

# ITALIAN BUSINESSES: PRACTICES TOWARDS A SUSTAINABLE DEVELOPMENT

Following the path defined by the Sustainable Development Goals



**Global Compact**  
Network Italy

## WHO WE ARE

The United Nations Global Compact operates in Italy through the **Global Compact Network Italy Foundation**, an organization set up in June 2013 after ten years of activity as an *informal group* within the Global Compact Network Italy (GCNI).

The Foundation primarily works to **promote the UN Global Compact and its 10 Principles at national level**, through institutional dialogue, producing knowledge and the dissemination of good practices. To date, more than 60 business and non-business entities (private foundations, business associations, universities, etc.) have joined the Foundation.

The Foundation's work plan is based on **information, study and support** initiatives focusing on the broad thematic spectrum of sustainability and corporate responsibility (human rights, work, environment, anti-corruption, reporting, supply-chains, etc.). The large number of members and the heterogeneous composition of the Network makes it possible to **activate multi-stakeholder partnerships and collective actions** within the Foundation in pursuit of common or shared goals.

The Foundation is also committed to supporting the **Sustainable Development Goals (SDGs)** adopted on 25th September 2015 by the UN General Assembly with the aim of eradicating extreme poverty, the spread of peace and the promotion of prosperity and human development at global level by 2030.



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# INTRODUCTION

By: **Marco Frey** - President, Global Compact Network Italy Foundation

Already back in 1992 while they were preparing for the Rio Conference, a pioneering group of multinational corporations, operating in areas where the social acceptability of their business was particularly critical, realized that **incorporating sustainability into business models was a farsighted choice**. During the nineties this inspired a gradual spreading of **corporate social responsibility with a strategic edge**, seen, for example, in the gradual proliferation of reports, first about the environment and then about sustainability in general.

In order to see a real turning point in the valorization of the role of companies globally, however, it was necessary to wait a few more years, until 1999 in Davos, when the United Nations Secretary-General Kofi Annan proposed a **global pact** for sustainability to the **business community**. The *Pact* would be launched the following year in New York.

The **Global Compact** is a momentous step for the United Nations, as it not only recognizes the role of firms as partners of a more sustainable and inclusive development but because it also directly involves the UN in this private sector engagement project.

This is a delicate subject and it brings up several issues (Kell, 2005; Frey, 2012): *is it really possible that firms can make a significant contribution to global goals such as the Millennium Development Goals? How can we avoid that membership of the Global Compact is the result of an opportunistic choice based only on the need to maintain a good reputation? How can global engagement concretely result in verifiable outcomes in the various contexts in which companies operate?*

More than ten years passed without definitively answering these questions, but the most significant moment towards this end was the **Corporate Sustainability Forum of Rio+20**. At the conference, organized twenty years after Rio 1992 to reactivate global commitment to sustainability, there was an important event organized by the Global Compact, which over 2,700 people attended. Half of them belonged to companies and just as many to institutions, universities and NGOs. In that situation over **200 commitments to action** were presented, resulting from multistakeholder collective actions by firms, local networks and NGOs, that demonstrated how vital the Global Compact was.

This created the opportunity for a concrete rendition of a **new CSR** (where the acronym can become *Corporate Sustainability and Responsibility* - Waddock, 2008),



which had gradually become more conspicuous in recent years, not only in Western countries but also in the context of emerging and developing countries. When it becomes apparent that a company with responsibilities towards society can **no longer be limited to charity or actions that are not inter-related to its core business**, the need arises to define strategic ways to create “shared value” based on **synergistic relationships with institutions and stakeholders**.

The launch of **the Sustainable Development Goals (SDGs)** and, above all, of their 169 related targets was a great opportunity to render this orientation in a concrete way. Today we have a shared Agenda where the private sector’s scope for action is very significant: **it is now time to see how the policy framework can be translated into results, making “Global Goals Local Business”**.





## EXECUTIVE SUMMARY

To pursue a sustainable development there is no “*one size fit all*” approach.

With this basic concept in mind, the Global Compact Network Italy Foundation (GCNI Foundation) decided to launch a **collection of practices** to support the understanding and commitment of the private sector to the Global Agenda for Sustainable Development and its SDGs. **The aim is the one of producing a series of publications** – beginning with the present one – **that offer conceptual tools, case studies and analysis** to support business, civil society actors and political leaders ready to act, in processes of organizational transformation and business models adaptation.

The **first part** of the report presents an overview of the transition from the previous (MDGs) to the present Agenda for development (SDGs); a concise presentation of the 17 SDGs and of one of the main condition for enabling the achievement of the goals: sustainable finance.

**Chapter 2** addresses the role of business with regard to the opportunities that this new developmental framework generate and that can be maximized if tackled with an integrated thinking approach and exploiting synergies among goals and targets. A new and useful tool for analysis is also presented: the organizational network analysis (ONA), together with a selection of tools and methods developed by specialized research and policy agencies to support organizations in their contribution to the SDGs.

