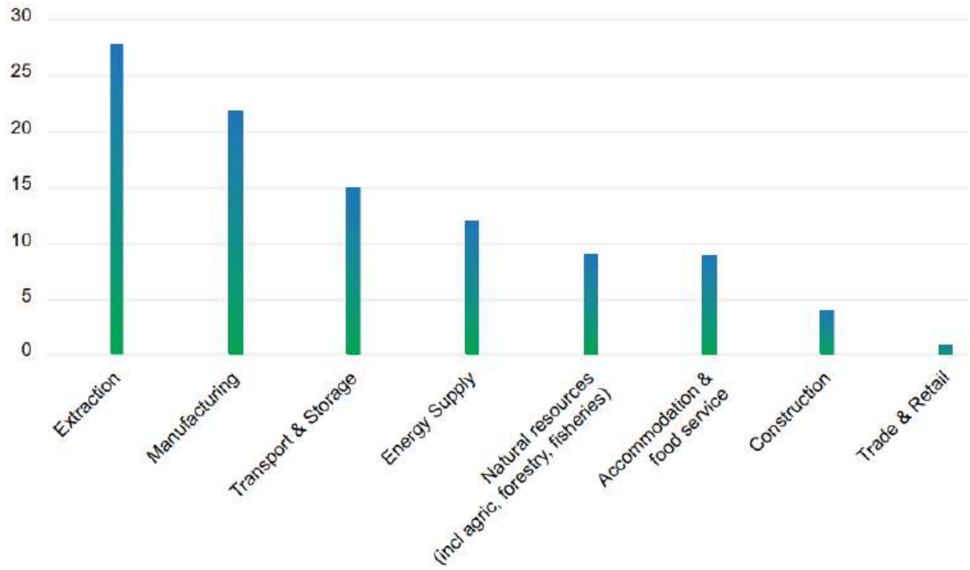
Figure 2.4 – The two industry clusters targeted by reporting provision (number of provisions)



Source: van der Lugt, van de Wijs, Petrovics (2020)

The 2020 Carrot & Sticks (C&S) Report presents the critical disclosure themes for ESG reports using a database tracking over half the total 614 provisions addressing either E, S, G, or E themes. Provisions overlap themes as they include combinations of a specific environment, social, or governance-related themes. C&S Report distinguishes between explicit and generic references according to whether references target topics specifically or address the topic as part of ESG issues in an overall manner.

Figure 2.5 – Number of reporting provisions for specific heavy industries (2020)

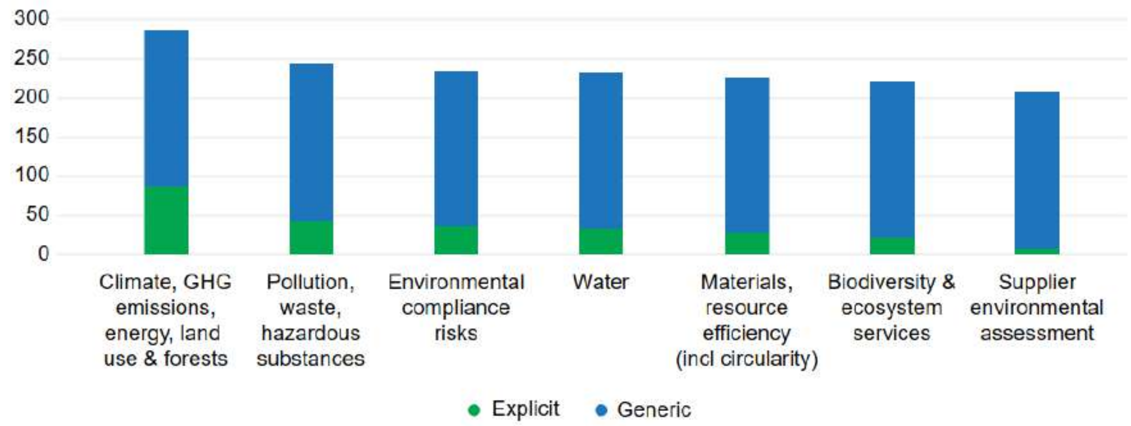


Source: van der Lugt, van de Wijs, Petrovics (2020)

According to the report, climate change has received top priority by reporting provisions on environmental topics. The focus has been on climate, GHG emission, energy, land use, and forest with nearly 300 themes. It is possible to count about 85 provisions that explicitly give attention to climate and related issues, 42 cover pollution, waste, and hazardous substances, 33 address environmental compliance and risks, and 30 focus on water (see Table 2.2). The attention paid to climate change results from multiple events that have followed one another. Among the main ones, it stands out the Paris Climate Agreement of 2015 which has been one of the most important drivers for new climate disclosure provisions.

Moreover, central banks are increasingly careful to adopt the Recommendations provided by the Taskforce on Climate-related Financial Disclosure (TCDF) in 2017. BlackRock CEO Larry Fink also pays close attention to climate change in 2020 and 2021 annual letters to chief executives, inviting organizations to report against TCDF recommendations. Provisions addressing climate change include the UK Government environmental reporting guidance with specific sections on carbon and energy disclosure (2019), guidelines on climate reporting by the EU (2019), and a Colombian Circular Economy strategy launched in 2019.

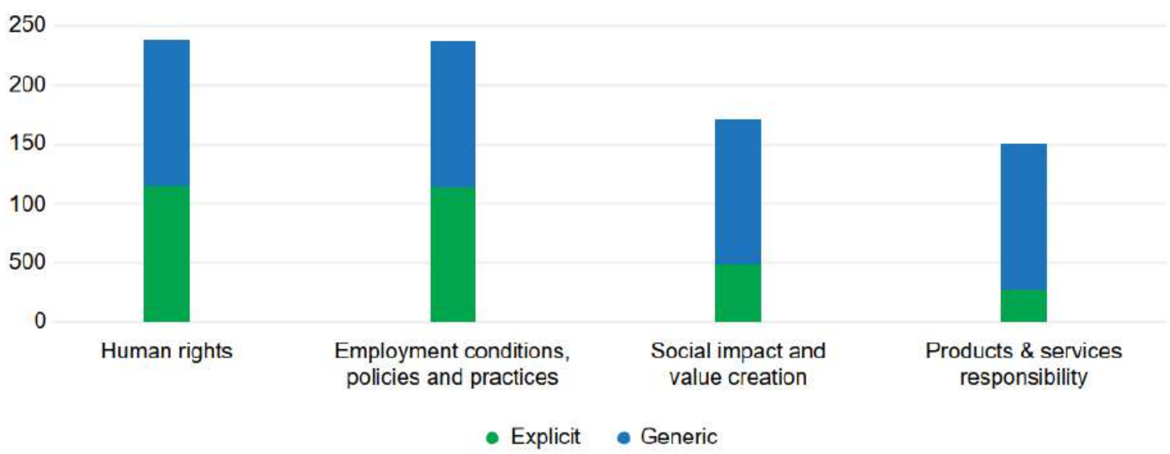
Figure 2.6 – Key environmental themes in reporting provisions (2020)



Source: van der Lugt, van de Wijs, Petrovics (2020)

For the 327 provisions concerning the social agenda, the focus has been primarily on human rights and labor, as shown in Figure 2.7. The COVID-19 has sharpened interest, primarily for issues related to health, working conditions, and job creation. Instead, little attention has been paid to products and services responsibility. Among the new provisions addressing social themes, there is the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation in Japan (Ministry of Economy, Trade, and Industry, 2017) and the Human Rights Due Diligence and Reporting Requirement for Multinationals published in Norway (2019).

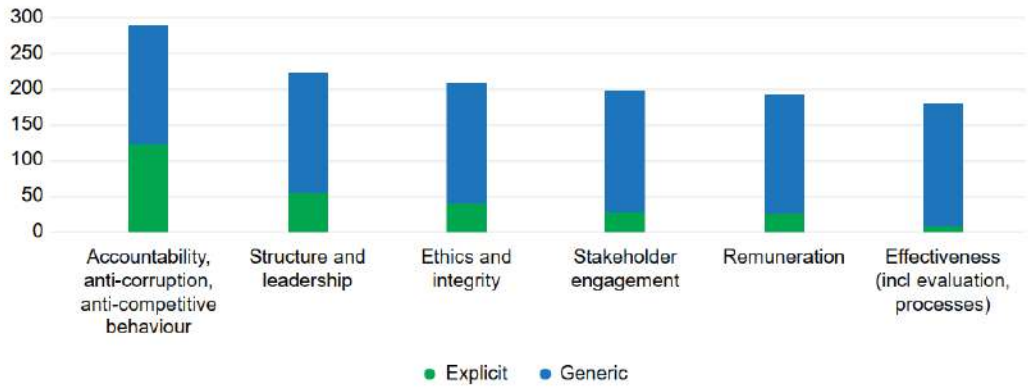
Figure 2.7 – Key social themes in reporting provisions (2020)



Source: van der Lugt, van de Wijs, Petrovics (2020)

As far as governance-related topics, Figure 2.8 shows that the attention has been on accountability, anti-corruption, and anti-competitive behavior with about 130 provisions. Another theme that received attention was structure and leadership, followed by ethics, integrity, and stakeholder engagement. Examples are founded in the new corporate governance codes in the UK, France, Australia, Norway, Singapore, Malaysia, and Bangladesh, which date 2018.

Figure 2.8 – Key governance themes in reporting provisions (2020



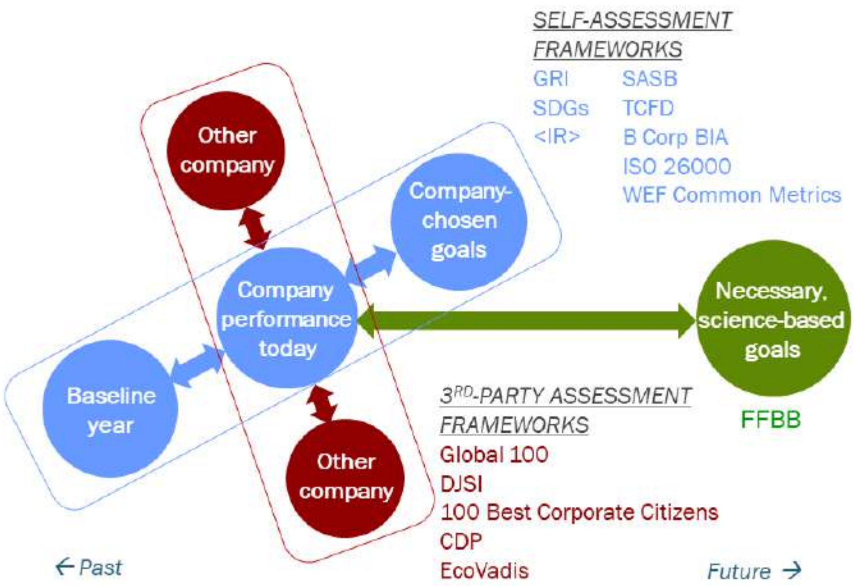
Source: van der Lugt, van de Wijs, Petrovics (2020)

Some frameworks such as GRI, SDGs, <IR>, SASB, and BIA are used by the company itself through a self-assessment procedure that allows it to report on goals that the company set itself. Other as DJSI, Global 100, CDP, and 100 Best Corporate Citizens come from third parties and are used mainly to rank and rate companies on their sustainability performance. In Figure 2.9, the ESG assessment frameworks are grouped according to whether they rely on third parties.

Concerning self-assessment frameworks, in the following lines, the peculiar characteristics of each will be presented to give readers a general overview of which frameworks a company can use to assess its ESG performance.

Starting from the Global Reporting Initiative (GRI) Standards, they allow any organization, regardless of its size, to become aware of and measure its impacts on people, economy, and environment credibly and comparably. They were developed to assist organizations during their voluntary reporting of sustainability performance (Moneva et al. 2006). The Standards consist of an easy-to-use modular set providing an overall picture of a company's material topics and how their impacts are managed.

Figure 2.9 – ESG Assessment Frameworks



Source: https://sustainabilityadvantage.com/

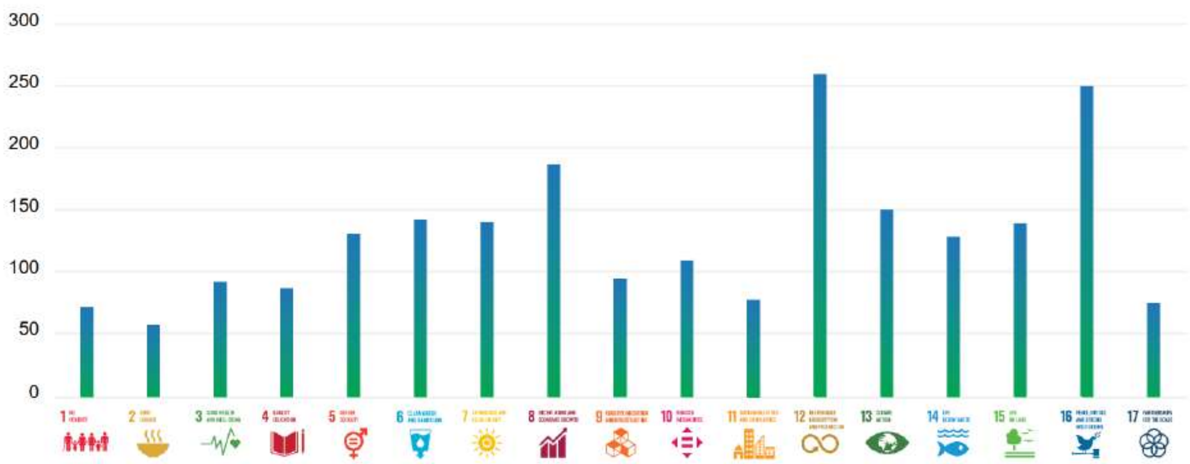
Two series of Standards support the reporting process: three GRI Universal Standards that apply to all firms (GRI 101, which is the starting point for using GRI Standards, GRI 102 to report contextual information about an organization, and GRI 103 to report the management approach for each material topic), and 33 GRI Topic-specific Standards organized into Economic, Environmental, and Social (GRI 200, GRI 300, GRI 400 respectively). A South Asian Central Bank regulator highlighted the relationship between GRI Standards and SDGs, referring to it as an evolutionary process in which "the GRI standards are aligned to the SDGs, and the manual [requiring companies to report] will address reporting on SDGs as well. However, I think the focus currently would be to build companies' capacity and enable them to start sustainability reporting that would gradually lead to reporting on SDGs" (van der Lugt et al. 2020, p.10).

Indeed, the Sustainability Accounting Standards Board (SASB) is available for 77 industries and is used by organizations to communicate to investors the impact of sustainability-related issues on the enterprise's long-term value. Moreover, they reveal the environmental, social, and governance (ESG) issues that have the most significant influence on financial performance in each industry.

Sustainable Development Goals (SDGs) is a globally accepted framework that highlights the importance of collaborative action and provides a list of critical topics for our planet.

It allows for tracking progress against global sustainability goals worldwide and can be used to evaluate the fitness of non-financial reporting policies. The Goals can also inspire responsible business practices and policies. One South Asian stock exchange regulator argued: *"The SDGs are useful in two ways: firstly, companies can measure and report their impacts in relation to the SDGs and implement new ideas that improve the business, reducing their footprint and minimizing overall negative impacts. Secondly, organizations can use the SDGs as inspiration and design criteria for new product development and business process innovation, developing products and services that contribute to solving real global challenges while meeting human needs."* Figure 10 shows the numbers of reporting provisions connected thematically to individual SDGs. The SDG themes most applied (directly or indirectly) by reporting provisions are associated with business operations. In particular, SDG 12 (Responsible Consumption and Production) is the most implied, followed by SDG 16 (Peace, Justice and strong institutions) and SDG 8 (Decent work and economic growth).

Figure 2.10 – The number of reporting provisions linked thematically with SDGs (2020)



Source: van der Lugt, van de Wijs, Petrovics (2020)

Concerning the Task Force on Climate-Related Financial Disclosures (TCDF), the Financial Stability Board created the Task Force on Climate to increase and improve reporting on climate risks, financial information, and opportunities. The framework covers four thematic areas, each representing a core element for operating organizations: governance, risk management, strategy, and targets and metrics. The aim is to provide helpful information to insurers, investors, and lenders to help them evaluate their risks and exposures over the short, medium, and long term.

Considering the international <IR> framework, it aims to define the Guiding Principles and Content Elements that shape the general content of an integrated report, showing the Fundamental Concepts related. The framework was conceived for use by the private sector and for-profit companies of all sizes, but this does not prevent its application and its adaptation, as needed, also to the public sector and to not-for-profit organizations. However, <IR> does not specify benchmarks for every aspect (e.g., there is no benchmark for the level of company performance or the quality of its strategy). <IR> displays content related to purpose and stakeholders, governance, business model, risk and opportunities, strategy and resources, performance (financial and non-financial), outlook, and basis of preparation.

ISO 26000 consists of international standards dealing with corporate social responsibility, which provide a practical guide for firms' sustainability reporting (Castka & Balzarova 2008). The standards are not intended for third-party certification and follow some criteria: ethics, accountability, responsibility, respect for the law, international behavioral standards, stakeholder interest, and human rights.

To align existing ESG frameworks, the World Economic Forum (WEF) Common Metrics, together with partners including PwC, KPMG, EY, and Deloitte, has identified a set of universal disclosures called the 'Stakeholder Capitalism ESG Reporting Metrics.' The metrics create data points that can be used to compare companies, regardless of their region or industry. In the Stakeholder Capitalism ESG Reporting Metrics, non-financial disclosure is included. The latter is based on four pillars: planet, people, prosperity, and the principle of governance. Since 2021 more than 120 companies have adopted WEF Common Metrics. There is Accenture, Eni, IBM, Unilever, Nestlé, HSBC Holdings, and PayPal.

Looking to Third - Party Assessment Frameworks, companies, use frameworks to evaluate a company and insert it into rankings. There is Global 100, an annual index ranking the world's most sustainable largest public organizations among them. The list is filled by Corporate Knights (CK) investment advisory firm and Toronto-based media using a quantitative methodology to include (or not) companies in the ranking. It automatically considers all firms with a market capitalization of US$2 billion or greater, which are subjected to several screenings to test for their sustainability disclosure rate and sustainability disclosure rate versus Global Industry Classification Standard (GICS) sector peers to guarantee financial stability as well as prevent sustainability-related violations. The screening process ends with the Global 100 list of companies. Subsequently, based on the reference GICS sector, companies will be compared on key performance indicators (KPIs). For an indicator to be used, it must be disclosed by more than 10% of companies of the reference GICS sector. KPIs used in the ranking are carbon productivity, water productivity, energy productivity, waste productivity, percentage tax paid, innovation capacity, pension fund status, CEO to average worker paid, employee turnover, safety performance, clean capitalism pay link, and leadership diversity.

The Down Jones Sustainability World Indices (DJSI) select from a basket of 2500 companies trading publicly belonging to different sectors that prove to be the most satisfactory in terms of economic, environmental, and social sustainability in the long term. These companies are subjected to an evaluation and will receive a benchmark based on a family of sustainability indices. DJSI is used in sustainable finance to create investment products and is also a benchmark to evaluate stocks performance within a portfolio and compose it according to sustainability criteria. Launched in 1999, the Indices have been revised annually and subject to checks every four months. DJSI has become a reference point for investors and companies looking for sustainable investments as companies that do not operate ethically and sustainably are rejected.

In 1999 100 Best Corporate Citizens ranking appeared for the first time to evaluate the performance of the largest publicly traded U.S. companies on ESG according to information available. Initially, the ranking was published in *Business Ethics Magazine*, and later, *Corporate Responsibility Magazine* gave voice to it. Since 2007 the ranking has been developed by 3BL Media in partnership with Institutional Shareholder Services (ISS) ESG according to eight pillars: ESG performance, environment, climate change, employee relations, corporate governance, finance, stakeholders, society, and human rights. Companies received a weighted score for each pillar to generate an overall weighted average ranking. Companies are ranked in the Russell 1000 Index consisting of the thousand largest U.S. companies by market capitalization, based on ESG data, performance, policies, management approach, and strategy.

Carbon Disclosure Project (CDP) is the not-for-profit organization that holds the world's largest dataset on environmental insights, which are fundamental to track the global economy's progress toward water security, zero carbon, and zero deforestation. The framework is not mandatory, but according to the CDP website, 590 investors with over US$110 trillion and with over US$4 trillion in procurement spend are asking thousands of companies to use CDP for environmental data disclosures; otherwise, they will lose their investments. Companies that disclose on CDP must follow a process that starts with a questionnaire where companies must measure their environmental impact on water security, climate change, and forests.

EcoVadis is a global reporting platform that customers can use to quickly obtain information (and ask for furthers) on the corporate social responsibility (CSR) performance of their suppliers. Every year EcoVadis creates a CSR performance scorecard of suppliers based on sectors and scores on ESG and recognizes best CSR performance through gold, silver, and bronze rating targets that can be used publicly. By responding to EcoVadis, suppliers can report on, improve, and benchmark with peers their CSR results, improving the company's transparency to customers. Suppliers are subject to scores ranging from 1 to 100 on the four core themes: ethics and fair business practices, environment, supply chain, and failed labor.

In the following two tables, the main features of Self-Assessment Frameworks and Third-Party Assessment Frameworks are presented, making some comparisons among frameworks belonging to each category.

B Impact Assessment VS GRI Standards: similarities, differences, and complementary use.

B Impact Assessment and GRI Standards provide a holistic approach to impact management and sustainability reporting. BIA has been conceived as an evaluation and performance management tool to enable companies to understand, enhance, and identify concrete improvement opportunities. Unlike GRI standards, BIA materiality and content are more prescriptive and include a scoring system to make performance evaluation and comparison across different companies possible.

GRI standards are the world's most widely used sustainability reporting standards designed as a reporting framework to promote accountability, transparency, and improvement of a company's impact, activities, and performance. The standards as conceived allow internal and external stakeholders to form informed opinions and make decisions and assessments. They currently cover 34 topics related to ESG, ranging from biodiversity, climate change, waste, taxes, water, and human rights. The Standards also include governance disclosures providing information on the organization, policies, strategy, reporting practices, stakeholder engagement, and reporting approach. GRI Standards have evolved over the last 20 years thanks to the broad international consensus received by intergovernmental institutions, labor unions, businesses, investment institutions, academics, civil society, assurance and service providers, and stakeholder engagement. Many traditional intergovernmental instruments outlined that the GRI Standards are developed respecting the international expectations for responsible business conduct.

Among them there is the United Nations (UN) International Bill of Human Rights (1948-1966), Declaration on Fundamental Principles and Rights at Work (1998), the International Labour Organisation (ILO), the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (2011), the 2030 Agenda for Sustainable Development (2015), and the Paris Agreement (2015).

The two reporting frameworks can be used efficiently to complement one another, as many companies already do. BIA and GRI present similarities, areas of alignment, and differences that companies should be aware of to exploit the maximum potential of the two frameworks. GRI helps companies connect their GRI sustainability reporting with other standards, tools, and frameworks to reduce the reporting burden on business. Indeed, in 2021 GRI and B Lab have made the publication' Complementary Use and Linkage of the GRI Standards and BIA' available to companies to explore alignments among the two frameworks and how to leverage data from their GRI sustainability report with B Lab's impact report or vice versa. The two global enablers for environmental, social, and governance disclosure and impact management join forces to help organizations optimize their contribution to a more sustainable future by getting more out of their evaluation and reporting tools. This publication is only the first step of the collaboration between GRI and B Lab

Table 2.2 – Comparisons among Self-Assessment Frameworks

Self-assessment Framework	Year of launch	Free	Focus	Certification system	Includes financial perfromance	Includes Governance	Science-based goals	Sector-specific versions	Geographic coverage
BIA	2010	Yes	Triple Bottom Line	No	Yes	Yes	Some questions have a necessary science-based goal	Yes	Usa
GRI	2000	Yes	Triple Bottom Line	No	No	Yes	No	Yes	International
SDGs	2015	Yes	Critical topics for the planet	No	No	No	Only if FFBB goals and KPIs are used	No	United Nations
<IR>		Yes	How organizations are able to create, preserve or erode value over time	No	Yes	Yes	Only if FFBB goals and KPIs are used	No	International
SASB	2011	Yes	Communicate to investors sustainability information of companies	No	No	No	No	Yes	Global
TCDF	2015	Yes	Climate risks, financial information, and opportunities	No	Yes	Yes	Only if FFBB goals and KPIs are used	Yes	Global
ISO 26000	2010	No	Social	No	No	Yes	No	No	International
WEF Common Metrics	2020	Yes	People, planet, prosperity and principles of goverannce	No	No	Yes	No	No	Global

Source: own elaboration from frameworks websites.

Table 2.3 – Comparisons among 3rd- Party Assessment Frameworks

Self-assessment Framework	Year of launch	Free	Focus	Certification system	Includes financial perfromance	Includes Governance	Science-based goals	Sector-specific versions	Geographic coverage
Global 100	2005	Yes	World's most sustainable largest public organizations	No	Yes	Yes	Some questions have a necessary science-based goal	Yes	USA
DJSI	1999	Yes	Companies trading publicly that are the most satisfactory in economic, environemntal, and social sustainability	No	No	Yes	No	Yes	International
100 Best Corporate Citizens	1999	Yes	ESG performance, environment, climate change, employee relations, corporate governance, finance, stakeholders, society, and human rights	No	No	No	Only if FFBB goals and KPIs are used	No	USA
CDP	2002	Yes	Climate change	No	Yes	Yes	Only if FFBB goals and KPIs are used	No	Global
EcoVadis	2007	Yes	Corporate social responsibility of suppliers	No	No	No	No	Yes	Global

Source: own elaboration from frameworks websites

BIA and GRI show some points in common that demonstrate the existence of an alignment between the two frameworks, which can also lead to possible complementary use of the two tools.
As far as the existing connections among the BIA and GRI, the two go beyond frameworks that are too specific or focused only on a subset of environmental and social issues. Indeed, both have a comprehensive coverage organized in Governance, Workers, Community, Environment, and Customers, which includes all potential aspects that can help in understanding the business overall environmental and social performance, ranging from tax management, climate issues, customer impact, employee benefits and training, and privacy. BIA refers to them as "impact areas," whereas GRI Standards call them "topics." BIA and GRI Standards are used worldwide as they have been designed to accommodate organizations of all types and based worldwide, regardless of whether they already have a sustainability reporting experience. Moreover, both the assessment frameworks have the same purpose of enabling the evaluation, benchmarking, and management of issues important to stakeholders (BIA) or central in reporting on Material topics (GRI). In addition, customization is possible in both. Indeed companies can choose which topics to report through a materiality assessment, whereas BIA arranges questions according to company size, sector, and geographic market. The stakeholder view is crucial for both, meaning that companies' performance is not evaluated only on environmental and social issues that potentially affect the financial performance. However, issues are also a lever for judging a broad range of stakeholder impacts on the businesses. The pair ensure overall credibility and objectivity of the content of the standards as they are independently governed and subjected to updates and improvements to accommodate new opportunities for improvement, emerging issues that matter for stakeholders, and changing norms.
Concerning differences, while both are designed to be globally used by all organizations, GRI standards involve larger companies and small and medium-sized enterprises. In contrast, SMEs have predominantly used BIA as B Lab has customized its content to accommodate those companies. However, it is equally valid that smaller companies have increasingly used GRI, and BIA by a larger one, enhancing the importance of and value behind the overlap and complementary of the two.

Table 2.4 – Main similarities between BIA and GRI: use, coverage, goal, and customisation

Element	B Impact Assessment	GRI standards
Use	Globally used by all organisations regardless of type, size, and sector.	Globally used by all organisations regardless of type, size, and sector.
Coverage	Comprehensive coverage organised in Governance, Workers, Community, Environment, and Customers Impact Areas.	Comprehensive coverage organised in Governance, Workers, Community, Environment, and Customers Topics.
Goal	Assess, evaluate, benchmark, and manage of issues important to stakeholders.	Improve accessibility, comparability, and quality of information related to material topics and their impacts. Report on Material topics
Customisation	Content of questions is prescribed by B Lab according to company's size, sector, and geographic market.	Individual company led according to Materiality Assessment.

Source: own elaboration from GRI and B Lab websites.

Another difference lies in the need for public reporting or transparency; indeed, BIA is also available for private use, whereas GRI Standards are designed for public reporting. The company's involvement in customizing content on which to report and the exact detail of how it reports them is higher in the case of GRI Standards because firms select the topics through a materiality assessment of their impacts. As a comparable evaluation tool, BIA presents predetermined impact topics for all companies taking the assessment, attaching specific performance values to the multipack questions to foster performance comparisons across organizations. The information design differs in the two frameworks too. In the BIA, the information is organized in subsets whose scope of questions is previously defined. Then the actual performance results are aggregated up across the set of multiple B Impact Assessments to reflect the whole organization. Instead, the GRI framework provides disclosures that reflect the organization, its governance and reporting, and specific standards for each material topic to be used to report on metrics and management. To conclude, the specific content among the two varies as they are independently governed, with distinct purposes and historic user groups. It may happen that both cover topics but in distinct ways, as well as some topics might be covered in one but not the other.

As already anticipated, BIA and GRI can be complemented in reporting on sustainability. Companies can use the BIA to evaluate their sustainability performance and then draw up their sustainability report observing GRI standards. Taking the BIA assessment does not take too much time, and difficulties may arise once completed the questionnaire as companies might not know how to interpret their score and what to do in practice. GRI standards can help them write their (first) sustainability reports serving as guidance during their journey. Vice versa, many businesses use GRI Standards to inform the BIA, increasing the quality of data used. This linkage will support sustainable business practices while simplifying reporting requirements.

Table 2.5 – Main differences between BIA and GRI: Primary use, Need for public reporting, Organisation's involvement in customisation, Information design.

Element	B Impact Assessment	GRI standards
Primary use	Globally used by all organisations regardless of type, size, and sector.	Globally used by all organisations regardless of type, size, and sector.
Need for public reporting	Available for private use without the need for transparency and public reporting.	Designed for transparency and public reporting
Organisation's involvement in customising content	Predetermined impact topics.	Topics to be reported change depending on the result of the materiality assessment.
Information design	Information is organised in subsets.	A set of disclosures about the organisation, its governance and reporting, and a set of specific standards for each material topic.

Source: own elaboration from GRI and B Lab websites.

There are three main ways to sue GRI and BIA in coordination. The first one is for companies that already have, or are planning to, produce a sustainability report in compliance with GRI Standards, as they can use the content of the report to complete the BIA questionnaire. Another way is informing the content of the GRI report using the specific answers already provided on the BIA. The third and last way to coordinate the two is to use the GRI Content Index of the sustainability report and the attaching mapping to understand how GRI-specific indicators align with BIA questions. Using both simultaneously guarantees many benefits. First, companies that report according to GRI Standards can earn points in the BIA because some BIA questions investigate whether the company is reporting its performance publicly through third-party standards such as GRI. Second, a company can inform and track improvements in the GRI indicators by using the resources and content of the BIA and inform and prioritize areas of improvement and management of the BIA by relying on the material issues identified through the GRI reporting process.

B Lab and GRI recognize many possible degrees to which specific disclosures and questions may align with one another, so the level of alignment can be split into five categories: exact, conceptual, partial, impact, and no alignment.

Exact alignment:

- When the indicator or question of one standard thoroughly answers the other standard's indicator or question.
- Conceptual match: when the indicator or question of one standard is directly related to the other standard's indicator or question, but there could be slight differences in calculation methodology or answers.
- Partial alignment: only a portion of the indicator or question of one standard is exactly completed by a portion of the other standard's indicator or question.
- Impact alignment: when the indicators or questions of the two standards are broadly related, the way they are completed may have significant variability.
- No alignment: when the indicator or question of one standard does not match a topic covered in the other standard.

BIA and GRI have mapped their standards at two levels to help companies, and stakeholders efficiently use the frameworks and understand the possible connections. The high-level mapping indicates where sections of BIA and GRI cross each other in topics covered, while the specific disclosure to question mapping presents individual items within the standards in detail. These are referred to as 'General mapping' provided in Appendix A and B. A conservative approach has been taken, considering only disclosures and questions that most closely align with one another since the intent is not to create an "over-inflated" guide of how the two interact. This means that there could be other questions that have not been mapped to one another but could be helpful when adopting the two reporting frameworks together. The mapping was completed in December 2020, relying on GRI Standards released from 2016 to 2020 and BIA Version 6. It does not include every version of the tailored questions of the BIA, which vary according to size, sector, and market; instead, it presents a sample of the questions. This work covers the most relevant mapping for each framework and is organized in two ways depending on the user and whether they have already reported on BIA or GRI Standards. Thus, a user can start with BIA questions and understand where there could be connections with GRI disclosure or vice versa. The direction chosen by the user can lead to different mapping results because of the content and structure of the two. For instance, a disclosure or question in one standard might match multiple disclosure or questions in the other.

As for the BIA, the mapping does not include Impact Business Models sections because it would be better to map them holistically without focusing too much attention on their underlying individual sections. Thus, for the BIA, only the Operational and Disclosure Questionnaire has been included. In addition, there could be variability in questions included compared to the ones that the company encounters when completing the questionnaire online because not all versions of questions varying according to size, sector, and geographic market are included. Considering the GRI, the mapping has been tracked according to the disclosures included in GRI 102 (General Disclosure) and GRI 103 (Management Approach Standard).

Appendix A and Appendix B show the general mapping of BIA to GRI (and vice versa). The mapping represents how different sections of the BIA relate to different sections or topics of the GRI Standards (or vice versa). The mapping has been realized quantitatively, including only a significant set of disclosures in GRI sections or topics related to the BIA topics (or vice versa).

The mapping results show a significant alignment between BIA and GRI. Indeed more than half of the GRI and BIA standards (65% of BIA questions and 68% of GRI Standards) have at least one alignment with the questions or disclosure in the opposite standard. However, each framework has variability in the purpose and structure. Exact or partial matches are limited, with only 11% of BIA and 28% of GRI being precisely or partially mapped to questions in the other. For instance, the percentages of exact and partial matches vary depending on the direction taken by the user. To conclude, questions from the BIA are more likely to be used to complete the GRI disclosure than vice versa because BIA questions have a prescriptive nature while GRI Disclosures are more open-ended. The different nature of the two tools implies that in some cases, a company's open-ended answer to a GRI disclosure might not help incorrectly answering a BIA question, even if disclosures and questions cover the same topic.

2.3 Methods and instruments

2.3.1 Business Model and Canvas

The term "business model" refers to how a firm creates, delivers, and captures value. For some authors, capturing value is related to earning money (Richardson 2008; Teece 2010; Bocken et al. 2014), whereas, for others, Zott & Amit (2010) BM explains how all parties involved create value and capture it. Capturing value is a vital challenge for the firm (being a start-up or an established company) and for external parties to evaluate to which extent they are going to become partners. A firm and its suppliers capture value once profits are deduced. Value capture becomes increasingly essential for them when a supplier generates recurring business from the firm's activities, and the company has the power to negotiate sharper purchase prices. One of the determinants of creating value for customers is translating this into sustainable revenue. Otherwise, the cash drain risk will rise.

The business model concept is drawn from business management and captures how a company can earn money from providing products and services to customers, connecting to suppliers, and acquiring resources profitably. It represents a business, meaning a combination of a product, a market (i.e., target), and technology. A business model is a way to understand and map a strategy and make it work as it provides some utility to identify a company's strategy more operationally.

Wirtz (2011) explained three streams concerning business models' uses could be identified. During the first stream (the 1990s), purely organizational business models became popular as explicative models. In these years, the internet boom made analysts and firms aware that businesses needed to reorganize themselves to earn a profit from capitalizing on new web-based services and products. All a company needed was a Web-based business model that assured future profits in this phase. For sustainable innovation, this reorganization is primarily relevant for those technologies that may have a similar effect.

With the second efficiency stream, business models started to be considered as a strategic management tool to improve a firm's value chain as it can be used to develop businesses' architectures and systems for structuring, representing, and planning businesses organizationally efficient (Linder & Cantrell 2000; Tikkanen et al. 2005).

The third stream is strategy-oriented as elements of market competition are added to the efficiency focus of the second stream (Casadesus-Masanell & Ricart 2010). Strategy-oriented business model scholars started to believe that creating and delivering customer value is the heart of any business model. In addition, the business model can be a source of competitive advantage through business model innovation (Chesbrough 2007a)

As far as corporate sustainability is concerned, the focus is mainly on sustainable innovations and how the Canvas can lead to and facilitate them. To start, most sustainable innovation concepts, as sustainable development and environmental sustainability (Hall & Clark 2003), are supported by normative whereas comparable sustainable business models notions do not still exist today (Lüdeke-Freund 2009; Schaltegger et al. 2012), making it difficult to clarify exactly when a business model is truly sustainable. This lack may be due to the nature of sustainable development, which is a process that involves a continuous balance among economic, ecological, and social values. This process requires intern-organizational networks that go beyond firms to include stakeholders (Lélé 1991). However, there is a clear linkage between business models and firms' innovative activities, demonstrated by several situations where product innovations or processes impact business model design and vice versa (Calia et al. 2007; Chesbrough, 2007b). According to Baden-Fuller et al. (2010) and Wirtz (2011), two roles of business models can be distinguished, and both demonstrate that innovation is dominant in business models as a tool to renewing organizations and creating competitive advantage. First, business models can provide competitive advantages by changing and innovating, changing competition terms. Secondly, business models can strategically support the marketing of innovative products, services, and processes.

Although in the literature on corporate sustainability management and sustainable entrepreneurship, the concept of business model is often used confusingly (Lüdeke-Freund 2009; Schaltegger et al. 2012), and the link between this tool and sustainable innovation research has only partially been addressed (e.g., Charter et al. 2008; Wells 2008), connections between business models and sustainable corporate innovations can be founded. Indeed, as Schaltegger et al. (2012) explained, a business model perspective can bring sustainable innovations to the market as companies need to combine value proposition, upstream and downstream organization of the value chain, and financial models. Customer and social value creation are achieved by harmoniously integrating business, social, and environmental activities (Boons & Lüdeke-Freund 2013). Moreover, two classic articles point out that business model changes functionally support sustainability-oriented businesses because they can be a step towards reducing negative ecological and social impacts or even a way to achieve sustainable development consciously.

First, Lovins et al. (1999) consider changes towards a sustainable business model as crucial for achieving their four steps agenda, labeled Natural Capitalism, aimed to align business practices to environmental needs. The agenda's principles go beyond efficiency-centered perspective (environmental management) to include reinvestment in natural capital, imitation of biological production models, business model changes, and increment of natural resources' productivity. Nevertheless, such models require revising companies' practices, such as setting targets, measuring performance constantly, and handing out rewards, which distort business models that increase workforce productivity while exploiting natural resources and employees.

Secondly, Hart and Milstein (1999) argue that if managers grasp the opportunities arising from sustainable development, the result will be an overall industrial renewal and progress. They see the world as a patchwork of three different and non-compatible economies: consumer, emerging, and survival. Sustainable development (mainly aimed to contribute to sustainable development) requires different business models and strategies because they differ in conditions for production and consumption. Consumer economies refer to highly industrialized nations characterized by extensive infrastructures, high purchasing power, and unlimited consumption possibilities.

In these economies, business model changes must be made to decouple production and consumption from ecological and social impacts, reducing the overall company footprints. Survival economies are mainly based on a rural lifestyle, lacking infrastructures, and whose people cannot meet basic needs. Here, companies must radically innovate their business models. Emerging economies are those in between and refer to all those countries characterized by increasing purchasing power, people whose basic needs are satisfied, and rapid industrialization and urbanization. Hart and Milstein believe that new business models are increasingly required to meet growing customer needs in these circumstances.

Boons and Lüdeke-Freund (2013) agree with the classic ideas previously explained but highlight that business model concept is not an end in itself. Indeed, to identify and create sustainable value, a link between business models and approaches of sustainable innovation is needed. According to the authors, business models can contribute to sustainable innovations if they meet normative requirements. The latter involves the four elements identified by Osterwalder (2004) and Doganova and Eyquem-Renault (2009) as the generic components of business model concept:

1. *Value proposition:* the value embedded in products and services offered by the company
2. *Supply chain:* how relationships with suppliers are structured and managed
3. *Customer interface:* how downstream relationships with customers are structured and managed
4. *Financial model:* costs and benefits arising from 1), 2), and 3) and their distribution across stakeholders.

Then, normative sustainability requirements are defined generally on purpose as follow:

1. The *value proposition* must provide and balance measurable ecological and social value together with economic value. Trade-offs between optimal product and service performance (e.g., low costs, convenience) must be identified to improve environmental and social effects (e.g., better working conditions, de-materialization). For existing products, the rules of the technological regime must assure the balance, whereas, for new products or services, participants in the new and evolving niche actively struck it.
2. Product-service balanced business models can positively influence the supply chain by reducing ecological pressure throughout the supply chain, even profitable recycling and closed-loop systems (Lovins et al. 1999). A sustainable supply chain requires efforts from both suppliers and firms. It must involve suppliers responsible for the company's stakeholders, not only towards their ones, and the company must not shift its socio-ecological burdens to its suppliers. For this condition to be respected, firms must engage suppliers in their supply chain management.

3. The *customer interface* must motivate customers to be responsible for their consumption and the company's stakeholders. This condition requires the company not to shift its socio-ecological burdens to customers, and customer relationships must be set up knowing the sustainability challenges of the different developed markets. A sustainable customer interface can be addressed in very different ways ranging from value-creation processes and consumer co-production to means of linear mass-production (Wells 2008)
4. The *financial model* must account for the firm's social and ecological impact and reflects how economic costs and benefits are distributed among the actors involved in the business model. For financial models to be sustainable, the focus must be on fulfilling customer needs rather than on selling amounts of products. Thus, the pricing mechanisms should shift from "price-per-unit" to pricing the" job-to-be-done" (Johnson et al. 2008).

The normative sustainability requirements provide "boundary conditions" within which a business model must be operated to market sustainable innovations successfully. These conditions neither clarify how innovations are commercialized nor specify a sustainable business model. They help to understand that business models have to be operated within certain boundaries to show their full potential and that innovation can unfold its sustainability potential when it is commercialized successfully. An innovation may bear sustainability potential, whereas the underlying business model is the market device that helps or hinder to develop of this potential, given that internal organizational barriers (such as behavioral norms, success metrics, and business rules) and external environmental barriers (for example incumbents' resilience to disruptive technologies together with high capital intensity can lead to "fire and forget" business models) can be overcome (Hall & Clark 2003). Given these barriers, for sustainable innovation to be successful, a change at the company level while facing external barriers imposed by production and consumption systems is required. This could represent a costly and challenging challenge for both start-ups and incumbents, but at the same time, the more systemic innovations are, the more a sustainability potential is expected to be greater (Charter 2008). In addition, Baden-Fuller et al. (2010) see the business model as a holistic and systemic concept arguing that it is expected to contribute to sustainable innovation agenda by opening the way to new approaches to overcome internal and external barriers.

According to Doganova and Eyquem-Renault (2009), the business model is a mediator for innovations that link production and consumption and include stakeholders and their expectations concerning non-business areas. BM act as an intermediary between the actors who shape innovation networks such as companies, research institutions, financers. Thanks to interactions and synergies among these actors, markets for innovation emerge. Business models are the reference point for communication because they connect innovation players through narratives and calculations used by entrepreneurs to describe their ventures and construct markets. In addition, Doganova and Eyquem-Renault (2009) highlight that sustainable marketing innovations may require collaboration among all the actors engaged in innovation networks, and in some cases, the terms of collaboration and competition must be rethought.

In literature, we can find three streams dealing with business models and sustainability issues. They are commonly classified as technological, organizational, and social innovation categories. There is a sort of interdependency between these categories. For example, technological innovations might support social value propositions or depend on organizational change. What distinguishes the three streams is that the business model's ability for technological and social streams lies in supporting technological or social products, services, or offerings. In contrast, the organizational stream emphasizes the importance of cross-cutting cultural and structural preconditions within companies.

In this section, these categories will be discussed separately to catch the main elements of each.

Starting from technological innovation, authors from this stream consider business models as a market device to support innovations. New technologies must be combined with new business models to allow the former to change the conventional production and consumption paradigms. Otherwise, new technologies alone are insufficient. One could think about three different combinations of business models and technology innovations (Table 2.6): new business models that adapt existing technologies (1), existing business models that employ new technologies (2), and new business models that take up new technologies (3). Although each combination is challenging, only a new business model and new technology work.

Table 2.6 – Possible combinations of business models and technology innovations.

		Business model	
		Existing	*New*
Technology	*Existing*	Not considered here	(1)
	New	(2)	(3)

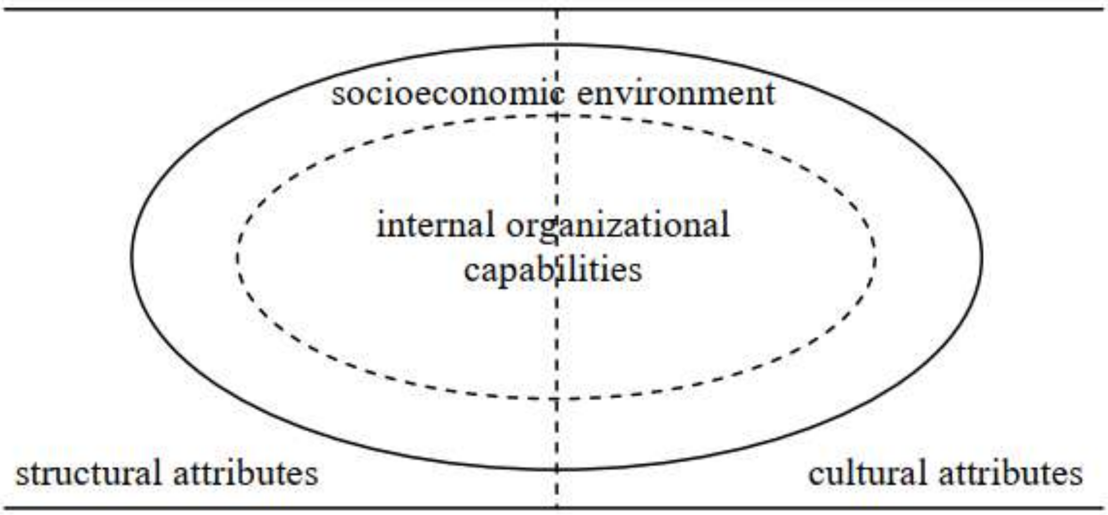
Source: Business models for sustainable innovation: State of the art and steps towards a research agenda

Case (1) requires the adoption of new modes to offer existing products which can be translated into adopting new approaches of distribution and application. The main challenge is to convince customers of a new product or service handling. In case (2), existing business models are integrated with new products or services and production processes. Introducing new technological paradigms is challenging for an industry's dominant business model (Wells 2008). Case (3) refers to the market of technology innovations through radically new business models. Here, one of the most significant barriers is the infrastructure which must be wholly adapted to the new technology adopted. Given that users might expect features that the existing system cannot offer, new systems are needed. To conclude, relevance is the business model's influence on creating a fit between (new) commercialization approaches and technology characteristics that can succeed in a new or given market.

Unlike authors from the technological innovation stream, those belonging to the organizational innovation category conceive business models as an expression of cultural and organizational changes affecting business attitudes and practices that integrate aspirations and needs of sustainable development founded in the Brundtland definition. At the organizational level, business model changes involve the implementation of different approaches from the ones belonging to the neoclassical view. The way of doing business towards sustainable development is completely redefined because business model changes affect several organizational aspects: structure, culture, and routines. Birkin and colleagues (2009a, 2009b) argue that companies are expected to make significant organizational adaptations for securing legality and legitimacy (and not least, business success) as natural and social needs are institutionalized as cultural and societal demands. Their studies present the integration of economic sustainability aspects into existing business models because of lack of time, costs, and problems with the market model. Thus, they do not help companies understand which could be the role models for their industries.

Stubbs and Cocklin (2008) have a similar organizational perspective to one of Birkin and colleagues. They assume that the non-economic sphere is the starting point from which sustainable business models are developed around sustainability, then they are transferred to the organization. Nevertheless, differently from the authors previously mentioned, Stubbs and Cocklin (2008) developed their sustainability business model based on a list of preconditions, key drivers, and measures which are arranged in two dimensions (Figure 2.11): structural and cultural attributes (x-axis), and internal organizational capabilities and the socioeconomic environment (y-axis).

Figure 2.11 – The two dimensions of the "sustainability business model"



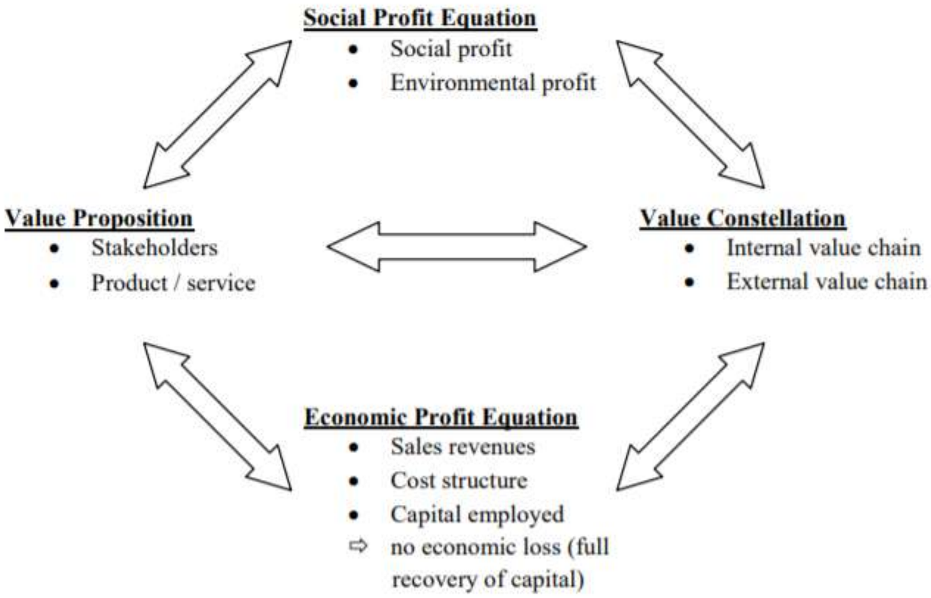
Source: Stubbs & Cocklin (2008)

This business model concept helps classify business model attributes in structural or cultural and distinguish whether they are related to the external socio-economic environment or internal organizational capabilities. Thus, the heuristic allows addressing the internal and external barriers previously discussed. For example, the authors found that structural aspects of the socio-economic environment (such as revised tax systems penalizing negative externalities or sustainability support from the financial market) are crucial.

The third and last literature stream, social innovation, focuses on business models dealing with social value creation. Social innovation authors are inspired by companies whose models embrace concepts belonging to social entrepreneurship (SE), such as social businesses or "bottom of the pyramid" (BOP) strategies (Prahalad & Hart 2002; Yunus et al. 2010). As explained by Hockerts and Wustenhagen there are two main views of social innovation. One discusses the role of process and product innovation with a social purpose.

In contrast, another refers to innovation as founding and developing social enterprises, business and social sector collaboration, or company-internal activities ("social intrapreneurship") looking to all the entrepreneurial and managerial activities. Accordingly, organizational forms vary from single entrepreneurs devoted to mitigating critical social problems using self-sustaining non-profit businesses (as Grameen Group and Sekem Group) to multi-national companies taking advantage of strategic opportunities coming from future BOP markets (as Danone and Unilever did) (Yunus et al. 2010). Here, social innovation, like environmental innovation, is functionally to create and transform markets towards sustainable development. This is where business models come to play, trying to change the logic behind value creation while acquiring and managing political, financial, and human resources under high uncertainty and precarious conditions. (Thompson & MacMillan 2010). The premise is to break away from the concept of business as maximizing profits and develop self-sustaining businesses, enabling managers and entrepreneurs to focus their business models on social issues. Yunus et al. (2010) argue that profit orientation is not excluded from SE business models. Instead, both economic and social profits are necessary conditions for large companies' engagement in SE initiatives, but social entrepreneurs must apply modified models for social businesses (a not-for-profit sub-category of SE). So, they propose a framework (Figure 2.12) where the social profit equation is integrated while the environmental dimension is recognized.

Figure 2.12 – Elements of social business model



Source: Yunus et al. (2010)

According to Yunus et al. (2010), business models for SE maximize the social profit equation by recovering their total costs and moving profits to customers who benefit from better access to adequate ad services and low prices. To conclude, sustainable business models enable social entrepreneurs to create social value and maximize social profit. *"It is a no-loss, no dividend, self-sustaining company that sells goods or services and repays investments to its owners, but whose primary purpose is to serve society and improve the lot of the poor"* (Yunus et al. 2010, p.311).

Sometimes business models have been referred to as stories telling how enterprises work (Magretta 2002). Each story starts answering Peter Drucker's fundamental questions:

- Who is the customer? (target)
- What does the customer value? (offering)
- What is the underlying economic logic that explains how we can deliver value to customers at a reasonable cost? (chain of the process involved inside and outside the firm)
- How do we make money in this business? (profit model)

Magretta (2002) explained that creating a business model is like writing a new story starting from reworking or enhancing the old ones. It may offer more value to customers than existing alternatives, or it may replace the old way of doing things and become the standard. To tie narrative to numbers, let us think about business modeling as the equivalent of the scientific method: you start with a hypothesis, then test in and revise when necessary. Business model logic allows managers to operate consciously, starting from a model which explains how the entire business will work, then every initiative, decision, or measurement provides feedback. The model can be re-examined if the expected results fail to be achieved (either because the story does not make sense or because the number test is failed). New business models vary all businesses' generic and conventional value chains. Two parts can be distinguished in each chain. The first part is about all the activities involved in making something: design, purchase of raw materials, manufacturing. The second one involves all the activities associated with selling something to customers: finding and reaching customers, transacting a sale, delivering the service, or distributing the product.

Although many people use the terms business model and strategy as if they were interchangeable, they are not the same thing.

Roughly speaking, a strategy is about how you will do better by being different. A competitive strategy implies outperforming rivals by being better from a company perspective. This is achieved when a firm does something no other companies do and in ways that rivals cannot replicate. Why so much emphasis on being different? Michael Porter's destructive competition explains that if companies offer identical products or services to the same target by performing the same activities, no company will succeed. Indeed, in the short-term, customers will benefit, but head-to-head competition will reduce prices to a point where returns will be inadequate (as happened in the case of many Internet retailers, whether they were selling drugs, toys, or pet food). Companies that try to be all things to all people result in underperforming because they fail to find distinctive ways to compete. That is why two companies may have identical business models, but they must differentiate themselves by adopting different strategies regarding which target and markets to serve, what products and services are offered, and what kind of value they create.

Wal-Mart is an excellent example of the distinction between a strategy and a business model. The giant retailer's success is not a new business model, and Walton borrowed many ideas for his early stores from Kmart and others. What made Wal-Mart successfully was a unique strategy based on two main parts:

1. While the ten largest discounters in 1962 focused on large metropolitan areas like New York, Walton targeted a different group of customers in different markets. He put good-sized stores into little isolated rural towns with populations between 5.000 and 25.000, which everybody else was ignoring. This strategy discouraged competitors from entering Wal-Mart's markets as markets were too small to be supported by more than one large retailer.
2. Unlike competitors focused on private-label goods and price discounts, Wal-Mart promised customers a different value based on national brands at everyday low prices. This was possible by pursuing efficiency and reducing costs by adopting innovative purchasing, information management, and logistics practices.

Moreover, a good business model alone is not enough to grant business success, as the story of Dell Computer shows. Indeed, business models must be followed by strategic choices. Michael Dell created an innovative model based on personal-computers direct sales to customers, which differentiated Dell from other personal-computer makers which sold them through retailers. This allowed Dell to cut many costly links of the value chain and collect information to manage inventory better than other industry companies. Moreover, Dell's business model prevented competitors from doing the same. Rivals could not sell direct; otherwise, they would have disrupted their distribution channels and alienated their resellers. Dell's business model was difficult to replicate and changed the industry's economics, creating itself a substantial competitive advantage. However, the company still had strategic choices about the target, offering, and pricing.

1. While competitors focused on the home market, Dell targeted large corporate accounts.
2. Dell sold more powerful and higher-margin computers, whereas competitors offered low-end machines to their first-time buyers.

Dell's average selling price increased when the industries were falling because customers who were buying their second or third personal computer were looking for more power and fewer hand-holding machines.

Table 2.7 – Business Model versus Competitive Strategy

	BUSINESS MODEL	COMPETITIVE STRATEGY
Definition	Explanation of how a company works and delivers value to customers supporting an appropriate cost. It is a representation of a business whose parts must fit together.	Explanation of how a company differs from its competitors by providing something other companies cannot or delivering it in new ways difficult to be replicated.
Examples	Wal-Mart's discount retailing model. Dell direct-sell model.	Stores placed in small towns ignored by competitors. Targeting the high-margin corporate market.

Source: Magretta, 2002.

As far as business model design is concerned, many authors contributed to defining it. Zott & Amit (2010) distinguish between design elements and design themes. Both are drivers of value creation. The formers are about which activities are performed, how they are linked, and who executes them, whereas the latter are lock-in, novelty, efficiency, and complementarities. These drivers and their combinations influence BM design significantly.

Morris et al. (2005) include core competencies to the preceding definitions and descriptions of the business model construct. According to them, the BM is composed of all those core competencies (either internal or belonging to external parties) strictly involved in realizing a company's strategy. Core competencies are crucial because they represent to what extent a firm has a competitive advantage and how it reinforces its role in the external value chain. Moreover, Morris et al. (2005) point out two questions, even if these are just characteristics related to the BM and not elements of the construct nor representations of it. Firstly, the market positioning is considered an element of BM implicitly as the framework reflects a firm's realized strategy. Secondly, the entrepreneur's scope, ambitions, and time might impact the BM design and activities.

For Johnson et al. (2008), BM comprises four interlocked elements that create and deliver value: customer value proposition, profit formula, essential resources, and key processes. The latter can be compared to the activities described by Zott & Amit (2010), whereas critical resources are a broader concept than Morris's core competencies. Intellectual, human, financial, or physical assets are vital resources needed to create, deliver, and capture value (Osterwalder & Pigneur 2010). Resources assume internal or external competencies or a combination of both. Indeed, intellectual resources are based on human competencies, and physical resources sometimes are purchased from partners whose competencies cerate and deliver value to the company. For the company denominating its internal core competencies becomes crucial as it can wonder whether some activities can be outsourced.

According to Osterwalder & Pigneur (2010), the business model can be best described through nine building blocks in the business model canvas (BMC). Indeed, the Canvas zooms the four blocks of the business model (Table 2.8).

Table 2.8 – Business model and business model Canvas

BUSINESS MODEL	BUSINESS MODEL CANVAS
Target	Customer segments
Offering	Value proposition
Chains of activities	Channels, customer relationships, key resources, key activities, key partners
Profit model	Revenue streams and cost structure

Osterwalder and Pigneur's construct has some similarities (e.g., essential resources components) with the representation of Johnson et al. (2008), but some clear distinctions are present. For the latter, the starting point is the value proposition which includes customer segments, whereas Osterwalder and Pigneur divide the two. While Johnson's key processes explicitly comprise value creation and customer-related activities, Osterwalder and Pigneur distinguish between channels, customer relationships, and critical activities. Furthermore, Osterwalder and Pigneur BM consider revenue and costs separately, whereas the profit formula summarizes margins, revenue model, and cost structure for Johnson. Finally, Johnson explains the four BM components showing how they are linked together, whereas Osterwalder and Pigneur propose a fixed architecture consisting of nine building blocks.

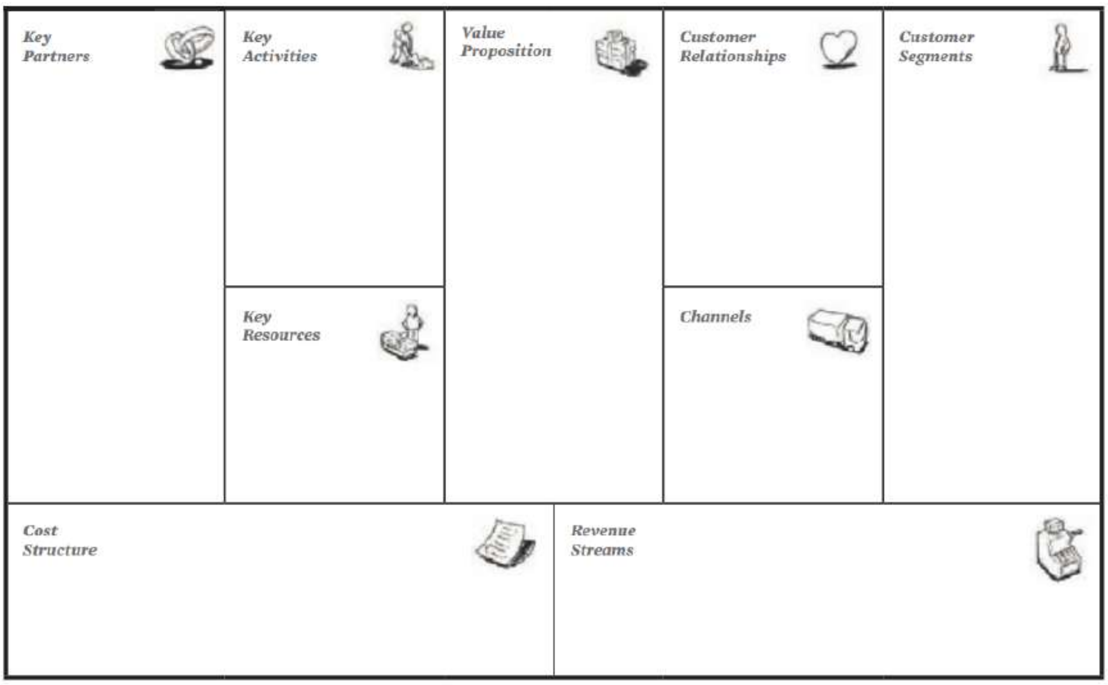
In addition, the nine building blocks of Osterwalder and Pigneur fit into a working whole and have a sequence starting from the right because this framework mirrors the logic of the right brain and left brain. The right brain is more open to creativity, emotion, and unstructured thoughts, whereas the left brain is more logical, analytic, and structured. The right side of Canvas is concerned with customer-facing activities (i.e., creating a value proposition and delivering it to customers through channels and creating customer relationships). In contrast, the left side is on how the value proposition can be realized by combining resources and activities (inside and outside), determining the cost structure. According to the Canvas, decisions on the left side will be dominated by the choices on the right side (Osterwalder and Pigneur 2010).

A brief description of the nine building blocks is here provided following the order proposed by Osterwalder and Pigneur 2010):

1. *Customer segments:* defines the different organizations or groups of people that a company wants to reach and serve. It could be a mass, niche, segmented, diversified, or multi-sided market.
2. *Value proposition* refers to products and services that create value for a specific customer segment. It is an aggregation of benefits that a company offers to customers to solve a problem or satisfy needs. The value proposition can be quantitative (as price or cost reduction) or qualitative (offering products of superior design or customizing products and services to customers' specific needs).
3. *Channels* describe how a company communicates with and reaches its customer segments to deliver the value proposition. Channels could be direct or indirect, owned or partnered. Each channel can cover some or all of 5 different functions: raise awareness among customers about a firm's product or service, help customers evaluate a company's value proposition, allow customers to purchase specific products or services, deliver a value proposition to customers, and provide post-purchase customer support.
4. *Customer relationships:* describes the types of relationships established by a company with specific customer segments. Customer relationships may be driven by motivations such as customer acquisition, customer retention, or boosting sales, and they could be either personal or automated.
5. *Revenues streams:* cash that a company generates from each customer segment. Each revenue stream may have different pricing mechanisms: fixed list prices, product feature dependent, customer segment dependent, volume dependent, bargaining, auctioning, yield managements, real-time-market.

6. *Key resources:* the most important assets required to make a business model work. They could be physical (e.g., manufacturing facilities, vehicles, buildings, systems, or distribution networks), intellectual (e.g., brands, patents, proprietary knowledge, partnerships, or customer database), human (i.e., skills and attitudes of people), and financial (e.g., cash, lines of credit, or a stock option pool).
7. *Key activities:* the most important things that a company does to make the business model work. The three main activities are production, problem-solving, and platform and network-related activities.
8. *Key partners*: describes all the suppliers and partners coming from outside the company and needed to make the business model work. A firm could prefer a strategic alliance, coopetition, joint ventures, or buyer-supplier relationships.
9. *Cost structure:* all the costs (fixed or variable) incurred to operate the business model. A business model could be cost-driven or value-driven. The former is focused on minimizing costs, delivering a low-cost value proposition, promoting maximum automation, and extensive outsourcing. The latter focuses on value creation, delivering a premium value proposition, and providing exclusive or personalized services.

Figure 2.13 – Business Model Canvas



Source: Osterwalder and Pigneur, 2010

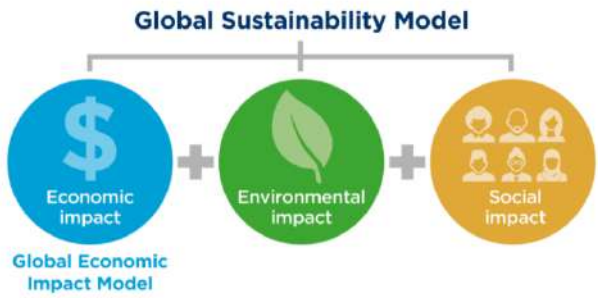
BMC can be realized by adding sticky notes to each building block. Each note is an element involved in the business at a fixed point. All the notes together create the big picture of the business.
The uses of this tool are manifold. The canvas has been used by professionals worldwide to represent the past, current, or possible future state of companies' business. Indeed, essential changes in companies need to be reflected in the business model, and planning for new strategies generates business models of possible future states. (Pigneur & Fritscher 2014). As explained by Zott et al. (2011), BMC helps develop "a common and widely accepted language that would allow researchers who examine the business model construct through different lenses to draw effectively on the work of others." In addition, the canvas makes all members of leadership, managers, and critical staff managers aligned and helps them determine strategic priorities and shared goals. Everyone in the company can see the big picture and its role in it and all the existing interdependencies. Osterwalder and Pigneur (2010) explained that the canvas could be helpful in both profit and non-profit programs. It can be the instrument used to move from a budget-driven governmental institution to an entrepreneurial value-adding organization.

Sustainability Business Model Canvas

Sustainability Business Model Canvas (SBMC) is a tool born from the set of the Lean Business Model Canvas and the Global Sustainability Model. It supports organizations in creating and implementing sustainable innovation projects and acts as a scheme that allows to describe and synthesize innovative and sustainable business models.
Compared to the Lean Canvas, a specific part on sustainability is defined according to the Global Sustainability Model (GSM) developed by Oxford Economics. This part involves the incorporation of the environmental and social metrics, extending the Oxford Economics Global Economic Impact Model. The model estimates the economic, environmental, and social impacts across the value chain, considering Greenhouse Gas Protocol metrics and UN Sustainable Development Goals (Figure 2.14). This broad analysis can be helpful to companies to track and improve the impact of their operations

and communicate the progress achieved to the various stakeholders. Moreover, it allows firms to define sustainability elements and develop strategic choices accordingly clearly.

Figure 2.14 – Metrics of the Oxford Economics Global Sustainability Model (GSM)



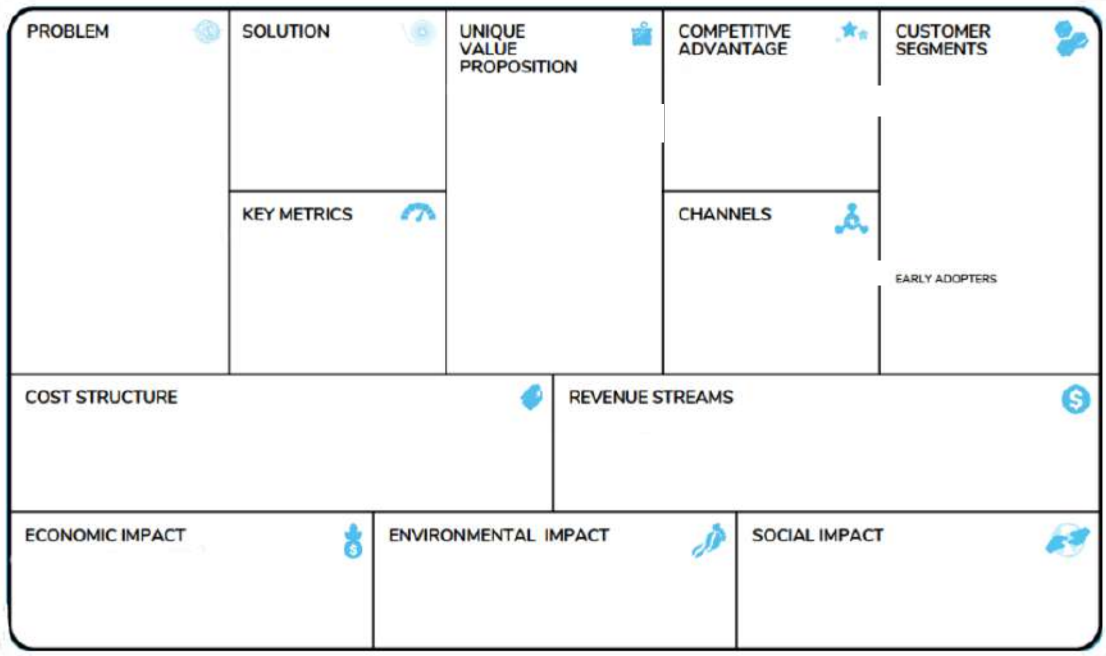
Source: ***https://www.oxfordeconomics.com/global-sustainability-model***

Napolitano (2021) explains that all start-ups, corporate, or SMEs interested in carrying out sustainable projects can use the Sustainability Business Model Canvas to define or synthesize their projects. Indeed, the scheme can be implemented during brainstorming to define or rethink the business model and explain a sustainable project to all those stakeholders interested in its development. Including an ad hoc section on sustainability within the business model allows firms to make sustainability an essential core element. In doing so, the project is conceived and designed as sustainable from the outset, simplifying the quantification of the impact on sustainability.

To use SBMC, the same approach used in compiling the nine building blocks of the Lean Canvas is employed. As far as the three blocks below related to sustainability, to fill them out, it is necessary to divide the 17 UN Sustainable Development Goals into the three sustainability components. By doing so, a definition of the sustainable business model's impact on the market starts to take shape (Figure 2.15).

Although SBMC simplicity, it is advisable to keep in mind that there are two common mistakes to avoid. First, the model cannot be used for an already mature product in a developed market because it defines or sums up the business early in market validation. Thus, its implementation makes sense in the project's initial phase when it has not already reached its stage of maturity. This approach makes sustainability a strategic element of the business and not something related to an already existent product in a mature market. Second, not identifying and including the indicators needed to measure and monitor impact within the critical metrics section is a mistake, although Sustainable Development Goals (SDGs) have been specified. Anyone who intends to use this tool must keep in mind that the goal of the model is to make sustainability one of the critical elements within the business model and to do this, SBMC facilitates the impact measurement defining and using sustainability indicators.

Figure 2.15 – Sustainability Business Model Canvas



Source: Napolitano, 2021

2.3.2 B Impact Assessment (BIA)

In 2007 B Lab made available the B Impact assessment that enables any firm to know and evaluate their social and environmental performance on a 200-point scale. It does not matter whether they are retailers, manufacturers, agriculture, or service companies, the state they come from, their size and structure (from a sole proprietorship to multinational companies), or whether they come from developed or emerging markets. It is an online, free, easy-to-use, and confidential management tool that can be used for several purposes as verifying that a company satisfies the sustainable performance requirements, helping companies in becoming a Certified B Corp, truck what the business is doing well in terms of sustainability and know where and how the company can improve its impact in the areas that matter most to it. It also helps benefit corporations in meeting reporting and transparency requirements. Further, some firms have substituted corporate social responsibility reporting with the BIA saving money and time. The B Lab's assessment guides companies' corporate social responsibility reporting.

Figure 2.16 – Choosing the Assessment Track: Size, Sector, and Market.

Size	Sector	Market
• 0 • 1-9 • 10-49 • 50-249 • 250-1000 • 1000 +	• Service with Significanr Environemntal Footprint • Service with Minor Environemnatl Footprint • Wholesale/Retail • Manufacturing • Agriculture	• Developed Market (US) • Dveloped Market (Global) • Emerging Market

Source: own elaboration from B Impact Assessment website materials

Many companies use the B Impact Assessment at various stages of their sustainability journey to assess, compare, and improve their impact. It acts as a road map to guide businesses to achieve their sustainable mission, reinforce their values, and turn their ideas of using a business as a force of good into a series of concrete and measurable actions. The focus should not be getting the perfect score on the first try. Instead, BIA should be used to gain insight that can generate new actions and motivate the company during its sustainable journey. Bancolombia, Ben & Jerry's, Badger Balm are examples of companies that use the BIA to understand their key suppliers' performance and overall impact and benchmark them.

The BIA represents the starting point to use a business as a force of sound as it allows to assess and compare (continually) all company actions that impact five areas: Governance, Workers, Community, Environment, and Customers.

- The **governance** section evaluates a company's ability to formally consider stakeholders in its decision process through corporate governing documents or corporate structure. This section determines the company's social/environmental impact by measuring a firm's mission and engagement, ethics and transparency, governance metrics, and its ability to protect the mission.

- The **workers** section assesses whether a corporate business model has been designed for the benefit of workers. Here, the company is called upon to answer questions regarding metrics, financial security, health, well-being, safety, professional development, and involvement and satisfaction level of workers.
- The **community** section measures the company y impact on the community and its degree of involvement within it. Questions concern diversity, equity and inclusion, economic impact, civic engagement and giving, and supply chain management.
- The **environment** section investigates the company's overall environmental management through air and climate, water, and land and life questions.
- **Customers** section values how the company manages its customers by asking questions on product/service guarantees, product verifications and certifications, quality guarantees, supplier audits for quality control, channels for leaving feedback and complaints, satisfaction and loyalty monitoring, product impact management, use of data and privacy, and data security management.

Table 2.9 – Systems in place to improve company's score

Tools	Description
Best Practice Guides	Within the assessment there are insight on what other companies are doing to earn points on specific topics.
B Impact Report	Once the assessment is completed, this report will be provided to give indication on how a company's practices concerning impact areas stake up to other businesses.
Improvement Report	By looking at the improvement report, companies have access to information as weight of questions and where exactly they are earning points. It turns out to be easy for them to determine which improvements they may undertake.
Bookmark Report	Here, it is possible to easily visualize the list of questions where the questions have been market as "to eb revisited".
Question Filter	Companies can filter questions and answers by question types, points, impact areas and more.

Source: own elaboration from B Impact Assessment website materials

BIA includes several questions grouped in the five "Impact Areas." The number and content of questions vary according to the country, sector, and size of the assessment company. It includes best practice guides, impact reports, improvement reports, bookmark reports, and question filters.

BIA benchmarks a company's results with other similar businesses according to the country, sector, and size (companies with comparable employee count), but companies could have different benchmark scores for the same section. Even if two companies are within the same country or sector, the BIA could emphasize some sections by setting a different maximum score for them. Differently, weighting topics assures the BIA is tailored for different sectors, company sizes, and markets. It turns out that a company with a size of 0 may gain 5 points for a section, whereas a company with a size of 50 or more may receive 10 points for that topic. For each section, benchmarks are calculated considering as median those companies who have completed more than 75% in that given section.

Similarly, a company's scores for a Topic (i.e., Environment and Environmental Management) are considered in the median calculation only if the company has completed more than 75% of that topic questions. Benchmarks are available only for sections where more than 30 companies have already completed questions concerning that section. When filling out the BIA, warnings as "insufficient data" for country or sector in an Impact Area or Topic may appear, meaning that 30 companies within the considered country or sector have not already completed that section.

Questions are customized according to the geographic market of a company taking it. Il could be Developed Market Global, Developed Market United States, and Emerging Market. However, firms can incorporate their local context into their answer. Indeed, questions involve a certain degree of flexibility in applying definitions to maintain comparability and standardization while accommodating local contexts. For example, the BIA recognizes that working hours vary by country, so the definition of a "full-time" employee does not rely on a fixed number of weekly hours. Again, when referring to "underrepresented populations," companies are called upon to consider their local barriers to economic opportunities to determine whether and which groups are considered underrepresented. The assessment's underlying structure covers topics that cross local norms and regulations, and they could either prohibit or require practices or policies evaluated in the questionnaire. For example, in a country prohibiting tracking demographics on a business' workforce, companies lack information to answer questions tracking diversity in the workplace. Questions concerning benefits available to workers (e.g., caregiver leave or healthcare) may be influenced by the government-sponsor benefits in each region. Legal requirements must face the local context, too. The type of legal requirements changes according to the status of benefit corporation legislation of a country. To conclude, unless explicitly specified, companies must answer questions based on what happens, even if it is mandatory by law.

All companies should provide answers considering that this must be proven with supporting documentation for B Corp Certification or recognize that formalization plays an essential role in embedding best practices within a company.

In Figure 2.17, the B Impact Assessment structure is presented. Impact areas are divided into impact topics, describing a specific dimension relevant to that stakeholder.

Figure 2.17 – B Impact Assessment Structure

Source: https://bimpactassessment.net/

Within impact topics, questions are weighted according to the company's practices, policies, outcomes, and outputs. These questions assess whether and how a company creates a specific and positive social and environmental impact for its stakeholder. Unweighted questions may be included in impact topics to provide extra content and enhance self-assessment reliability.

It is possible to distinguish between topics that refer to the effect of the firm's daily operations (white boxes) and those concerning the impact of a company's business model (colored boxes). We referred to them in terms of 'Operational Impact' and 'Impact Business Models' sections, which are evaluated through the B Impact Assessment as the two main underlying aspects of a company's social and environmental performance.

When completing the BIA, the Operations section applies to all companies as all businesses have an operational impact, regardless of their intent or design. Operational impact investigates the effect of the company's operational performance on its stakeholders by focusing on how it is managed and operated daily. Users might be assessed on the business's internal policies, governance structures, purchases, and facilities.

Impact Business Models (IBMs) questions will be unlocked according to the user's responses to a series of unweighted questions appearing at the end of each introductory impact topic (Workers Impact Area Introduction, Community Impact Area Introduction, Environment Impact Area Introduction, and Customers Impact Area Introduction). Unlike Operational questions, IBM's questions will not appear to all companies because they are specific and based on a company's particular activity, process, business structure, or product or service. Usually, firms have at most two IBMs because it is challenging to earn points on those questions, and typically the maximum number of points available for each is 30.

A list of IBMs evaluated in BIA is below provided:

Figure 2.18 – Impact Business Models in the B Impact Assessment

Business Model	Description
GOVERNANCE	
Mission Locked	Recognizes companies that protect their mission and ability to formally consider stakeholders in decision making through their corporate structure or corporate governing documents
WORKERS	
Worker Owned	Recognizes distributive ownership models that empower employees, including cooperatives and ESOPs
Workforce Development	Recognizes providing quality jobs and job training for chronically underemployed populations
COMMUNITY	
Supply Chain Poverty Alleviation	Recognizes supply chain strategies that reduce poverty through trade terms, positive labor conditions, and support for underserved suppliers
Micro-Enterprise Poverty Alleviation	Recognizes micro-entrepreneurship opportunities for underserved individuals via franchising or product distribution
Local Economic Development (only for Developed Markets)	Recognizes strategies to strengthen local economies through procurement, ownership, banking, customers and charitable giving
National Economic Development (only for Emerging Markets)	Recognizes strategies to strengthen national economic development via privatization or import substitution in underdeveloped markets
Producer Cooperative	Recognizes supplier owned structures that empower suppliers by organizing production, decision making, and profit distribution
Designed to Give (Charitable Giving)	Recognizes standing commitments to provide significant portions of company profits, revenue, equity, or time to charitable causes

Business Model	Description
ENVIRONMENT	
Renewable/Cleaner Burning Energy	Recognizes products/services that reduce GHG emissions through the provision of renewable or cleaner burning energy
Resource Conservation (Reduces Waste and Energy/Water Efficiency)	Recognizes products/services that reduce resource use and/or limit waste to landfill
Land/Wildlife Conservation	Recognizes products/services that preserves or restores natural environments and/or protects animals
Toxin Reduction/ Remediation	Recognizes products/services that reduce or remediates toxins or pollution
Environmental Information and Education	Recognizes products/services that promote awareness about important environmental issues and facilities conservation
Environmental Innovative Process (Manufacturing, Wholesale, Ag)	Recognizes comprehensive environmental practices that redesign traditional processes to conserve natural resources
CUSTOMERS	
Basic Services for the Underserved	Recognizes products/services that provide or assist in the provision of fundamental basic services to individuals without prior access
Economic Empowerment for the Underserved	Recognizes products/services that provide or assist in the provision of income generating activities for underserved individuals
Health and Wellness	Recognizes products/services that promote the health and wellness of individuals
Education	Recognizes products/services that enhance the skills and knowledge of individuals
Support for Underserved/Purpose Driven Enterprises	Recognizes products/services that enable the financial or operational success of businesses that are purpose driven or underserved
Impact Improvement	Recognizes products/services that drive positive changes in organizations to improve their social or environmental impact
Arts, Media, & Culture	Recognizes products/services that promote or preserve artistic, cultural, or civic engagement
Infrastructure/ Market Access Building	Recognizes products/services that provide necessary infrastructure to communities that were previously inaccessible
Serving In Need Populations	Recognizes social product models that are targeted to or benefits traditionally in need and underserved populations

Source: https://bimpactassessment.net/

Impact Business Model presents five underlying principles:

1. Specific: An Impact Business model focuses on generating a specific positive impact to a particular stakeholder by providing a specific positive outcome or benefit.

Example: TriCiclos (https://triciclos.net/en/), a B Certified company established in 2009 in Chine, focuses on addressing waste and pollution problems. There are specific services for enhancing a circular economy and advancing waste recycling in its business model. They provide consultancies for countries (Paraguay, Uruguay, Bolivia, Argentina, and Ecuador) or recycling stations for materials to change the recycling map countries.

2. Material: benefits provided by an Impact Business Model are not negligible. Instead, they are significant for their beneficiary.

Example: Eco2librium (http://www.eco2librium.net/index.html) is a company founded in 2007 in Kenya that proposes energy and forestry sustainability solutions as energy-efficient wood cookstoves that reduce the consumption of forest wood for cooking. The company has provided several positive environmental impacts, including reducing CO" emissions by 64.000 tons annually.

3. Verifiable: Company's research, measurement, internal data, and marketing materials can be used to demonstrate and verify its Impact Business Model.

Example: Culture Amp (https://www.cultureamp.com/), a platform for employee feedback based in Melbourne, Australia, provides services to improve the well-being of companies' employees by helping firms in building high-performing teams and developing people skills. Culture Amp can document and verify the improvements been made and the positive result that has followed.

4. Lasting: An Impact Business Model is part of the nature of the business itself and is part of the firm's design. Thus, traditionally it is not alterable in the near term.

Example: Bombas (https://bombas.com/), a clothing company based in New York, has an Impact Business Model based on its mission: to help the homeless. The company donates on every item purchased, and Bombas has donated more than 50 million, demonstrating a lasting commitment.

5. Extraordinary: Impact Business Model is not something that a firm traditionally has. Instead, it is uncommon, and firms that own it are extraordinary.

Example: Fairphone (https://www.fairphone.com/en/) is an electronics company based in Amsterdam whose smartphones produced truly differentiate it from competitors in the marketplace. They positively impact four key areas: reuse and recycling, appropriate materials, good working conditions, and durable design.

There are no negative points in the assessment, and it also includes a series of unweighted Yes/No questions in the Disclosure Questionnaire. This questionnaire invites the company to disclose all the actual (or potential) sensitive practices, penalties, industries, and outcomes involving the company itself or its partners in a completely confidential manner. Then, a subsequent series of follow-up questions will appear to provide additional content to the answers given.

Once the company is aware of its impact in a broad context, it can use this tool to develop new and better environmentally and socially business practices thanks to practice guides that help firms to improve their performance over time.

The BIA is globally considered the best tool for sustainability impact measurement, and it is the most widely used right now (more than 120.000 companies have completed the self-assessment). It is a valuable tool to direct a company's stakeholders towards a common sustainable benefit as by using it, any company will find food for thought, no matter how sustainable it is. Widespread use of this tool is primarily due to its simplicity and all the instruments made available by B Lab to help companies complete the assessment. Companies can use the 'Explain This' And the 'Show Example' buttons above the questions to get help on answering each question correctly. Moreover, an Implementation section also explains why it is crucial to adopt a specific practice rather than another. BIA asks users to leave explanations, definitions, feedback, and examples on the questions to improve future versions of the assessment or even include new best practices as examples.

Usually, it takes two or four hours to complete a draft. Who takes the BIA for the first time should try to complete the assessment quickly because the initial goal is to get a general overview of all questions. Thus, first-timers taking the BIA should skip questions whose answers are unknown and make estimates. It does not matter if answers are not all known or correctly the first time. As far as who in the company should complete the assessment, typically in small companies, the CEO is the first to undertake it because he/she has the ability and power to move the process internally and has a unique and general perspective on all operations and strategies of the company. In firms where the CEO cannot be involved from the start, or in larger companies, an "internal champion" could take its place. It could be CFO, COO, hr manager, sustainability director, associate, or intern. Then, a supporting team should review the results. Some companies hire an external consultant to fill the assessment, whereas others prefer to get help from B Impact Teams composed of college or university students who offer service and support to local companies to measure and manage their impact.

A few main fundamental principles are related to the B Impact Assessment structure and content. First, there are no negative scores, and each point earned by the company represents its positive performance and practices on stakeholders regardless of the final result. Second, the assessment is comprehensive because it takes a holistic view to address all aspects of a company's operations and business model. The idea is that there are multiple paths for firms to create a positive impact, so BIA includes multiple areas and several indicators and practices affecting different stakeholders. Third, there is dynamism as questions and weights change according to the company's size, sector, and country. In addition, a company's responses might disable or enable other questions, enabling the firm to focus on relevant positive opportunities while allowing comparability and standardization.

Moreover, every three years, there is an update to include new practices and assess the impact of all businesses. Fourth, the BIA provides aspirations for firms because questions content represents new opportunities beyond current practices. It is almost impossible for a company to answer all questions positively because positive environmental and social impacts are multifaced by their nature. Second, the assessment has an educational role for users because it provides information on new ways to create opportunities for businesses and improve performance. This is possible thanks to actual companies' examples, in-depth explanations of the impact and uses of indicators used, and implementation guides included in the questions. Last, the BIA responses and scores are completely confidential. All shared data is anonymized and represents the aggregation of more than five companies per data point.

The BIA relies on third-party certifications and standards to verify some relevant topics. So, in some parts of the BIA, companies can earn points according to third-party certifications they are subjected to. However, some criteria concerning governance, standards, transparency, and verification must be respected for a certification to be eligible to receive credits in the B Impact Assessment. The organization's structure must be transparent, so information about the government body composition, operations, and decision-making process must be visible on the website. The vision or mission of standard-setting organizations must be clearly defined and public-faced on a specific environmental or social issue, practice, or area.
Moreover, the objective of certification and the information that will be verified must be both made clear through a statement. Moreover, the certification must be transparent in making questions available publicly, explaining requirements needed to achieve certification and how scoring works. Information in the assessment is verified by the organization itself or an approved third party, and information about the verification must be available through documentation, interviews. A company product or practice might be certified by a third-party certification not considered within the BIA. In this case, the BIA might conduct intern research to investigate whether certification can earn points. Examples of certifications that received credits in the BIA are FSC, Fair Trade International, USDA Organic, and GRS-Global Recycled Standard.

Small and Medium Sized Enterprise taking the assessment

The questionnaire considers company size by customizing questions depending on whether it is a mid or small-sized enterprise, but the BIA still requires documentation and formality that could represent a challenge for small businesses and start-ups. B Lab recommends that they take the first pass through the BIA by estimating some of the answers to get an initial score. Later it could be confirmed or denied. It is fundamental to understand which kind of data needs to be collected, define who should collect them, and organize the information efficiently. In this first phase, areas needing improvement can be identified. The fulfillment of the questionnaire requires a second time through it because a company might need time to collect evidence to answer questions correctly or revise some.

For SMEs, B Lab provides some tips on how they can improve their score. One of the essential suggestions is to track impact metrics using key performance indicators (KPIs) to quantify the impact in the five areas. It will be difficult for a company to give a clear image of its potential and gain points if it does not track and monitor metrics like waste production, energy consumption, and employee attention. Moreover, many questions ask about formalized company policies codified in documents and are likely to be maintained over time. It is not sufficient for the company to offer to recycle, prefer local suppliers, or pay family leave when done ad hoc. Companies that have not formalized practices had better engage top management to create policies covering everyone inside the organization or invite team leaders to provide evidence on practices and standards already adopted in their departments.

Further, several questions investigate the impact of the company's supply chain. Implementing a simple supplier questionnaire can be the starting point to investigate suppliers' inputs and policies when the impact of the supply chain has never been previously considered. Then, action can be taken by creating a formalized policy on the requirements applied to suppliers and vendors.

COVID-19 and Data Reporting in the BIA

COVID-19 has deeply affected society, causing devastating and far-reaching consequences for many. The pandemic has also (potentially) influenced the reporting of the company's information in the BIA.

Before considering, it is necessary to keep in mind that the BIA aims to reflect the company's overall impact at a specific moment in time, recognizing that the impact can change over time. Thus, we had better talk about the "impact journey." One lesson that can be learned from the pandemic is to report information to reflect the current state of the business, although unpredictable events can occur that disrupt the firm's financial, social, and environmental performance. So, valuable insights into a company's impact can emerge, allowing better-informed decision-making. That is why inside the BIA logic, companies cannot adjust responses to reflect the 'pre-COVID' state to show what the business looked like before. Firms that submit to the BIA questionnaire must not be too persuaded by the influence that covid has had on their finances in terms of total revenue or profits. Indeed, the BIA does not look at revenue or profits in absolute terms. Instead, their impact is evaluated on a percentage basis. According to the BIA logic, representing the current state of a business could be helpful for leaders to have a broader view of how the global pandemic has affected their businesses. On the other side, B Lab can use this data to report how companies, primarily those with high social and environmental performance, perform during this recent global crisis.

Questions of the BIA might use different time frames ranging from a singular date as 'today' to a broader time frame as 'the last twelve months. Users need to select a specific anchor point in time from which data is collected. So, if the BIA is completed on March 1st, 2021, the anchor point to report on current workers' engagement and satisfaction should be February 28th, 2021. However, completing the questionnaire takes time, especially for beginners. Therefore, the anchor point will not be the day before BIA is submitted in most cases. A consistent time frame must be used when filling the assessment, avoiding, however, that the choice intentionally falls on a period not affected by COVID-19.

Some doubts may arise regarding those qualitative questions about policies, practices, and operating procedures. In the answer options selected, the company should report the current state of its business, matching the current operating procedures implemented. If some operational aspects of the business have changed in conjunction with the pandemic, this must be indicated in the answer selection. As far as physical locations are concerned (i.e., offices, factories, warehouses), the BIA guidelines indicate reporting on them if a business has maintained its operating location during the pandemic (meaning it has not sold assets or has paid rent throughout). This is true even if staff presence has stopped or decreased. For example, all the environmental metrics should continue to be trucked even if consumption has changed, and practices used to manage these facilities are still applicable even if they are temporally less implemented. Conversely, if companies move to a remote staff model or permanently close their facilities or locations, this should be reported in the questionnaire.

B Certified companies whose score has fallen below 80 points (the minimum to maintain certification), B Lab has stated that it will support the company by considering business circumstances. In some cases, there has been an extension of the period (called

'Improvement Period') during which a recertifying B Corp with less than 80 points can work to improve its score.

2.3.3 – SDG Action Manager

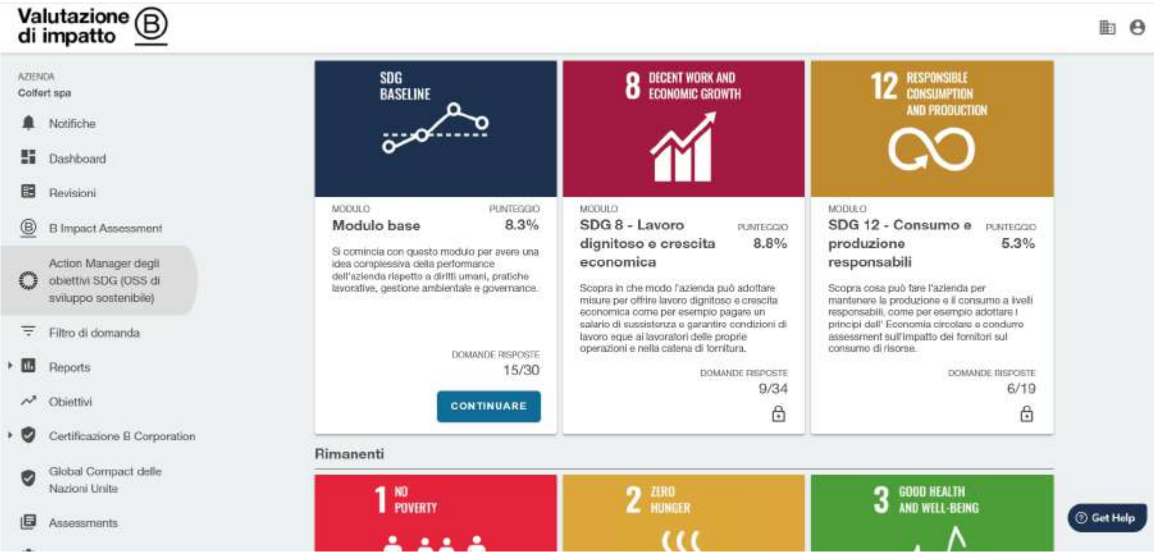
Introducing the assessment

In this paragraph an overview of the SDG Action Manager is provided, focusing on its structure, design, methodology, content, principles, and development process.
SDG Action Manager is a web-based, voluntary, self-assessment impact management tool developed in 2018 through 2019 and launched in January 2020 by B Lab and the United Nations Global Compact to help and push companies to act on the 17 sustainability goals of the 2030 Agenda. Everything started in 2018 with an analysis made by B Lab and The Centre for Ethics and Social Responsibility (CESR) at the Leeds School of Business, University of Colorado Boulder which investigated the extent to which BIA covers the 17 SDGs and their 169 Targets as well as gap in the BIA related to them. Then, a review of BIA questions mapped to the SDGs with additional input for the Baseline Module and SDG Specific Modules was made by B Lab together with UN Global Compact and the resulting content was prepared for beta testing. At the end of 2019 beta test feedbacks were available and in 2020 the formal launch of the SDG Action Manager took place. From 2020 revisions and updates on methodology, content, and features continue to make the tool a living platform (Park et al. 2022).
SDG Action Manager is available in English, Italian, French, Spanish, and Portuguese and represents a "north star" for businesses as before there was no tool able of providing companies with the opportunity to understand, assess, and improve their impact to the UN sustainable development agenda.
Once registered to the B Impact Assessment platform, the company taking the assessment has the possibility to also complete the section related to the UN 2030 Agenda. Some answers given to the BIA questions are directly transferred to the relevant sections of the SDG Action Manager (and vice versa), integrating the BIA's stakeholder-based view with a comprehensive view on SDG performance. About 20% of questions in the SDG

Action Manager are based on BIA questions, while about 35% are identical to questions from the BIA (B Lab & United Nation Global Compact 2020).

Moreover, users will be guided on what modules to select to help them prioritize the SDGs. The recommended modules are selected depending on the areas in which the company can provide the greatest contribution to the SDGs according to the World Benchmarking Alliance's market analysis aimed at identifying the main SGGs for each sector[1] (see Figure 2.19). In addition to this, the SDG Action Manager will provide users with a guide to prioritize SDGs.

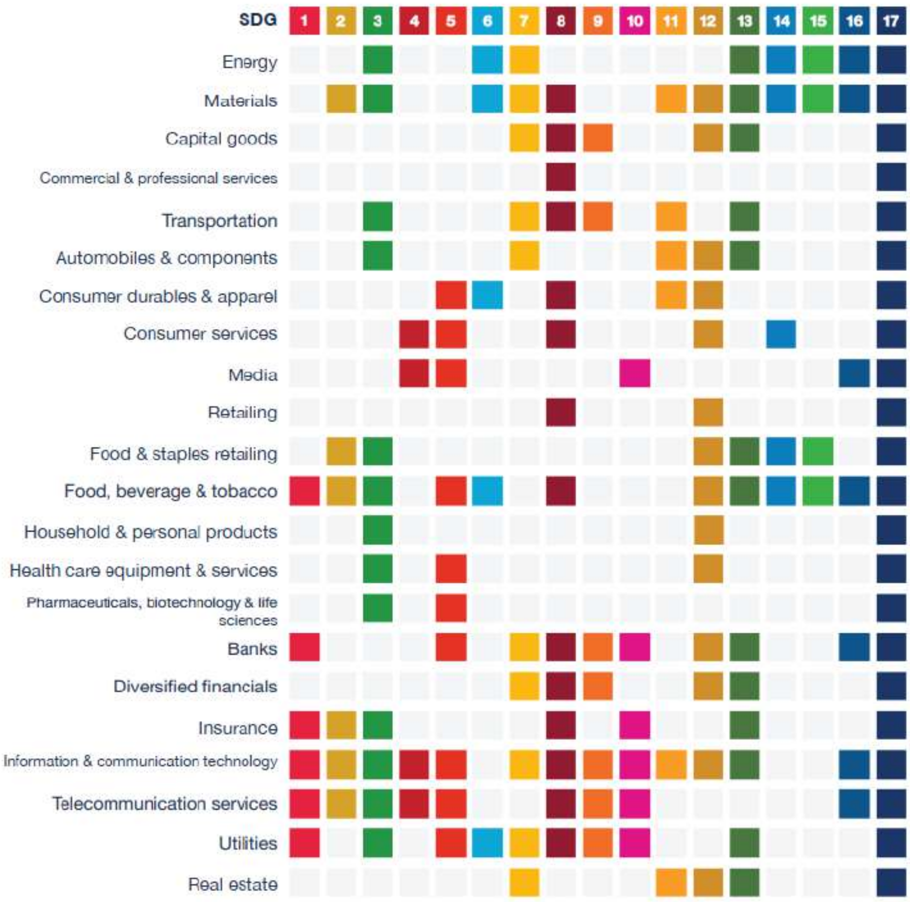
Figure 2.19 – The SDG Action Manager section inside the B Impact Assessment platform



Source: B Impact Assessment Platform of Colfert S.p.A

[1] The steps followed to select the key SDGs are explained in World Benchmarking Alliance. (2019). *Measuring what matters most - Seven systems transformations for benchmarking companies on the SDGs*. https://assets.worldbenchmarkingalliance.org/app/uploads/2020/09/WBA-sevensystemstransformations-report.pdf.

Figure 2.20 – SDG Mapping according to World Benchmarking Alliance Industry's market analysis



Source: World Benchmarking Alliance. (2019)

The 2030 Agenda has already been addressed in Chapter 1 of this thesis, but it is good to report further examples of testimonies in support of the incredible potential that this represents for worldwide companies. As stated in the Global Compact Accenture CEO Study (2016), of 1.000 CEOs surveyed, 87% consider SGDs to be a tool to rethink the value creation from a more sustainable perspective. Likewise, Ethical Corporation survey (2017) pointed out that 60% of companies were incorporating the Global Goals in their business strategies. Despite that, companies have still work to do on SDGs as outlined in a recent UN Global Compact Accenture CEO Study (2019) which found that only 21% of firms interviewed said they businesses is acting to contribute to the 17 Goals, and just 48% are making sustainability as part of their business operations.

In the SDG Action Manager B Lab's B Impact Assessment and the UN Global Compact's Ten Principles convey, enabling positive actions through self-assessment, improvement, and benchmarking. It is updated by SDG companies initiatives and feedbacks coming from different stakeholders, civil society, UN, and corporate sustainability experts.[2]

Table 2.10 – Why companies should use the SDG Action Manager

Main uses of SDG Action Manager	Overview
Set initial stages	Discover which SDGs are most important to your company, understand your current impact on them, and learn how to take steps today.
Learn and share your impact	Assess business models, operations, and policies focusing on risks and positive impacts related to the SDGs. Communicate what you have learnt and which actions you are taking to improve your positive impact.
Goal setting and improvement track	Look at and realize progress towards your goals using the dashboard. Compare your performance against other companies in your industry using the benchmarking tool.
Collaborate with other colleagues	Work as a team to track your progress using the company dashboard.
Never stop learning	You can learn and improve your actions at every step through assessment questions, improvement guides, and benchmark tools.
Join a global movement	Take part of a global movement of companies working on actions to build a better world by 2030.

Source: own elaboration form B Lab website, GRI and UN Global Compact practical guide

As the B Impact Assessment, this tool can be used by any organisation regardless their size, sector, and geographic market, and regardless of whether they are B Corp or intend to become one. Of course, the Certified B Corp community and companies taking part to the UN Global Compact have inspired this self-assessment tool. The aim is to enhance firm role and commitments on these 17 goals as today we are not completely on track to

[2] Contributions to SDG Action Manager development also come from Global Reporting Initiative (GRI), United Nations Development Program, World Banking Alliance (WBA), Danish Institute of Human Rights (DIHR), and Impact Management Program (IMP).

achieve them by the 2010 deadline. The main uses of the tool have been reported in Table 2.10.

How the assessment tool is structured and how SDGs performance is scored

The structure of SDG Action Manager is conceived as a combination of an exhaustive baseline approach and a detailed assessment on each of the sixteen Sustainable Development Goals to provide meaningful and balanced insights for all. This framework organisation optimizes improvement and engagement among firms and underline principles and interconnection with the SDGs, tying company actions and performance to individual goals to provide meaningful insights on how specific practice impact the SDGs. (See Figure 2.21)

Figure 2.21 – SDG Action Manager Structure: a combination of Baseline Module and other sixteen Specific Modules for 1-16 Global Goals.

Source: B Lab & United Nation Global Compact. (2020)

The assessment tool is structured in distinct modules starting with the "Baseline Module" where companies answer questions on environmental management, labour practices, anti-corruption, and human rights (see Figure 2.22 for more details on them). These topics are based on the Ten Principles of the UN Global Compact which derived from the Universal Declaration of Human Rights, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and crosses all SDGs principles. Indeed, environmental management section covers topics connected to 7 through 9 Principles of the UN Global Compact, topics of labour practices section relate to Principles 3 through 6, anti-corruption section questions referred to Principle 10, and human rights questions recall Principles 1 and 2.

Figure 2.22 – The UN Global Compact Ten Principle

Resource: B Lab & United Nation Global Compact (2020)

Once questions of the Baseline Module are answered, it unlocks and expands to the other sixteen SDG Specific Modules for 1-16 Global Goals (there is no module for SDG 17, Partnership for the Goals, because it is embedded throughout all the other SDG specific modules). The 169 targets underlying the 17 SDGs are not all directly applicable to any company but all relevant targets for a business are incorporated and mapped to each Specific Module question. Each SDG module addresses one of the goals and is structured into subsections being Business Model, Internal Operations, Supply Chain, Collective Action, and Risk Level which are composed by a series of questions investigating measures and practices that a company can take to contribute to the specific UN goal. In Table 2.11 the five Specific Module sections are presented, pointing out the contribution that each gives in presenting the different aspects of a business action on the SDGs.

Table 2.11 – How the five Specific Modules Sections of SDG Action Manager can contribute to business action on SDGs

Section	Contribution to business action on SDGs
Business Model	This section covers topics related to how a company's business model can contribute to the SDG (e.g., designing a product or a service to achieve a specific Goal) and how a company can analyse its business considering the Goal.
Internal Operations	This section assesses how the company operations can contribute to the SDG (e.g., practices related to workforce or facilities)
Supply Chain	This section is about how the company manages its supply chain to contribute to the SDG (e.g., supplier support or supplier screening practices).
Collective Action	This section covers all the collective opportunities a company can engage in outside its business model internal operations, and supply chain to support a specific SDG. Topics include questions at the regulatory, societal, and industry level (e.g., questions on regulatory reforms, community investments, and industry collaborations).
Risk Level	This section is designed for company's internal usage and indicates and assesses the risk related to issues to be mitigated as they might potentially negatively affect or prevent the SDG achievement. Questions are organised in Industries, Practices, Outcomes, Lack of Information, and Lobbying risk areas and investigate context, scope, and frequency of risk as well as company's management of risk.

Source: own elaboration from B Lab website

Unlike the B Impact Assessment, company performance on SDG Action Manager cannot be subjected to verification, as a result firms will receive a score which is not absolute to any given SDG. Therefore, the elements of SDG Action Manager should be intended as complement to other existing or in development tools and frameworks as those developed by the World Benchmarking Alliance or Global Reporting Initiative.

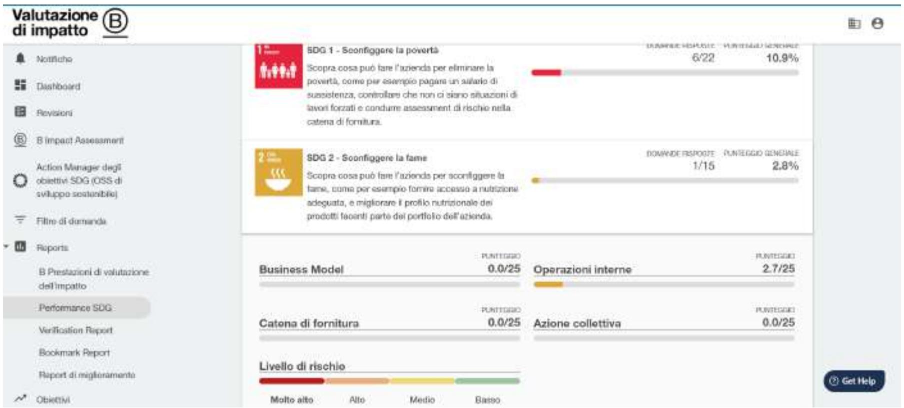
As far as the scoring methodology, for each module users have access to their overall performance score and their score in each subsection within the module as we can see in Figure 2.23 and Figure 2.24. The scoring for each module is expressed as a percentage (0-100%), whereas subsections sores are presented on a "points" basis (0-25 points) to allow companies to easily acknowledge their overall score for each SDG Module while deeply tracking their performance and improvements. An own score value is assigned to each question and points depend on relative weightings of each question compared to all the other questions included in the subsection. The methodology applied by B Impact Assessment provides the weight of the questions to be based on the question's level of difficulty and materiality of impact. Thus, "equally weighted questions" are those equivalents to the other subsection questions, "heavily weighted questions" refer to questions being 2x the point score of equally weighted questions, and "less weighted questions" are questions being 1/2x. Further, questions answered as "Not Applicable" do not count for scoring and no answers subtract from the company's score.

The section referred to the risk level does not assess actual risk or hindering actions but assume the risk to be potential just to invite users to reflect on potential implications of some issues related. In this section performance is expressed in risk flag ratings based on risk areas: the risk level is red when very high, orange when high, yellow when medium, and green when low (a possible example of flag ratings based on risk areas is shown in Table 2.12).

Figure 2.23 – Overall company performance score for each module

Source: Colfert S.p.A. overall performance score on each module

Figure 2.24 – Company score in each subsection within the module



Source: *Source: Colfert S.p.A. score in each subsection within the module*

Table 2.12 – Possible flag ratings for risk based on risk areas

Risk Area	**Possible Flag Ratings**
Industry	Yellow - Red
Practice / Outcome	Green - Red
Lack of Info	Green - Yellow
Lobbying	Yellow

Source: B Lab & United Nation Global Compact (2020)

<u>SDG Action Manager Module design</u>

Each module is made up of about thirty questions aimed at providing a holistic set of indicators and practices for each topic addressed. In the following lines the focus will be on the common design principles across the Baseline Module and SDG Specific Modules. First, as shown in Table 2.13 the two have a tailored content based on questions customised to company size, sector, and geographic market. In addition, there are specific industry questions where the industry is selected for representing a significant opportunity to contribute to the SDG covered (see Table 2.14 for more details). Although the customisation, inevitably companies taking the SDG assessment will not find all questions' practices to be relevant for them because each module features an array of questions to maintain overall comparability and benchmarking, raising companies' awareness of the various actions they can undertake to actively contribute to sustainable development.

Table 2.13 – Customisation in SDG Action Manager content

Company size (Number of employees)	Sector	Geographic Market
0	Service with Minor Environmental Footprint	Developed Markets – United States
1-9	Service with Major Environmental Footprint	Developed Markets - Global
10-49	Wholesale/Retail	Emerging Markets
50-249	Manufacturing	--
250-999	Agriculture	--
>1000	--	--

Source: B Lab & United Nation Global Compact (2020)

Table 2.14 – Specific industries with added tailored questions

Industry	Modules
Physical products that include packaging	SDG 14
Food, Beverage & Agricultural Products	SDG 1, 2, 3, 6, 9, 10, 12, 13, 14, 15
Banking & Financial Services	Baseline Module and SDG 1, 10, 13
Microfinance	SDG 1
Extractives	Baseline Module and SDG 6, 16
Pharmaceuticals	SDG 3
Information & Communications Technology	SDG 4, 5, 9
Media	SDG 4
Oil & Gas	SDG 7, 13
Tourism	SDG 12

Source: B Lab & United Nation Global Compact. (2020)

A second common design principle is balanced content. Indeed, SDG Action Manager presents a balance of both quantitative and qualitative indicators and practices to cover different topics as issues might require more qualitative or quantitative measures. For example, human rights performance might be more difficult quantified compared to environmental performance. In addition, the use of different indicators and practices allows to track performance among all companies, not just those related to quantitative data. Furthermore, quantitative measures are the most suitable for measuring current performance, while qualitative are mainly action-oriented, therefore they one often educate companies in enhancing their performance and contribution to SDGs.

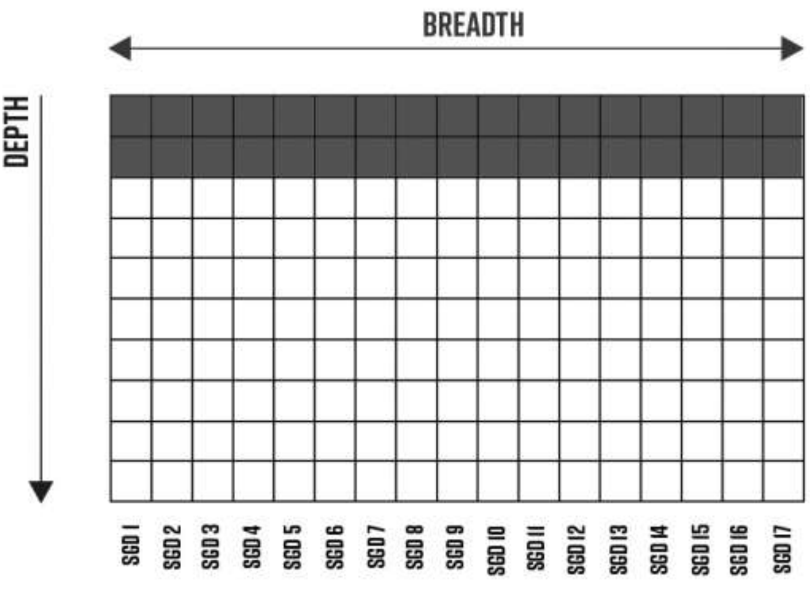
As a third design principle common for both Baseline Module and SDG Specific Modules there are standards and research on which content is based. All content within modules is based on at least one of the standards used in the BIA, either standards, reporting, or assessment frameworks related to performance and action on SDG, research on specific topics, or resources as CDP Climate Change Questionnaire, GRI's "Analysis of the Goals and Targets", WEPS Gender Gap Analysis Tool, and KPMG and UN Global Compact's SDG Industry Matrix.

The fourth and last common design principle is related to the negative performance evaluation and additional content. Both modules besides best practices contributing to SDGs consider also how actions and practices might negatively contributing or slowing down an SDG achievement, giving an overview of the company performance. In addition to this, SDG Action Manager provides user with additional content including explanations of key terms, and guides on how companies can answer the questions and improve their performance.

<u>Tradeoff between Breadth and Depth</u>

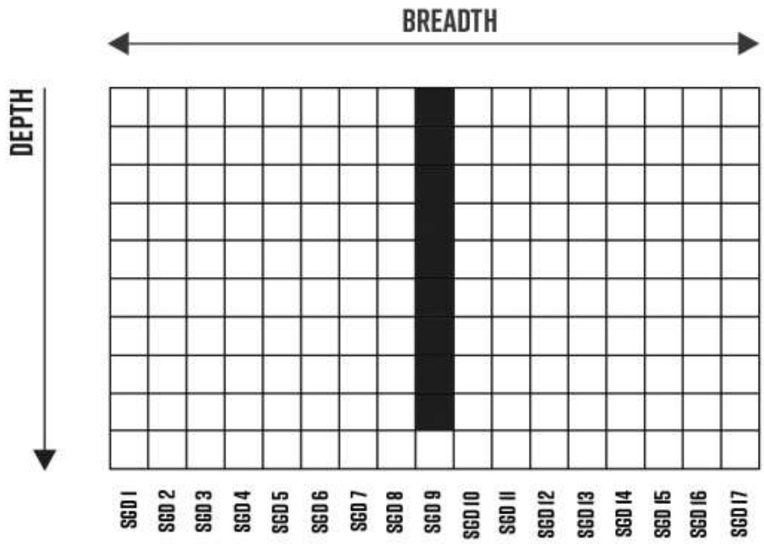
Although SDG Action Manager guides companies to link their practices and actions to SDG, it also creates an important payoff between specializing in a specific area of sustainable development or generalise across different fields making it difficult for companies that have few resources and skills. Often organisations are left alone without a strategy to pursue as in the case of Colfert S.p.A.. The achievement of a single SDG requires a lot of work from company's leaders, create accountability for results, ability to track results, and investments in an array or in single sustainability issues. Ebrahim and Rangan (2014). As explained by Park et al. (2022) companies can either pursuit a General Strategy (Figure 2.25) or a Specialist one (Figure 2.26). The former fosters the organisation to improve its score by becoming more sustainable in multiple SDGs, whereas the latter leads the firm to improve its score in a single SDG indicator. Neither strategy is superior because breadth may come at the expense of depth and vice versa. Indeed, generalist organisations focus on leveraging a variety of competences and resources to address as much as possible sustainability issues at once, but each single SDG requires a consistent investment in capital, expertise, and time. The risk for generalist is scratching only the surface of each SDG challenge making only few incremental improvements towards the array of goals. Conversely, specialist organisations leverage their resources and competencies to a single SDG, but they cannot meaningfully address additional sustainable issues as they are not well-equipped to face risks and consequences in other areas.

Figure 2.25 – SDG General Strategy



Source: Park, Grimes, Gehman (2022)

Figure 2.26 – SDG *Specialist Strategy*



Source: Park, Grimes, Gehman (2022)

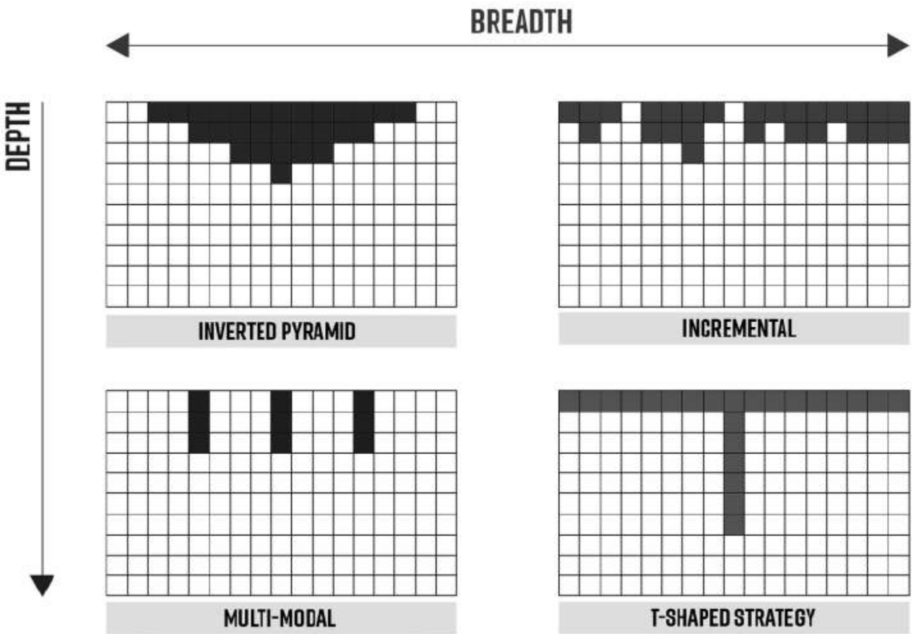
Examples of general and specialist strategy adopted by companies are founded in the ice cream company Ben & Gerry and in the brownies and cookies company Greyston Bakery respectively. Ben & Gerry's general strategy to pursuit its mission to meet human needs and eliminate injustice. The company acted to address a variety of SDGs as partnering with worker cooperatives (SDG 8), looking for sustainable products (SDG 12), create campaigns to educate customers about climate change issues (SDG 13), and support actions against police brutality (SDG 16). The outcome of all these initiatives has been a limited impact in any single area as Ben & Gerry has limited expertise, time, capital, and attention.

Differently, Greyston Bakery's mission is only on SDG 8, provide jobs for people with barriers to employment due to their previous incarceration or because of their homeless status. Thus, the company adopted "Open Hiring" procedures and policies to assure employment access to all, supporting over 19.000 families and creating job opportunities for more than 3.500 unemployed (60% Greyston Bakery's were previously incarcerated). Anyway, the company has made less progress toward other SDG areas, for example it is still not clear how it limits its waste, energy consumption, or carbon emission.

Park et al. (2022) introduces a third strategy, Generalised Specialist Strategy, to break Breadth and Depth trade-off. This strategy can take four approaches (see Figure 2.27) each allowing companies to both create deep impact and control consequences and externalities as well. Beyond the approach on which the choice will fall, leaders must consider the company's context and resources which must be balanced in terms of both breadth and depth.

The "Inverted Pyramid" approach is appropriate when there is high corelation across issues and allows the company to focus mainly on a single SDG while paying attention to other highly related goals. The "Incremental" approach is for companies that do not focus on one dominant SDG but can act on several issues. In this case, the company starts eliminating focus on some issues (while still retaining minimal attention toward most issues) to concentrate more on those where it should double down its efforts. An organisation could also take a "Multi-modal" approach is for multi-divisional companies where each division faces a single SDG. This approach allows the company to invest moderately in a few goals. Finally, a "T-shaped" approach is suited for companies facing one large materiality issue (e.g., a raw material extraction company) but needing to show commitment to all SDGs. T-shaped approach allows organisations to invest deeply on a single issue while still remaining attuned to the other SDGs.

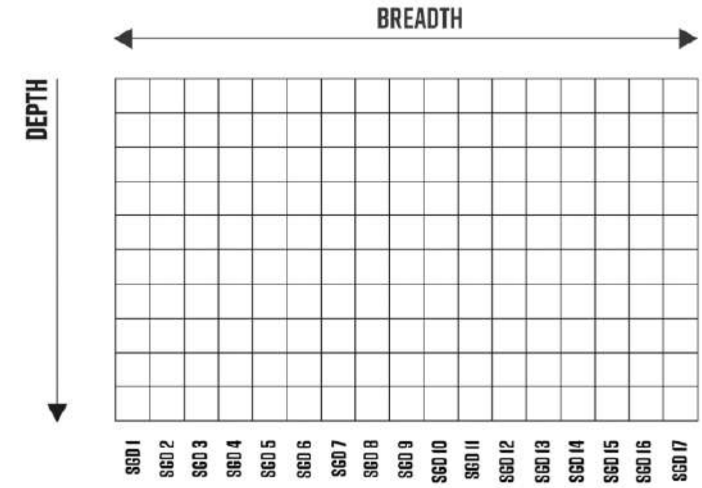
Figure 2.27 – The four approaches of SDG Generalized Specialist Strategy



Source: Park, Grimes, Gehman (2022)

To conclude, authors present a blank SDG Impact Canvas (shown in Figure 2.28) for organisations to fill out to help them selecting the most appropriate SDG Generalized Specialist Strategy based on organisational, issue, and context level. The x-axis list all the SDGs, while the y-axis represents both the company impact along each SDG and the relative size of resource investment needed.

Figure 2.28 – SDG Impact Canvas for SDG Generalized Specialist Strategy choice



Source: Park, Grimes, Gehman (2022)

2.3.4 – A3 Method

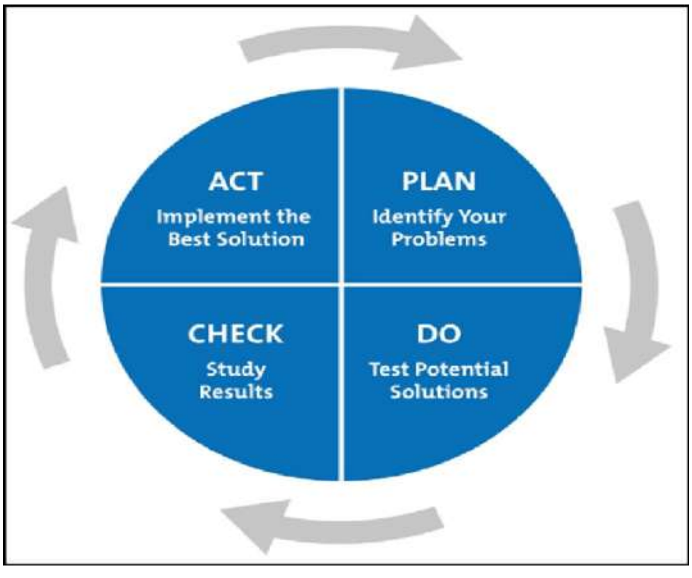
Origins and key features

The A3 method is the most profound application of Shewhart's (1931) PDCA scientific method, which constitutes for a company the starting point for the construction of problem-solving activity. PDCA stands for Plan, Do, Check, and Act, stimulating these activities continuously following the cycle of the letters that make up the acronym. It is a management support system and represents the basis of continuous improvement, to the point of being a vital tool in the lean perspective. Indeed, PDCA-cycle is the beating heart of the Toyota Way and has become the basis of all the tools applied by Toyota. The birth of A3 report was the result of Toyota's lean development which required a problem-solving tool. The company was looking for a single communication medium able to capture all complex thinking process related aspects. It had to be visual and standardised to reduce the time spent on inefficient reading, writing, and archiving of conventional reports, streamlining the reporting process (Chakravorty 2009). Later, the successful method caught the attention of Western observers and at the end of the 1990s it spread to other domains including construction activities, healthcare, and product development (Kennedy 2003, Sobek & Smalley 2008). The name of the instrument recalls the standard paper size of 297 * 420mm (the American equivalent is 11” * 17”), the size limits the amount of information that can be reported in it, requiring the authors to select only the essential data.

As explained by Richardson (2011), the first A3s were originally used for problem-solving, indeed they were referred to as the ‘problem-solving A3’. Nowadays, the possible uses of this tool are:

- status reporting (the ‘status A3’): exhibit which are the progress of a long-term project versus the actual status;
- reporting strategic planning (the ‘strategy A3’) by senior management: focused on the business plan over a longer term with action plans and gap analysis for practice or interactive catch ball;
- presenting proposals (the ‘proposal A3’): present performance targets or support an idea to articulate where and how to improve the situation within an area or department.

Figure 2.29 – Plan-Do-Check-Act (PDCA) Loop



Source: Rajpurohit and Deshpande (2019)

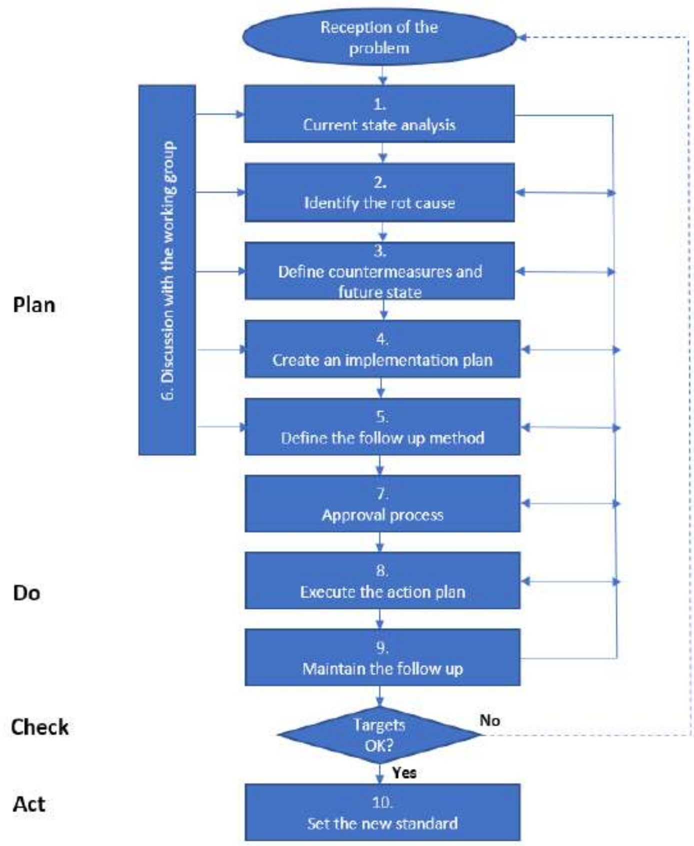
We talk about ‘A3 Thinking’ when the way of thinking inherent in the PDCA is made explicit using the A3 tool. The use of the latter allows companies to get out of purely manufacturing areas and define a precise style of management.
The underlying elements of the A3 Thinking are:

- application of logical thinking focused on the cause-effect relationship;
- creation of a report based on objective data;
- strong orientation towards results and processes;
- synthesis and visualization of concepts;
- corporate alignment regarding the expected results and dissemination of these within the organization;
- consistency between report sections;
- systemic point of view (i.e., A3 tool as a part of a larger project: Hoshin Kanri).

Logical thinking is based on the idea that it is necessary to motivate why we are talking about a particular problem. According to this logic we must never stop only on the effect, rather it is essential to look for the cause of the problem, reaching the lowest level (i.e., the root cause). To understand what the causes are there are some tools that can be useful including VS Mapping, Ishikawa, 5Whys, and Pareto. Models can be supported by any practical visualization as graphs, CAD drawings, or pictures to facilitate their communication. The degree of formality and the level of detail of the models used varies depending on the purpose and audience.
The need to objectify what we talk about through data arises from the typical idea of A3 Thinking that if something cannot be measured, then in fact it does not exist for the organization. Furthermore, the tool to always communicate in numerical and not qualitative terms. This reporting tool directly asks those who manage the data to motivate them and insert graphs to give explanations.
Concerning the third fundamental element of A3, strong orientation towards results and processes, the starting point must be the awareness that the company is not made up of watertight departments, but of processes and the wrong result is almost always caused by wrong processes. Thus, to obtain good results the analysis of the process underlying them together with an analysis of why we are (potentially or really) away from it becomes of

primary importance. Then, all expected results must be shared and made explicit within the organization.
The ability to synthesize, the visualization of concepts and speed are important for a company. It is essential to visualize as much as possible what we have in mind and to explain the data in a visible and understandable form. If the people we work or collaborate with cannot understand what we have written, it is as if we had not written anything.
The fourth element assumes that alone you do not go anywhere as everything that is done by someone must be done with the consent of the working group. Company managers are also required to be aligned with each other through a process of negotiation and then sharing of objectives. The expected results must be compatible with the company overall strategy and usable by all with the A3. Anyone at any time must have the opportunity to consult the A3 and view what has been decided because only in this way corporate alignment and dissemination of goals within the company will be possible.

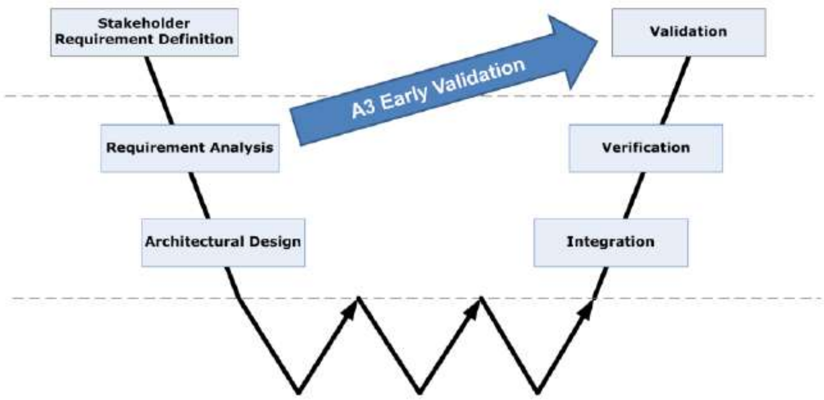
Figure 2.30 – How PDCA and A3 are linked: The vertebral column of A3



Source: Own elaboration from Colfert S.p.A. materials

Consistency is a key word for A3 success. Indeed, there must be consistency between report sections as well as between what is written in the report and the company organization. That's why the A3 is completed following steps.
To conclude, systemic point of view is needed as the A3 tool as a part of a larger project: Hoshin Kanri).
Borches (2010) explains how to create the A3s, capturing and communicating the salient concepts with a view to early validating projects. Many studies including that of Frøvold et al. (2017) shows that A3 is useful for early validation as it builds a common understanding and improves communication. This visualization technique allows knowledge to be collected systematically, analysed, shared, and improved step by step. The stages for early validation project's purpose are represented in Figure 2.31.
With 'early validation A3 report' is meant the path created to cope with the problem, laying the foundations for solutions to the problem using text and models as well. Early validation consists in checking whether the project under development is suitable to the organisation and its dynamics. Figure 2.31 shows that using the A3 in the project validation phase allows you to jump from the requirement analysis and directly perform the early validation. Thus, the project is depicted according to what we have and is compared to the real world (i.e., all stakeholders). External stakeholders' involvement (i.e., all relevant stakeholders outside of the project such as other company's teams, customers, suppliers, etc.) is fundamental for a project success.

Figure 2.31 – How to perform early validation at an early stage of the project.



Source: Frøvold, Muller & Pennotti (2017)

Often in companies there is too little communication and sharing of information between development groups and external stakeholders, and the large organisational distances might lead to validation problems. Today everything goes fast, and deadlines are very short, so important steps in the early development stages are too often skipped. It is common for developers to not complete the pre-work and jump directly to solutions too early. A3 is a link between internal stakeholders, and a bridge between internal and external stakeholders because the same tool can be used to work with different stakeholders with completely different field of interests and backgrounds. Moreover, it requires a low cost of implementation and time and relatively low effort of training.

A general guide to make the best use of A3

In this paragraph suggestions to complete an A3 are provided, also including some questions for each section to facilitate the use of the tool.
To start, the reading of A3 follows an order: from the top to bottom on the left-hand side, then top to bottom on the right-hand side. Completing the A3 is a progressive and iterative process usually referred to as the 'A3 process' which, as previously mentioned, generally follows the PDCA-cycle. The PLAN phase corresponds to the left side of the A3, while the right side recalls the DO, CHECK, and ACT stages.
The framework contains the building blocks stated in Figure 32 which are built through clear, objective, relevant and visual data to report on.
The names of the people involved in the project must be entered in the small box called 'team', the selection of them is made by the project pilot according to their skills and capability of giving their concrete contribution to the project. Then, the pilot agrees their availability with their managers. If new needs arise after target negotiation, team members can be changed. The role of the pilot consists in controlling and supervising all project activities, guiding the team, and organizing the meetings, and ensuring the realization of the project and the achievement of the objectives.
PM stands for Project Manager, meaning to whom the project is entrusted. Usually she/he corresponds to who really wants to solve the problem.

The node box section must be completed by inserting the reference node (a set of A3s) if the latter is part of an A3-X. It is the coordinate of where the A3 is with respect to the matrix.

The object of A3 defines the scope of action of the work to be carried out, the action area, and the objectives intrinsically (not numerically). It can also be written in the form of a 'slogan' which facilitates the focus of the topic. The object must be negotiated with who proposed the opening of the A3, and team involved in the A3 must be called for its definition. Examples of it could be reduction of margins, reduction of incoming errors, reduction of lead time, or elimination of missed calls from the switchboard.

In the background the issue, problem, or challenge located at the top is stated. In this part the following questions need to be answered:

- is it clear why we need to work on this problem?
- why is it necessary to open an A3 on a specific topic?
- is it relevant for the organization to have to work on this issue?
- are there other reasons not strictly related to the results why it is worth working on this issue? (e.g., surveys, training, etc.)

In the current state ('as is') we define the current situation of the problem by measuring everything that happens using a neutral method and real numbers. In this phase process diagram or value stream map can be useful. The as is block requires to answer these questions:

- is the current situation clear and sufficiently documented through measurements?
- is it possible to make it even clearer?
- are the data sufficiently purged of different opinions and views?
- was a cross-cutting approach used in the data analysis?
- have all the necessary people been involved?
- are the data quantitative and not qualitative?
- have the right tools been used?
- are data from outside such as from a data processing centre necessary?

The target statement concerns the objectives expected by the working group in the project future state. In this phase the scope of the project as well as the desired outcomes and the target level performance are defined. Usually, the objectives are selected through a negotiation phase between the work group and their manager. It might happen that the goals are renegotiated several times in a catchall process that ends when the agreement is reached. Useful questions to complete this section are:

- are the objectives clear to everyone?
- are the objectives shared between the work group and with the area manager?
- how can the targets be measured?
- are they sufficiently qualitative?
- are there any defined deadlines?
- how much does the analysis of the current state and the future state influence the objectives?
- are we sure that all the objectives are linked to the current state?
- are we sure that the objectives are not actions?

During the analysis it is necessary to investigate the root causes of the problem using all possible means such as surveys, 5Whys, Pareto, cause-and-effect diagram, cost-benefit analysis, SIPOC, and Ishikawa. The analysis must be systematic, scientific based, carried out and discussed freely by the team. Here you must ask yourself if:

- Has an appropriate level of detail been reached or is further information needed?
- have the right issues been addressed or is it necessary to review the target and the current status?
- is this section related to the previous ones?
- have the processes been analysed in a sufficiently transversal manner?
- were the right people involved?
- are we in tune with the entire organization?
- are other resources needed?
- are we sure that what is written is an analysis and nothing else like for example actions?

The future state section can be also called 'countermeasures' as it is about all countermeasures that must be implemented to move from 'as is' to 'to be'. We talk about countermeasures and not 'action plans' because the formers are activities that must remedy the problem and create the expected improvement. They are set during a brainstorming phase being careful that these are consistent not in conflict with each other. Sometimes in this box a future vision of what is expected at the end of the project is provided. While filling out this section, you need to ask yourself the following questions:

- has an adequate level of detail been reached or is information needed to be added?
- was everything necessary to compensate for the gap put on the field?
- are we focused on the right area?
- is everything we do adequate to solve the problems highlighted during the analysis phase?
- are the countermeasures reasonable and implementable?
- are the countermeasures both transversal and respectful of the constraints set by the organization?
- do they prevent the problem from happening again?
- can we verify their effect? how?
- is it possible to do a weekly or monthly check?
- are they placed in the right order?
- do they need external contributions to the organization?

The action plan is a real planning that reports due dates, actions, resources, and persons responsible for the implementation of countermeasures. To complete this part the questions to be answered are:

- have the necessary resources been considered?
- can we verify the effect of these resources? how?
- is it possible to do a weekly or monthly check?
- is what has been defined in this section all compatible and linked to countermeasures?
- is what has been defined in this section aligned with the expected objectives and the previously compiled parts of the A3?
- are the times reliable?
- are people involved the right ones?

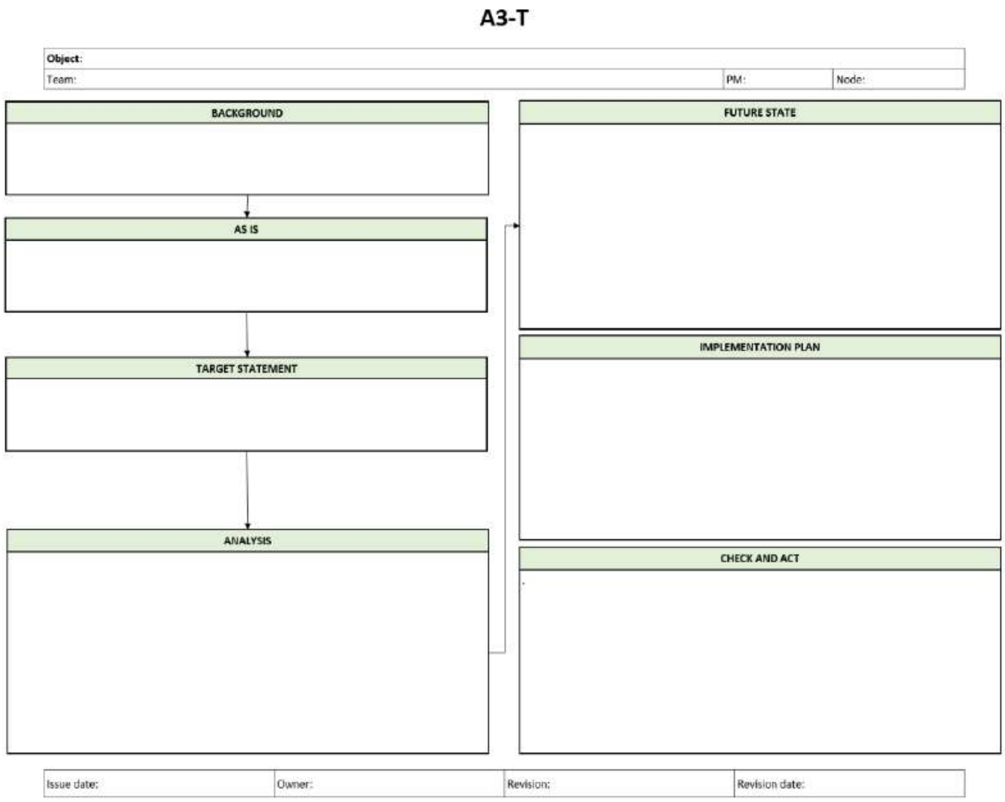
In the Check and Act section establishes how to check the progress of the work by measuring the status of the expected targets (even if not yet achieved). This part is dedicated to the definition of KPIs and must guarantee the durability of the results. A3 is considered closed when the team has succeeded in creating a new standard for the analysed process. At this stage it is useful to ask the following questions:

- are we solving the problem?

- are we going in the right direction?
- what we are doing is consolidating the new process?
- are new actions needed?
- how do we communicate to the organization what we are doing?
- Is the work we are doing usable in other areas?
- can we use the indicators created at company level as well?

To conclude, the last block of sections represented in the lower part of the figure concerns A3 creation date, owner (she/he might be the project manager), revision of the sheet (usually it starts from 1.0, and then 1.1, 1.2, etc.), and the date of the last modification respectively.

Figure 2.32 – The nine sections of A3 Template



Source: own elaboration from Colfert S.p.A. materials.

As a conclusion of this general guide of A3 implementation, it is useful to know that this tool can be used to coach other collaborators, as coaching is an integral part of the A3 method. If possible, it is important to compare what you have written with people outside our area to gather as many opinions and suggestions as possible as well as correct other people's A3s. First users have to keep in mind that A3 is used to manage lasting projects or to solve complex problems lasting six months or more, so you don't need to open A3 for minor problems. Moreover, you don't have to spend months writing the A3 (from a lean perspective it would mean *'muda'*, or waste) because actions are the only thing that brings value. The last tip is check that the A3 is also legible in reverse, starting from the bottom and going from right to left, this guarantees that all the work done makes sense.

Comparison between A3 and Business Model Canvas Methods

As explained by Gordon and Howell (1959), the influential reports on business education in the United States pushed management science to be more focused on aspects related to decision making. Subsequently, several methods, tools, and model have been developed to support it. Anyway, about ten years ago in the English language literature A3 and Canvas methods emerged and diffused rapidly for problem-solving and designing solutions. They did not come from management research as the A3 has evolved as part of Toyota Production System (PS), and Business Model Canvas came together with business books (Osterwalder & Pigneur 2010; Koskela et. all 2020)

It is of interest to compare A3 and Business Model Canvas as the two methods show similarities concerning working principles and application areas.

First, it is important to clarify that for both instruments there is a tendency towards epistemological dissolution, meaning that the original big idea itself get lost while implications and application of it diffuse. This happens when theoretically new methods are adapted to incoming new situations and only the more visible features of the methods continue to get transmitted. The widely diffusion and adaptation of the two tools to new context is showing that A3 and Canvas start to be transmitted and learnt as practical tolls, loosing the underlying reasons why they work. As far as the A3, the original A3 sheet strictly followed the PDCA-cycle while now there is more flexibility regarding the content as it tends to be organised and formatted in whatever manner the user desires. This demonstrates that the original idea behind A3 is used only for compressing all the available information into an A3 format, but the PDCA sequence has been lost. In the case of Canvas, it was originated through careful research (mostly by Osterwalder and

Pigneur) to embrace distinct entities and relations among them by positioning the different elements in the building blocks of the canvas. After the success of the canvas, several canvas different from each other emerged (e.g., canvas for project management purposes). Thus, in many cases the idea of distinct entities and related relations among them has been lost. Further, generally the theoretical explanation of A3 and Canvas is not well supported and is still shallow, so more research in this area is needed.

A comparison of A3 and Business Model Canvas is presented in Table 2.15 showing which characteristics are common to the two instruments and which ones diverge.

Considering similar characteristics, the visual representation constitutes the basis of both methods, allowing everyone to catch which elements are truly essential. Both are single-pages documents providing a holistic view of the subject and organised in coherent and consistent building blocks showing how different parts of a system or process are interrelated and connected to each other. The blocks must be read following a predefined order, nothing is left to chance. The widely use of both is due to the practical consequences of using them. First, they facilitate a shared understanding and language for complex systems or process, establishing a common ground between different interlocutors and heightening both the individual and collective knowledge work. Second, they enhance outputs diffusion, collaborative group discussions, decision-making process, and project development. Third, they give an idea of present and future state by presenting how things are gone and how they can be improved. To some extent A3 and Canvas application areas overlap because most of times problem-solving implicates designing the solution, and in turn, the design of a solution often starts from a problem to be solved.

The two methods present different features as well. The first difference is related to size flexibility as the A3 size is already given whereas Canvas size is more adaptive. While A3 presents a thinking process often based on a sequence of problem-solving and working groups must investigate the root causes of issues to find best course actions, the Canvas describes a system composed by different parts forming a coherent constellation around a centred value proposition, forcing working groups to think about the value provided to customers. To conclude, A3 is executed according to a predetermined start and end dates, following current versus future target states. Once the target goal has been achieved, it becomes the new current state for another A3. Unlike A3, Canvas delivers a snapshot of a system which is subjected to continuous evaluation, reviews, and updates if it does not fit to the environment.

Table 2.15 – Similarities and differences between A3 and Business Model Canvas based on their key features.

	A3	Business Model Canvas
Similarities	Written on a visual representation that allows the reader to grasp the essential elements briefly; Single-page documents providing a holistic view; Consisting of building blocks that follow a predefined order; Consistency between building blocks; Creation of a shared language and understanding of a complex system or process; Showing how different parts of a system or process are interrelated and connected to each other; Describing and documenting the 'as is' (how things are done) and presenting basis for future targets (how things can be improved); Enhancing outputs diffusion, collaborative group discussions, decision-making process, and project development; Requiring evaluation and/or validation.	
Differences	The size of the document is given (A3 format)	The size of the document is flexible
	Fact-based	Idea or opinion-based
	Describing a sequential problem-solving process	Describing a system made by coherent parts built around the volt key (value proposition)
	Working groups are often forced to investigate the root causes of issues to find best course actions	Working groups are often forced to think about what the value provided to customers is
	Performed following a predefined start and date dates, current versus future goals. Once the goal has been achieved, it becomes the new current state for a new A3 project.	Creates a snapshot of a system, enhancing new systems designing, mapping, discussion, and projecting. Building blocks need to be reviewed and updated continually as the Canvas fit the overall environment.

Source: own elaboration from Business model generation (Osterwalder & Pigneur 2010, Raudberget and Bjursell, 2014, Koskela et al., 2020)

Chapter 3

Applying the path to sustainability.

Colfert S.p.A.: A case study

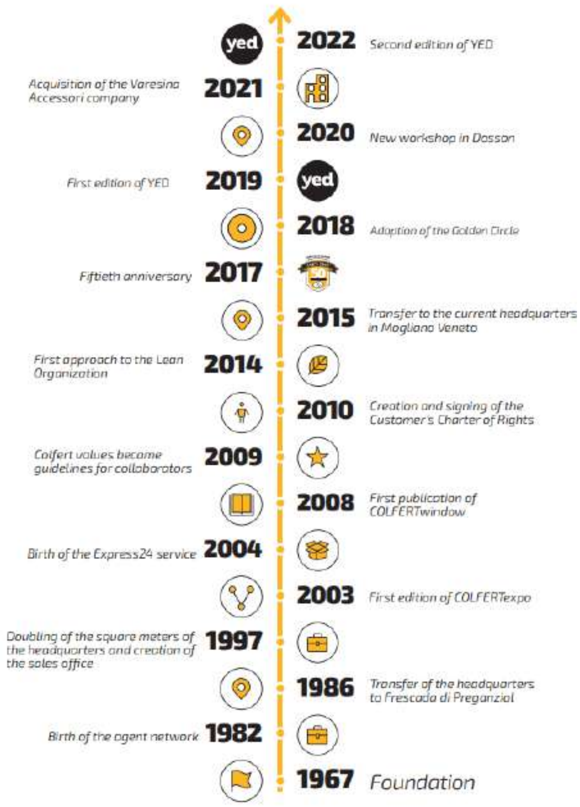
3.1 – History of the company

Colfert S.p.A. was born as a paint shop in the garage of Luigi Zanato, the founder, in 1967. At that time, the business was concentrated in 10 square meters. In 1982 the first company headquarters of 350 square meters was born, and the agent network was created, becoming a b2b capable of offering products and services to other companies. Since 1986, with the transfer of the headquarters to Frescada di Preganziol (TV), there have been a series of doubling of square meters until the creation of sales offices to support agents and customers (1997) and the opening of the branch of Casarsa Della Delizia for Friuli-Venezia Giulia (1998).

From 2003 to 2017, the company underwent a radical transformation and exponential growth. In 2003 Colfert S.p.A. gave birth to COLFERTexpo (today called 'YED' – Yellow Expo Days). The fair was created to give voice to window and door manufacturers. In 2004 Colfert Express was born, the service of delivery of goods within 24 hours. 2008 was the year of the release of the first COLFERTwindow, the magazine for window manufacturers in which we not only talk about products but also create culture and value. It counts three publications per year, with over 7000 mailings and 1000 copies present in the company.

In 2009 the person together with the satisfaction, growth, quality, and transparency became Colfert S.p.A.'s values and were written and represented using the Golden Circle by Simon Sinek (Figure 3.2), the one who decoded the way of communication of leading companies, including Apple, becoming an integral part of the corporate culture and guidelines for all employees. According to the issues addressed, each value was linked to one or more SDGs (Figure 3.3) . Sinek is a big advocate of the knowledge that "it does not matter what you do, but why you do it" (Sinek 2009)[1]. The choice to adopt the Golden Circle derives from the fact that Colfert S.p.A. firmly believes that it is essential to adopt an inside-out approach starting from the "why" to then define the "how" and finally the "what." According to the golden circle logic, people do not buy the "what" you do, but the "why" you do things, and for Colfert S.p.A., the answer to 'why' is because they improve the work of their customers. To continue to grow and achieve its goals, the company has decided to focus its daily efforts on the quality, reliability, and efficiency of its products and services and on the belief that building a relationship of trust with customers is the key to success each other's company.

Figure 3.1 – Timeline of the story of Colfert S.p.A.



Source: Own elaboration from Colfert S.p.A.'s materials

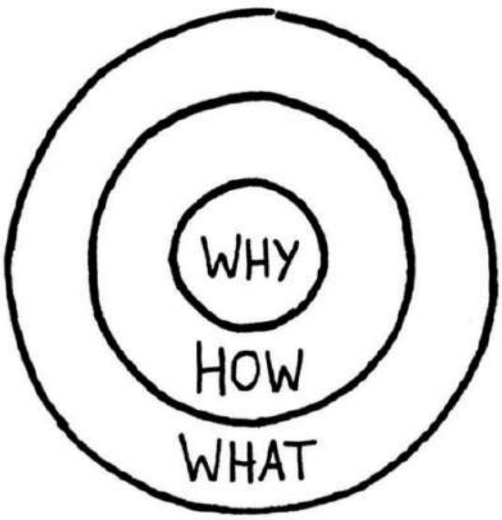
The person understood in a broad sense (collaborators, customers, and suppliers) is at the center for Colfert S.p.A., so in 2010 the company decided to sign the Customer Rights

[1] For more details on Golden Circle look at *Simon Sinek – The Golden Circle – TedTalks 2009 – YouTube* available at https://www.youtube.com/watch?v=fMOlfsR7SMQ

Charter (Figure 3.4) and have each collaborator sign it so that this ultimately undertake to treat customers exactly as she/he would like to be treated when she/he is someone else's customer. Moreover, the inclusion of the person within the corporate values has pushed the company to concrete actions following Good health and well-being (SDG 3), Decent work and economic growth (SDG 8), and Reduced inequalities (SDG 10), including the adoption of smart working with consequent work/family reconciliation and make donations to non-profit organizations as 'Nipoti di Babbo Natale,' 'La musica di Angela', and Coop. 'Il Sentiero.'

Concerning the second Colfert S.p.A.'s value, the satisfaction of employees, customers, and suppliers, the company has adopted the monitoring of the quality of the company climate, customer satisfaction surveys, and punctual payments to suppliers (adopting the Italian Code of Responsible Payments - CPR - which provides for the commitment for member companies to comply with the payment terms agreed with suppliers and, more generally, to disseminate transparent and efficient practices) which are all in line with Decent work and economic growth (SDG 8).

Figure 3.2: Levels of the gold circle



Source: Sinek, S. (2009). Start With Why. Portfolio.

The value of growth understood as a process of development of people and the company has been concretized through the introduction of the "Route of resources," a path designed to accompany newcomers within the company through meetings with single offices to

provide them with a global view of the business. In addition, the company promotes courses for interiors Masterclasses, team building, participation in the CUOA masters, of which Colfert S.p.A. is a member, and strengthening of female leadership models through a progressive increase in the percentage of women in the position of responsibility (in 2006 they were 3 out of 39, 7%, whereas today they are 15 out of 95, 16%). These actions recall Quality education (SDG 4) and Gender equality (SDG 5).
The organization's quality, service, and product have been included among the corporate values as the company believes in Industry innovation and infrastructures (SDG 9) and Partnerships for the goals (SDG 17). Indeed, it aims to pursue improvement in respect of man and the market, guarantee a service that meets its customers' needs, and satisfy the market by searching for innovative products. Thus, Colfert S.p.A. decided to participate in Assindustria's sustainability group and training on sustainability at all company levels, adopt CE marking, promote supplier audit and sustainability (4% replied), and recently become a Benefit company.

Figure 3.3: Colfert S.p.A' values recall the Golden Circle

Source: Colfert S.p.A.'s materials

The fifth and last value, transparency, can be linked to Decent work and economic work (SDG 8) and Industry innovation and infrastructures (SDG 9). Transparency has been followed by adopting the Legality Rating, communications of price list increase to customers, publication of the financial statements on the company website by 30 April of each year, and a path to raise awareness among collaborators against tax evasion.

Figure 3.4: The Customer Rights Charter

STATEMENT OF CUSTOMER RIGHTS

The undersigned managers of COLFERT express their desire to clearly establish the principles and ideals that guide us in dealing with customers. We run COLFERT the way we think a business should be run. So below we list what we consider to be the inalienable rights of our customers.

We expect to be held accountable at any time we deny any of these rights to any customer.

As a customer, you have the right to be treated as individual human beings, endowed with emotions and expectations, with availability, honesty, and respect. Respect for each person is the founding element of all relationships. As a customer, you are entitled to the full value of your money. When you buy a product, you should be sure that it was a good purchase, and that the product is exactly as it was represented. Otherwise, you are entitled to a FULL warranty and service. This is especially true when you buy a product without seeing it, from a catalogue, or over the phone. As a client, you are entitled to a prompt delivery. Unless otherwise indicated, the product in the catalogue should be shipped no later than 24 hours from the order and delivered to you no later than 48 hours from the order. In case of delay, you have the right to be informed immediately of this, together with an honest forecast of the expected shipping date. As a customer, you are entitled to fast, courteous, and competent answers. You are entitled to all the help we can give you in finding the exact product or information you need. If there are any problems with the transaction, you are entitled to speak or correspond with another person so that the problem can be resolved immediately on the most mutually satisfactory basis possible.

As a customer, you have the right to be treated exactly as we would like to be treated when we are someone else's customer.

Source: Colfert S.p.A's materials

Since 2014 Colfert S.p.A. has been a Lean Organization, resulting in streamlining all internal procedures to offer customer value and create continuous improvement. The Lean approach has changed the organizational structure of the offices, leading to the establishment of multidisciplinary work teams for commercial product sectors (wood-pvc, aluminum-iron, and finished products) in which each of them is divided into sales, purchases, and specialized technicians (also called "value streams") (Table 3.1). The goal is to improve customer service through specific training on certain product families, creating team-oriented environments, work organized by flows, and reducing all *muda* (i.e., non-value-carrying) activities. In 2018, the continuous improvement of operations reached the warehouse and the point of sale. The keyword *KaiZen* - change (*Kai*) for the better (*Zen*) - has introduced important innovations, including optical pens with barcode reading, vertical and random automatic warehouse, shelves at head height, and visual workflow (operator/hours).

Table 3.1: Value Stream organization in Colfert S.p.A.

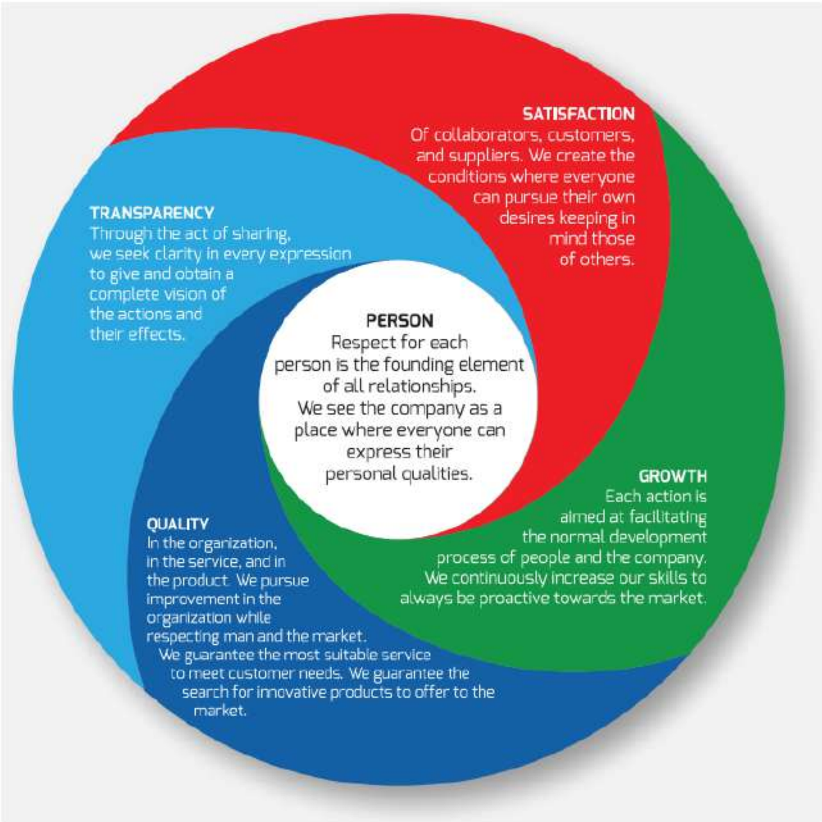
Yesterday	Today	Benefits from Value stream organization
Separate sales and purchasing offices	A single office divided into sectors	Teamwork with greater ease of communication between employees
Traditional organization by functions 	Lean organization by sectors 	More precise answers thanks to a greater specialization of the employee and greater competence for the customer
Individual work	Teamwork	Knowledge is widespread, everyone must know
Chief: "I'll tell you what to do"	Team leader: "I help you to be autonomous"	more responsible employees
Work management oriented towards internal organization	Customer-oriented work management	Streamlining of work processes and creation of real value for the customer

Source: Own elaboration from Colfert S.p.A.'s materials

In 2015 there was the transfer to the Mogliano Veneto headquarters, reaching an area of 6000 square meters which made it possible to host a permanent exhibition of all the items in the catalog, as well as a series of spaces designed for individual consultancy, training and technical and managerial updating, knowledge and testing of tools and accessories, refreshments, and hospitality, and finally the efficient and modern warehouse. In 2017, close to the 50th anniversary, Colfert S.p.A. counts 70 employees, 25000 articles available, 200 daily deliveries, 2000 active customers, and 22 million in turnover. To date

(2022), these numbers have grown to a total of 121 employees (of which 94 in Mogliano, 15 in Varese, and 12 in YCO. Also, counting directors and agents with VAT, the total workforce is 130 collaborators), 60000 articles available, daily deliveries, 3000 active customers (understood that Colfert S.p.A. makes multiple annual invoices with a minimum of expense), and about 43 million in turnover (this data is not yet official as the balance sheet has not been already filed).

Figure 3.5 – Colfert's five corporate values



Source: Colfert S.p.A's materials

Since 2018 Colfert S.p.A. also included Yellow Colfert Outdoor (YCO), a business unit dedicated to producing glass systems, awnings, sunshades, and bioclimatic pergolas. It has been intentionally separate from the central business as the company preferred to separate the hardware from the production for strategic reasons. In 2021 Colfert S.p.A. acquired Varesina, and in 2022 there was a merger. Thus, today when we talk about Colfert S.p.A., we mean three offices, namely Mogliano, Dosson, and Varese.

Nowadays, Colfert S.p.A. is the meeting point for window and door professionals, establishing a direct line with them. The company vision is ’a yellow box from every manufacturer and retailer of doors and windows in Italy’, realized through the mission ‘Create Excellent Solutions: Listening, Design, Resolve.’

3.2 – Colfert S.p.A. decides to follow the path of sustainability

Over the years, sustainability has gradually and almost naturally entered Colfert S.p.A. to the point that the company felt sustainable even before becoming a benefit company.
The first corporate approach to sustainable issues occurred in 2008 when the company, supported by its external consultant Mario Paronetto, defined its values. While there was a lack of direct integration of sustainability into corporate values at the time, either as an outline of the golden circle or as an additional element within each of them, in the continuous search for personal satisfaction, growth, quality, and transparency, there were already the foundations to embark on a path of sustainability. Then, the approach to lean organization adopted in 2014 proved to be fundamental to reducing waste of time and energy, limiting working times, and thanks to the attention to space, it was possible to achieve containment of the same. Moreover, sustainability has been enhanced in the commercial strategy through greater attention to certified products and those that respect the environment and allow the construction of eco-sustainable items. Corporate communication also participates in enhancing sustainability, which takes place through the publication of articles on sustainability in the COLFERTwindow. Furthermore, through the activity ‘Conosciamoci meglio’, Colfert S.p.A. invites a series of suppliers and customers to the company monthly to get to know the business from the inside to understand the way the company operates. This last-mentioned activity also allows the company to interact with its stakeholders and know their expectations to meet their needs better and, therefore, remain connected with the territory.
The attention to sustainability issues was immediately understood also by all collaborators, who proved to be attentive to waste even without having received any guidelines on the matter.
The path of sustainability continued through Colfert S.p.A.’s entry into the sustainability group of Unindustria Treviso, composed of companies from various sectors that

positively contaminate each other. To give an idea of what the sustainability group consists of many companies in the territory of Treviso show and demonstrate strong attention and sensitivity to sustainability and corporate social responsibility. Since 2015, Unindustria Treviso has been working on a sustainability project thanks to the efforts of Luciano Marton and Mario Paronetto. The project was born from some meetings between Ivo Nardi (Vice President of Unindustria Treviso delegated to Business Ethics and Sustainability) and a group of ten entrepreneurs motivated by sustainability issues. Subsequently, President Maria Cristina Piovesana decided to reserve a delegation to the theme of Ethics and Sustainability, transforming that first experiment into a more structured initiative including eighteen and then twenty-three companies. She believes this is a valuable and essential experience at the company level and an opportunity to create a network of people interested in this theme.

However, the corporate path towards sustainability has never been clearly defined over the years. For example, there has never been a particular impact of sustainability in the cost structure and not even a natural integration of customers and suppliers in the sustainability path. Despite the lack of premeditated actions in sustainability and the absence of pre-established borders, the company, for a long time, made the change when everything still worked, knowing that by doing so, the market would recognize its leadership.

Almost entirely by chance, my entry into the company as I had been contacted for an administrative position brought back concrete discussions about sustainability. Explaining to the various managers the issue that I would have faced during the writing of the thesis, benefit corporation, Bcorp, and corporate sustainability in general, a spark went off in one of the managing directors. They took the ball to put the theme of sustainability back on the table but this time with a planning perspective so that sustainability could become more structured within the corporate culture. There has been a succession of events and actions that will be extensively told in the following paragraphs. What is worth anticipating to a hypothetical reader is that Colfert S.p.A. has been a case study of planning, obstacles, and limitations that would have challenged many business consultants (or at least the novice ones). In my case, accompanying Colfert S.p.A. through the path of sustainability was an adventure of ups and downs with numerous stops and go that put a strain on my determination and patience for six months.

3.2.1 – The decision to become Benefit Corporation

The benefits route was the most appropriate for Colfert S.p.A. was made in December 2021 after many internal meetings, many of which resulted in various program changes, contradictions, and internal misalignments. In the following lines, I will explain some of the action proposals that I have presented to the company with the consequent responses from top management, often disagreeing and slowing down the sustainability project.

Proposal n. 1 29.10.2021

Content of the proposal

During my first days in the company, I was told by the CEO and confirmed by the external company consultant that Colfert S.p.A. felt the need to establish sustainability within the company somehow. Sustainability has been in the air for some time in the company, but no action taken had been planned upstream. There was no clear path to follow other than to find a way for Colfert's sustainable commitment to be put in writing and materialized. After discussing with Nicola Piccolo (Evolution Guide & Carbon Neutrality Champion in Nativa), I decided to clarify what to do, proposing the following five steps to the company that would have taken place during an internal meeting:

1st step: Involvement of all company figures in an event lasting about two hours and structured in three phases to make them understand why sustainability is an issue to be pursued.

Specifically, my idea envisaged a first phase in which the general context of sustainability would be framed, documenting with real examples what is currently happening in the world, paying particular attention to climate change, the loss of biodiversity and social inequality to then highlight the importance of the 2030 Agenda, the Next Generation EU, the leadership role of Italy in many aspects of sustainability, and the legislative decree

254 of 2016. The aim would have been to make people aware of what is happening so they would not have thought about sustainability as "the usual waste of time."

- In the second phase of the meeting, the link between sustainability and business would have been exposed, moving from systemic socio-political descriptions to the implications of sustainability on the business, reporting concrete examples such as:
- the latest annual letter from Larry Fink (CEO of BlackRock) to shareholders in which he publicly states that "anyone who does not respect certain sustainability parameters will be excluded from our funds";
- the front page of last year's Financial Times entitled "capitalism is now time for a reset";
- the 2021 survey of the Edelman Trust Barometer (https://www.edelman.com/trust/2021-trust-barometer), the tool that shows year after year what the degree of public trust towards institutions is, has shown that 2021 was the first year in which the business was perceived on average as both 'competent' and 'ethical.' That is, with Covid and all the current events, people realize that we can no longer rely solely on institutions and energies to solve the problems of the planet and society, but business must do its part.

These examples would have been mentioned to make everyone understand that acting in a sustainable environment also entails a return in terms of image and performance for the company in the long term. Therefore, the transition from short-term (intended as maximization of profits in the next 3-6 months) to a long-term perspective in which sustainability must be pursued as a coherent strategy becomes fundamental.

- In the third phase of the meeting, I wanted to explain how all concepts can be practiced concretely within the company. One of the protests may have been, "this is all crap. How do I put him on the pitch?" and my solution would have been the B Impact Assessment, not because it is the best method in the world (we do not even know this) but because now it is the most used framework in the world and is comparable on the company's performance at 360 degrees. Moreover, it would have allowed having questions to ask and answers to have, enabling me to build an impact profile of the company, and therefore the company itself also would have had something in hand about these issues.

2nd step: for convenience, the BIA's questions should be submitted to the various company managers and discussed separately to explain the questions to them and make sure they know where to extract the necessary data (if they already exist). Then, it would have been their discretion to possibly entrust questions to whomever they deemed most appropriate within their office. Therefore, I thought it was helpful to create a working group that covered the five areas of the assessment. Specifically, within the team, I thought it was appropriated to include at least one figure belonging to the board of directors, hr, warehouse, lean, marketing, IT, management control, administration, area manager, point of sale, value stream aluminum, and iron, value stream wood and pvc, finished product, and YCO. The BIA would have been used to start shaking the situation and collect the data necessary to implement the third step.

3rd step: Once data was collected, my role would have been to log into the BIA online platform and enter it as answers to the corresponding questions. During this step, a non-data entry approach would have been adopted because there could have been inconsistent data (for example, if on the question concerning the percentages of renewable energy someone had answered "we have 100% renewable energy" and on the question about low impact renewable energy that excludes hydroelectric the answer had been "100%", this must set off an alarm bell because in Italy it is challenging that in a mix of renewable energies there is no hydroelectric and a company goes on only with panels and wind power). Therefore, it is essential to pay maximum attention to consistency between answers.

4th step: From the score obtained by the BIA, there would have been the return of outcomes of real strategic value for management. The outcomes, or score, should not be understood as an aggregate score but as divided into the various areas. If I had taken the scores in the various areas and had put them in common with the maximum score, I would have already had an idea of which areas would lend themselves more to improvements and the areas the company is already doing well. So, at this moment, I would already have had valuable elements for an improvement plan.

5th step: the last step of my first proposal would have been using the BIA and SDG Action Manager outcomes to create a plan to improve company performance from a sustainable perspective. To get to the actual improvement plan (not intended as a "score increase plan" but as a plan to improve the sustainability profile, which then has the effect of increasing the B Corp score), I would have used as ideas the actions that do not have been selected in the BIA. For example, suppose in the data collection, I had noticed that procurement does not have a code of conduct for suppliers. In that case, this could have been part of the improvement actions (clearly, in this case, it would have been necessary to take the next step with the contacts to understand if there is the will if there is the budget) or if 1/3 of the quantitative information requested by the BIA had not been available, starting to monitor it would have been an improvement action. Moreover, the compilation of the Action Manager SDG Baseline Module (about fifty questions) would have been used to understand which are the priority SDGs for Colfert S.p.A. and how much the company is effectively contributing to their achievement. Subsequently, I would have measured the company performance on the priority SDGs (because each SDG then has about thirty related questions, so it would have been expensive to proceed with the performance measurement for all 17 SDGs).

Feedback from top management

This first proposal had initially received the consent of one of the directors, who pointed out it was necessary to start involving people. However, two points of the proposal received dissent.
The first step of engagement was deemed too "heavy," and the director had pointed out that the company managers had already followed some presentations over the years and, according to him, I should have balanced the timing and content according to their preparation.
In the second step, the part relating to the organization of separate discussions with each company manager to explain the content of the questions to them so that they could extrapolate relevant data had not aroused feedback. The reason for the dissent, according to the director, lay in the fact that to speed up the second step, it would have been more

appropriate to extrapolate the data independently (without specifying who precisely) without further overloading the company managers.

Reaction

From my point of view, the initial phase of engagement represented the essence of the project because sustainability, if not shared by the top management, hardly becomes part of the corporate culture. There was a need for alignment of knowledge and interests on the one hand, and on the other, it was essential to start from a solid base of common intentions. Furthermore, sustainability takes time, sacrifice, and dedication to achieve long-term results. For there to be a mentality ready to accept business efforts. People need to get used to it step by step, and what better opportunity to start dedicating time to discuss the BIA and SDG Action Manager questions?
However, I went to various offices to find out from employees and managers if and what kind of sustainability training they have received over the last few years. In the end, I discovered that the external consultant proposed 30 hours of training to employees of the marketing office to provide them with the theoretical basis of sustainability and a broad vision of the 2030 Agenda with the assignment of the task of broadly identifying which of the 17 SDGs Colfert S.p.A. was touching at that moment. However, I tried to insist on implementing the engagement phase through the second proposal.

Proposal n. 2 29.10.2021

Content of the proposal

The content of the second proposal presented to the director was the same as the previous one except for two changes conceived following the director's clarifications. The timing calculated for the engagement phase had been reduced to 45 minutes while maintaining the previous discussion topics. The intention was always to provide input on the leading international challenges and reactions to sustainability, but this time through a general overview without going into detail.

Instead, regarding the assignment of the BIA questionnaire and SDG Action Manager questions, I thought of taking a step back and lightening the fifth step of the first proposal by simply presenting the frameworks and their related functions and utilities without mentioning how the requested answers would have been provided.
On this occasion, I tried to present a draft of the steps that, in my opinion, would have helped start a concrete path of corporate sustainability. Below is a list of the points:

1. Analysis of Colfert S.p.A. business model and creation of the business model Canvas
2. Internal meeting with managers to present the proposal
3. Interviews with managers to understand reasons, expectations, and what you want to change to be more sustainable
4. Creation of the working group for the sustainability project whose initial task would have been to provide the information necessary to fill in the BIA and SDG Action Manager questionnaires
5. Check the literature for Benefit Corporation and B Corp for commercial sector studies
6. Compilation of BIA and SDG Action Manager questions
7. Return of outcomes of real strategic value
8. Improvement plan

Feedback from top management

Also, on this occasion, the director presented objections regarding the engagement phase, although acknowledging its importance, highlighting that internal presentations on sustainability had already been made. Despite this, he seemed not to have excluded it a priori, leaving the evaluation of the timing to be dedicated to it for another moment. For the eight points developed, however, no opinions had been expressed on the matter except an intense curiosity for the Business Model Canvas because, after explaining to the director how the framework works and how it can be used, I was told that it would have been helpful for other business projects (e.g., use the Canvas as starting point for drawing up the business plan). Then, he authorized me to move around the company at my leisure to collect the information necessary to draft the business model Canvas.

According to the director, it was essential to define what sustainable actions are currently carried out by Colfert S.p.A. and subsequently set goals and measure how far the company concerns with the objectives.

Reaction

My desire to start the sustainability project prompted me to request a meeting with the director shortly after receiving his feedback. I was pleased to clarify how we would proceed to start some concrete action finally. What happens during our meeting is explained in the proposal n.3 section.

<u>Proposal n. 3 02.11.2021</u>

Content of the proposal

I had the feeling that I had started too far with the first two proposals compared to the expectations of the director, who seemed to want to remain vaguer at that moment. Thus, for our meeting, I had thought of proposing a much more general plan than the previous ones. This consisted of five general points:

1. Analysis of Colfert S.p.A. business model and creation of the business model Canvas
2. Define what the concept of the common good for Colfert S.p.A. consists of
3. Use the BIA and SDG Action Manager self-assessment frameworks as methods for measuring company performance, separating it from the B Corp world (I have repeatedly highlighted that these tools can be used for different purposes than obtaining the B Corp certification)
4. Design an improvement plan according to the results
5. Evaluate the pros and cons of three options: become a Benefit Corporation, commit to obtaining the score necessary to apply for the B Corp certification, and do nothing.

Feedback from top management

The director just pointed out that it would have been interesting to find a system to measure the improvements proposed in the improvement plan. He also wondered if there was a system capable of collecting internal information overtime to avoid having to retrieve it from the various managers each time. Moreover, according to him, among the objectives of the sustainability project could not miss the projection of costs and benefits and an analysis of the objectives (and gaps) to achieve them and estimate the timing.

Reaction

I pointed out that the BIA can be used as a pre and post measurement method as it can keep track of every change because the answers can be changed, obtaining immediate feedback in terms of score (also in the case of simulations). In addition to the BIA, I proposed other alternatives as to the definition and use of KPIs (also helpful to see if there is a trend), application of GRI indicators, or the definition and use of targets for each company department with compensations for each improvement to stimulate continuous improvement also in the field of sustainability. Concerning the timing of achieving the objectives (or improvements), I suggested balancing 1/2 challenging objectives requiring more time to achieve with 3/4 more accessible. The exact timing, costs, and benefits could not be anticipated at this stage since we still had to define the improvements and, above all, the current level of performance.

Proposal n. 4 11.11.2021

Content of the proposal and reflections on the matter

The fourth proposal was born during a meeting between me and the director in which, by mutual agreement, we came to draw up three steps for the sustainability project, although we ended the meeting with some disagreements.
First, representation of "as is" using the business model Canvas and the B Impact Assessment to have a complete picture of the company business and its impact in the five areas (Governance Community, Workers, Environment, and Customers).

Second, the definition of improvement hypotheses based on the analysis and the results achieved in the first step. In this case, we spoke of 'hypothesis' for improvement and not of 'improvement plan' because the second term could have been used if the board of directors had approved the hypotheses presented.
Third, presenting three possible scenarios (or objectives) for Colfert S.p.A.: obtaining the B Corp certification, transforming into Benefit Corporation, and doing nothing. For each of them, we had thought of describing the concrete actions related arranged following the order of implementation. For example, for the transformation into a benefit Company, Colfert S.p.A. would have had to change the company statute to include finalities of common benefit and then define at least one specific objective for each purpose of common benefit. Moreover, I proposed to use the A3 to represent each scenario as it would have gutted every little detail, forcing us to think in concrete terms, but the director was not convinced that the A3 could be the most suitable instrument for this purpose because it would risk being too vague.
Furthermore, I asked if it was possible to define the participants of the working group, but this did not seem to be among the priorities as the director thought this would have been premature at this stage because its creation would have involved a regular commitment of the participants in some activities not yet defined upstream. He argued that it was necessary to clarify the objectives and tasks before creating the team. He proposed interviewing managers to find out what they are currently doing in sustainability to collect information and start imagining a sustainable path. I disagreed with the definition of objectives and tasks before consulting the working group because these choices had to be taken as a team. After all, two people must not imagine sustainability alone but must be breathed by several company figures. The same ones will then be called to commit themselves day after day so that sustainability becomes part of the corporate culture. I did not find it correct to impose objectives and tasks, but I thought it more appropriate for everyone to be free to express their opinions because sustainability is something in which one believes in it, or any imposition, in the long run, will result in yet another case of greenwashing.
There have been no further meetings to structure a sustainability project proposal from this moment. In the first days of December, I was informed by the director and the human resources manager that the CEO of Colfert S.p.A. had 'come out, and he had decided,

together with his trusted external consultant, that Colfert S.p.A. would become a benefit company. Therefore, there was no longer the need to evaluate the pros and cons of different alternatives, but the choice had already been made upstream without consulting the top management.
According to the consultant, the transformation into a benefits company would formalize Colfert' S.p.A.'s way of being much more than the B Corp certification as the ideal path for an SME that does not have a backward preparation on sustainable development issues begins with the transformation into a benefits company, considering this as a more logical step than the goal of achieving 80 points for the certification. According to him, the next step, following the regulatory obligations envisaged for a benefits company, would be drafting an impact report. Later, a more sophisticated report than the one just mentioned would be needed so that the sustainability report would come into play. As claimed by the consultant, only from this moment on, Colfert S.p.A. could speak of certification B Corp among the future business objectives as the company would have more chances of obtaining a high score in the BIA or otherwise would be ready to make the efforts required to obtain the minimum score.

Proposal n. 5 1.12.2021

Content of the proposal

This I am about to explain was the last proposal presented to the director, and it was structured keeping in mind that the company would shortly change the text of its statute to become a benefit corporation. The CEO decided that the content of the statute articles had to be reviewed and modified by the external consultant, and later it would be discussed and possibly further modified.
In the following lines, the steps of the proposal are summarised.
The definition of the common good concept for Colfert S.p.A. was cut from the proposal as the director did not consider it valuable, and no one communicated it to the CEO.
The first step of the proposal was the same as the previous one, namely the representation of ‘as is’ through the Canvas and the BIA. The second step involved using the BIA and SDG Action Manager self-assessment frameworks to measure company performance. A

third step would have been necessary to identify at least one specific objective for the common benefit and relative measurement methods, balancing easy and difficult actions (e.g., one difficult and two more manageable goals for each purpose of common benefit). In this case, the use of A3 would have helped clarify the actions, keeping in mind the background of Colfert S.p.A. and its future state. The fourth step would have been to present at the end of 2022, together with the financial statements, a report explaining what has been done for each purpose of common benefit (the company became a benefit in 2022; therefore, in 2023, the first impact report will be presented in which the objectives set in 2022 will be told and if and how these were achieved. Otherwise, the company will have to explain the failure achievement).
During my internship at Colfert S.p.A. I was directly involved in completing the first three steps of my fourth and last proposal. The company will decide if and how to carry out the fourth step. The results will be presented in the following paragraphs.

3.2.2 – The new company statute

Close to the end of 2021, I participated in an internal meeting in which the external consultant presented a draft of the new company statute to the CEO, the director, and the HR manager. During the meeting, we discussed possible changes together, and finally, we came to the definitive version of the statute reported here below. It is pointed out that the proposal and the final version of the new statute were presented before the score obtained by filling out the BIA and SDG questionnaires was disclosed since, at that time, the information necessary for their completion was still being collected, and the company wanted to go on. This paragraph will present the parts added to the statute so that the company could become a benefit, providing some explanations where necessary.
To become a benefit company, it was decided to add articles without modifying those initially present in the company statute, making the necessary and sufficient changes to present themselves in front of the notary and request the statutory modification. Moreover, the law indicates that the benefits companies are those that *"in the exercise of an economic activity, in addition to the purpose of dividing the profits, pursue one or more purposes of common benefit and operate in a responsible, sustainable and transparent way towards people, communities, territories and environment, cultural and*

social assets and activities, bodies and associations and other stakeholders" and *"the purposes referred to in paragraph 376 are indicated specifically in the corporate purpose of the benefits company and are pursued through management aimed at balancing with the interest of the shareholders and with the interest of those on whom social activity can have an impact. The purposes can be prosecuted by each of the companies referred to in book V, titles V and VI, of the civil code, in compliance with the relative discipline." (*The Text of the Law on Benefit Companies L. 28-12-2015 n. 208, Clause 376 and 377, Gazzetta Uff. 30 december 2015, n. 302, SO available at:
http://www.gazzettaufficiale.it/eli/id/2015/12/30/15G00222/sg). In the case of Colfert S.p.A., Article 3 of the statute, four purposes of common benefit have been indicated, each presented in a separated point, based on its past and its history. It was decided to describe them in a general way without going into much detail to be able later to have a large margin of action when choosing the specific objectives for each of them. Therefore, the choice of which parts to include in it and the content of these was made based on the past and evolution of the company as well as comparing the various statuses of the other benefits companies present in the Veneto region (in particular, considering the benefits companies belonging to the Unindustria's sustainability group)

As shown in point, A of Article 3, the first purpose of common benefit indicated in the statute concerns the environmental issue and demonstrates Colfert S.p.A.'s attitude towards continuous improvement through applying lean principles, affecting processes, people, and the environment thanks to the efficiency of resources. The second purpose, point B, deals with the territory and the community wanting to make explicit the assumption of responsibility by the company towards the territory in which it operates, taking care of the territory itself and its community. In point C, workers and the importance of building a working climate that is both positive and inclusive were considered. The well-being of workers has always been an essential issue for the company. In fact, over the years, various questionnaires have been administered to employees to investigate various aspects related to their satisfaction, morale, and involvement with the company. The last purpose, point D, wants to recall the theme of the supply chain, which is crucial for a b2b company. The relationship with the financial world, understood as the set of customers, suppliers, and other companies with a shared

vision, becomes fundamental for creating synergies aimed at continuous improvement in the environmental and social sphere.
While article 15 bis resume the legislation at the same time, in article 15 ter it was decided that the person who will hold the role of Impact Manager will remain in office for three years unless the administrative body appointed him to cease their duties earlier. During 2022 the Impact Manager will have to think about the 2022 goals that will then be told in 2023 and, in the same year, he will tell what happened in 2022 and set 2024 goals.

3.3 – The "as is" and the "to be"

In this paragraph, the reader will be able to deepen the transition from the pre-statutory change to the post situation. The representation of Colfert' S.p.A.'s current situation before becoming a benefit company was first created by two business models, Canvas, corresponding to the Mogliano Veneto site and Dosson site, respectively. Every building block will be explained and examined in detail for each canvas.
Secondly, the BIA and SDG Action Manager self-assessment frameworks were used to check the company's performance.
Once the 'as is' was made clear, which occurred in conjunction with the corporate decision to become a benefit corporation, the A3 tool was used to submit a proposal of specific objectives for each common benefit purpose of the new statute.

3.3.1 – Business model analysis

Before starting with the presentation of the two Canvases, two aspects should be pointed out. First, Colfert S.p.A. is deeply contaminated by Senek's Golden Circle to the point that many company figures have proposed to read the Canvas starting from the *value proposition* (why) rather than from *customer segments*. Despite this, in this thesis, I will present the two canvases starting from the first building block, *customer segments*, as suggested by Osterwalder and Pigneur (2010), to follow the logic of the right brain and left brain characterizing the framework. Thus, after *customer segments*, we will talk about the *value proposition, channels, customer relationships,* and *revenue stream*, which are all related to the right side of the brain: customer-facing elements. Then, the left side of the brain, which is more logical, analytical, and structured, will emerge when talking about *key resources, activities, partners,* and *cost structure.* Second, as far as the Mogliano Veneto site is concerned, although the chain has been separated by value stream according to the type of window fabricator, during the drafting of the Canvas, I decided not to be influenced by it, especially as regard *customer segments* and *revenue stream* building blocks because *value proposition*, *channels*, and *customer relationships* remain the same for all customers.

Considering the Mogliano Veneto site, the nine building blocks are shown in Figure 3.6. Although the company aims to reach and satisfy a niche market of windows and installers interested in hardware, accessories, finished products, and laying products in which numerous competitors are already interfacing, its *value proposition* is what distinguishes it from others, making the company 'unique' in the eyes of the consumer. Indeed, customers turn to Colfert S.p.A. because the latter does not simply sell hardware but provides services that create added value. These services - including delivery in 24 hours, consultancy in the choice of accessories, lasting and quality personal relationships, training and certification courses, and consultancy for a tax deduction - are offered to all customers, be they occasional or loyal, regardless of turnover.

Moving now to the *channels*, the company communicates and reaches its customers to deliver its *value proposition* through multiple channels. On the company website, customers can consult the online catalog and place orders in complete autonomy through the Extranet portal, wherever they are. Another channel is the company magazine, COLFERTwindow, available in digital format on the website and paper one. The magazine has three issues a year with over 7000 mailings and more than 1000 copies present in the company. It includes advertisements managed by the purchasing department with the support of an external agency, articles with the latest news from the world of doors and windows, a diary of important events that took place in the company, and future projects told directly by Colfert S.p.A.'s employees, and the latest news on training offered by the company. In March 2016, the new technical showroom was inaugurated among the company channels in the Mogliano Veneto headquarters, where architects come together with end customers to raise their awareness and help them evaluate products. It is a space that plays the dual role of training space to enhance the applications of specialized hardware and the ideal setting for sliding door systems,

boiseries, solar shading, and the countless accessories that make up the company's catalog. Another physical place that acts as a channel is the shop, where customers can directly buy products and accessories and take advantage of the free collection service after 90 minutes from the order. It would be wrong to speak of a call center among the channels used by the company to stay in close contact with its customers. In fact, the sales office manages the order from the initial phase to the post-sales one, providing continuous assistance to customers. In addition, each employee follows specific agents within it, offering them support for orders and quotes. Agents and sellers also act as channels. In fact, they interface directly with the end customer, becoming a point of reference for them in the pre and post-sales phase, helping them choose the product and manage any unforeseen inconveniences, establishing therefore dedicated personal assistance. The agents are also divided according to the area and type of client and receive continuous coaching activities from the company managers. Their work is structured around visits to customers, planning visits, and continuous alignment with company objectives.
Starting in 2021, the company, together with the Beltrame and Marchiol Group, has created a synergistic project, Bemaco, to offer customers of the three realities a consultancy and support service for the technical and financial management of building redevelopment interventions that can benefit from the 110% Super Bonus, Ecobonus and the House Bonus at 50%, supporting them from the processing of the paperwork up to the assignment of credit; it is both channel and revenue stream for the company. The second to last channel, YED, is a biennial fair lasting three days organized by Colfert S.p.A. in which various suppliers (not just corporate customers) can exhibit their products. Also, YED is both a channel and revenue stream, and the idea is to expand the possibility of participating in the fair as exhibitors or visitors to all of Italy. YED participants are registered, and the company receives data about which stands and how long the customer stays. The company then uses the data to propose ad hoc promotions to participants who place orders on the fair days. The training course's last channel is also part of *customer relationships*. Indeed, through the training courses, window and door manufacturers can get to know and learn how to exploit the maximum potential of the various products offered through technical courses on products based on the sharing of knowledge among colleagues and carried out in synergy with suppliers. In addition, customers can increase their skills (for example, among the various courses, there is the

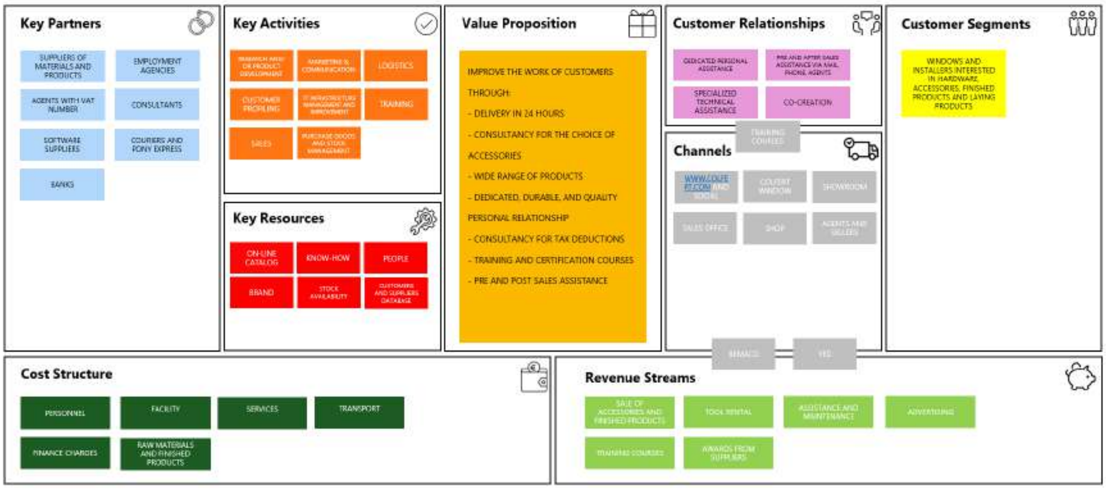
one with certification for the excellent installation of the window) and are a way for the company to build a relationship with them.
Going into the specifics of *customer relationships* used by Colfert S.p.A. to reach its customers together with channels, over the years, the company has managed to establish a dedicated personal relationship with customers thanks to agents and salespeople who meet customers personally, considering the area in which they are located and based on whom is a key account customer. It is essential to say that every customer, regardless of whether she/he is a key account, receives dedicated personal assistance as she/he continuously interfaces with the same agents and sellers who become a point of reference for him. Moreover, Colfert S,p.A. offers pre and after-sales assistance services to its customers via email, phone, and visits from agents. The assistance is also of a specialized technical type as the company has product specialists and a technical office to increase the product life cycle, strengthen the partnership with customers, and train in the field to make customers independent in the installation of products. Customers can also find co-creation opportunities when choosing this company. Indeed Colfert S.p.A. has created products with customers who actively participated in the product's design. As happened in the case of Doxil, the insulating sill in stainless steel was created step by step with customers to meet their needs.
The fifth building block, *revenue stream*, is generated by all the blocks considered until now, and considering comfort S.p.A., it includes eight different sources of money flows. Indeed, revenue mainly comes from the sale of both accessories and finished products (i.e., all products assembled and made to measure, such as roller shutters, mosquito nets, armored doors, blinds, and automatic doors), tool rental, assistance and maintenance services, and advertising in the form of posters displayed in the company with the names and products of suppliers and through the COLFERTwindow magazine. Another revenue stream, as previously mentioned, comes from Bemaco as the company receives a monetary sum for the management of the documentary flow inherent to the practices. Even YED, the biennial fair created and organized by Colfert S.p.A., is a source of revenue as on this occasion, the window makers pay to exhibit their products, whereas the entry to YED is entirely free. A good part of the proceeds also comes from training courses offered by the company, such as a 3-days course of excellent pose conceived in 2014 by Colfert S.p.A. with the collaboration of the LegnoLegno Consortium to

accompany the window maker to qualify installers according to UNI 11673-2 and 3 standards recognized and authorized by the POSA QUALITA' brand. During the course, window makers can acquire knowledge and skills that help them improve their work, work in safety, optimize times during the installation phases on-site, assess the risks during the design and installation phases, and certify their skills. At the end of the course, the participant obtains the certificate of participation for the level 4 EQF team leader.
Moreover, participants can take the exam to obtain the qualification of 'installer of windows, level leader,' which takes place directly in Colfert S.p.A office in Mogliano Veneto as it becomes an officially qualified examination center. Finally, since Colfert S.p.A. is a b2b company, it is a customer of its supplier. An agreement was drawn up with the latter, which provides for the payment of a monetary bonus if Colfert S.p.A. reaches an inevitable turnover agreed with the supplier within the year.
The forthcoming building block, *key resources,* contains seven elements fundamental for the functioning of Colfert S.p.A.'s business model. The online catalog of 26 thousand product references can be consulted on the company website. In addition to the price of products, it is also possible to access the relative technical and safety data sheets in digital format, promotions, and accessories. For Colfert S.p.A. also, the know-how is a key resource as it is not so important what I sell but how I sell it, how I do things to satisfy customers. The latter, together with suppliers, is part of a database containing useful information collected over the years. This database is key to the company because if it were lost, the business would stop.
Moreover, when talking about Colfert S.p.A., many immediately consider the Zagato family (founders) and then the hardware sold, thanks to the almost direct relationship that the founders have established over the years with their customers. Furthermore, as previously highlighted, people - understood as employees and, more generally, stakeholders - are of fundamental value to the company because there would be no company itself without them. The brand is also an essential resource as, over the years, the yellow box has become synonymous with reliability and transparency for many, as the company is a universe of values and concepts, as well as clear, transparent, and punctual with payments to suppliers. For the good functioning of the company business, stock availability is fundamental, above all to guarantee the delivery of the goods within 24 hours from the order.

As far as *key activities* performed by the company, the sales activity obviously cannot be missing. As already mentioned, Colfert S.p.A. deals with selling hardware and accessories and provides services to its customers. To carry out the sales activity, the purchase of goods and inventory management are fundamental, so much so that this is also a key activity for the company business. Product research and development are key to providing consumers with quality, cutting-edge products capable of satisfying their needs. This is especially true for products explicitly created for installing doors and windows, which have been realized after in-depth research.
Furthermore, in recent years Colfert S.p.A. has heavily invested in logistics (goods acceptance and shipping area of the warehouse) to ensure an excellent delivery service to the customer and increase the well-being of employees engaged in the warehouse. Indeed, numerous investments have been made in capital goods for employees' safety and well-being, such as a forklift with accident prevention lights, a vertical manipulator, and a shelf not at height. Warehouse logistics has been wholly redefined from a lean perspective leading to the reduction of the kilometers walked by each warehouse worker inside the warehouse, optimization of space using vertical warehouses, and greater digitalization of warehouse logistics with new "Stockforce" software that has enabled the elimination of paper. Also, marketing and communication-related activities, considered separately and not intended as a marketing lever, are key for the company, and heavy investments have been made. Colfert S.p.A.'s marketing department has concentrated great efforts on the key customer profiling activity. From the perspective of business subdivision by value stream, this activity is essential to collect more data on individual customers and then turn it into information when analyzed within the entire customer base. Above all, profiling is a helpful tool for marketing aimed at obtaining detailed analyses of both current and potential customers to find out which are the primary customer segments within its customers according to criteria such as age, frequency of purchase, type of need, and to manage the customer through an agent. Thanks to customer profiling activity, the company has been able to identify the real driver of business growth and make adequate investments in marketing and communication. Another key activity is the management and improvement of IT infrastructure to provide customers with smooth and uninterrupted access to the corporate website and online store, collect data in real-time, rapidly develop and launch new solutions to market, and improve employee productivity.

Specifically, these are activities aimed at managing and improving the internal Extranet platform used by customers to place orders, the purchasing software, software and configurators used in the warehouse, and the CRM management system. Additionally, the company deals with training staff and its customers to improve their soft skills and hard skills, offering several courses such as technical courses on products, commercial courses, personal growth courses, and language courses.
Not all the resources employed come directly from the company, just as not all the activities are carried out internally. Hence, the company relies on seven entities, *key partners*, to acquire some resources and perform some activities. Most of the materials used (such as paper, samples, and materials for cylinders and strips), products marketed, and software used to come from external suppliers. Colfert S.p.A. produces a single product, the bioclimatic pergola, through YCO (for which a separated business model canvas has been created, which will be presented later). In the personnel selection phase, external employment agencies are key in proposing new candidates for open job positions based on company needs and requirements.
Moreover, some agents have a VAT, and they carry out their business autonomously and continuously. Furthermore, the company turns to consultants to receive advice on training-related activities, improve IT infrastructures and organization, and administrative consultancy. While the logistics are managed internally, the shipment of the goods is entirely outsourced by relying on couriers and pony express. Finally, banks are essential because Colfert S.p.A. could never conduct its business without relying on their support, especially regarding Benaco.
The last building block, *cost structure*, concerns the costs that the company must support to conduct its daily operations. As far as Colfert S.p.A., it is possible to identify costs related to personnel, such as salaries and those corresponding to the facility, for example, utilities, and those linked to the purchase of raw materials and finished products. Other costs are the ones concerning services on which the company counts to carry out its business, for example, consulting, and the ones related to the transport for the delivery and distribution of products and finance charges.

Figure 3.6: Business Model Canvas for Mogliano Veneto Site



Source: own elaboration from Colfert S.p.A's materials and interviews with managers

Considering YCO (Yellow Colfert Outdoor), Colfert S.p.A.'s business unit in Dosson is detached from the headquarters. It deals for 20% of glass systems, awnings, and sunshades and the remaining 80% of the production of bioclimatic pergolas known by the name 'Waterproof.' Your team is composed of a back-office that deals with customer relations from the initial phases to the delivery of the product, a technical office that deals with the design of new projects that do not have a history, production, and product specialists who support the agents and provide technical answers to customers.

Colfert decided to move production to an owned building to separate it from the main business activity because YCO's products (especially the Waterproof pergola) have a higher cost than the products marketed by the headquarters in Mogliano, and Colfert's fear was that (potential) customers would ask themselves the question: *"how is it possible that a hardware store is also manufacturing to produce sophisticated products? "That's* why YCO products are sold separately. Moreover, the reallocation of production allowed the redevelopment of an existing warehouse, avoiding further land use. The company has invested in photovoltaic panels that make it possible to use clean energy for the most energy-intensive production activities and in five heat pumps to increase the energy efficiency of the building.

As with the Mogliano site, an in-depth analysis of the elements of YCO's business will be carried out using the business model Canvas logic (Figure 3.7).

YCO focuses on a single *consumer segment* made up of 97% fabricators and 3% by retailers of outdoor products. The fabricators who decide to purchase the products are already customers of Colfert Mogliano and the services that YCO offers are aimed more at them than at retailers of outdoor products because usually, the fabricators are not also installers. The search for quality sun protection systems unites the two types of consumers, sought above all in the CE marking. Even the design, combined with the possibility of customizing the products according to your needs and the pre- and post-sales service, are elements that push consumers to choose YCO. Hence, the *value proposition* YCO has devised for target customers goes beyond the simple sale of solar protection systems to include a series of services such as site analysis, survey, detailed measurements, installation, and after-sales assistance because the YCO business id revolves around service and customization.

Considering the next block of the Canvas *channels* used to reach the customer segment, all the products and services offered by YCO can be found both on the Colfert website (www.colfert.com) and the specific website designed exclusively for all outdoor products (www.ycooutdoor.com). Social media such as LinkedIn and Facebook are also widely used channels by the company to always stay in touch with its customers providing them with news and promotions. Another channel used by the company is the showroom located at the entrance and designed to show customers outdoor products and what a bioclimatic pergola complete with accessories consists of. Indeed, most of YCO's notoriety is due to Colfert Mogliano, who is synonymous with guarantee ensures the same for these products, but also the fairs in which YCO has exhibited and still exhibits its products have benefited a strategic role for this purpose. Moreover, YCO has decided to make itself known and stay in contact with its customers, also using the press, as evidenced by the articles published in the newspapers *Il Messaggero* and *Il Piccolo*. The outdoor products were exhibited during the YED and in larger fairs such as Klimahouse (Bolzano), which hosts over 36,000 visitors from Italy, with over 150 events focused on energy efficiency and building renovation. A sales network composed of agents plays a key role in finding potential customers, persuading them to buy, and keeping them satisfied.

As far as YCO's *customer relationships* are concerned, it could be helpful to specify that, as Colfert does, YCO relates and communicates with window fabricators while it does not have a direct relationship with end customers. However, it is possible to highlight two central relations: customization and co-creation, which allows customers to adapt products according to their needs and play an active role in creating the pergola for their home. These two, together with services such as technical assistance, dedicated personal assistance, and both laying and installation service, are the reason why customers choose to purchase YCO products rather than those from other competing companies.

All the blocks mentioned until now lead to *revenue streams* made up of two elements the sale of outdoor products and services as assistance, maintenance, and laying. Most of the time, the two coexist as most of the fabricators that buy YCO products also require services. For example, most of them have never installed a pergola, and therefore, the laying service becomes essential.

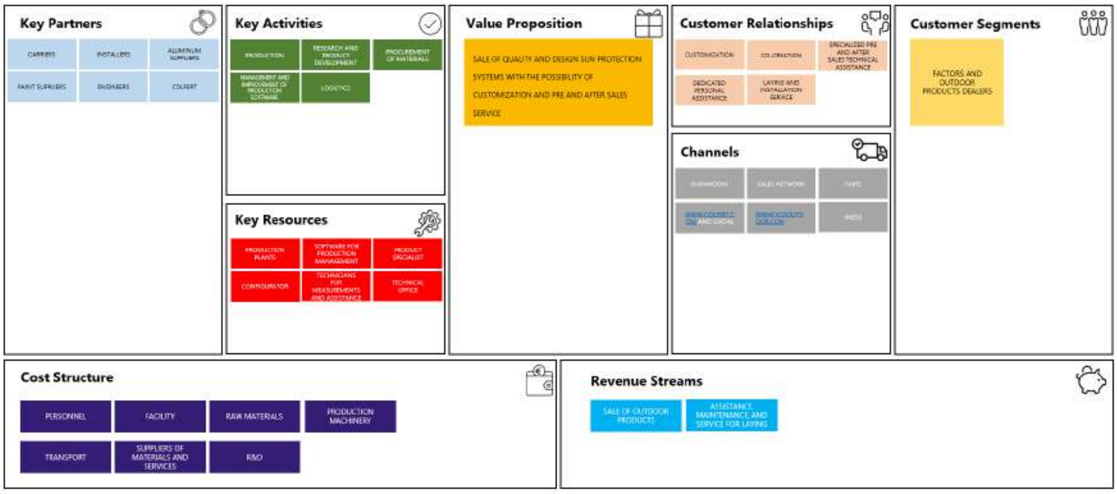
Being YCO is a manufacturing company, production plants are part of the *key resources* for the company to do the entire business work. The efficiency of production plants is possible thanks to the second key company resource, the software for production management. The latter allows YCO to plan and schedule production, obtain quick responses, and reduce costs. The information is processed quickly, leading to a complete view of materials and resources, optimizing production activities for individual resources or groups. Product specialists are also key for the company, as particular skills are required both at the functional and technical levels. Their presence is fundamental in developing sales, price, and profitability strategies and identifying new business opportunities, and recommending improvements to existing activities to increase profitability. The goal is to deliver an excellent product to the market and follow it throughout its life cycle, from development to sales. Another key resource is the configurator for production, which consists of software capable of drawing up a quote for the customer and immediately giving instructions to the production machinery. The configurator also allows the fabricator to realize his ideal project and, if confirmed, the project will be checked by the technical office, this last key company resource. In addition, the configurator communicates the materials and processes required to the window maker. Finally, the last key resource is all the technicians who deal with detecting the measures and providing assistance.

Moving to the *key activities* building block, among the fundamental activities of the business, there is, as already mentioned, the production of bioclimatic pergolas that exploit an air recycling system. The research and development of the product are key for the company as the know-how is crucial in this context to achieve constant innovation and stay on the market. The focus is on improving existing products or discovering and developing new ones by making processes more efficient or implementing new production techniques. The other two key activities are the procurement of materials and the management and improvement of production software which are essential to maximizing the volume of production performance. The former is crucial to guarantee the proper conduct of the product and the distribution and sale of YCO products. The latter requires continuous improvements to accurately calculate the need for components necessary for production and plan the processing. To conclude, YCO puts much effort into logistics, planning and organizing the correct storage of materials used, and optimal use of the company warehouse to guarantee the correct supply and manage the flow of outgoing goods.

Another element fundamental for YCO’s business is key partners. As already mentioned, the logistics are managed internally, but for the delivery of goods, YCO relies on external carriers. Many of the materials used for glass systems, awnings, sunshades, and bioclimatic pergolas came from external suppliers, as in the case of aluminum and paint. Then, they are eventually assembled internally. Installers and engineers are external figures working for YCO even if, in the future, it might happen that some of these figures will be hired to work directly in the company as employees and give their daily contribution. As of last, Colfert is a key partner for YCO as most of its customers have become YCO customers as well, and even if both do not explicitly reveal the relationships between them, there is a relationship based on cooperation synergies and interconnections.

All the previous sections generate the *cost structure* where it is possible to distinguish the seven main costs. These costs are generated by the personnel, the facility, and raw materials, but huge costs are related to the production machinery, transport of goods, suppliers of materials and services, and R&D.

Figure 3.7: Business Model Canvas for YCO Dosson



Source: own elaboration from Colfert S.p.A's materials and interviews with managers

3.3.2 B Impact Assessment

The B Impact Assessment was not an entirely new tool for Colfert S.p.A., at least for the CFO and the external business consultant. In fact, in 2019, they tried to answer questions together based on their knowledge and perception without involving the other company figures. On that occasion, the consultant was pleased to show broadly what the self-assessment consisted of without going into too much detail because this would have required more concrete reasons, and above all, it would have been necessary to find appropriate data to answer the questions.

Nothing prevents you from using the tool, even with the simple aim of satisfying your curiosity, but you must know that the veracity of the resulting score is highly influenced by how the questionnaire is filled in. The result obtained in 2019 is easily questionable, based on answers without supporting data. For this reason, when I was asked if the score of 43.1 points could represent the 'as is,' I answered no. The general perception was that the score, based on a collection of data from the figures directly interested in specific issues, would have been higher this time. I advance from now that, unfortunately, this has not happened.

It must be said that the compilation of the BIA began before the company decided to become a benefit. Many have probably believed (or have tried to trust) in the tool's power, believing they will take part of their time to stop and think to give pertinent answers.

Before going into details of the results obtained, it is equally important to know how we obtained them. Initially, 194 BIA questions were downloaded from the site in Excel format based on company specifications posted on the B Lab site. In Table 3.2, it is possible to see how the 194 questions are split into the five BIA's impact areas.

Table 3.2: The BIA's questions divided into the five impact areas

BIA Impact Area	Number of questions per area
Workers	51
Environment	63
Customers	12
Community	43
Governance	25
Total	**194**

Source: own elaboration from BIA questionnaire

Then, as shown in Table 3.3 and Table 3.4, each question was assigned a company area delegated to answer: the area manager should have assessed from time to time, within his team, how and to whom to entrust the task of answering (and consequently finding supporting documentation to attach with the answers). Some questions have been assigned to multiple areas. For example, "Area Manager / Marketing" in this case, two different answers were required, which would then be discussed to give a single answer later. For any need regarding the compilation of the questionnaire and supporting documentation, the managers could request my support intervention.
Also, considering the questions belonging to the "Managers" label in which all managers were asked to provide an answer, the area to which most of the questions were assigned is HR with 77 questions (questions belonging to the 'Workers' impact area are 51 out of a total of 194 questions), followed by administration with 53, and board of directors with 42 (25 of them correspond to the Governance impact area). The areas to which fewer questions were assigned were CEO and general shareholders' meeting with only one question for each since it was decided not to load them with work as the Board of Directors knew how to answer the questions relating to governance.

Table 3.3: Number of BIA questions for each company area

Colfert's Area	Number of questions
ADMINISTRATION	39
AREA MANAGER	5
BOARD OF DIRECTORS	28
CEO	1
GENERAL SHAREHOLDERS' MEETING	1
HR	63
IT	3
LEAN MANAGER	10
LOGISTICS	14
MANAGERS	14
MARKETING	6
PURCHASE	34
TEAM LEADER VALUE STREAM[2]	1
TEAM LEADER YCO	1
TECHNICAL OFFICE	4
TRAINING[3]	8
Total	**194**

Source: own elaboration from BIA questionnaire

Knowing how much and how the top management would have been committed to answering the questions helped us start to understand the timing with which we will have received feedback and make some estimates of the time needed to get the overall score of the questionnaire (also considering the compilation time of the same). Managers were initially assigned a deadline for responses of two weeks from the day they received the questionnaire. However, this was not respected because some questions required much reasoning to provide an answer, others were rather vague, and still, others asked for numerical data whose documentation had to be found. Almost four weeks were spent providing answers that were still partial and some still missed.

[2] We mean the team leaders of aluminium-iron and wood-pvc, and finished product respectively.
[3] This refers to the person who oversees jorganizing internal training within the marketing department.

Table 3.4: Number of BIA questions for each company area with multiple company figures grouped under a single label when necessary

Colfert's Area	Number of questions per area
PURCHASE	24
PURCHASE/ADMINISTRATION/TECHNICAL OFFICE	1
PURCHASE/AREA MANAGER	2
PURCHASE/HR	1
PURCHASE/LEAN MANAGER/LOGISTICS	5
PURCHASE/TECHNICAL OFFICE	1
CEO	1
ADMINISTRATION	35
ADMINISTRATION/MARKETING	2
ADMINISTRATION/TECHNICAL OFFICE/AREA MANAGER	1
AREA MANAGER/MARKETING	2
GENERAL SHAREHOLDERS' MEETING	1
BOARD OF DIRECTORS	25
BOARD OF DIRECTORS/MANAGERS	3
TRAINING/HR	8
HR	54
IT	3
LEAN MANAGER	1
LOGISTICS	5
LOGISTICS/LEAN MANAGER	4
MARKETING	2
TEAM LEADER YCO/TEAM LEADER VALUE STREAM/TECHNICAL OFFICE	1
RESPONSABILI	1
MANAGERS	11
Total	**194**

Source: own elaboration from BIA questionnaire

The BIA questionnaire was completed almost in its entirety, leaving very few unanswered questions in each area (as shown in Figure 1, just 15 questions out of 194 were left blank), considering that many questions provide for the possibility of selecting 'none of the above or 'N / A' as an answer. At the end of the self-assessment, Colfert, somewhat reluctantly compared to the initial expectations, obtained an overall score of 35.08 out of 126.18 available points on the five impact areas.

The area in which the company achieved the best performance in terms of sustainable impact was Customers, with 2.94 points obtained out of 4.58 available, followed by Workers with 13.69 out of 33.05. Conversely, the area where the company proved to be weakest was the Environment, with only 6.18 points earned out of 43.77, Communities with 7.78 points out of 28.8 available, and Governance with 4.49 out of 16.5 (see Table 3.5, Table 3.6, and Figure 3.8). We also checked which business areas the points came from for each impact area to understand which Colfert's areas could be weaker in terms of positive, sustainable impact. (To see in detail how the sum of points available for each impact area are split among Colfert's areas, look at Table 3.7, Figure 3.9, Table 3.8, Figure 3.10, Table 3.9, Figure 3.11, Table 3.10, Figure 3.12, Table 3.11, and Figure 3.13). The check of the points divided by company areas was not the subject of further reasoning because it was preferred to avoid associating the company areas with scores in terms of impact so that none of the managers or employees felt too responsible for having 'caused' a negative score. Despite this, the data collected could be helpful in the future if the company decides to try to increase the score to apply for the B Corp certification, as it could decide which actions to implement and to whom to entrust the responsibility for their implementation.

About the areas where the company showed a weak performance, it should be kept in mind that Colfert is heavily penalized in terms of the Environment as it is a commercial and non-productive company (YCO, as already mentioned, represents only 6% of the total turnover) and therefore cannot intervene in an incisive way on its production process to make it more eco-sustainable. Just as considering the Environment impact area, since Colfert is a b2b company that markets products that come from other suppliers, it cannot structure the products so that they can preserve or restore the Environment, for example, by using a good percentage of recycled material. Despite this, however, as suggested by some questions from the BIA, the company could intervene in its internal processes and operations, making them more sustainable by focusing, for example, on energy and water efficiency processes in company structures, organization of logistics and transport in a more sustainable way, reduction of cardboard and plastic in the packaging of goods to be shipped, setting objectives for waste reduction and energy consumption, or introducing a formal program for the recovery of materials. Colfert has also proved to be very weak about the management and monitoring of greenhouse gas emissions (7 questions from the environment area concern this area for a total of 2.95 points), neither controlling nor managing them and therefore not being able to reduce them. The number of tonne-kilometers (concerning turnover) of its distribution and supply chain or implement measures to manage and reduce greenhouse gas emissions produced directly by or through its supply chain. Moreover, the company has never conducted an assessment on the supply chain that also considers the quantity and monitoring of waste produced, including toxic and hazardous waste and the impact on biodiversity.

As far as the Community impact area is concerned, it is specified that B Lab, being an American institution, considers some dynamics, such as the protection of minorities, inclusivity, diversity, and racial aspects, which usually receive more attention in America than in Europe. As shown in Figure 3.14, Figure 3.15, Figure 3.16, Figure 3.17, Figure 3.18, Figure 3.19, and Figure 3.10, Colfert scored zero points in most of these questions since many of them touch deeply on aspects such as the existence of underrepresented groups that the company has never bothered to consider.

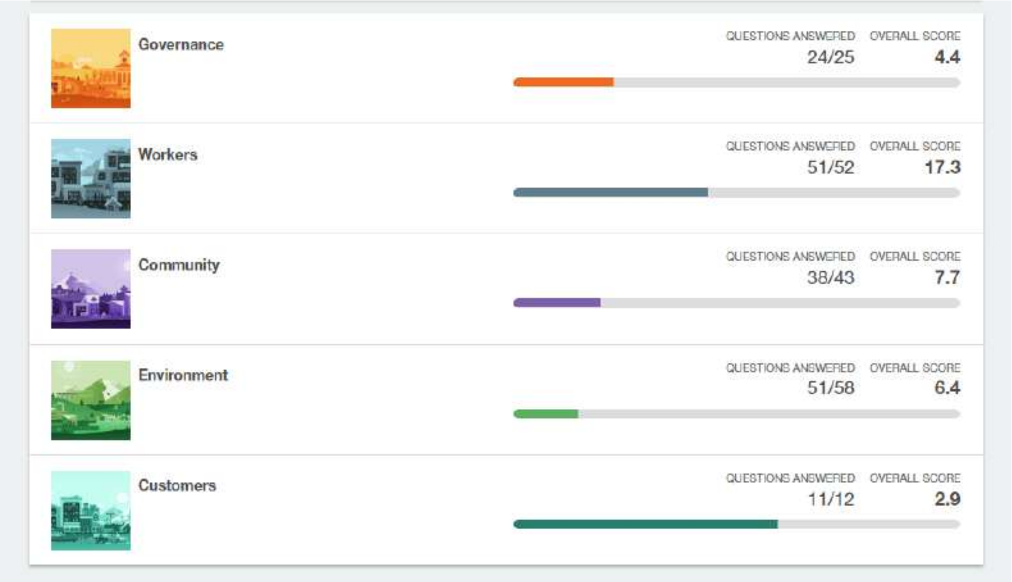
Concerning Governance, contrary to the intentions of the CEO, who does not intend to change the organizational structure, it is necessary to recover adequate organizational models as the company is under-structured concerning how it should be from a sustainable perspective. Indeed, although there are some practices in place, these have never been formalized through written guidelines or policies, just as there has never been a well-structured sustainability project. Colfert was not used to considering its social and environmental impact as high priority elements in decision-making. For example, by adopting employee and Board of Directors performance reviews that formally incorporate environmental and social issues or measuring externalities in monetary terms and incorporating them into financial balances. Besides this, some informal action has been taken over the year to identify, measure, and manage some social and environmental issues by measuring the material, social outcomes produced by the company's performance on its KPIs over time using a statistic on the mood of employees upon entering the company by tracking data via a company-owned web platform and by proposing the Grate Place to Work questionnaire.

In contrast, there are no tracked results about the material aspects in the environmental field. The lack of a code of ethics and anti-corruption practices weighs heavily in terms of points, resulting in a loss of 3 points. On the other hand, transparency, which has been transmitted for years as a corporate value, is rewarded by the BIA with 2 points. It is valued in terms of information that the company makes publicly available about the company's beneficial ownership and Membership of the Board of Directors, financial performance transparent to all employees by disclosing it at least quarterly, and publicly reporting its financial statement. To conclude, it is pointed out that in the section dedicated to Governance, there is a question that is worth more points in absolute (10 points). This question embodies how Governance should be structured, rewarding companies that use their corporate Governance or structure to formally consider stakeholders in their decision-making process. This legally protects a business when pursuing its non-financial objectives for its own sake and making mission-aligned decisions over time. Considering Colfert, the answer to this question was given before the company became benefit (like the rest of the answers to the BIA questions) and resulted in 2.50 points. Today Colfert, having officially become a benefit company on 25 March 2022 with the affixing of the signature by the notary, would have earned 7.50 points out of 10, totaling a score of 9.49 out of 16.5 points available for the Governance area.

They are now considering the impact areas where Colfert obtained a better score. As far as Customers, it is necessary to highlight that the company has implemented various policies in their favor since 2010 with the creation and subscription of the Customer's Charter of Rights to establish which principles and ideals must be followed to deal with them. Moreover, over the years, the company has organized itself to manage the value and impact created for its customers by offering warranties and guarantees, as well as having third party quality certifications in over 75% of products sold, monitoring customer satisfaction, and sharing results internally within the company, and implementing formal quality control and customers' complaint mechanisms through a month of receipt used to respond directly to inquiries or complaints and by proving customers with lifetime support.

Considering the Workers' impact area, the score obtained is undoubtedly also due to the decision to place the person at the center of corporate values. The company constantly monitors the quality of the corporate climate to ensure a correct and abuse-free relationship between employees and between employees and managers. However, this occurs above all through non-formalized routine procedures but by observing industry satisfaction benchmarks. In addition, the company provides many training opportunities to all workers for professional development as the onboard process for new employees, training on core job responsibilities, cross-skills training for career advancements, soft-skills training, and reimbursement for masters. Moreover, the company guarantees that its employees have their jobs upon return if they seek to take a short-term leave or sabbatical as well as employees can make lateral moves or change their career direction. The company is also structured to benefit its employee by providing high-quality jobs or professional development for workers with chronic barriers to employment. In addition, the management's commitment to worker safety and health is considered through written safety and health policies to minimize workers' injuries and accidents, integrating health and safety in the management planning process and involving workers in safety planning, audits, and resources allocation. It is highlighted that the score obtained was partly influenced by the application of Contratto Collettivo Nazionale di Lavoro (CCNL), which is part of Italian labor law, and the provisions set out by Istituto Nazionale Previdenza Sociale (INPS) and government plans on workers. The company earned 7 of the 13.69 points scored in the workers' area simply by complying with what is imposed on it by the law and by the bodies dealing with workers' issues. For example, as shown in Figure 3.21, 2.52 points come from respecting the minimum living wage for an employee provided for by the CCNL, whereas 1.43 points come from health care benefits insured to all employees in applying government plans (see Figure 3.23). Besides this, the BIA goes in-depth, asking companies whether they provide benefits for workers beyond those required by law or government policies (as shown in Figure 3.24).

Figure 3.8: B Impact Assessment performance of Colfert S.p.A.



Source: Colfert's S.p.A. B Impact questionnaire on B Impact Assessment website

Table 3.5: B Impact Assessment performance of Colfert S.p.A. among company's areas

Area	Sum of obtained results	Sum of available results
Environment	**6,18**	**43,77**
PURCHASE	0,88	11,43
PURCHASING/LEAN MANAGER/LOGISTICS	0,34	3,82
ADMINISTRATION	2,97	12,97
CDA	-	5,42
BOARD OF DIRECTORS/MANAGERS	-	-
HR	-	0,59
IT	-	1,90
LOGISTICS	-	1,27
LOGISTICS/LEAN MANAGER	1,23	2,72
MANAGERS	0,76	1,75
MANAGERS	-	1,90
Customers	**2,94**	**4,58**
PURCHASE	1,07	1,92
PURCHASING/AREA MANAGER	0,64	0,76
ADMINISTRATION/TECHNICAL OFFICE/AREA MANAGER	-	-
AREA MANAGER/MARKETING	0,53	0,76
IT	0,57	0,76
RESPONSIBLE	-	-

YCO TEAM LEADER/VALUE STREAM TEAM LEADER/TECHNICAL DEPARTMENT	0,13	0,38
Community	**7,78**	**28,28**
PURCHASE	0,63	3,46
PURCHASING/ADMINISTRATION/TECHNICAL OFFICE	0,21	0,63
PURCHASING/HR	-	0,59
PURCHASING/TECHNICAL OFFICE	-	0,63
TO	0,14	0,28
ADMINISTRATION	2,16	4,15
ADMINISTRATION/MARKETING	0,44	2,21
CDA	-	4,19
HR	3,40	7,80
MARKETING	0,80	1,18
MANAGERS	-	3,16
Governance	**4,49**	**16,50**
ADMINISTRATION	0,55	1,50
SHAREHOLDERS' MEETING	2,50	10,00
CDA	1,31	4,50
BOARD OF DIRECTORS/MANAGERS	-	-
LEAN MANAGER	0,13	0,50
Workers	**13,69**	**33,05**
TRAINING/HR	1,64	2,59
HR	12,05	30,46
Total	**35,08**	**126,18**

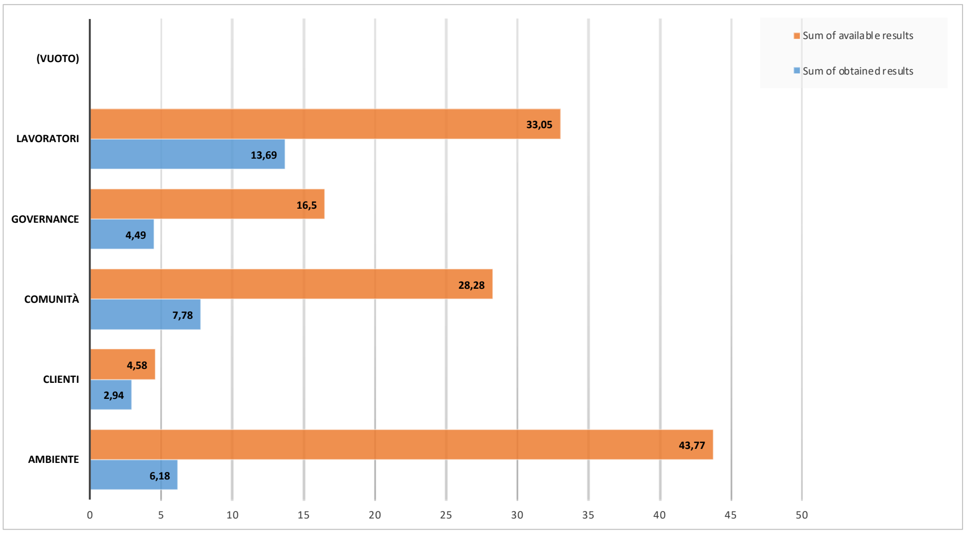
Source: own elaboration from Colfert's S.p.A. B Impact questionnaire on B Impact Assessment website

Table 3.6: Gap between sum of points obtained over sum of points available for each B Impact area

Area	Sum of obtained results	Sum of available results
Environment	6,18	43,77
Customers	2,94	4,58
Community	7,78	28,28
Governance	4,49	16,5
Workers	13,69	33,05
Total	**35,08**	**126,18**

Source: own elaboration from Colfert's S.p.A. B Impact questionnaire on B Impact Assessment website

Figure 3.9: Gap between sum of points obtained over sum of points available for each B Impact area



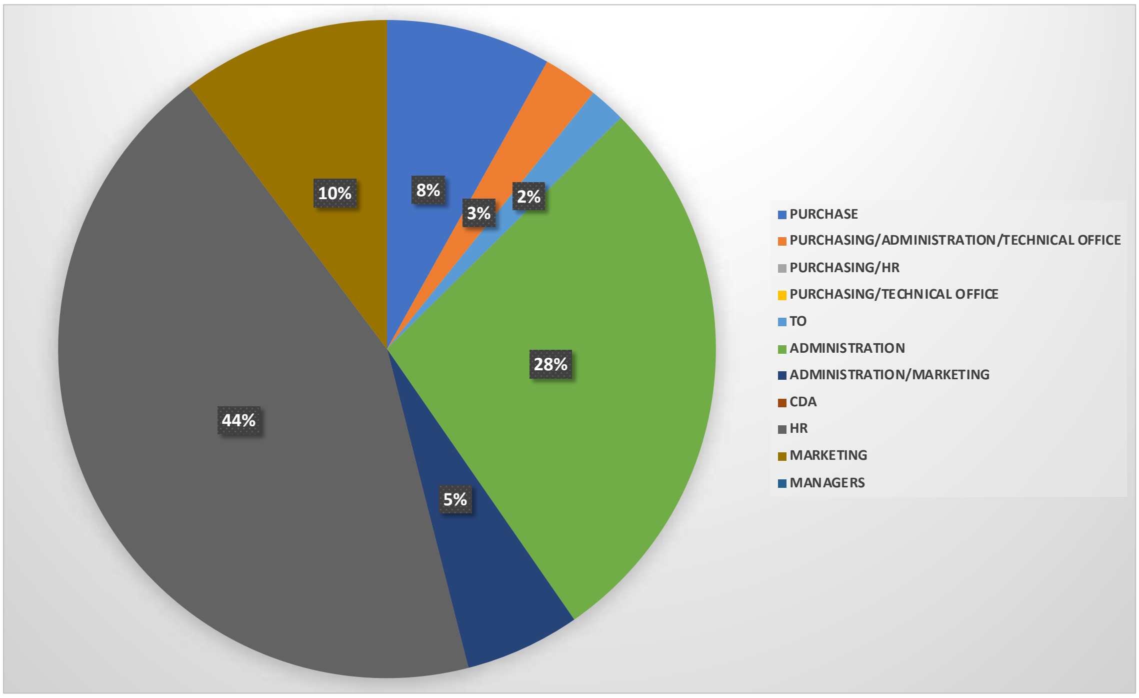
Source: own elaboration from Colfert's S.p.A. B Impact questionnaire on B Impact Assessment website

Table 3.7: Community, sum of obtained points splitted among Colfert's areas

Area	Sum of obtained results	Sum of available results
Community	**7,78**	**28,28**
PURCHASE	0,63	3,46
PURCHASING/ADMINISTRATION/TECHNICAL OFFICE	0,21	0,63
PURCHASING/HR	-	0,59
PURCHASING/TECHNICAL OFFICE	-	0,63
TO	0,14	0,28
ADMINISTRATION	2,16	4,15
ADMINISTRATION/MARKETING	0,44	2,21
CDA	-	4,19
HR	3,40	7,80
MARKETING	0,80	1,18
MANAGERS	-	3,16

Source: own elaboration from Colfert's S.p.A. B Impact questionnaire on B Impact Assessment website

Figure 3.9: Community, sum of obtained points available splitted among Colfert's areas



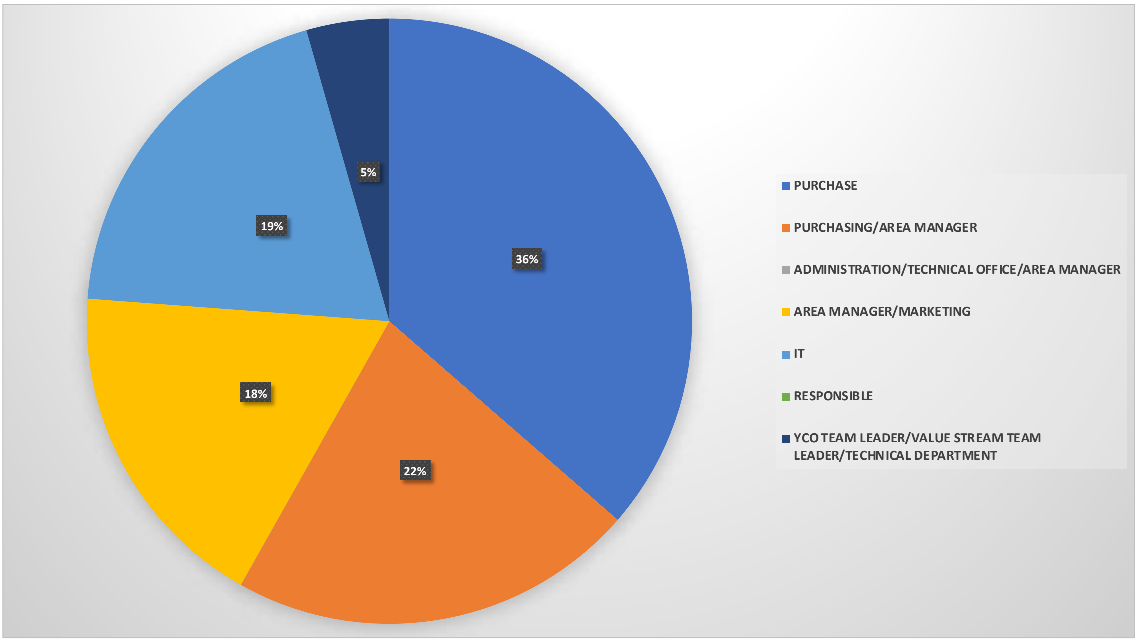
Source: own elaboration from Colfert's S.p.A. B Impact questionnaire on B Impact Assessment website

Table 3.8: Customers, sum of obtained points splitted among Colfert's areas

Area	Sum of obtained results	Sum of available results
Customers	**2,94**	**4,58**
PURCHASE	1,07	1,92
PURCHASING/AREA MANAGER	0,64	0,76
ADMINISTRATION/TECHNICAL OFFICE/AREA MANAGER	-	-
AREA MANAGER/MARKETING	0,53	0,76
IT	0,57	0,76
RESPONSIBLE	-	-
YCO TEAM LEADER/VALUE STREAM TEAM LEADER/TECHNICAL DEPARTMENT	0,13	0,38

Source: own elaboration from Colfert's S.p.A. B Impact questionnaire on B Impact Assessment website

Figure 3.10: Customers, sum of obtained points splitted among Colfert's areas



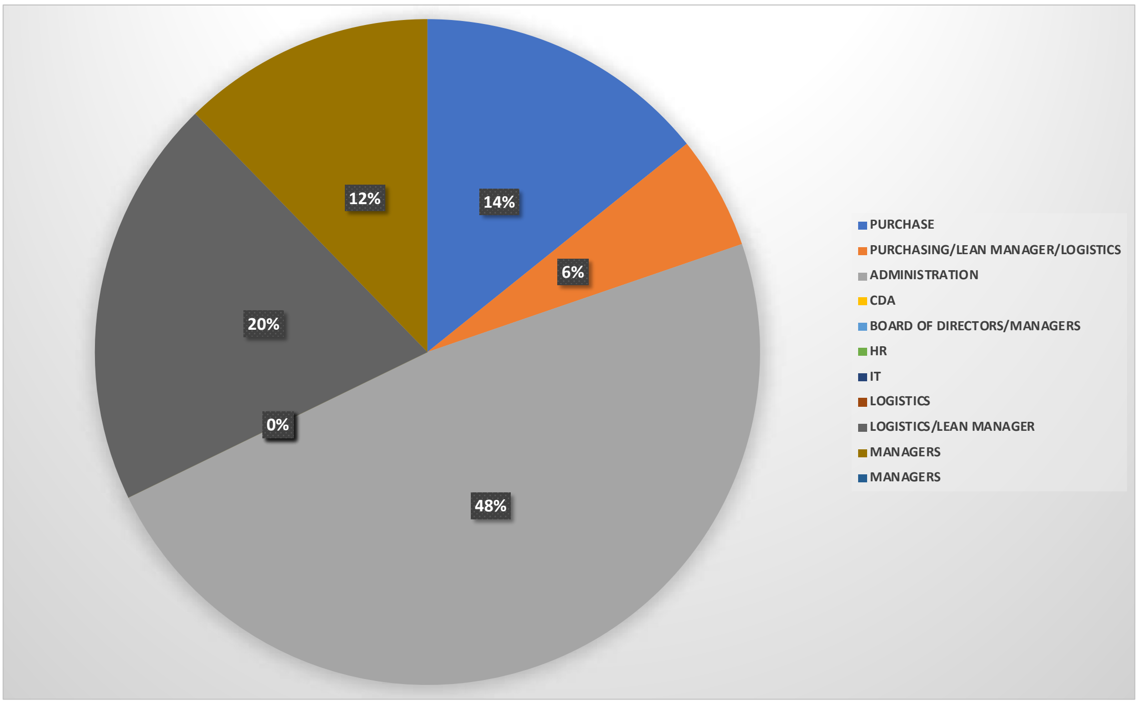
Source: own elaboration from Colfert's S.p.A. B Impact questionnaire on B Impact Assessment website

Table 3.9: Environment, sum of obtained points splitted among Colfert's areas

Area	Sum of obtained results	Sum of available results
Environment	**6,18**	**43,77**
PURCHASE	0,88	11,43
PURCHASING/LEAN MANAGER/LOGISTICS	0,34	3,82
ADMINISTRATION	2,97	12,97
CDA	-	5,42
BOARD OF DIRECTORS/MANAGERS	-	-
HR	-	0,59
IT	-	1,90
LOGISTICS	-	1,27
LOGISTICS/LEAN MANAGER	1,23	2,72
MANAGERS	0,76	1,75
MANAGERS	-	1,90

Source: own elaboration from Colfert's S.p.A. B Impact questionnaire on B Impact Assessment website

Figure 3.11: Environment, sum of obtained points splitted among Colfert's areas



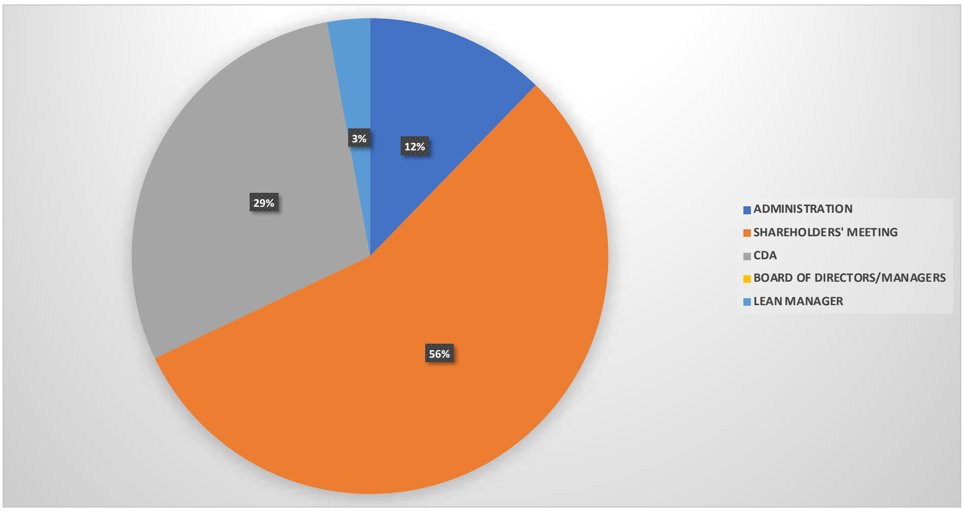
Source: own elaboration from Colfert's S.p.A. B Impact questionnaire on B Impact Assessment website

Table 3.10: Governance, sum of obtained points splitted among Colfert's areas

Area	Sum of obtained results	Sum of available results
Governance	**4,49**	**16,50**
ADMINISTRATION	0,55	1,50
SHAREHOLDERS' MEETING	2,50	10,00
CDA	1,31	4,50
BOARD OF DIRECTORS/MANAGERS	-	-
LEAN MANAGER	0,13	0,50

Source: own elaboration from Colfert's S.p.A. B Impact questionnaire on B Impact Assessment website

Figure 3.12: Governance, sum of obtained points splitted among Colfert’s areas



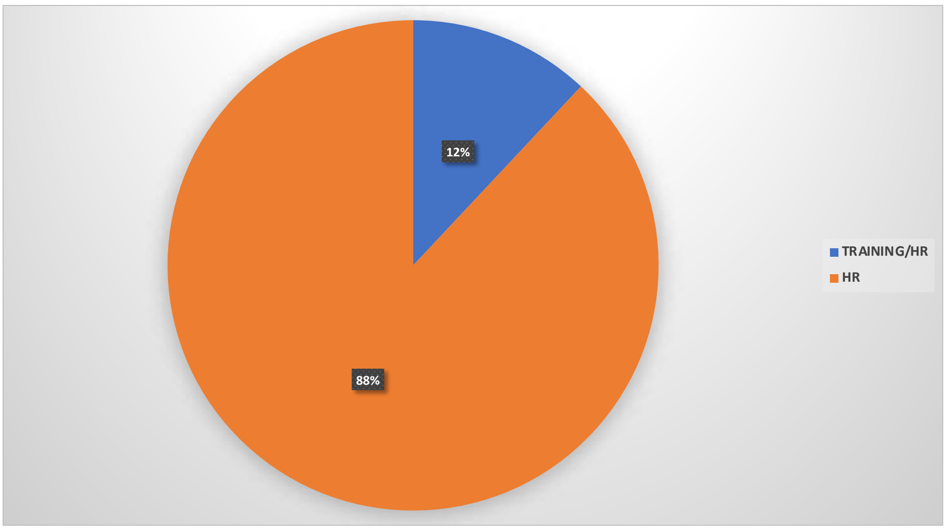
Source: own elaboration from Colfert’s S.p.A. B Impact questionnaire on B Impact Assessment website

Table 3.11: Workers, sum of points available splitted among Colfert’s areas

Area	Sum of obtained results	Sum of available results
Workers	**13,69**	**33,05**
TRAINING/HR	1,64	2,59
HR	12,05	30,46

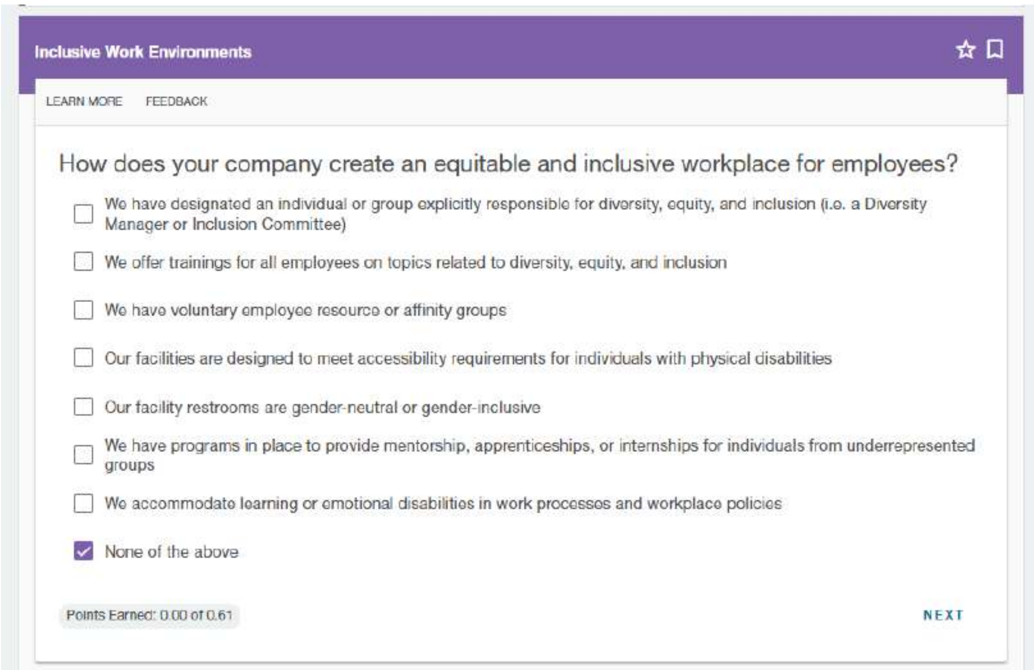
Source: own elaboration from Colfert’s S.p.A. B Impact questionnaire on B Impact Assessment website

Figure 3.13: Workers, sum of obtained points splitted among Colfert’s areas



Source: own elaboration from Colfert’s S.p.A. B Impact questionnaire on B Impact Assessment website

Figure 3.14: Community Impact Area – Diversity, Equity, & Inclusion – Inclusive Work Environment



Inclusive Work Environments

LEARN MORE FEEDBACK

How does your company create an equitable and inclusive workplace for employees?

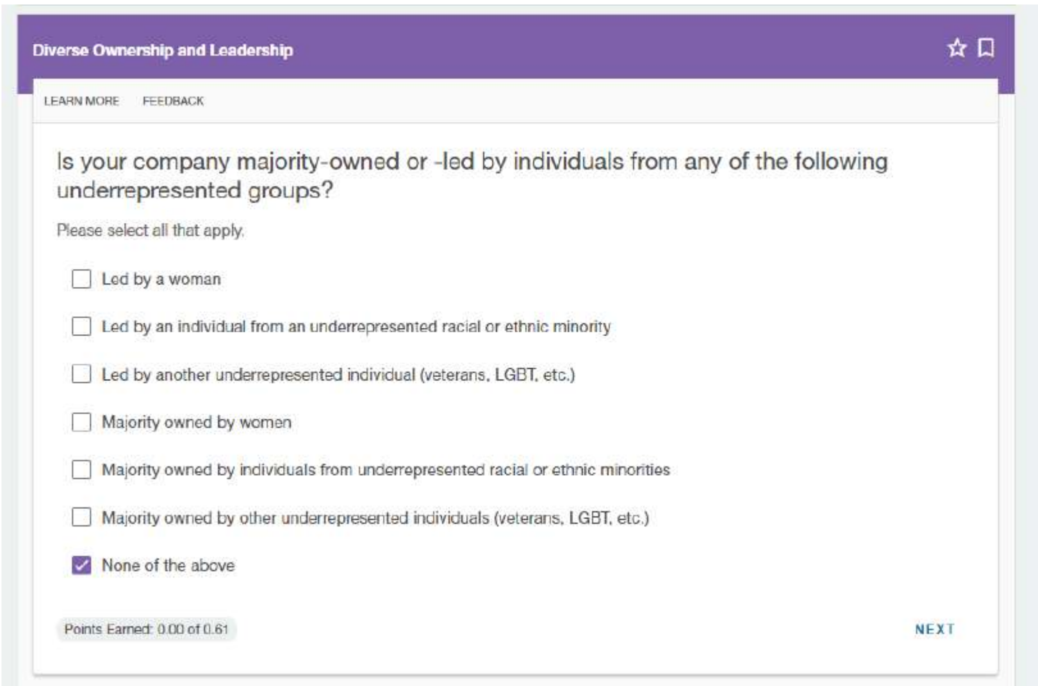
- [ ] We have designated an individual or group explicitly responsible for diversity, equity, and inclusion (i.e. a Diversity Manager or Inclusion Committee)
- [ ] We offer trainings for all employees on topics related to diversity, equity, and inclusion
- [ ] We have voluntary employee resource or affinity groups
- [ ] Our facilities are designed to meet accessibility requirements for individuals with physical disabilities
- [ ] Our facility restrooms are gender-neutral or gender-inclusive
- [ ] We have programs in place to provide mentorship, apprenticeships, or internships for individuals from underrepresented groups
- [ ] We accommodate learning or emotional disabilities in work processes and workplace policies
- [x] None of the above

Points Earned: 0.00 of 0.61

NEXT

Source: Colfert's S.p.A.'s B Impact questionnaire on B Impact Assessment website

Figure 3.15: Community Impact Area – Diversity, Equity, & Inclusion – Diverse Ownership and Leadership



Diverse Ownership and Leadership

LEARN MORE FEEDBACK

Is your company majority-owned or -led by individuals from any of the following underrepresented groups?

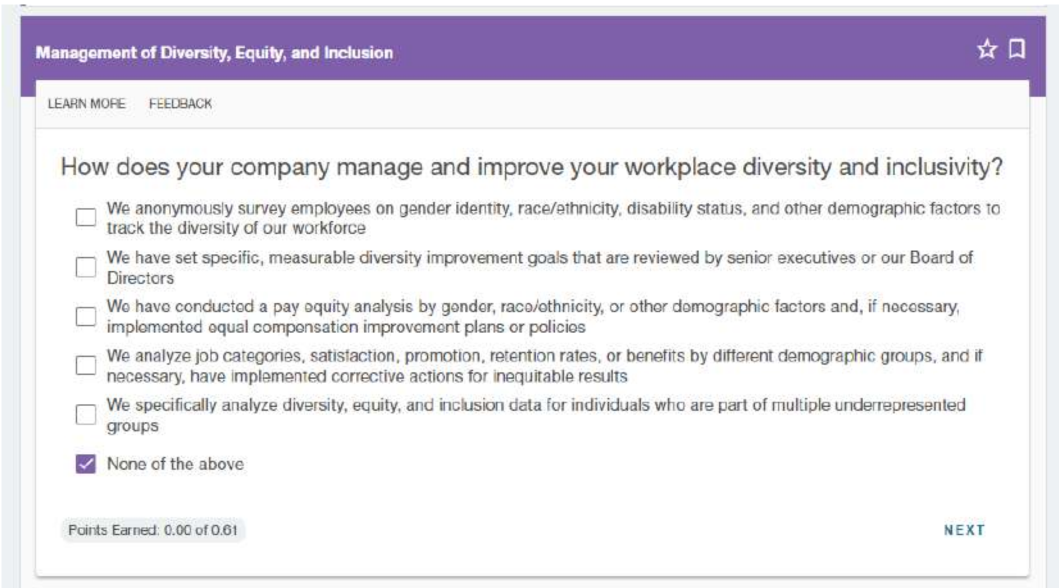
Please select all that apply.

- [ ] Led by a woman
- [ ] Led by an individual from an underrepresented racial or ethnic minority
- [ ] Led by another underrepresented individual (veterans, LGBT, etc.)
- [ ] Majority owned by women
- [ ] Majority owned by individuals from underrepresented racial or ethnic minorities
- [ ] Majority owned by other underrepresented individuals (veterans, LGBT, etc.)
- [x] None of the above

Points Earned: 0.00 of 0.61

NEXT

Figure 3.16: Community Impact Area – Diversity, Equity, & Inclusion – Management of Diversity, Equity, and Inclusion



Management of Diversity, Equity, and Inclusion

LEARN MORE FEEDBACK

How does your company manage and improve your workplace diversity and inclusivity?

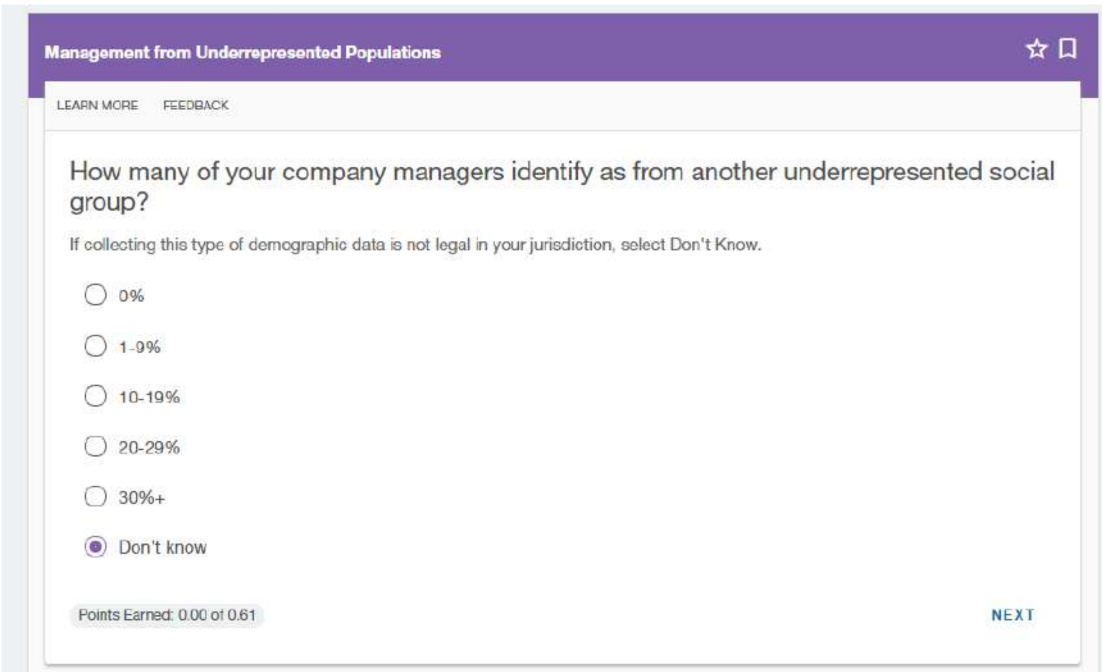
- [ ] We anonymously survey employees on gender identity, race/ethnicity, disability status, and other demographic factors to track the diversity of our workforce
- [ ] We have set specific, measurable diversity improvement goals that are reviewed by senior executives or our Board of Directors
- [ ] We have conducted a pay equity analysis by gender, race/ethnicity, or other demographic factors and, if necessary, implemented equal compensation improvement plans or policies
- [ ] We analyze job categories, satisfaction, promotion, retention rates, or benefits by different demographic groups, and if necessary, have implemented corrective actions for inequitable results
- [ ] We specifically analyze diversity, equity, and inclusion data for individuals who are part of multiple underrepresented groups
- [x] None of the above

Points Earned: 0.00 of 0.61

NEXT

Source: Colfert's S.p.A.'s B Impact questionnaire on B Impact Assessment website

Figure 3.17: Community Impact Area – Diversity, Equity, & Inclusion – Management from Underrepresented Populations



Management from Underrepresented Populations

LEARN MORE FEEDBACK

How many of your company managers identify as from another underrepresented social group?

If collecting this type of demographic data is not legal in your jurisdiction, select Don't Know.

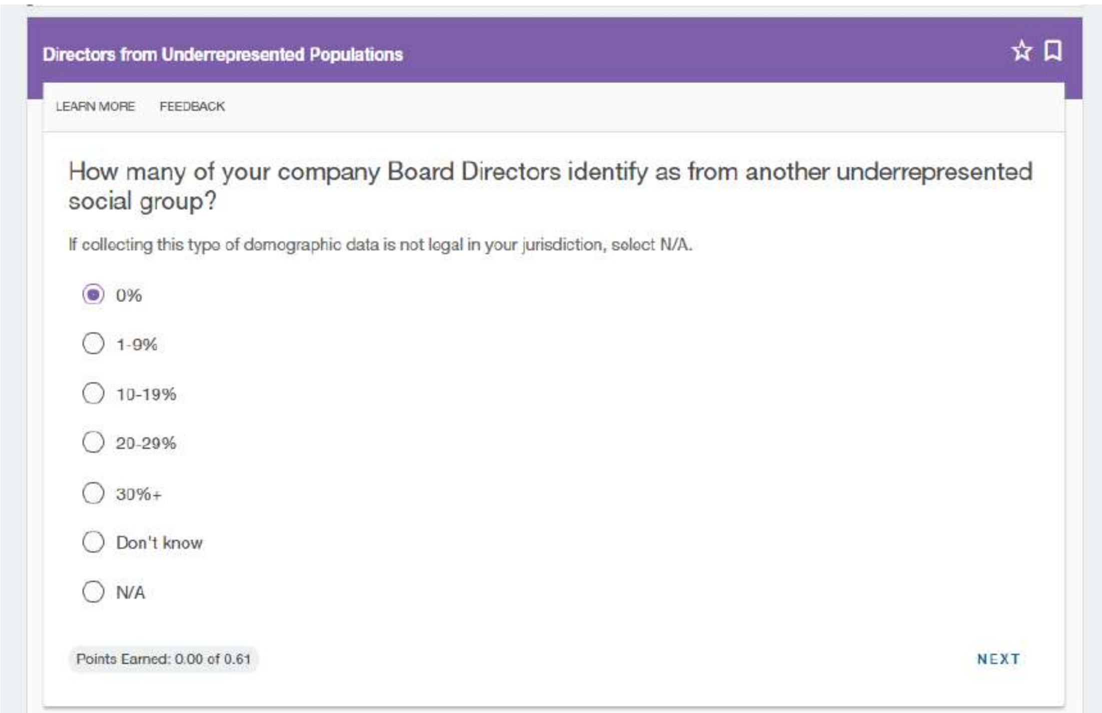
- ○ 0%
- ○ 1-9%
- ○ 10-19%
- ○ 20-29%
- ○ 30%+
- ◉ Don't know

Points Earned: 0.00 of 0.61

NEXT

Source: Colfert's S.p.A.'s B Impact questionnaire on B Impact Assessment website

Figure 3.18: Community Impact Area – Diversity, Equity, & Inclusion – Directors from Underrepresented Populations



Directors from Underrepresented Populations

LEARN MORE FEEDBACK

How many of your company Board Directors identify as from another underrepresented social group?

If collecting this type of demographic data is not legal in your jurisdiction, select N/A.

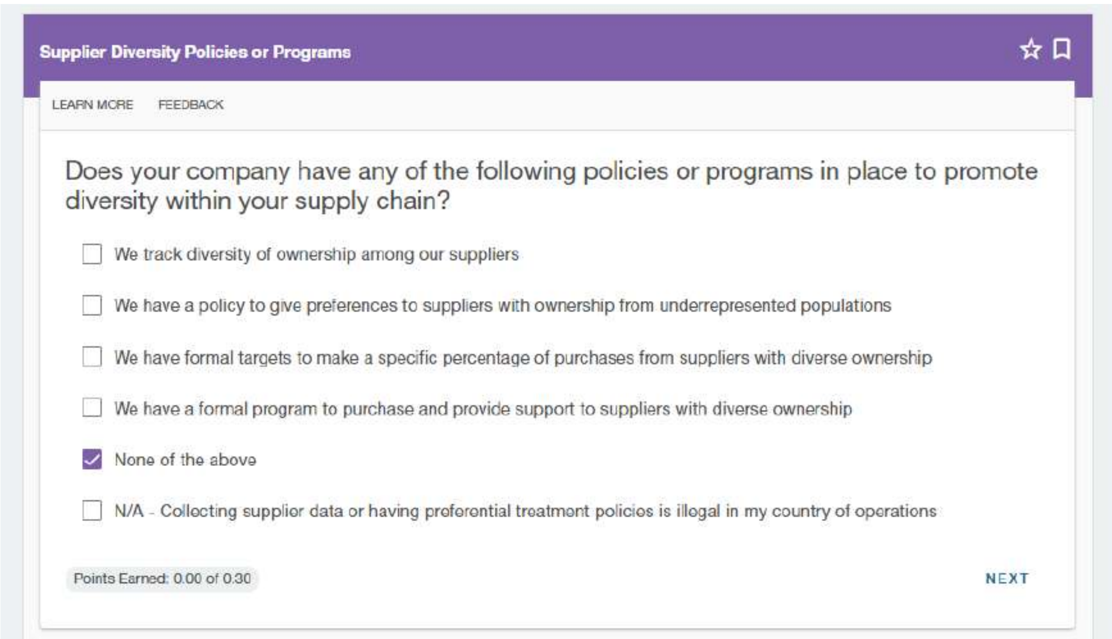
- (selected) 0%
- 1-9%
- 10-19%
- 20-29%
- 30%+
- Don't know
- N/A

Points Earned: 0.00 of 0.61

NEXT

Source: Colfert's S.p.A.'s B Impact questionnaire on B Impact Assessment website

Figure 3.19: Community Impact Area – Diversity, Equity, & Inclusion – Supplier Diversity Policies or Programs



Supplier Diversity Policies or Programs

LEARN MORE FEEDBACK

Does your company have any of the following policies or programs in place to promote diversity within your supply chain?

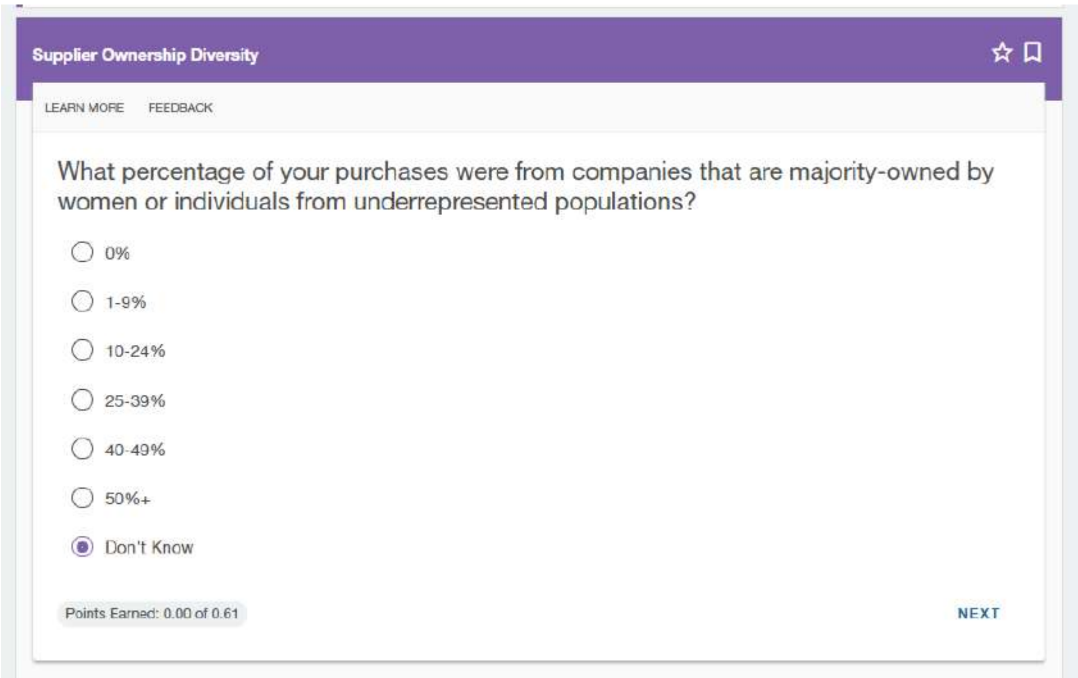
- [ ] We track diversity of ownership among our suppliers
- [ ] We have a policy to give preferences to suppliers with ownership from underrepresented populations
- [ ] We have formal targets to make a specific percentage of purchases from suppliers with diverse ownership
- [ ] We have a formal program to purchase and provide support to suppliers with diverse ownership
- [x] None of the above
- [ ] N/A - Collecting supplier data or having preferential treatment policies is illegal in my country of operations

Points Earned: 0.00 of 0.30

NEXT

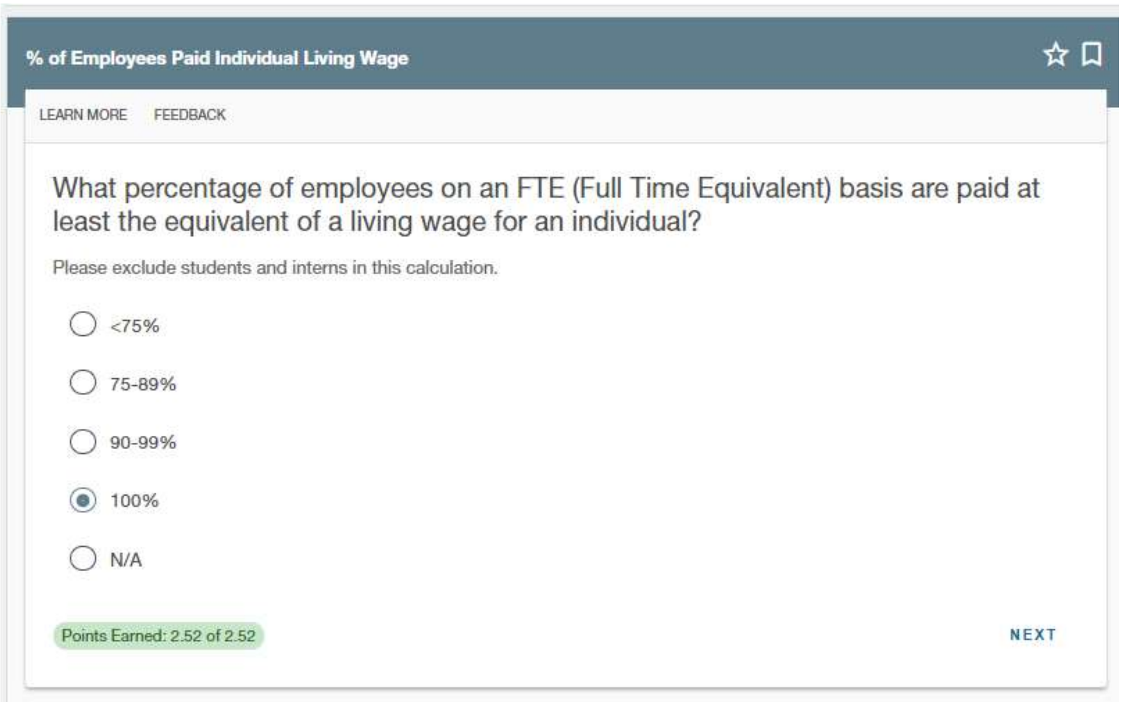
Source: Colfert's S.p.A.'s B Impact questionnaire on B Impact Assessment website

Figure 3.20: Community Impact Area – Diversity, Equity, & Inclusion – Supplier Ownership Diversity



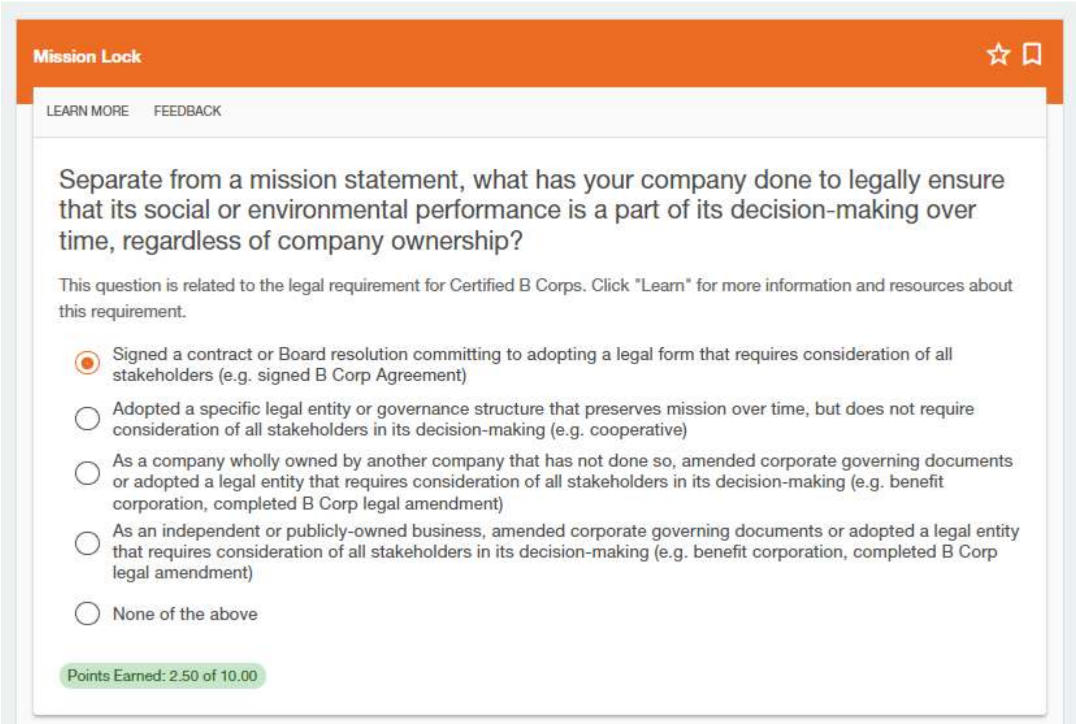
Source: Colfert's S.p.A.'s B Impact questionnaire on B Impact Assessment website

Figure 3.21: Workers Impact Area – Financial Security - % of Employees Paid Individual Living Wage



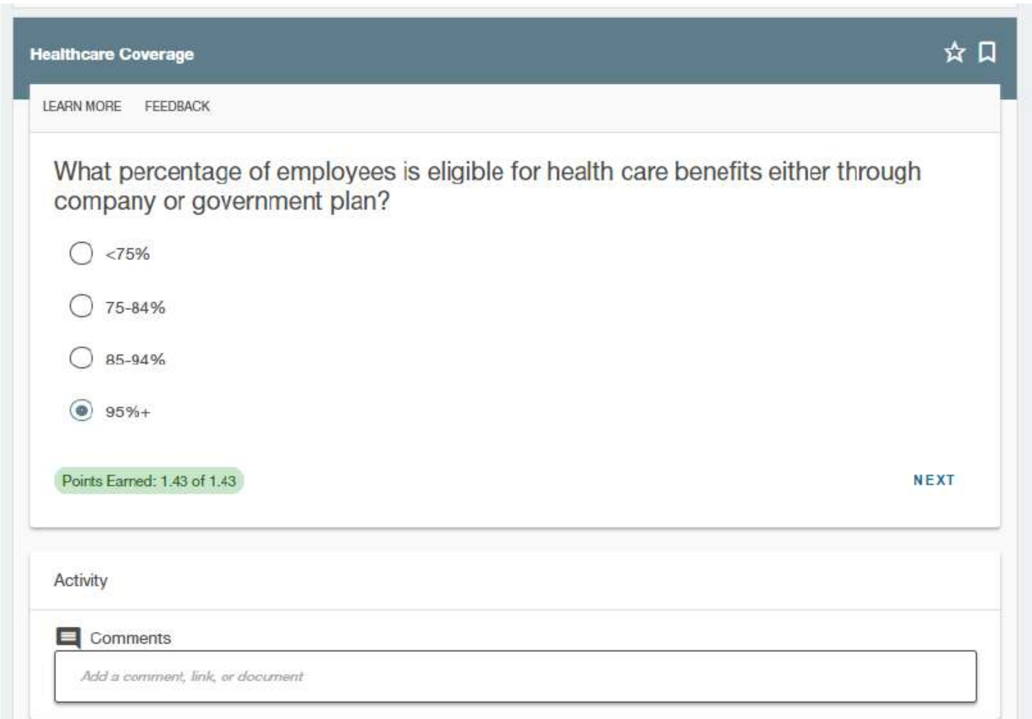
Source: Colfert's S.p.A.'s B Impact questionnaire on B Impact Assessment website

Figure 3.22: Governance Impact Area – Mission Locked



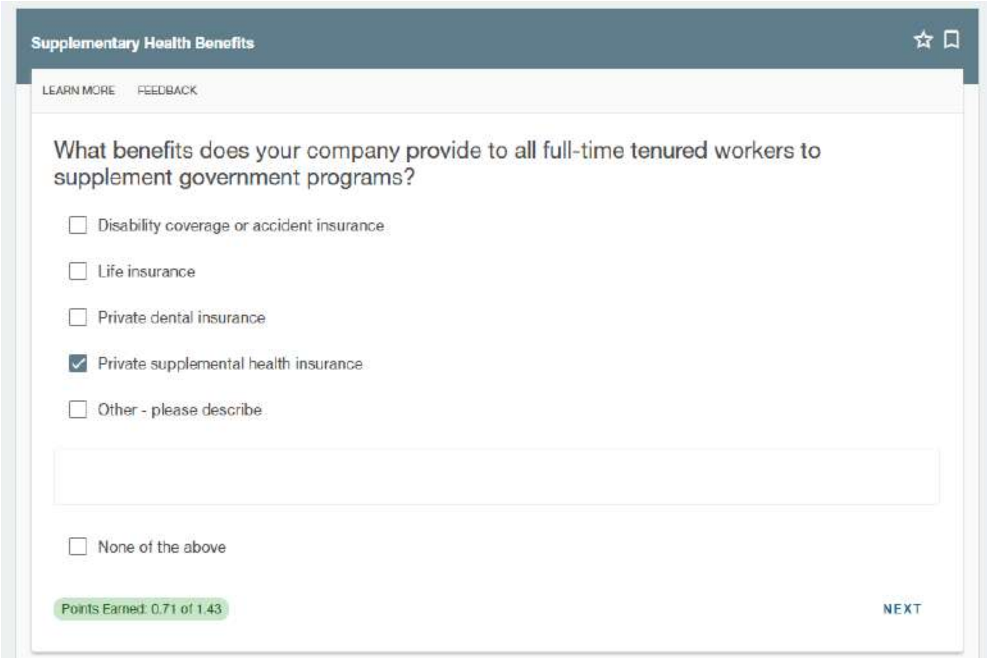
Source: Colfert's S.p.A.'s B Impact questionnaire on B Impact Assessment website

Figure 3.23: Workers Impact Area – Health, Wellness, & Safety – Healthcare Coverage



Source: Colfert's S.p.A.'s B Impact questionnaire on B Impact Assessment website

Figure 3.24: Workers Impact Area – Health, Wellness, & Safety – Supplementary Health Benefits



Source: Colfert's S.p.A.'s B Impact questionnaire on B Impact Assessment website

Now that the score obtained by Colfert has been made known, it should be remembered that the score of 80 is achieved by well-structured companies that have been able to grasp some essential elements with foresight, implementing concrete sustainable actions already years ago. Sustainable issues are now known, but every company reaches them in its own time once its conditions have been created to make it happen.

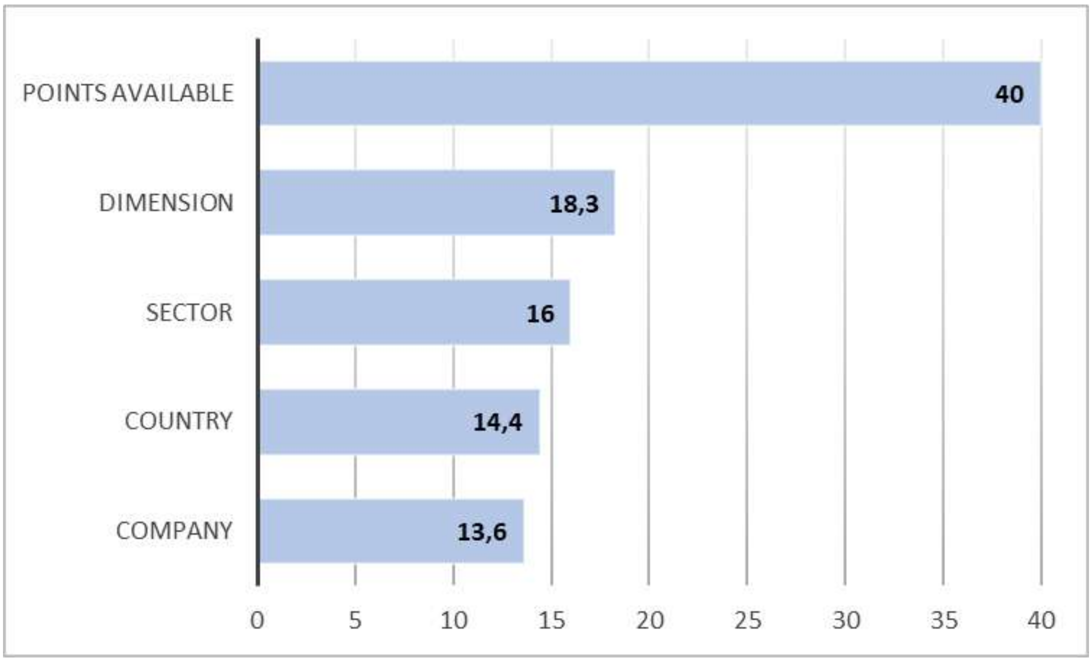
As mentioned in Chapter 2, BIA allows companies to compare their performance in the five impact areas with other similar businesses based on country, sector, and size, although companies could have different benchmark scores for the same section.

As shown in Figure 3.25 and Figure 3.26, there are some similarities between Colfert's performance in the five impact areas and the company's performance against BIA's benchmarks, meaning that for the Workers and Customers sections, Colfert performs well also compared to other similar businesses. Specifically, for the Workers section, the company with 13.6 points is almost in line with the 14.4 points scored by other Italian companies and below the performance of companies belonging to the same commercial sector (16 points). As far as size is concerned, Colfert underperforms by 5 points as the average score is 18.3. For the Customers area, Colfert overperforms other similar businesses in all benchmarks. Indeed, Colfert outperforms other SMEs by 1 point and other Italian companies by 1.3 points, whereas Colfert has a better performance of 0.6 points than companies in the same sector.

Speaking about the section dedicated to Governance, Colfert's performance reached a score of 4.49 out of 16.5 points available, and in Figure 3.27, it is possible to see that it is underperforming compared to other similar companies in terms of country, sector, and dimension. However, the other companies used as benchmarks also present a gap concerning the total number of points available, especially evident in companies of a similar size to Colfert (in this case, the average score is 5.7 out of 20 with a gap of 14.3). As far as the two sections where Colfert is weakest, Environment and Community, with a score of only 6.18 out of 43.77 and 7.78 out of 28.28, respectively, in both areas, Colfert scored fewer points than the other companies selected as the benchmark, demonstrating a substantial weakness in these two (as shown in Figure 3.28 and Figure 3.29).

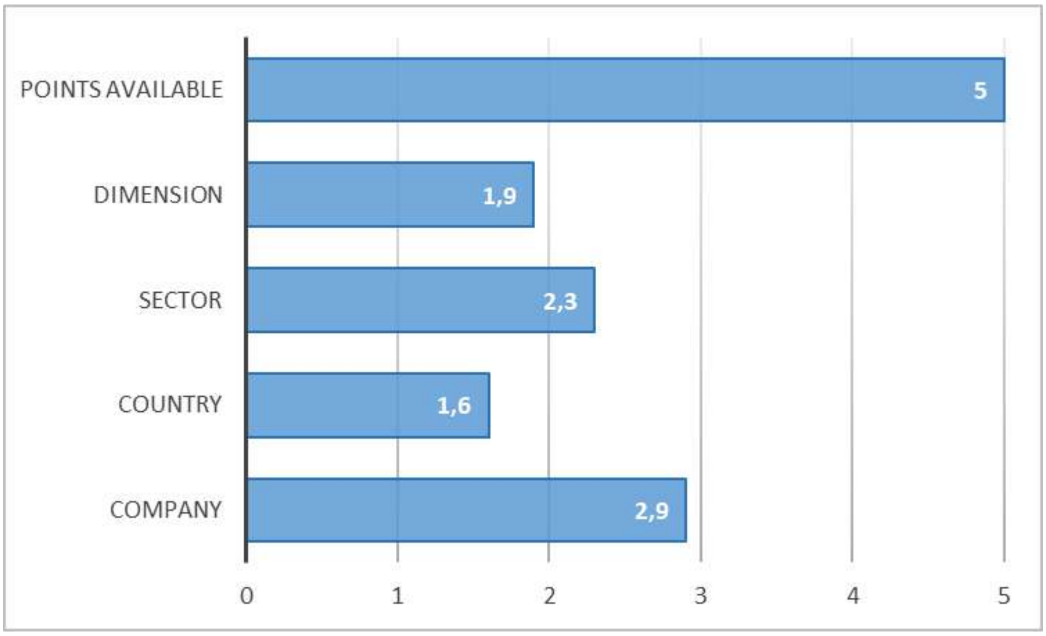
To conclude, it is clear from the graphs that all companies similar to Colfert for the country, sector, and dimension have a low performance compared to that expected to be able to aspire to the B Corp certification, showing that they still have much work to do to achieve sustainable performance in the five impact areas.

Figure 3.25: Workers Impact Area – Colfert's performance against other similar businesses



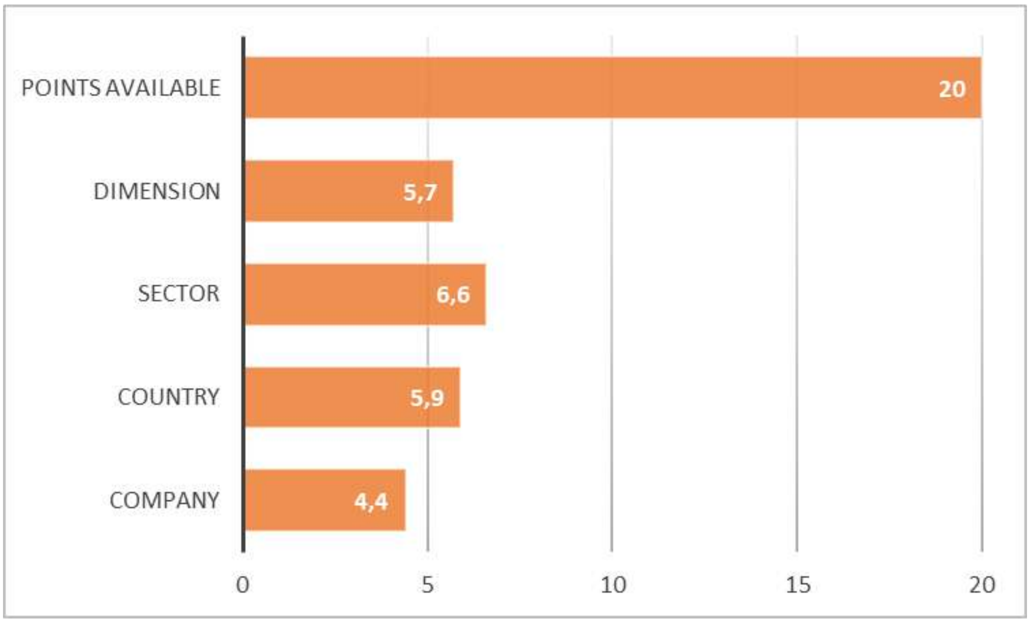
Source: own elaboration from Colfert's S.p.A. B Impact questionnaire on B Impact Assessment website

Figure 3.26: Customers Impact Area – Colfert's performance against other similar businesses



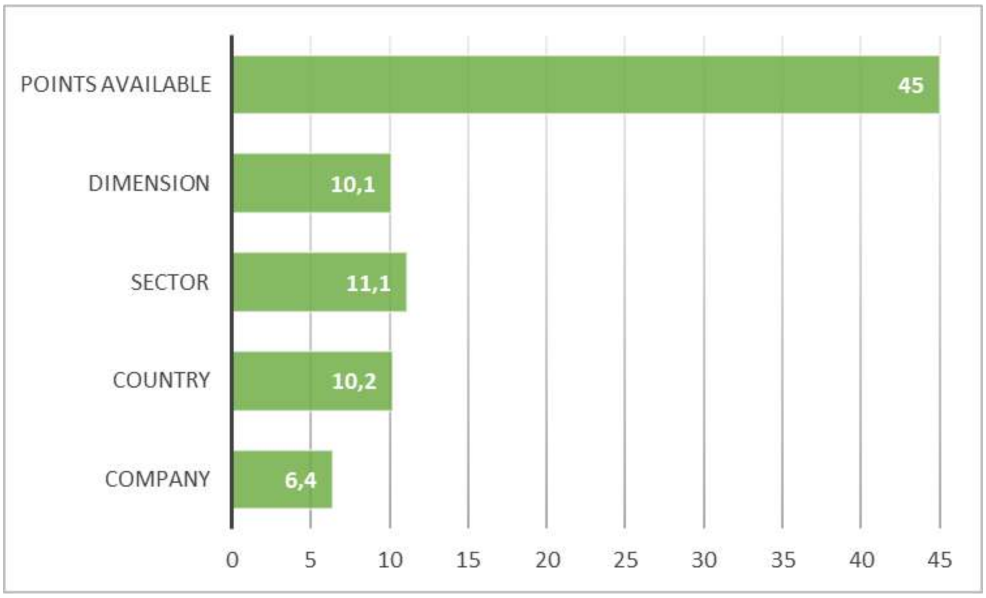
Source: own elaboration from Colfert's S.p.A. B Impact questionnaire on B Impact Assessment website

Figure 3.27: Governance Impact Area – Colfert's performance against other similar businesses



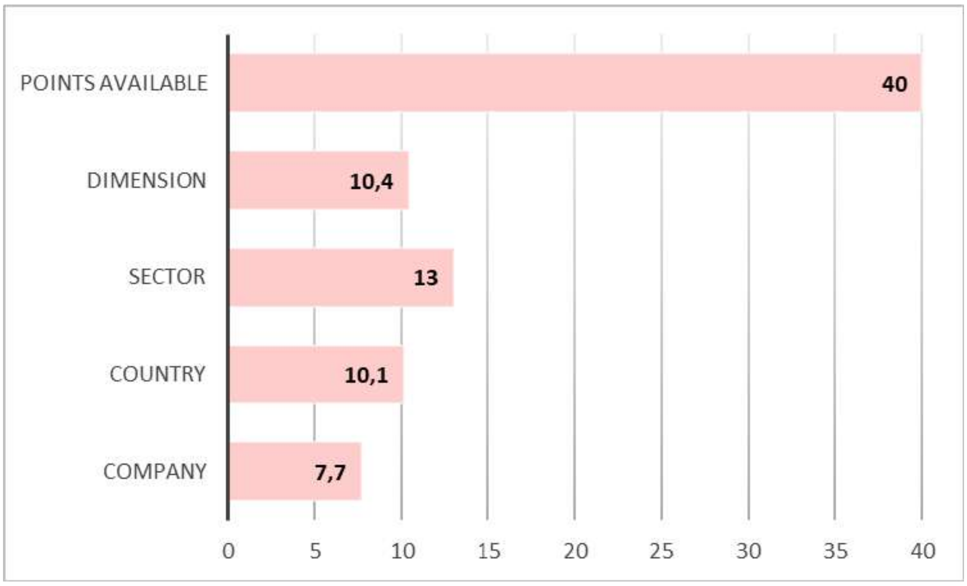
Source: own elaboration from Colfert's S.p.A. B Impact questionnaire on B Impact Assessment website

Figure 3.28: Environment Impact Area – Colfert's performance against other similar businesses



Source: own elaboration from Colfert's S.p.A. B Impact questionnaire on B Impact Assessment website

Figure 3.29: Community Impact Area – Colfert's performance against other similar businesses



Source: own elaboration from Colfert's S.p.A. B Impact questionnaire on B Impact Assessment website

3.3.3 - SDGs Action Manager

2020 Analysis of the relationship between Colfert S.p.A and SDGs

In this paragraph, two analyses of how the SDGs are considered by Colfert and relative results will be faced, focusing on the similarities and differences between the two.
The first analysis I propose was carried out by Colfert's marketing department in 2020, and it is relatively informal and based on perceived and logical associations. For the second analysis carried out by me in 2021, on the other hand, the SDG Action Manager tool by B Lab was used to collect and analyze data on Company's performance on each SDG.
The sustainability project was not the first occasion in which Colfert approached the goals of the 2030 Agenda. As mentioned in Paragraph 3.1, they were touched on setting Company's values as each involves actions that affect some global goals. Moreover, in 2020 the external consultant presented the 2030 Agenda to the marketing office, giving the task to the employees to identify which of the 17 goals Colfert touched at that moment and how. From their analysis, it emerged that the Company was able to touch almost all the global goals thanks to 12 activities already in place, and it ended up with the representation of the 17 SDGs in the corporate Golden Circle without indicating the links identified between activities and goals (see Figure 3.30). It is specified that at that time, the current performance of Colfert on each SDG had been measured in any way since a quantitative analysis had not been carried out. Indeed, the analysis was based on logical links between Company's activities and related effects on goals, trying to find associations.
A summary of the links identified between 12 company activities and 17 goals will be presented in the following lines.
Starting from the right side of the Golden Circle and proceeding clockwise, Colfert Logistica, the organization of logistics with investments in capital goods for the safety and well-being of employees (e.g., forklift with accident prevention lights, vertical manipulator, and shelf not at height) and the redefinition of the logistics of the warehouse in a lean perspective based on the shorter travel time of employees and the optimization of space through the use of vertical warehouses, have enormously contributed to Goal 3,

Health and well-being. In addition, the greater digitization of warehouse logistics with the implementation of new software that eliminated paper recalls Goal 9, Infrastructure innovation.

Figure 3.30: Colfert S.p.A.'s Golden Circle

Source: Colfert S.p.A.'s materials

Continuing with Welfare Colfert, it includes services and benefits provided to all collaborators, such as the canteen service active since 2018, activities whose purpose is to raise employee's awareness for correct separate waste collection, and corporate welfare initiatives available through the Sodexo platform since 2018. Furthermore, the company grants the possibility of joining supplementary health assistance through the East Fund. Colfert also installed water distributors and distributed water bottles to all employees, committing to using compostable cups and stirrers in coffee and water dispensers. Among all the elements of the Colfert Welfare, it is worth mentioning the Family Day event dedicated to employees' families. Employees' families are invited to spend a day inside the company to carry out activities in groups, between adults and children, to create moments and experiences to share. It is a way to allow employees, even if for a day, to reconcile their personal life and work environments and make them experience the company in a completely different way. Also, the higher average salary than competitors in the sector is part of Welfare Colfert. Indeed, the company ranked 5th out of 32 competitors for per capita labor costs in 2019. All these initiatives positively impact Goal

3 (Good Health and Well-Being), Goal 6 (Clean Water and Sanitation), and Goal 8 (Decent Work and Economic Growth).

Activities comprised in Laboratorio Colfert, the department dedicated to the training of employees and customers, such as technical courses on products based on the sharing of knowledge between colleagues and carried out in synergy with suppliers, commercial courses, personal growth courses, and language courses actively contribute to Goal 4 (Quality Education), Goal 8 (Decent Work and Economic Growth), and Goal 10 (Reduced Inequalities).

The activity Assistenza Specializzata positively influences Goal 8 (Decent Work and Economic Growth) and Goal 9 (Industry Innovation and Infrastructure). It consists of a product specialist dedicated to the maintenance and replacement on-site (turnkey service from installation to testing) to increase the product life cycle and at the same time strengthen the partnership with customers, training them in the field and making them autonomous in the installation of products.

With technical and safety data sheets in digital format accompanying each product, the online catalog ensures the international safety associated with specific product categories (for example, foams) and strengthens the company's transparency policy on price increases. Structured in this way, this tool has a positive impact on Goal 8 (Decent Work and Economic Growth), Goal 9 (Industry Innovation and Infrastructure), and Goal 12 (Responsible Consumption and Production).

The COLFERT product line for qualified CE-marked installation, the practical installation guides, and the courses and exams for installation are included in the sixth activity represented in the Golden Circle, Posa Eccellente. All these elements just mentioned influence Goal 4 (Quality Education), Goal 8 (Decent Work and Economic Growth), Goal 11 (Sustainable Cities and Communities), and Goal 12 (Responsible Consumption and Production).

Benaco, by giving direct support to customers in financial terms and by encouraging private individuals to access incentives to improve their homes, creates a positive impact in terms of Goal 11 (Sustainable Cities and Communities), Goal 12 (Responsible Consumption and Production), Goal 13 (Climate Action).

As for Officina YCO, the business unit in Dosson, Colfert invested heavily in photovoltaic panels and redeveloped an existing warehouse to avoid further soil consumption. In addition, installing a white resin floor gives more light to the space of work, allowing less energy consumption and protecting the sight of employees while promoting a cleaner environment. These decisions are positively reflected in Goal 3 (Good Health and Well-being), Goal 7 (Affordable and Clean Energy), and Goal 11 (Sustainable Cities and Communities).

Colfert Window, the corporate magazine dedicated to information, contributes to Goal 12 (Responsible Consumption and Production), Goal 13 (Climate Action), and Goal 17 (Partnership for the Goals), offering the reader technical insights, news in the panorama of doors and windows and construction and a column on the topic of sustainability.

Colfert Adventures brings together all the playful and recreational activities that COLFERT offers its customers, including incentive travel, sports competitions such as golf and tennis tournaments, and participation in cycling events. These activities symbolize the corporate commitment to Goal 8 (Decent Work and Economic Growth) and Goal 11 (Sustainable Cities and Communities).

YED, the biennial fair organized by Colfert, aims to create a privileged meeting point between manufacturers of hardware and accessories for windows and doors and window manufacturers, retailers, and installers. Colfert began to select service providers, considering their ethical attitude towards materials supplied and trying to limit plastic packaging and make exhibitors and visitors responsible for responsible waste disposal. Thus, Colfert contributes to Goal 8 (Decent Work and Economic Growth), Goal 11 (Sustainable Cities and Communities), Goal 12 (Responsible Consumption and Production), and Goal 13 (Climate Action).

Lean has been mentioned in the Golden Circle, but any existing connections with the SDGs were not mentioned. Intuitively, it could be said that the lean approach is reflected in all 17 goals, but in this first analysis, it was decided to present the explicitly disclosed results, leaving further reflections aside.

The marketing department’s analysis ends here, but I tried to go in deep to make further considerations; thus, now we are going to consider the number of Colfert’s activities that have been assigned to each goal to understand which goals the company has faced and impacted more on according to the results proposed by this first analysis.

Table 3.12 shows the connections identified between company activities and the 17 SDGs. Posa Eccellente, together with Yed, is the activity that has been traced back to more goals, 5. Colfert Logistica, Assistenza Specializzata, and Colfert Adventures are the activities the SDG minor has been linked to, 2 for each.

Table 3.12: Connections among Colfert S.p.A.'s Golden Circle activities and SDGs

Colfert S.p.A.'s Golden Circle activity	Sustainable Development Goals
Colfert Logistica	SDG 3, SDG 9
Welfare Colfert	SDG 3, SDG 6, SDG 8
Laboratorio Colfert	SDG 4, SDG 8, SDG 10
Assistenza Specializzata	SDG 8, SDG 9
Online Catalogue	SDG 8, SDG 9, SDG 12
Posa Eccellente	SDG 4, SDG 8, SDG 11, SDG 12
Bemaco	SDG 11, SDG 12, SDG 13
Officina	SDG 3, SDG 7, SDG 11
Colfert Window	SDG 12, SDG 13, SDG 17
Colfert Adventures	SDG 8, SDG 11
Yed	SDG 8, SDG 11, SDG 12, SDG 13
Lean	Not specified

Source: Own elaboration from Colfert S.p.A.'s materials

As shown in Table 3.13 and Figure 3.31, SDG 8, Decent Work and Economic Growth, is the goal that finds most references in the corporate activities represented in the Golden Circle (7 Colfert's activities are related to it). It is followed by Goal 11, Sustainable Cities and Communities, and Goal 12, Responsible Consumption and Production, linked to 5 activities for each. The Goals attributed to the lowest number of activities (3) are goals number 3, Good Health and Well-being, 9, Industry Innovation and Infrastructure, and 13, Climate Action. This first analysis emerged that six goals find no reference in the activities in place. These are Goal 1 (No poverty), Goal 2 (Zero Hunger), Goal 5 (Gender Equality), Goal 14 (Life Below Water), Goal 15 (Life on Land), and Goal 16 (Peace, Justice, and Strong Institutions).

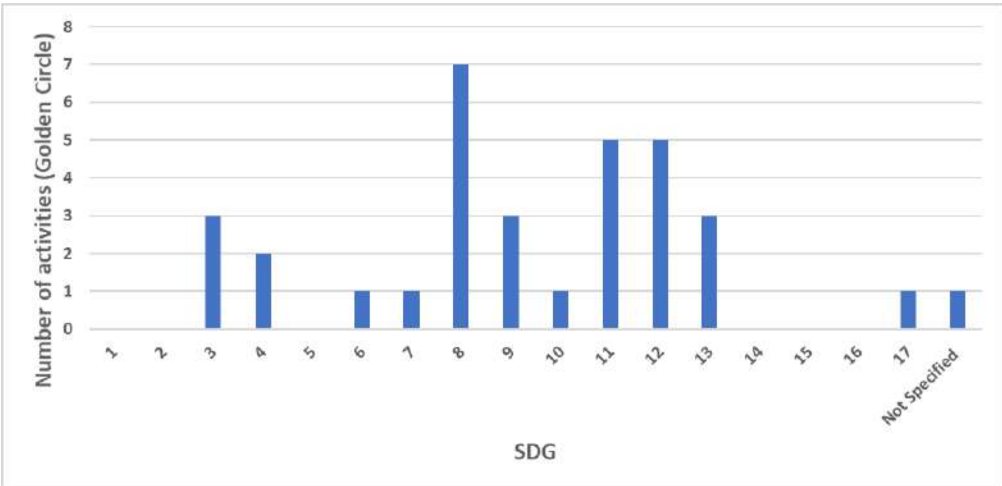
Table 3.13: Number and typology of Golden Circle Activities related to each SDG

SDG	Number of Activities Related	Golden Circle Activity Related
1	0	--
2	0	--
3	3	Colfert Logistica; Welfare Colfert; Officina
4	2	Laboratorio Colfert; Posa Eccellente

5	0	--
6	1	Welfare Colfert
7	1	Officina
8	7	Welfare Colfert; Laboratorio Colfert; Assistenza Specializzata; Online Catalogue; Posa Eccellente; Colfert Adventures; Yed
9	3	Colfert Logistica; Assistenza Specializzata; Online Catalogue
10	1	Laboratorio Colfert
11	5	Posa eccelente; Bemaco; Officina; Colfert Adventures; Yed
12	5	Online Catalogue; Posa Eccellente; Bemaco; Colfert Window; Yed
13	3	Bemaco; Colfert Window; Yed
14	0	--
15	0	--
16	0	--
17	1	Colfert Window

Source: Own elaboration from Colfert S.p.A.'s materials

Figure 3.31: Number of Golden Circle Activities related to each SDG



Source: Own elaboration from Colfert S.p.A.'s materials

After this enunciation of the main activities related to the SDGs, it can be said that Colfert, over time, has developed actions, both qualitative and quantitative, which contribute to the SDGs. However, it is good to highlight that these 12 actions mentioned in the Golden Circle have not been decided and implemented in the function of the goals, but the connection to the goals took place at a later time and according to the analysis presented. As for the goals themselves, the company did not want to publish on the website how these are attributable to company activities because, on the advice of the external consultant, it was premature to do so because the company had not expressed a serious and constant commitment in this regard and above all, it had not set itself any quantifiable objectives in this regard. Therefore, only the image of the Golden Circle is published on the company website. Furthermore, it should be noted that the analysis carried out does not provide an accurate explanation of how SDGs attributed to each goal were chosen, and the specific targets are not mentioned. The primary reference results of the analysis have been summarized in the table below.

Table 3.14: Check of the first analysis on the relationship between SDGs and Colfert's activities.

Question	Evaluation Parameters
Sample used for the analysis	12 company's activities represented in the Golden Circle
Does the company pursue the SDGs?	Yes. The 12 activities can be traced back to SDG 3, SDG 4, SDG 6, SDG 7, SDG 8, SDG 9, SDG 10, SDG 11, SDG 12, SDG 13, SDG 17
Is company's impact on SDGs been measured?	No
Among the SDGs pursued, does the company identify priority ones?	No
Where are the SDGs mentioned?	Golden Circle
How are the SDGs handled?	Qualitatively through graphic images and internal company presentations (not quantitatively).
In addition to the SDGs, were the relative targets mentioned and/or analysed?	They were neither mentioned nor analysed

Source: Own elaboration from Colfert S.p.A.'s materials

2021 Analysis of the relationship between Colfert S.p.A and SDGs

Indeed, the corporate Golden Circle was a good starting point to have a general idea of which Colfert activities had a positive impact on global goals and the goals perceived to be the most present within the company. However, it was necessary to measure the impact of corporate actions through numbers (also helpful in confirming or denying perceptions). Therefore, I proposed to use SDG Action Manager to carry out a more in-depth analysis of the relationships between business activities and global goals, adopting a broader vision to incorporate more business aspects as the object of analysis.

Once the company finished completing the BIA questionnaire, it was decided to navigate through the SDG Action Manager tool to see how and to what extent the answers previously given to the questionnaire affected the SDGs. SDG Action Manager, the tool made available by B Lab together with the BIA, was used to understand better and possibly design actions to improve the impact of Colfert's performance on the UN sustainable development agenda, considering several company aspects.

For the analysis presented now, only the answers given to the BIA questions that are directly transferred to the relevant sections of the SDG Action Manager have been considered. The other 281 questions were not completed because assigning the questions to the respective company managers would have required time and additional effort in a hectic work period. In addition, the forcing to complete the Baseline Module first to have access to the questions of the other modules (however functional it is for the company to explore the 16 specific modules in a way that fits its needs) would have further slowed down the analysis. Moreover, managers showed little interest in this tool, probably because, unlike the BIA, company performance on SDG Action Manager cannot be subjected to verification. Thus, the company receives a score not absolute to any given SDG but is used for internal reporting. That is why other tools or frameworks must compliment all the elements of the SDG Action Manager. In this case, SDG Action Manager was considered in parallel with the BIA.

However, it has been possible to integrate the BIA's stakeholder-based view with a partial view of SDG performance (remember that about 20% of questions in the SDG Action Manager are based on BIA questions, while about 35% are identical to questions from the BIA – B Lab & United Nation Global Compact 2020). Instead, as regards the questions of the SDG Action Manager that have been completed automatically, if in the future it will be decided to make a more detailed analysis or to take concrete actions to improve performance, it will be possible to reconnect the company manager of reference for each topic starting from the BIA as the questions are the same in the two self-assessments.

To start, we will look at the total number of questions that B Lab has made available to Colfert to complete the assessment on the SDGs and the points available for each module. As shown in Table 3.15, SDG Action Manager proposes a total of 414 questions that are worth 1847.25. Questions are divided according to the Baseline Module and to the 16 global goals; remember that, as already mentioned in Chapter 2, there is no module for SDG 17, Partnership for the Goals, because it is already embedded throughout the Baseline Module and all the other 16 specific modules due to its transversal nature. As far as the number of questions for each SDG, 30 questions are part of the Baseline

Module, which is exhaustive and structured in questions covering environmental management, labor practices, anti-corruption, and human rights, while for the Specific Modules concerning SDGs, SDG 8, Decent Work and Economic Growth, is the one with the highest number of questions (34). It is followed by SDG 5 (Gender Equality) with 31 questions, SDG 10 (Reduced Inequalities), and SDG 16 (Peace, Justice, and Strong Institutions) with 30 questions for both. The goal with the fewest number of questions is SDG 2, Zero Hunger, for which there are only 15 questions worth a total of 104.46 points. It is pointed out that there is no correlation between the number of questions for each goal (or module) and the points available.

Table 3.15: How the total number of SDG Action Manager questions are divided into the 16 Sustainable Development Goals and points available for each module.

SDG	Number of questions	Sum of points available
Baseline	30	95,02
SDG 1 – No Poverty	22	113,17
SDG 2 – Zero Hunger	15	104,46
SDG 3 – Good Health and Well-Being	21	109,98
SDG 4 – Quality Education	26	110,03
SDG 5 – Gender Equality	31	110,04
SDG 6 – Clean Water and Sanitation	26	110
SDG 7 – Affordable and Clean Energy	19	105,46
SDG 8 – Decent Work and Economic Growth	34	115,56
SDG 9 – Industry, Innovation and Infrastructure	21	109,99
SDG 10 – Reduced Inequalities	30	113,63
SDG 11 – Sustainable Cities and Communities	25	109,99
SDG 12 - Responsible Consumption and Production	19	109,98
SDG 13 - Climate Action	21	105,58
SDG 14 - Life Below Water	23	105,81
SDG 15 - Life On Land	22	109,99
SDG 16 - Peace, Justice and Strong Institutions	29	108,56
Total	**414**	**1847,25**

Source: Own elaboration from Colfert S.p.A.'s SDG Action Manager Questionnaire

Indeed, although the Baseline Module proposes 30 questions, they sum only to 95.02, whereas SDG 12, with 19 questions dedicated, sums to 109.98 points available. While more BIA questions have been transferred in particular SDGs than others (see Table 3.16), this does not ensure a higher score in these impact areas, as explained in the following lines.

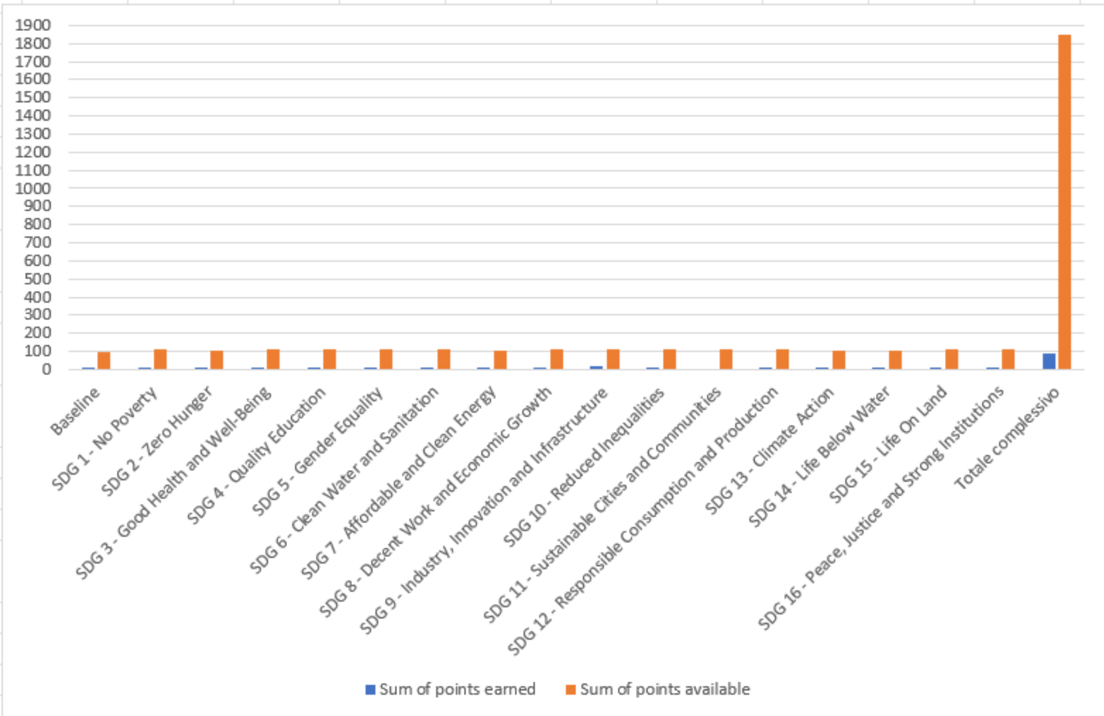
Table 3.16: Number of questions directly replied on SDGs Action Manager section and score obtained compared to the total points available.

SDG	Number of provided answers	Number of questions	Sum of points earned	Sum of points available
Baseline	15	30	8,71	95,02
SDG 1 - No Poverty	6	22	10,94	113,17
SDG 2 - Zero Hunger	1	15	2,78	104,46
SDG 3 - Good Health and Well-Being	10	21	9,09	109,98
SDG 4 - Quality Education	3	26	2,38	110,03
SDG 5 - Gender Equality	6	31	2,25	110,04
SDG 6 - Clean Water and Sanitation	10	26	1,21	110
SDG 7 - Affordable and Clean Energy	9	19	4,8	105,46
SDG 8 - Decent Work and Economic Growth	9	34	8,71	115,56
SDG 9 - Industry, Innovation and Infrastructure	8	21	16,5	109,99
SDG 10 - Reduced Inequalities	10	30	4,98	113,63
SDG 11 - Sustainable Cities and Communities	6	25	0	109,99
SDG 12 - Responsible Consumption and Production	6	19	5,29	109,98
SDG 13 - Climate Action	8	21	1,55	105,58
SDG 14 - Life Below Water	9	23	2,19	105,81
SDG 15 - Life On Land	6	22	1,14	109,99
SDG 16 - Peace, Justice and Strong Institutions	11	29	6,97	108,56
Total	**133**	**414**	**89,49**	**1847,25**

Source: Own elaboration from Colfert S.p.A.'s SDG Action Manager Questionnaire

Starting to go into more detail, in Table 3.16, it is possible to check how many questions of the SDG Action Manager platform have been automatically replied to for each module (see the first column of the table, 'Number of provided answers,' which refers to the number of answers that were directly transferred from the BIA to the SDG Action Manager) and points obtained compared to the total points made available for each by the platform. As shown in Table 3.16 and Figure 3.32, in SDG 9 (Industry, Innovation, and Infrastructure), Colfert got the most significant number of points, 16.5. In contrast, the sections where the company obtained the fewest points are SDG 11 (Sustainable Cities and Communities) with 0 points totalized, SDG 15 (Life On Land), and SDG 6 (Clean Water and Sanitation) with 1.14 and 1.21 points gained respectively.

Figure 3.32: 414 questions - points obtained in each module out of points available



Source: Own elaboration from Colfert S.p.A.'s SDG Action Manager Questionnaire

From here on, the elements highlighted will be the result of an analysis based on the 133 questions out of the 194 total of the BIA that were directly transferred to the SDG Action Manager section, completing 32.12% of the questions (133 out of 414). Data on these 133 questions are available in Table 6, Figure 3.33, Table 3.18, and Table 3.19.

As far as SDG 9 (Industry, Innovation, and Infrastructure), the goal on which the company obtained the highest score, it is highlighted that 10 of the 16.5 points were earned by declaring a percentage equal to 80% of the company's Cost of Goods Sold (including value-adding activities) spent within the country of operations, from in-country registered companies or national citizens. The remaining points, on the other hand, were attributed to the company's 15-24% net job growth rate for full-time and part-time positions over the last 12 months (including only newly created jobs that are paid a living wage) and 20-39 % company's expenses (excluding labor) spent with independent suppliers local to the company's headquarters or relevant facilities in the last fiscal year, 3.17 and 3.33 points respectively. Goal 9 includes five other questions in which Colfert scored 0 points. These questions focus on the company's environmental management system (EMS), covering waste generation, energy usage, water usage, carbon emissions, green building programs, water conservation methods, and policies or programs in place to promote diversity within the supply chain.

Always considering the goals where a good number of points were obtained, 10.94 points were gained in SDG 1 (No Poverty) and 9.09 in SDG 3 (Good Health and Well-Being). Points earned in SDG 1 come from benefits provided to all full-time tenured workers to supplement government programs (such as private supplemental health insurance), the company's net job growth rate for full-time and part-time positions over the last 12 months, and employees' access to savings programs for retirement (as Government-sponsored pension or superannuation plans, and Private Pension or

Provident Funds). In two questions of this section, Colfert scored 0 points. These concern percentages above the legal minimum wage that the lowest-paid hourly employee for which Colfert has not earned any points as it does not hire hourly-paid workers, and programs to promote diversity within your supply chain for which the company is currently not organized with ownership from underrepresented populations, formal targets to make a specific percentage of purchases from suppliers with diverse ownership, or formal program to purchase and provide support to suppliers with diverse ownership. As far as SDG 3, points earned reflect the high percentage of employees who is eligible for health care benefits either through the company or government plan (more than 95%), primary parental leave policies for salaried workers, benefits provided to most non-managerial workers, and company practices regarding management's commitment to worker health and safety.

The SDG Action Manager sections in which the company obtained the fewest points were SDG 11 (Sustainable Cities and Communities) with 0 points totalized, SDG 15 (Life On Land), and SDG 6 (Clean Water and Sanitation) with 1.14 and 1.21 points gained respectively. Regarding SDG 11 section, Table Z shows all the questions belonging to the module, marking the selected answers in red. For this module, six questions are worth 32.25 points, of which 25 concern a single question concerning the techniques for minimizing the transportation-related environmental impact of its distribution and supply chain. This and the other five questions are closely related to the environmental impact area, and, as already explained in the paragraph dedicated to the BIA, Colfert is heavily penalized in that area as it is a b2b commercial company.

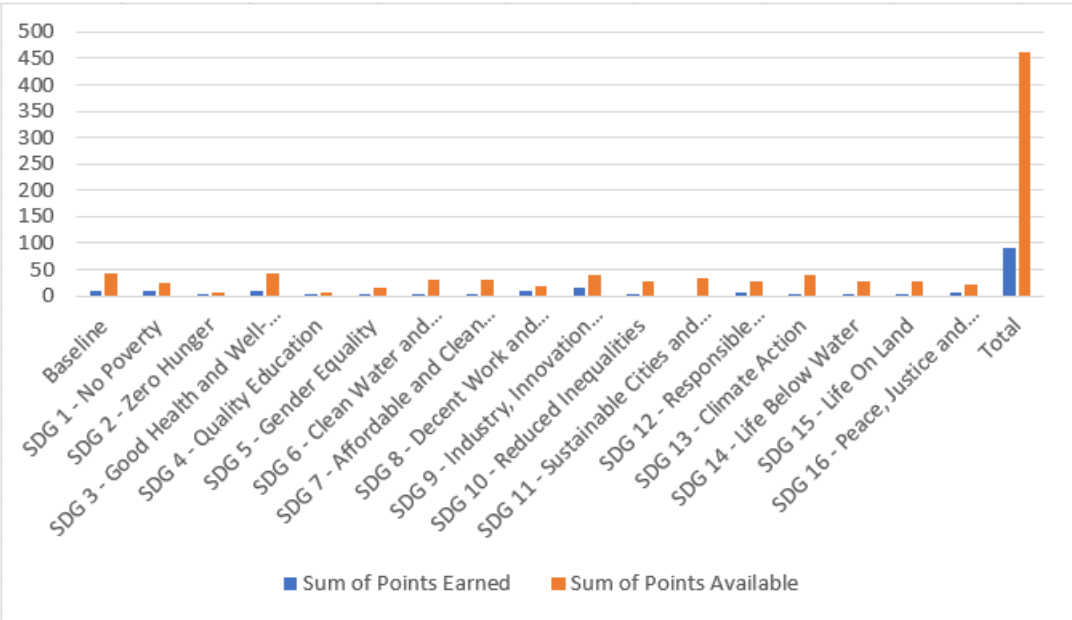
Table 3.17: The 133 answers directly transferred from BIA to SDGs Action Manager and score obtained in each SDG Action Manager section compared to the total points available for the 133.

SDG	Number of Answers	Sum of Points Earned	Sum of Points Available
Baseline	15	8,71	41,61
SDG 1 - No Poverty	6	10,94	25,02
SDG 2 - Zero Hunger	1	2,78	5,56
SDG 3 - Good Health and Well-Being	10	9,09	43,17
SDG 4 - Quality Education	3	2,38	7,15
SDG 5 - Gender Equality	6	2,25	16,83
SDG 6 - Clean Water and Sanitation	10	1,21	31,26
SDG 7 - Affordable and Clean Energy	9	4,8	30,69
SDG 8 - Decent Work and Economic Growth	9	8,71	19,07
SDG 9 - Industry, Innovation and Infrastructure	8	16,5	40,47
SDG 10 - Reduced Inequalities	10	4,98	26,43
SDG 11 - Sustainable Cities and Communities	6	0	32,25
SDG 12 - Responsible Consumption and Production	6	5,29	27,51
SDG 13 - Climate Action	8	1,55	38,23
SDG 14 - Life Below Water	9	2,19	28,26
SDG 15 - Life On Land	6	1,14	27,84
SDG 16 - Peace, Justice and Strong Institutions	11	6,97	20,69
Total	**133**	**89,49**	**462,04**

Source: Own elaboration from Colfert S.p.A.'s SDG Action Manager Questionnaire

As far as SDG 15, 1.14 points out of 27,84 were collected by affirming that the percentage of products sold having a product certification that assesses the environmental impacts of the product or its production process is equal to 25-49%, whereas, for SDG 6 (Clean Water and Sanitation), 1.21 points were gained from two questions. In the first, Colfert declared to monitor and record water usage but to not have set any reduction targets, whereas, in the second, the company affirmed to disclose the chemicals and materials in its product publicly (e.g., on a label, website, via 800 number for information). For both, since Colfert does not have any environmental management system (EMS) covering waste generation, energy usage, water usage, and carbon emissions, nor water conservation methods or a method to track and manage the water footprint, toxins, hazardous, or impact on the biodiversity of its supply chain 26.7 for SDG 15 and 30.5 points for SDG 6 are lost.

Figure 3.33: 133 questions - points obtained in each module out of points available



Source: Own elaboration from Colfert S.p.A.'s SDG Action Manager Questionnaire

Table 3.18: questions of SDG 11 Module with selected answers marked in red.

Question	Answer	Points Earned Over Points Available
What percentage of company facilities (by area, both owned by company or leased) is certified to meet the requirements of an accredited green building program?	<20% 20-49% 50-79% 80%+ N/A	0/1.61
Does the company monitor indoor environmental quality to ensure a healthy and comfortable work space and avoid "Sick Building Syndrome"? Select N/A if you have no facilities.	Yes No N/A	0/0.81
Does the company currently use any of the following specific practices to reduce carbon emissions from transportation?	Company policy and practice that requires inbound freight or shipping to be transported via lowest impact methods (such as avoiding shipment by air transport) Company policy and practice that requires outbound freight or shipping is transported via lowest impact methods None of the above	0/1,61
Does your company have any programs or policies in place to reduce the environmental footprint caused by travel/commuting?	Employees are subsidized/incentivized for use of public transportation, carpooling, or biking to work Facilities are designed to facilitate use of public transportation, biking, or cleaner burning vehicles (e.g., electric chargers) Employees are encouraged to use virtual meeting technology to reduce in person meetings Company has a written policy limiting corporate travel None of the above	0/1.61

Have you reduced the ton miles (relative to revenues) of your distribution and supply chain, and if so, by how much?	0% 1-9% 10%-20% 21-50% >50% We do not have this information	0/1.61
Has your company adopted any of the following techniques for minimizing the transportation-related environmental impact of its distribution and supply chain? Please check all that apply.	Utilize clean or low-emission vehicles (e.g., hybrid, LPG, electric) to transport and distribute product Utilize strategic planning software to minimize fuel usage and shipping footprint Train drivers and handlers in fuel efficient techniques Utilize freight or shipping methods with lower environmental impacts (e.g., avoiding air shipment) Other - please describe None of the above	0/25

Source: Own elaboration from Colfert S.p.A.'s SDG Action Manager Questionnaire

Table 3.19: Impact topics of the BIA referenced in the SDG Action Manager section and score obtained.

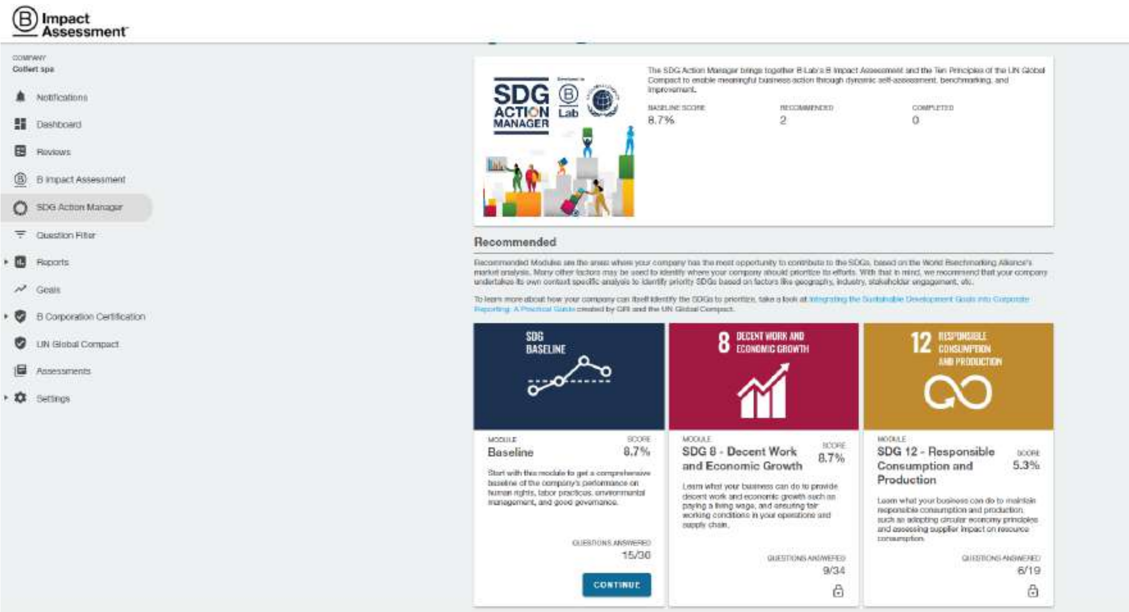
SDG	Impact Topic SDGs Action Manager	Impact Topic BIA	Score obtained
Baseline	Introduction	Mission Lock; Corporate Citizenship Program; # of Full Time Workers; # of Part Time Workers; # of Temporary Workers; Revenue Last Year	3.0/20
	Labor	Employee Handbook Information; Management Commitment to Health and Safety	1.2/20
	Environment	Environmental Management Systems; Monitoring Greenhouse Gas Emission; Monitoring and Managing Water Use; % of Environmentally Preferred Input Materials	0.7/20
	Anti-Corruption	Company Transparency; Code of Ethics; Anti-Corruption Practices	3.7/20
SDG 1 - No Poverty	Internal Operations	% Above the Minimum Wage; Job Growth Rate; Retirement Programs; Supplementary Health Benefits	8.86/15.64
	Supply Chain	Supplier Diversity Policies or Programs; Support for In Need Suppliers	2.08/9.38
SDG 2 - Zero Hunger	Internal Operations	Environmentally Certified Products	2.78/5.56
SDG 3 - Good Health and Well-Being	Internal Operations	Government Provisions of Healthcare; Healthcare Coverage; Supplementary Health Benefits; Paid Primary Caregiver Leave for Salary Workers; Supplementary Benefits; Supplementary Health Benefits Eligibility for Part-Time Workers; Health and Wellness Initiatives; Management Commitment to Health and Safety	9.09/18.17
	Supply Chain	Supply Chain Chemical Improvement; Tracking Chemicals in the Supply Chain	0/25
SDG 4 - Quality Education	Internal Operations	Professional Development Policies and Practices; Employee Review Process; Inclusive Work Environments	2.38/7.15
SDG 5 - Gender Equality	Internal Operations	Women Workers; Female Management; Paid Primary Caregiver Leave for Salary Workers; Paid Secondary Caregiver Leave; Supplementary Benefits	2.25/6.83
	Supply Chain	Supplier Ownership Diversity	0/10
SDG 6 - Clean Water and Sanitation	Internal Operations	Monitoring and Managing Water Use; Environmental Management Systems; Water Conservation Practices; Total Water Use; Chemical Management	1.21/10.41
	Supply Chain	Supply Chain Water Management; Supply Chain Water Improvement; Supply Chain Chemical Management; Supply Chain Biodiversity Management; Supply Chain Biodiversity Improvement	0/20.85
SDG 7 - Affordable and Clean Energy	Internal Operations	Renewable Energy Usage; Low Impact Renewable Energy Use; Monitoring Energy Usage; Facility Energy Efficiency; Energy Use Reductions; Total Energy Use; Green Building Standards; Type of Footprint Assessments	4.8/18.19
	Supply Chain	Supply Chain GHG Management	0/12.5

SDG 8 - Decent Work and Economic Growth	Internal Operations	Job Growth Rate; % Above the Minimum Wage; Financial Services for Employees; Employee Handbook Information; Professional Development Policies and Practices; Surveying and Benchmarking Engagement and Attrition	4.54/9.68
	Supply Chain	Spending on Local Suppliers; National Sourcing; Independent Contractor Practices	4.17/9.39
SDG 9 - Industry, Innovation and Infrastructure	Internal Operations	Job Growth Rate; Local Purchasing and Hiring Policies; Environmental Management Systems; Green Building Standards; Water Conservations Practices	3.17/15.47
	Supply Chain	Supplier Diversity Policies or Programs; Spending on Local Suppliers; National Sourcing	13.33/25
SDG 10 - Reduced Inequalities	Internal Operations	Management of Diversity, Equity, and Inclusion; Inclusive Work Environments; Measurement of Diversity; % Participation in Employee Ownership; % Above the Minimum Wage; High to Low Pay Ratio; Retirement Programs	3.13/12.53
	Supply Chain	Supplier Diversity Policies or Programs; Supplier Ownership Diversity; Support for In Need Suppliers	1.85/13.9
SDG 11 - Sustainable Cities and Communities	Internal Operations	Green Building Standards; Indoor Air Quality Monitoring; Reducing Carbon Emission from Transportation; Reducing Impact of Travel/Commuting; Ton Miles Reduction	0/7.25
	Supply Chain	Managing Impact of Transportation	0/25
SDG 12 - Responsible Consumption and Production	Internal Operations	Recycling Programs; Type of Footprint Assessment; % of Environmentally Preferred Input Materials; Environment Impact Packaging	5.29/13.23
	Supply Chain	Tracking Chemicals in the Supply Chain; Supply Chain Waste Management	0/7.14
SDG 13 - Climate Action	Internal Operations	Monitoring Energy Usage; Energy Use Reductions; Low Impact Renewable Energy Use; Reducing Impact of Travel/Commuting; Monitoring Greenhouse Gas Emission; Greenhouse Gas Emission Reduced	1.55/13.23
	Supply Chain	Supply Chain GHG Management; Managing Impact of Transportation	0/25
SDG 14 - Life Below Water	Internal Operations	% of Environmentally Preferred Input Materials; Monitoring and Reporting Non-hazardous Waste; Environment Impact Packaging; Monitoring Greenhouse Gas Emission;	2.19/10.41
	Supply Chain	Supply Chain GHG Management; Supply Chain Waste Management; Supply Chain Waste Improvement; Supply Chain Biodiversity Management; Supply Chain Biodiversity Improvement	0/17.85
SDG 15 - Life On Land	Internal Operations	Environmentally Certified Products; % of Environmentally Preferred Input Materials; Water Conservation Practices	1.14/9.09
	Supply Chain	Supply Chain Biodiversity Management; Supply Chain Biodiversity Improvement; Supply Chain Water Management	0/18.75

SDG 16 - Peace, Justice and Strong Institutions	Internal Operations	Governance Structures; Governing Body Characteristics; Company Transparency; Code of Ethics; Conflict of Interest Questionnaire; Anti-Corruption Practices; Monitoring Ethics and Corruption; Mission Lock; Financial Controls; Data Usage and Privacy	6.97/14.44
	Supply Chain	Supplier Code of Conduct	0/6.25

According to the industry in which Colfert registered its account, the recommended modules to select to help Colfert prioritize the SDG are Module 8, Decent Work and Economic Growth, and Module 12, Responsible Consumption and Production (Figure 3.34), meaning that these are the global goals on which the company has the most opportunity to contribute to SDGs.
We must keep in mind that B Lab expects users to prioritize between one and five SDGs, and thus Colfert is in line with it. Moreover, as the prioritization is based only on one dimension, excluding other criteria such as country, stakeholder perspectives, and workforce characteristics, other SDGs could be intensely focused on. However, questions within each module are customized to the company based on sector, size, and industry selected upon registration for the BIA.

Figure 3.34: SDG Action Manager and Recommended Modules for Colfert S.p.A.



Source: Colfert's S.p.A's profile on B Impact Assessment website

<u>*Goals for next suggested by B Lab*</u>

According to the responses provided in the BIA, which reflect also on SDGs, B Lab suggests 10 questions on which Colfert should set a goal (i.e., choose another answer or add another answer to the one already given) for next fixing as a due date equal to 1 months, 3 months, 6 months, or 1 year.

The impact topic of the ten questions are:

1. *Mission Lock*
2. *Virtual Office Stewardship*
3. *Environmentally Certified Products*
4. *Environmental Purchasing Policy Topics*
5. *Supplementary Health Benefits*
6. *Number of Paid Days Off*
7. *Supplier Code of Conduct*
8. *Health and Wellness Initiatives*
9. *Local Purchasing and Hiring Policies*
10. *Supplementary Benefits*

In Table 3.20 the ten questions are presented, marking in red the actual answer provided and points obtained. As we can see from this table and from Table 3.21 most of the questions suggested belongs to Workers impact area, whereas there is only 1 question for the Governance.

Table 3.20: 10 questions on which Colfert should set a goal

Impact Area	Question	Answer(s)	Points
Governance	1. Separate from a mission statement, what has your company done to legally ensure that its social or environmental performance is a part of its decision-making over time, regardless of company ownership? This question is related to the legal requirement for Certified B Corps. Click "Learn" for more information and resources about this requirement.	Signed a contract or Board resolution committing to adopting a legal form that requires consideration of all stakeholders (e.g. signed B Corp Agreement) Adopted a specific legal entity or governance structure that preserves mission over time, but does not require consideration of all stakeholders in its decision-making (e.g. cooperative) As a company wholly owned by another company that has not done so, amended corporate governing documents or adopted a legal entity that requires consideration of all stakeholders in its decision-making (e.g. benefit corporation, completed B Corp legal amendment) As an independent or publicly-owned business, amended corporate governing documents or adopted a legal entity that requires consideration of all stakeholders in its decision-making (e.g. benefit corporation, completed B Corp legal amendment) None of the above	7,5/10
Environment	2. How does your company encourage good environmental stewardship in how employees manage their virtual offices?	We have a written policy encouraging environmentally preferred products and practices in employee virtual offices (e.g. recycling) Our company shares resources with employees regarding environmental stewardship in home offices (e.g. energy efficiency) We have a policy in place for the safe disposal of e-waste and other hazardous materials purchased for employee home offices Employees are provided with a list of environmentally-preferred vendors for office supplies None of the above N/A	0/1.9

Environment	3. During the last fiscal year, what percentage of your products sold had a product certification that assesses the environmental impacts of the product or its production process? Select N/A only if there is no physical product being sold.	0% 1-24% 25-49% 50-74% 75%+ N/A	0.48/0.95
Environment	4. Does the company have a written and circulated environmentally preferable purchasing (EPP) policy that includes any of the following?	Building and construction Carpets Cleaning Electronics Fleets Food or food services Landscaping Meetings and conferences Office supplies Paper Product input materials Other - please describe We don't have an environmentally preferable purchasing policy	0/0.95
Workers	5. What benefits does your company provide to all full-time tenured workers to supplement government programs?	Disability coverage or accident insurance Life insurance Private dental insurance Private supplemental health insurance Other - please describe None of the above	0,71/1.43
Workers	6. What is the annual minimum number of paid days off (including holidays) for full-time employees?	0-15 work days 16-22 work days 23-29 work days 30-35 work days 36+ work days	0,54/0.6

Community	7. Is there a formal written Supplier Code of Conduct policy that specifically holds your company's suppliers accountable for social and environmental performance? Your answers determine which future questions in the assessment are applicable to your company.	Yes No	0/0.63
Workers	8. What health and wellness initiatives or policies does your company offer beyond insurer-provided programs? Check all that apply.	We sponsor and encourage workers to participate in health and wellness activities during the workweek (e.g. walking or steps programs) We offer incentives for workers to complete health risk assessments or participate in health and wellness activities (e.g., a fund for exercise equipment, subsidized gym membership) Employees have access to behavioral health counseling services, web resources, or Employee Assistance Programs Spouses, partners, or children of employees are provided access to behavioral health counseling services, web resources, or Employee Assistance Programs We have policies and programs in place to prevent ergonomic-related injuries in the workspace Over 25% of workers have completed a health risk assessment in the last twelve months Management receives reports on aggregate participation in worker wellness programs Other - please describe Company does not offer any formal health and wellness initiatives	0,14/1.43
Community	9. What written local purchasing or hiring policies does your company have in place? “Local" is defined as being part of the same community. While the size and distance of a community may vary by context, they should generally be based on a small-scale economically and culturally connected area like a metropolitan area or a city/town.	Written preference at each facility to purchase from local suppliers Formal targets or goals for the amount of local purchasing Ready-to-use lists of preferred local suppliers and vendors for specific facilities Written preference for hiring and recruiting local managers Incentives for staff to live within 20 miles of local company facility Other (please describe) No written local purchasing or hiring policies in place	0/0.59

Workers	10. What supplementary benefits are provided to a majority of non-managerial workers? Including full time and part time employees.	On-site childcare Off-site subsidized childcare Free or subsidized meals Policy to support breastfeeding mothers Other - please describe None of the above	0,33/1.33

Source: Colfert's S.p.A.'s profile on B Impact Assessment website

Table 3.21: Number of questions for each Impact area

Impact Area	Number of question
Community	2
Environment	3
Governance	1
Workers	4
Total	**10**

Source: Colfert's S.p.A.'s profile on B Impact Assessment website

<u>*Similarities and differences between the two analyses*</u>

At this point, having seen two different types of analysis in action, it is good to note that there are some similarities and differences between the two.

The first similarity is that both assessments are based on partial data. The first analysis conducted in 2020 is based on the perceptions of a single office, that of marketing, without involving the other company departments. The second analysis relies only on the data directly transferred from the BIA, leaving out the questions that needed to be answered. A second common element is that taken both individually, the two are not sufficient to fully understand Colfert's impact on SDGs. The first does not provide a method to understand which goals are affected by the company's performance but provides an overview of how 12 companies' activities might be connected to the 17 goals. The second analysis uses partial data, thus providing a partial result that could be confirmed or denied by completing the remaining 281 questions.

As far as differences, the two differ in the type of data used for the analysis. There are no quantitative data in the first, but logical perceptions and associations are used, whereas in the second, quantitative data were used together with both quantitative and qualitative indicators and practices. Another difference lies in the results obtained, as from the first analysis, it firstly emerges that all 17 goals can be represented in the organization chart as if all of these had the same weight in terms of the company activities involved. Secondly, from subsequent analysis, it turns out that the goals most affected by company

actions are SDG 8 (Decent Work and Economic Growth), Goal 11 (Sustainable Cities and Communities), and Goal 12 (Responsible Consumption and Production). In contrast, the Goals attributed to the lowest number of activities are SDG 3 (Good Health and Well-being), SDG 9 (Industry Innovation and Infrastructure), and SDG 13 (Climate Action).
Moreover, for SDG 1 (No poverty), SDG 2 (Zero Hunger), SDG 5 (Gender Equality), SDG 14 (Life Below Water), SDG 15 (Life on Land), and SDG 16 (Peace, Justice, and Strong Institutions) there is no reference in the activities in place. However, the company's performance has not been quantified in each of them. From the second analysis instead, we can see that company actions can touch all the goals, but the best performance is achieved in SDG 9 (Industry, Innovation, and Infrastructure), SDG 1 (No Poverty), and SDG 3 (Good Health and Well-Being), whereas the fewest points refer to SDG 11 (Sustainable Cities and Communities), SDG 15 (Life On Land), and SDG 6 (Clean Water and Sanitation).
To conclude, both studies, being of a different nature - the first qualitative while the second quantitative - could be used jointly as a starting point for further in-depth analyses of Colfert's performance on SDGs. Indeed, the company's current performance is best measured using quantitative measures, whereas qualitative measures, being more action-oriented, could help the company enhance its performance and contribution to the global goals. Thus, the two analyses could represent the 'as is' of the tools available that should be integrated with other insights or with the use of other frameworks such as GRI and BIA to set initial stages according to the most relevant areas and identify which concrete actions the company can take to improve on them.

Conclusions on BIA and SDGs

As Park et al. (2022) explained, assessments as the BIA and SDG Action Manager must not be understood as simple questionnaires to be filled out. Instead, they push companies to focus on specific activities and shape patterns of organizational behavior. Indeed, the BIA encourage companies to adjust their practices and policies to improve their scores, rewarding progress toward environmental and social goals. In other words, it seems that BIA encourages the adoption of a *generalist strategy* (see Chapter 2 for more insights on this type of strategy) as to obtain the B Corp certification, a company must achieve 80 points on the BIA; "achieving 80 points total would mean that the company has to excel in multiple areas" (B Lab 2021). Besides this, B Lab encourages companies to generate more *specialized* impact, granting specialized awards to companies that score in the top 10% on each of the five impact areas of the BIA. These companies receive "Best for the Environment" and "Best for Workers," which might encourage businesses to invest highly in their most crucial impact area. On the other side, the SDG Action Manager starts with the Baseline Module to identify areas where companies could create involuntary harm. Then it identifies recommended SDGs that are most aligned with companies' businesses. As a result, generalist companies using the BIA or SDG Action Manager will be pushed to strengthen their impact in a specific domain. In contrast, a wide range of environmentally and socially responsible practices will be exposed to specialist companies, pushing them to consider potential risks and spillover.

3.3.4 – Defining specific objectives for each common benefit purpose: A3 and KPIs

After the compilation of the BIA and the SDG Action Manager, a meeting was held among the company managers in which the score obtained in the BIA and the gap areas in which Colfert S.p.A. is weak in terms of sustainable positive impact - community and environment - were discussed. On that occasion, the HR manager and I presented a first list containing 53 specific objectives related to the four purposes of common benefit (available on request). Table 3.22 shows the number of objectives initially identified for each purpose of common benefit.

From the start, it was clear that there was a need to skim the initial list of 53 specific objectives and propose another more compact and affordable for the company. Remember that the legislation for the benefits company requires that at least one specific objective be achieved for each purpose of common benefit declared in the company statute. Thus, the sustainability project that I followed in Colfert S.p.A. ended with drafting a proposal of selected specific objectives for the company, which will be the subject of further reflections, and possibly skimming, with definitively defining which specific objectives will be pursued by the end of 2022. My proposal reflects the most realistically achievable goals according to some criteria identified that will be presented in the following lines.

To create the proposal, I used the A3 method, the 'proposal A3', because I felt the need to structure the process that would lead to the proposal itself. There were many ideas in terms of specific objectives, and it was necessary to use a tool that would allow them to be skimmed efficiently and structured in phases. Here, then, is the choice of applying A3 logical thinking focused on cause-effect relationships, strongly oriented towards consistency, results, and processes.

Table 3.22: Number of specific objectives initially identified for each purpose of common benefit

Purpose of common benefit	Number of specific objectives in the first list
A. *Continuous improvement towards environmental and social sustainability of company processes and practices to minimize negative impacts and amplify the positive impacts on people, the biosphere, and the territory.*	30
B. *Take an active role to contribute to the care of the common good in the territories in which one is present, through the development or support of projects with a cultural, social, educational, environmental impact, also through joint initiatives with other public or private subjects with whom be an alignment of purpose.*	5
C. *Build a positive and inclusive work climate among collaborators, protecting their rights and duties, safety, training, enhancement of skills, development of potential, including the adoption of concrete corporate welfare and life-work balance measures.*	13
D. *Activate paths of comparison and interaction with other companies, having similar or similar purposes to one's own, to contribute synergistically to a continuous improvement of environmental and social impacts.*	5
Total	**53**

Source: Own elaboration from Colfert S.p.A.'s benefit statute

In the following lines, there will be a brief explanation of how each of the seven sections of A3 has been compiled, following the order of the blocks. The visual representation of the A3 is visible in Figure 3.35.

In the *background section*, the reason that prompted the opening of this A3-T was specified, defining the situation and context and the consequences of failure to act. Indeed, this A3 was completed to identify at least one specific objective among the 53 identified for each purpose of common benefit that must be pursued for the regulatory obligation.

In the second building block, *as is*, valuable data have been entered to represent the current situation concerning the object of A3-T. These data are those that justify the opening of the A3. The valuable tools and comparable quantitative data currently available to the company have been included in the current state. These are the four purposes of the common benefit of the new company statute, the score obtained in the five impact areas of the BIA, and the first list of 53 specific objectives. These elements helped to make the current situation sufficiently documented through measurements.

In the next block, *the target statement*, the project's objectives were specified in close relation to the initial problem (background) and the current situation (as is). The objective of this A3, as already mentioned, is to halve the list of the initial 53 specific objectives and present it to management for the subsequent definitive choice of specific objectives to be pursued by 12/31/2022. The first list was filled by inserting too many objectives for each purpose, some of these not within reach of the company considering the current situation in terms of sustainable performance.

Moving now to the *analysis* section, to skim the long initial list of objectives, it was decided to analyze and trace each objective for the common benefit, the effort required (i.e., economic impact, number of offices involved, hours of work) with a score from 0 (very low) to 5 (very high), BIA impact area, points available in the BIA for the objective, 'As is' points, points obtainable in the BIA if the objective is pursued, and the company area directly involved in the pursuit.

The *future state*, including the countermeasures that must be implemented to move from the 'as is to 'to be' to get to a more streamlined proposal, was fundamental to define the criteria to be applied to choose which of the 53 objectives to include. It was decided to use seven criteria following order of priority, according to which the first criterion is the most decisive while the last is the one that has the most negligible impact on the final decision.

Figure 3.35: Proposal A3 for Colfert S.p.A.

A3-T

Object: Proposal of specific objectives for Colfert S.p.A. benefit corporation	
Team: Allegra Garatti (university intern), Silvia Crosato (HR)	PM: Allegra Garatti

BACKGROUND

On 25 March 2022 Colfert S.p.A. became a benefit company; therefore, four purposes of common benefit have been included within the company statute, the pursuit of which is a regulatory obligation.
The objective of this A3 is the identification of at least 1 specific objective among the 53 identified for each purpose of common benefit.

AS IS

Company benefit statute - 4 purposes of common benefit:

A. Continuous improvement towards environmental and social sustainability of company processes and practices in order to minimize negative impacts and amplify the positive impacts on people, on the biosphere and on the territory.	**B.** Take an active role to contribute to the care of the common good in the territories in which one is present, through the development or support of projects with a cultural, social, educational, environmental impact, also through joint initiatives with other public or private subjects with whom there is an alignment of purpose.
C. Build a positive and inclusive work climate among collaborators, protecting their rights and duties, safety, training, enhancement of skills, development of potential, including the adoption of concrete corporate welfare and work-life balance measures.	**D.** Activate paths of comparison and interaction with other companies, having similar or similar purposes to their own, to contribute synergetically to a continuous improvement of environmental and social impacts.

BIA

Area	Points available	Points obtained
Environment	6,18	43,77
Customers	2,94	4,58
Community	7,78	28,28
Governance	4,49	16,5
Workers	13,69	33,05
Total	**35,08**	**126,18**

First list of 53 specific objectives

TARGET STATEMENT

Halve the list of the initial 53 specific objectives and present it to management for the subsequent definitive choice of specific objectives to be pursued by 12/31/2022.

ANALYSIS

All 53 specific objectives identified were analyzed and traced for:

- Purpose of common benefit
- Effort required (economic impact, number of offices involved, hours of work) with a score from 0 (very low) to 5 (very high)
- BIA impact area
- Points available in the BIA for the objective
- 'As is' points
- Points obtainable in the BIA if objective is pursued
- Company area involved

FUTURE STATE

Selection criteria and considerations (in order of priority):

1. Include at least one specific goal for each common benefit purpose
2. Consider that it is the first year that Colfert is a benefit company, and the company must learn how to measure its performance from a sustainable perspective
3. Consider that we are in the middle of the year
4. Consider that some actions have already started (highlighted in blue)
5. Assign at least one specific goal for each business area, taking care of a fair distribution of workloads
6. Make sure there are actions with varying degrees of difficulty
7. Consider how the BIA score would vary with specific goal implementation

IMPLEMENTATION PLAN

WHO	WHAT	DEADLINE
Managers	Meeting to discuss the first ideas of specific objectives that emerged after the compilation of the BIA	09/03/2022
Lean Manager	Explanation of the A3 tool	16/03/2022
Sustainability Team	Objectives analysis	14/04/2022
Sustainability Team	Identification of the selection criteria	22/04/2022
Sustainability Team	Application of the selection criteria to the initial list	28/04/2022
Sustainability Team	Drafting of the list of specific objectives identified for the proposal	29/04/2022
Sustainability Team	List presentation	16/05/2022
Management	Definitive choice of specific objectives for each purpose of common benefit	17/05/2022
Sustainability Team	Work start	02/06/2022

CHECK AND ACT

Days behind the gantt

WHO	WHAT	DEADLINE	DAYS LATER
Managers	Meeting to discuss the first ideas of specific objectives that emerged after the compilation of the BIA	09/03/2022	0
Lean Manager	Explanation of the A3 tool	16/03/2022	0
Sustainability Team	Objectives analysis	14/04/2022	0
Sustainability Team	Identification of the selection criteria	22/04/2022	0
Sustainability Team	Application of the selection criteria to the initial list	28/04/2022	0
Sustainability Team	Drafting of the list of specific objectives identified for the proposal	29/04/2022	0
Sustainability Team	List presentation	16/05/2022	
Management	Definitive choice of specific objectives for each purpose of common benefit	17/05/2022	
Sustainability Team	Work start	02/06/2022	

Objectives approved for common benefit purposes: 4/4

Issue date: 18/03/2022	Owner: Allegra Garatti	Revision: 1.3	Revision date: 29/04/2022

Source: own elaboration

The criteria applied for the skimming, in order of priority, were the following:

1. Include at least one specific goal for each common benefit purpose
2. Consider that it is the first year that Colfert S.p.A. is a benefits company, and the company must learn how to measure its performance from a sustainable perspective.
3. Consider that we are in the middle of the year.
4. Consider that some actions have already started (highlighted in blue)
5. Assign at least one specific goal for each business area, taking care of a fair distribution of workloads
6. Make sure there are actions with varying degrees of difficulty.
7. Consider how the BIA score would vary with specific goal implementation.

The first criterion refers to the regulatory obligation that the benefits company must comply with. As a second criterion, however, it was decided to pay particular attention to the fact that the benefits form is something new for the company and that the company itself must learn how to measure its performance from a sustainable perspective, defining first what is a necessary measure. Being closer and closer to the middle of the year also affects the timing necessary to pursue a goal and therefore influences the choice of the same. For this reason, it was decided to give priority to the actions already started in January 2022. The workload of each business area has been considered. First, we wanted to include as many business areas as possible, and second, we did not want to give too many tasks to someone by leaving excluding other figures. The degree of difficulty of each goal has been the subject of reflection to ensure a fair balance of easy and challenging goals. The score obtained in the BIA has been inserted as the last criterion in order of importance because even if all 53 specific actions initially identified were implemented, a maximum of 10 points more could be obtained, going from 35.08 to 45.08. Besides this, the BIA score was helpful to understand that the B Corp certification is still a distant goal for Colfert, and restructuring the company to aspire to the b corp certification would be a too premature choice.

To identify at least one specific objective among the 53 identified for each purpose of common benefit, it was essential to define who does what in the *implementation plan* section.
To conclude, in the *check and act* part, two types of KPIs have been identified to check the progress of the work and guarantee long-lasting results. These are the days behind the *Gantt,* and the number of objectives approved for everyday benefit purposes is equal to 4 (one for each common benefit purpose). As far as the former, the actions previously identified in the *implementation plan* have been structured for four months starting from March 2022, and, if the deadlines are met, in the first days of June 2022, the company will have a clear idea of which specific objectives it will have to pursue by the end of the year. For the moment, six deadlines out of nine have been met, as seen from the table in the section.

Applying the A3 method, there was a first screening of the 53 objectives as some of them were too pretentious and would have wasted resources - time, company figures, planning, and structuring - too high compared to Colfert's current capabilities. For example, for the first purpose of common benefit, one of the specific objectives was to define and adopt a supplier evaluation questionnaire that considers their impact on the environment, community, and workers to arrive at an accreditation system. In this case, the definition of a supplier evaluation questionnaire would have required an immense effort, considering the timing required for achieving the goal (31/12/2022). This action would also have required a certain degree of awareness of the fact that it could lead to the loss of some suppliers because they disagree with this type of questionnaire and, therefore, reflections on the trade-off between turnover from the supplier vs. the impact of suppliers on the environment, communities, and workers. Another example for the second purpose of common benefit among the initial proposals for specific objectives was establishing a cleaning activity in the areas close to the company headquarters, involving other entrepreneurs, and accessing corporate facilities to host local and community events.
Regarding the first objective of cleaning the territory, this was excluded because it would have required the CEO to schedule some dates dedicated to this activity in a period of significant work commitments already set for some time. Furthermore, it would have been necessary to define how to dispose of the collected waste according to the provisions laid

down by Contarina and the Veritas group. The second specific objective of free concession of company structures, on the other hand, was discarded due to a whole series of problems inherent to the types of insurance that would have been necessary for the implementation and for the Covid 19 situation not yet resolved, which could have prevented the achievement of the objective following any envisaged provisions.
The screening leads to obtaining 22 objectives, seven already in place (i.e., 15 actions to start from scratch). This list was then further skimmed using the seven established criteria, obtaining the 18 specific objectives that are part of the proposal presented to management (Table 3.23). The four discarded objectives have been set aside for the proposal that will be presented for the year 2023 as they require more efforts (5 in the column' Effort required') and need the company to be more sustainability-oriented. It should be noted that the effort assigned to the specific objectives, including actions already in place, has been assessed considering both the effort that has already been made and what will be required. Moreover, the scale used to quantify the effort (from 1 to 5) is based on the perception of the effort required.
As shown in Tables 3.23 and 3.24, specific objectives have been included for no purpose of common benefit, worth 5 points in terms of effort required. The actions to which the most significant effort has been assigned have been put on stand-by for 2023 to give the company time to be ready to implement them. A single goal requires an effort equal to 4, Extension of company welfare to all collaborators. Trecuori platform, which refers to the purpose of common benefit C. This goal required a lot of time and energy to make agreements regarding the amount made available to employees within the Trecuori platform, the choice of benefits included in the welfare package, and the definition of the criteria for access to services and monitoring of expenditure.
For the first purpose of common benefit - *Continuous improvement towards environmental and social sustainability of company processes and practices to minimize negative impacts and amplify the positive impacts on people, the biosphere, and the territory* - more specific objectives have been identified that can be pursued compared to the other three purposes. Indeed the generality of this purpose has contributed to the number of potentially eligible actions. Among the proposed actions, five concern the environment since Colfert has proved to be very lacking in environmental terms, as clearly emerged from the BIA questionnaire. Then there is the objective of administering

a questionnaire to suppliers to collect information about certifications and sustainable practices, which was proposed to facilitate one of the objectives postponed to 2023 being the definition and adoption of a supplier evaluation questionnaire that also takes into account their impact on the worker community environment to achieve an accreditation system. The integration of responsibility for sustainability into the organization chart by giving the new functions an active role in the validation of new processes and procedures (starting from the figure of the impact manager) was proposed because to pursue sustainability over the long term is essential that someone takes care of it and acts as an internal company contact. The idea is not to look for a function external to the company (for example, an external consultant) but to assign responsibility for sustainability to someone who is already present in the company. However, they are already taking care of other tasks and, subsequently, when Colfert is more structured, insert a figure who will remain in the company and only deal with sustainability.

As far as the second purpose of common benefit – *Take an active role in contributing to the care of the common good in the territories in which one is present, through the development or support of projects with a cultural, social, educational, environmental impact, also through joint initiatives with other public or private subjects with whom be an alignment of purpose* – two actions already in place have been proposed as specific objectives to be pursued. Indeed, Colfert, as of January 2022, has decided to support Advair with a recurring monthly donation to demonstrate its corporate social responsibility. In addition, in the first months of 2022, business managers have kicked off some meetings in high schools in the Veneto where they present the company, their duties, responsibilities, and job expectations. These meetings can help young people close to choosing a university path or looking for a job, as they provide essential information about the world of work.

Considering now the third purpose of common benefit - *Building a positive and inclusive work climate among collaborators, protecting their rights and duties, safety, training, enhancement of skills, developing potential, including the adoption of concrete corporate welfare and life-work balance measures* – the objective of making the company's security procedures easily accessible to all on-site personnel, including workers, non-managerial staff and visitors come from the BIA questionnaire as this is part of a question. The focus was not only on the employees already present in the company but also on those who could potentially become part of it. Indeed, incoming figures must give the correct value to corporate sustainability to create a sustainable ecosystem. Hence, the need to select personnel also takes into account their sensitivity towards some issues not strictly connected to profit.

For the fourth and last purpose of common benefit - *Activate paths of comparison and interaction with other companies, having similar or similar purposes to one's own, to contribute synergistically to a continuous improvement of environmental and social impacts* – three specific objectives have been identified, of which two are already in place with difficulty equal to 1 and 2 respectively. The third specific objective refers to an activity that Colfert cares about. Let us get to know each other better. It was thought that the integration of sustainability within this activity could increase the sensitivity of people outside the company and create excellent opportunities for exchanging ideas and business practices from which Colfert can derive immense benefits. Again, concerning this fourth purpose, the renewal of membership of the Sustainability Group, of which Colfert is already a part, is essential because within the group, there are companies that have been benefits for much longer and can serve as a model or inspiration

Table 3.23: 18 specific objectives for the final proposal presented according to the criteria applied

Purpose common benefit	Objective	Effort required (economic impact, number of offices involved)	BIA Points available	BIA 'As is' points	BIA Obtainable points	Company area involved
A.[1]	Reduce waste production: Initially, we should start with the analysis of the as is also by promptly recording the waste production, subsequently we can identify the reduction targets compared to the previous perfromance (e.g. a 5% reduction in landfill waste compared to the reference year).	2	NA[2]	NA	NA	Logistics/Administration
A.	Implementation of internal separate waste collection in offices and common areas (e.g. canteen)	2	NA	NA	NA	Marketing
A.	Replacement of vending machines with sustainable alternatives (e.g., Service Vending)	2	NA	NA	NA	Marketing
A.	Submit a questionnaire to suppliers to collect information about certifications, sustainable practices, etc.	3	0,63	0	0,32	Finished product/ Wood-pvc, Aluminium-Iron/ Point of sale

[1] A, B, C, and D refer to the common benefit purposes described in Table 3.22.
[2] It was not possible to find a direct reference within the BIA.

A.	Replacement of fluorescent lamps with led ones	1	0,59	0,59		Logistics
A.	Use of products / stationery made from recycled materials in offices (e.g. recycled paper)	1	NA	NA	NA	Switchboard
A.	Integrate responsibility for sustainability into the organization chart by giving the new functions an active role in the validation of new processes and procedures (starting from the figure of the impact manager)	2	NA	NA	NA	HR
B.	Identify a beneficial initiative to be supported continuously, not sporadically	2	0,55	0	0,33	Marketing/HR
B.	Collaboration with local schools and universities (e.g., "Recognize the work I would like to do"), increase in the number of agreements for universities and internships	3	NA	NA	NA	HR
C.	Extension of company welfare to all collaborators - trecuori platform	4		0,14		HR
C.	Sports event tickets for collaborators (regular availability and access)	1	NA	NA	NA	Marketing

C.	In the selection process, give relevance and importance to sensitivity / experience on sustainability: add questions in this area to the interview form (do you know that Colfert is a benefit? Does it affect your choice?)	2	NA	NA	NA	HR
C.	Family - work audit certification	3	NA	NA	NA	HR
C.	Regulate smart working	3	0,6	0		HR
C.	Make the company's security procedures easily accessible to all on-site personnel, including workers, non-managerial staff and visitors	2	1,43	0,29	0,64	RLS
D.	Renew membership in the sustainability group	1	NA	NA	NA	Management / Marketing
D.	Organize or participate as speakers at least an event on corporate sustainability (e.g., organize a moment to talk about sustainability during YED or join the Week of Sustainability)	2	NA	NA	NA	Management / Marketing
D.	Intensify the 'Conosciamoci meglio' activity and integrate it with the sustainability features of Colfert benefit corporation	3	NA	NA	NA	Technical office

Source: own elaboration

Table 3.24: Company areas involved in the specific objectives identified for each common benefit purpose and number of specific objectives assigned to each area.

Common benefit purpose	Company areas involved	Number of specific objectives for each area	Effort required (economic impact, number of offices involved)
A.	Finished product/ Wood-pvc/ Aluminium-Iron/ Point of sale	1	3
	HR	1	2
	Logistics	1	1
	Logistics/Administration	1	2
	Marketing	1	2
	Marketing	1	2
	Switchboard	1	1
B.	HR	1	3
	Marketing/HR	1	2
C.	HR	4	4, 2, 3, 3
	Marketing	1	1
	RLS	1	2
D.	Management / Marketing	2	1, 2
	Technical office	1	3
Total		**18**	

Source: own elaboration

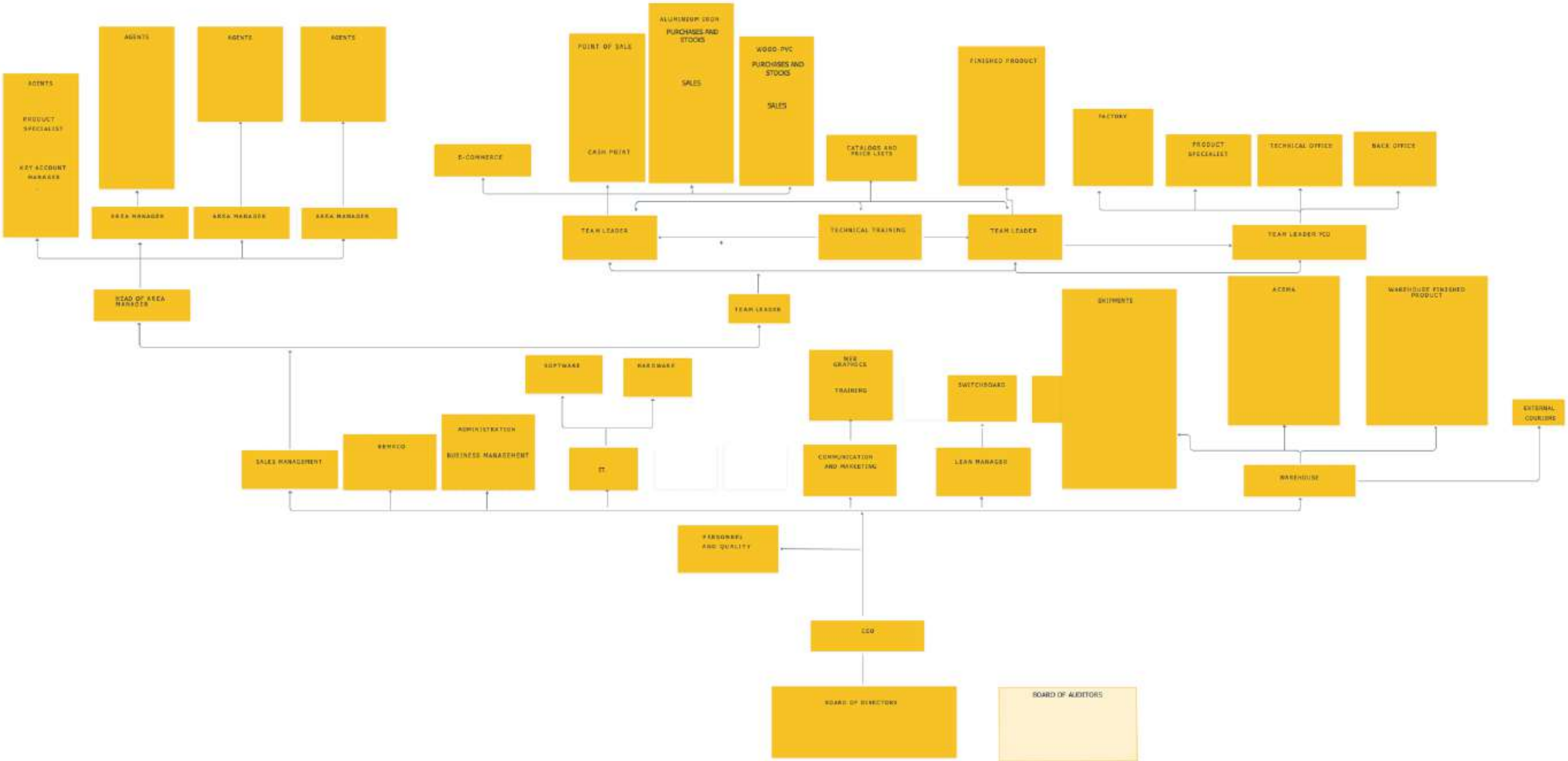
3.3.5 – What (potentially) happened in the company after the transformation into Benefit Corporation: company organization chart and business model Canvas.

It may be natural to ask what happened inside the company after the transformation into a benefit corporation. Honestly, the implications of this transformation are not yet materially visible to date. Most likely, it is still too early to be able to notice them, having only passed a few months. It should be emphasized that the statutory change took place even before proposing the first list of 53 specific objectives for the four purposes of common benefit. Hence, Colfert S.p.A. became a benefit corporation before precisely defining its expectations, goals, and the way to go to meet regulatory obligations. Therefore, although the company has acquired a new legal form, it can be said that sustainable commitment is still a work in progress.

In this paragraph, we will discuss two hypothetical changes that could occur following the decision to become a benefit corporation. First, a hypothetical transformation that touches an area within the company organization chart; second, how and on which blocks of the Canvas business model this decision could affect.

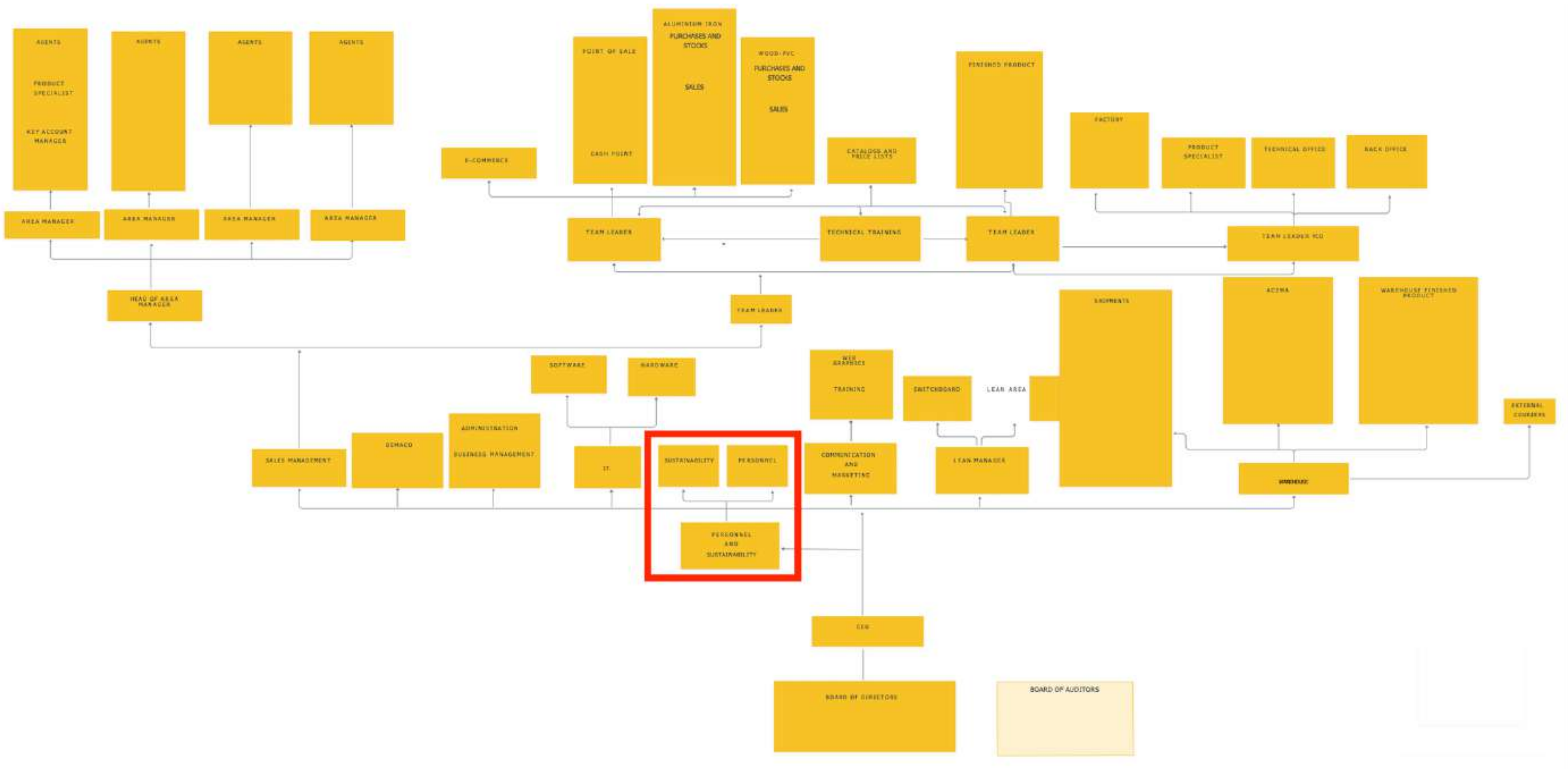
Becoming a benefit corporation involved a single (potential) change to the previous corporate organization chart (See Figure 3.36). It should be noted immediately that the organization chart represented in Figure 3.37 is not official, but the result of some hypotheses developed by the marketing department. As shown in Figure 3.37, the company has imagined assigning responsibility for sustainability to human resources since the new manager has previously touched on some aspects of sustainability in another company. Before transforming into a benefit corporation, the HR area dealt directly with personnel and quality. However, with the inclusion of a new managerial reference figure, it has been decided to delegate the personnel and sustainability functions to other figures since the new manager intends to adopt a different and less 'familiar' approach. To be precise, the figure responsible for corporate sustainability has not yet been defined, and all company managers will be involved in one or more specific objectives for each purpose of common benefit. Another change, this one instead of official, concerns the lean department. Indeed, previously the lean manager was in charge only of the switchboard, having dealt with the optimization of the latter for a long time through numerous projects. However, a lean area has been created, which includes a series of projects that affect all company departments and to which the lean manager responds directly.

Figure 3.36: Company organization chart updated on 02/11/2021



Source: own elaboration from Colfert S.p.A.'s materials

Figure 3.37: Company organization chart updated on 18/03/2022



Source: own elaboration from Colfert S.p.A.'s materials

Although the two business models for the Mogliano Veneto site and YCO business unit have no official change from the previous one, the transformation into a benefit will involve some changes. Some of these changes may already be hypothesized, while for others, it is still premature to make assumptions given that, to date, it is not yet known what specific actions the company will formally undertake to carry out will be.

Starting from the Mogliano Veneto office, as regards the keystone of the business model, the *value proposition*, all the actions implemented to improve its customers' work must also be assessed at the level of social and environmental impact. What is offered to the final consumer and creates value for the latter must reflect and respect the new sustainable philosophy of the company. Therefore, additional qualitative elements could be included. For example, sustainable training offers for its suppliers to involve them in initiatives to raise awareness of consumption and sustainable lifestyles, offering them adequate information on standards and labels, and involving them, among other things, in sustainable public procurement. It must be kept in mind that a b2b company that wants to create a positive impact will have to act sooner or later in its supply chain by making suppliers aware of the importance of adopting certain behaviors, practices, and policies to create long-term value.

On the other hand, regarding the supply chain, this represents Colfert S.p.A., the primary customer to be satisfied. Therefore, references to the supply chain can be found in three building blocks: *customer segments, channels*, and *customer relationships*. *Customer segments* could vary by including new consumers who are more attentive to the social and environmental impact of the company and the products and services offered or by making the current ones more aware of these issues. For the *channels* initially used by the company to communicate with and reaches its customer segments to deliver the value proposition - the company website and social media, the Colfert Window magazine, the showroom, sales office, shop, agents, and sellers - each of these will be fundamental to communicate the sustainable commitment undertaken. The news of the corporate change has already been disclosed on the company website, on social networks, and in the Colfert Window, but it will also be essential to start telling how and what specific actions will be pursued. The showroom might be revisited, paying more attention to how the goods are displayed, which products to display, highlighting the sustainable characteristics (materials used, certifications, suppliers), and conveying sustainable values to the visitor.

These last two precautions will also be implemented by the shop used by customers to buy products and accessories and by the sales office. As far as agents and sellers, their role might be revised as they would probably receive additional training concerning sustainability practices that suppliers are expected to adopt, and they will have to pay attention to which new customers to present, making sure that these meet specific requirements to become part of the customer segments.

Regarding customer relationship building block, if Colfert submits a questionnaire to its suppliers to collect information about certifications, sustainable practices, and so on in the future, relationships with unsustainable suppliers could cease. In this case, there could be a trade-off between turnover and social and environmental performance of the latter, and it will be interesting to check whether the sustainable commitment assumed through the statute will prevail over the profit. To conclude, sustainability commitment will also have implications in the *cost structure* building block because sustainability also aims at reducing future economic, social, and environmental costs, aiming to 'do more and better with less by reducing the resources used.

Focusing now on the business unit YCO, the sustainability component, in addition to impacting the same blocks already mentioned in the case of the business model canvas created for the Mogliano Veneto office, will also have implications on *key resources* and *key activities* building blocks as the production of the bioclimatic pergola Waterproof is part of both. In the long run, the production and procurement of materials will certainly have to be reviewed and restructured already in the very early stages of design, adopting a more sustainable perspective by promoting the efficiency of resources and energy used, aiming at sustainable infrastructures as well as ethically purchasing materials from suppliers who act according to respectful social and environmental practices. It will be essential to reduce the number of resources used and the pollution caused by the entire production cycle as there will be a transition toward energy-efficient and climate-neutral digital economies, which will increasingly require Critical Raw Materials (CRM) that will be essential to achieve the objectives set by the Paris Agreement.

3.3.6 – Summary of the steps taken, timing, and future steps to become B Corp: Gantt Chart visual representation

As a conclusion of this third and final chapter, I considered it appropriate to summarize all the steps I followed in carrying out the Colfert sustainability project, which ended with a proposal of specific objectives presented to the management on May 16, 2022. I decided to use a graphical representation, the Gantt chart, to give an immediate idea of all the company's phases to become a benefit corporation and of those that will be necessary (possibly) to get closer to the hypothetical goal of becoming certified b corp. By doing so, the reader can get an idea of what a novice SME company in terms of sustainability could do to improve its social and environmental impact from scratch.

I take this opportunity to point out that I have prepared the entire work over the six months of the internship, and now Colfert does not have to commit to applying what has been established.

3.38 - Gantt Chart

Activity	Deadline
Participation in events, festivals and webinars on sustainability	30/09/21
Exploratory investigations @ external business consulting firms (Benefit Corporation and Bcorp)	27/10/21
Subdivision and assignment to the company areas of the B Impact Assessment questions	21/11/21
External consultant presents the four purposes of common benefit for the modification of the Company Statute	16/12/21
Study and representation of the as is through the business model Canvas, BIA and SDG Action manager	15/01/22
Sending the B Impact Assessment to the managers of each division for compilation	18/02/22
Application submission and analysis via SDG Action Manager	28/02/22
Meeting for the discussion of the responses to the BBimpact Assessment given by the managers	10/03/22
General meeting: Discussion of Bimpact Assessment answers	09/03/22
General meeting: presentation of 4 common benefit purposes	09/03/22
General meeting: presentation of the first draft of the list of the 53 specific actions for each common benefit purpose	09/03/22
Evaluation of further proposals and discussions from managers received by the Sustainability team	31/03/22
Analysis of the 53 specific actions for the purposes of common benefit	14/04/22
Analysis and identification of the selected criteria	22/04/22
Application of the selected criteria to the initial list of the 53 specific actions to start a reduction	28/04/22
First screening: 22 specific actions	28/04/22
Second screening using selected criteria: 18 specific actions	28/04/22
Analysis and adaptation of A3	20/03/22
Colfert has become Benefit corporation	25/03/22
Development of the A3	29/04/22
Next steps to Bcorp certification	
Presentation of the list ot the 18 specific actions to the top management	16/05/22
Final decisions on what specific actions Colfert will pursue	17/05/22
Start of work for the pursuit of the specific actions selected	02/06/22
Final evaluation on the achievement of the objectives	31/12/22

Conclusion

This thesis was written to serve as an inspiration for companies approaching sustainability for the first time and, although they do not have a solid background on sustainable development issues, wish to become one day Benefit Corporation, B Corp, or both. A company at some point may feel the need to commit itself to the common good concretely but, in the hustle and bustle of the various information readily available, does not have a clear idea of what actions to take. This happens especially in SMEs, many of which are currently not structured to design and accommodate sustainability. Here, these pages can give these companies an idea of what steps they could follow to achieve their goals or get closer to them.

The originality of my thesis and my path within Colfert S.p.A. first lies in the approach used, the interventionist research (IVR) approach, which allowed me to carry out research and consultancy within the company, acting at the forefront and structuring and carrying out the sustainability project. A second original aspect is the idea of using the BIA to measure the performance of a company that, during the sustainability project, had decided to become benefit since this choice can be difficult to digest initially, at least so it was for the corporate executives of Colfert S.p.A. and for the external consultant who had dealt with sustainability before I arrived in the company since B Lab originally conceived this framework as a measurement tool to accompany companies towards B Corp certification. My proposal to unhook the BIA from B Corp certification and use it "as we please" arises from the need to use a measurement tool that gives credible feedback and results. To date, no one knows if the BIA is the best tool for measuring sustainable performance but what is certain is that it is currently the most used framework worldwide and is comparable to the company's performance at 360 degrees. Furthermore, as widely explained in the second chapter, this framework is dynamic, easy to use, educational, transparent in the criteria and weightings for each impact area, and adaptable according to the company's size (i.e., number of employees) sector, and geography. The third original aspect is related to using the A3 to structure a project proposal and not to present a project already defined for approval.

I take this opportunity to point out that there is no 'better' sustainable path than another as each company represents a different reality with a different background, and each approaches sustainability with its times and methods. Thus, a company could become a certified B Corp directly without starting by transforming itself into a Benefit Corporation. However, starting by becoming Benefit Corporation is a logical step to facilitate the achievement of the B Corp certification because the benefit statute imposes on companies the regulatory obligation to establish purposes of common benefit to be pursued and specific sustainable objectives for each of these purposes that must be reached within a set deadline (end of the year). Therefore, to comply with the regulatory obligations imposed, companies must begin to implement new sustainable logic and practices and learn to measure their social and environmental performance. However, the B Corp certification or the statutory change in benefit corporation would not even be necessary to use the business as a force of good because the real driver of sustainability is the company's intentions and culture, which, if developed according to a sustainable perspective led to significant concrete actions without even (perhaps) the need to put them down in black and white.

It is worth highlighting that corporate sustainability is more than initiatives aimed solely at corporate social responsibility or welfare. It is linked to the interconnection and synergies between social, environmental, governance, and economic aspects. It is about integrating the various aspects and making them harmoniously co-exist and not about choosing one over another. Therefore, companies cannot expect to be or become sustainable simply by investing in something related to the social or environmental aspect with the sole aim of obtaining a profit in the short term. For example, the development or regeneration of business models from a sustainable perspective or the reorganization of the business process to reduce the environmental resources used must also be interconnected with the social aspects of the business. Sustainability is a topic that must be addressed with the seriousness and dedication it deserves and requires. It is not a mere declaration of intent or a philosophy, but it is a planning and an investment for the company. As explained by Elisa Gritti during Us.Up Club webinar of November 30, 2021, sustainability planning requires a virtuous and winning mechanism that resides in the company's ability to carry out at least three phases. The first phase consists in having an intensive internal awareness of the starting point, considering all the issues related to social and environmental issues. Therefore, it is necessary to collect data and rely on existing standards and tools. The second phase is linked to knowing how to create long-term objectives that are defined, clear, explained, credible, tangible, and measurable. In the third and final phase, the long-term objectives identified must be linked to operational programs, and it is here that the company plays not only its credibility but also its practical ability to bring sustainability to a strategic level.

During the sustainability project that I followed in Colfert S.p.A., the company went through the first two phases of sustainability planning, currently stopping at the second.

As regards the first phase of awareness of the starting point, all the notions present in chapter 1 were helpful for me to begin to know sustainability more closely and have a general idea of the macro-thematic that was little known to me, and I wanted to learn more. These notions, together with the knowledge of the various strategic and sustainable performance evaluation tools that I presented in the second chapter, were part of the cultural background that I transmitted to the company and shared with the various company managers using interventionist research (IVR) approach which requires the researcher to design solutions and focus on outcomes according to the relevant scholarly literature, mixing theory and practice. Together with the B Impact Assessment (BIA) and SDG Action Manager, the business model Canvas helped take the photo of the 'as is.' Using the Canvas business model, I dig into the corporate business dynamics present before the start of the sustainability project, understanding the various links and synergies existing between the various parts that make up the corporate business. The BIA and SDG Action manager tools allowed me to know and quantify corporate performance in a sustainable context, with a direct focus on the five impact areas (Governance, Workers, Customers, Environment, and Community) and on the 17 global objectives of sustainable development. Thanks to the use of these two self-assessment frameworks, it was possible to collect data and quantify the degree of corporate sustainability according to the parameters proposed by B Lab, as well as having the opportunity to measure corporate performance compared to similar companies in the country, sector, and dimension selected as benchmarks. From the BIA questionnaire, it emerged that the area in which the company achieved the best performance in terms of sustainable impact was Customers, followed by Workers.

Conversely, the areas where the company proved to be weakest were the Environment, Communities, and Governance. Colfert S.p.A.'s performance in the five impact areas shows similarities with its performance against BIA's benchmarks, meaning that for the

Workers and Customers sections, Colfert performs well compared to other similar businesses and in the case of the Customer section, even better than the others. The company is underperforming in the Governance, Environment, and Community sections compared to similar companies. However, the score obtained in the BIA itself was not the main focus. In paragraph 3.3.2, some more in-depth considerations were reported regarding the results obtained in each impact area, concluding that Colfert S.p.A., like all the other companies similar to it for the country, sector, and dimensions, is still far from the B Corp certification. There is much work to achieve sustainable performance in the five impact areas, and thus restructuring the company to aspire to the B Corp certification would be too premature. From the 133 questions out of the 194 total of the BIA that were directly transferred to the SDG Action Manager section, completing 32.12% of the questions (144 out of 414), it emerged that Colfert S.p.A. in SDG 9 (Industry, Innovation, and Infrastructure) has the highest score. A good number of points is also obtained in SDG 1 (No Poverty) and SDG 3 (Good Health and Well-Being), whereas the fewest points are obtained in SDG 11 (Sustainable Cities and Communities), SDG 15 (Life On Land), and SDG 6 (Clean Water and Sanitation).

As far as the second phase of sustainability planning, me and my HR manager started from the first list of 53 specific objectives identified after the compilation of the BIA to define the specific objectives linked to each of the four everyday benefit purposes reported in the benefit statute. I specify that the results that emerged from the SDG Action Manager tool were not considered at this stage since the analysis of company performance on global goals was made using partial data, which consequently led to partial results, although it was helpful as a starting point for further in-depth analysis of Colfert's performance on SDGs. As explained in chapter 3, the 53 objectives were analyzed and skimmed through the A3 tool to create a proposal of 18 specific objectives, which will be the subject of further reflections and skimming to define which specific objectives will be pursued by the end of 2022. The proposal of 18 specific objects for the four purposes of common benefit reflects the most realistically achievable goals according to the selection criteria chosen. Considerations made: identification of at least one goal for each purpose of common benefit, considering Colfert's current ability to measure its sustainable performance, time available to achieve the objectives (approximately six months), priority given to existing actions, assignment of at least one goal specific for each business area, the inclusion of actions with different degrees of difficulty, and consider how the BIA score would vary with specific goal implementation.

It has been a case study of planning, obstacles, and limitations. First, the time frame I had was only six months, and the sustainability project was structured starting entirely from scratch. Indeed, initially, the company did not have a clear idea of which sustainability path to follow, and the CEO asked me to establish sustainability within the company somehow. Thus, I had to inform and reinvent myself to understand where to start and what to do precisely, using any tools and knowledge at my disposal, up to the point of discussing with some sustainability professionals, focused either on B Corps or Benefit Corporation, including Nicola Piccolo (Evolution Guide & Carbon Neutrality Champion in Nativa) and Fabio Fantuzzi (Co-founder of Pragmetica SBrl, Sustainable PMI, ValorePersone). Second, I have designed (and re-designed) several proposals to present them to top management, and many of these were superficially rejected because there was no clear idea of the final goal until December. Third, another challenge was the effort required of all company figures during the various phases of sustainability planning, which very often delayed some deadlines that I had set, prioritizing their work. The lack of an initial phase of engagement and alignment of company managers concerning the sustainability project has very often caused misunderstandings and delays, leaving no time for further reflections that would have been useful.

Anyway, my thesis and my interventionist research experience ended with three significant results: the planning and implementation of a sustainability project, the transformation of Colfert S.p.A. into a Benefit Company, which took place on March 25, 2022, and the realization of a proposal of specific objectives for the four purposes of common benefit identified by the new company statute.

Appendix A

Content and results of the BIA Topics mapped to GRI Topics/Sections

BIA Impact Areas	BIA Operational Topics	Mapped to GRI Topics/Sections (High Linkage Marked in Bold)
Governance	Mission and Engagement	**Governance; Stakeholder Engagement; Ethics and Integrity; Strategy**
	Ethics and Transparency	Governance; Ethics and integrity; Anti-corruption; Tax (2019)
Workers	Financial Security	**Economic Performance; Market Presence**
	Health, Wellness, and Safety	**Occupational Health and Safety (2018); Waste; Employment**
	Career Development	**Training and Education; Employment**
	Engagement and Satisfaction	**Employment; Stakeholder Engagement; Non-discrimination; Human Rights Assessment**
Community	Diversity, Equity, and Inclusion	**Diversity and Equal Opportunity; Governance; Market Presence**
	Economic Impact	Market Presence; Indirect Economic Impacts; Economic Performance
	Civic Engagement and Giving	Local Communities; Indirect Economic Impacts; Economic Performance
	Supply Chain Management	Supplier Social Assessment; Supplier Environmnental Assessment; Child Labor; Forced or Compulsory Labor
Environment	Environmental Management	**Waste (2020)**
	Air and Climate	Emissions; Energy; Supplier Environmental Assessment
	Water	**Water and Effluents (2018); Supplier Environmental Assessment; Effluents and Waste**
	Land and Life	**Waste (2020); Supplier Environmental Assessment; Biodiversity; Effluents and Waste**
Customers	Customer Stewardship	**Customer Privacy; Marketing and Labeling; Customer Health and Safety**

Source: B Lab & GRI (2021)

Appendix B

Content and results of GRI Topics/Sections mapped to BIA Topics

GRI Topic/ Section	Mapped to BIA Operational Topics (High Linkage Marked in Bold)
Strategy (General Disclosures)	**Mission & Engagement; Supply Chain Mannagement**
Ethics and integrity (General Disclosures)	**Ethics and Transparency; Mission & Engagement**
Governance (General Disclosures)	**Ethics & Transparency; Mission & Engagement; Diversity, Equity, & Inclusion**
Stakeholder engagement (General Disclosures)	**Mission & Engagement; Civic Engagement & Giving; Engagement and Satisfaction**
Reporting practice (General Disclosures)	**Mission & Engagement; Ethics & Transparency**
Management Approach	**Supply Chain Management; Mission & Engagement; Environmental Management; Ethics & Transparency**
Economic Performance	**Civic Engagement & Giving**
Market Presence	**Economic Impact; Disclosure Practices**
Indirect Economic Impacts	**Civic Engagement & Giving**
Procurement Practices	Economic Impact; Supply Chain Management
Anti-corruption	**Ethics & Transparency; Disclosure Practices**
Anti-competitive Behavior	**Disclosure Outcomes & Penalties**
Tax (2019)	**Ethics and Transparency; Governance Metrics; Disclosure Practices**
Materials	**Land and Life**
Energy	**Air and Climate**
Water and Effluents (2018)	**Water**
Biodiversity	Land and Life; Disclosure Industries; Disclosure Practices
Emissions	**Air and Climate**
Waste (2020)	**Land and Life**
Effluents and Waste	**Land and Life; Disclosure Outcomes; Water**
Environmental Compliance	**Disclosure Outcomes & Penalties; Disclosure Practices**
Supplier Environmental Assessment	**Supply Chain Management; Land & Life**
Employment	**Engagement & Satisfaction; Financial Security; Health, Wellness, & Safety**
Labor Management Relations	**Engagement and Satisfaction**

GRI Topic/ Section	Mapped to BIA Operational Topics (High Linkage Marked in Bold)
Occupational Health and Safety (2018)	**Health, Wellness, and Safety; Disclosure Outcomes; Engagement & Satisfaction**
Training and Education	**Career Development; Engagement & Safisfaction**
Diversity and Equal Opportunity	**Diversity, Equity, and Inclusion**
Non-discrimination	**Disclosure Outcomes & Penalties**
Freedom of Association and Collective Bargaining	**Disclosure Practices**
Child Labor	Supply Chain Disclosure; Engagement & Satisfaction
Forced or Compulsory Labor	**Supply Chain Disclosure; Engagement & Satisfaction**
Rights of Indigenous Peoples	**Disclosure Outcomes & Penalties**
Human Rights Assessment	**Engagement & Satisfaction**
Local Communities	**Civic Engagement & Giving; Land & Life**
Supplier Social Assessment	**Supply Chain Management**
Public Policy	**Ethics & Transparency**
Customer Health and Safety	**Customer Stewardship**
Marketing and Labeling	Supply Chain Management; Disclosure Outcomes & Penalties; Land & Life
Customer Privacy	**Disclosure Outcomes & Penalties; Disclosure Practices**
Socioeconomic Compliance	**Disclosure Outcomes & Penalties; Disclosure Practices**

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