**Chapter 3** presents a set of exemplary cases of business initiatives contributing to the SDGs. The sample is composed of 11 Italian organizations, members of the GCNI Foundation and operating in different sectors. All cases have been detailed on a voluntary base by organizations but following a shared template.

Finally, **in the conclusion, a brief and synthetic transversal analysis of the 11 Business&SDGs practices** is proposed. With the aim to provide a general framework to think about the various ways in which businesses are engaging in development, **4 dimensions (ranges) of analysis are proposed.**

Future editions of the collection will build on the present work to observe **how companies’ behavior in approaching sustainable development change and evolve over time.**

The Collection should be considered as a **practical, evolving and growing tool.** It will be further enriched with new practices from GCNI Foundation members<sup>1</sup>.

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1. If interested in contributing with your practice, contact [info@globalcompactnetwork.org](mailto:info@globalcompactnetwork.org)

# 1.





# 1. A GLOBAL AGENDA FOR SUSTAINABLE DEVELOPMENT

## 1.1 The transition: MDGs vs SDGs

The **Agenda 2030**<sup>1</sup> was adopted by the international community on September 25 2015, after two years of intense negotiations, with the aim to set the global goals for development for the period 2015-2030:

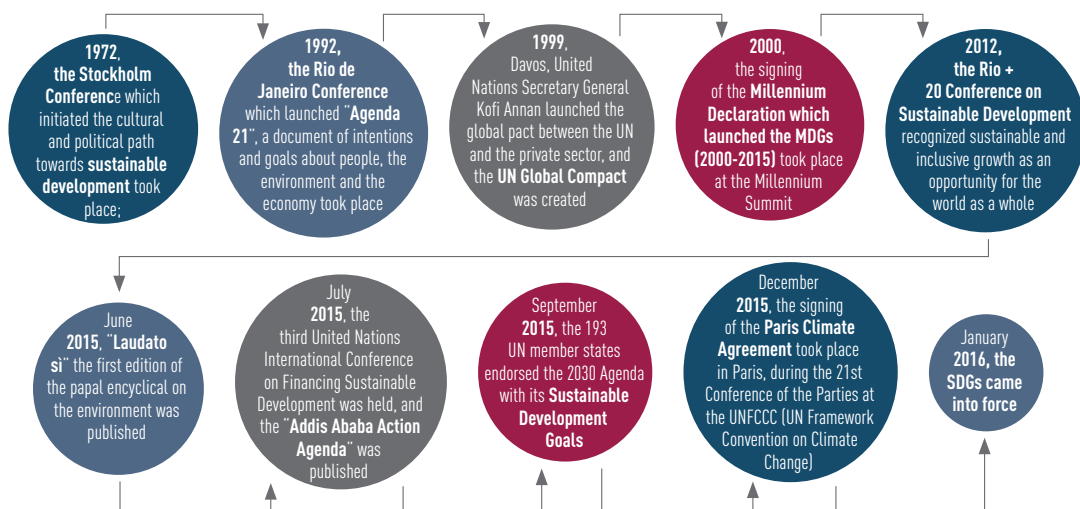
- **17 Sustainable Development Goals;**
- **169 underlying targets;**
- **230 global indicators.**

The SDGs, natural heirs of the Millenium Development Goals (MDGs) - the agenda for development for the period 2000-2015 - present very peculiar and evolutionary features:

- they are entirely dedicated to **sustainable development**, a remarkable achievement **of multilateral cooperation** that confirms that challenges related to sustainability issues are inevitably intrinsic in the new models of economic and social development
- they are universal and inclusive;
- they are broaden in their scope of action.

**Figure 1** represents some of the milestones in the long pathway towards a common, internationally recognized, institutional framework for sustainable development.

**Figure1: Main milestones of sustainable development 1972 - 2016**



<sup>1</sup>. Agenda 2030 for Sustainable Development, adopted with the UN Resolution A/RES/70/1



**Universality** is one of the pillar of the new Agenda, strongly evocated in the claim “*leave no one behind*”. Indeed, differing from the past development agenda represented by the MDGs, that divided the world into developing and donor countries, the **SDGs are equally addressed to all countries in the world**.

A first “stress test”, run by the Sustainable Development Solution Network (SDSN) together with the Bertelsmann Foundation, assessing the preparedness of OECD<sup>2</sup> countries for achieving the SDGs, shows that the distinction between developed and developing countries is no more robust when focusing on sustainable development issues. It demonstrates that only Sweden, Norway, Denmark, Finland, and Switzerland could be considered as “ready” to achieve the goals.

The concept of **universality** applies at different scales and for different thematic issues all along the Agenda.

Given the complexity of the challenges, all actors are called upon to contribute to the definition and the subsequent implementation of the SDGs, in an **inclusive** manner. National and local governments, businesses, non-governmental organizations (NGOs), academia, citizens, are all responsible for contributing to the global chain, essential to reach the ambitious SDGs.

From their very conception - contrary to the MDGs mainly conceived by and addressed to States -, the SDGs see a multi-stakeholder approach in line with the multi-actor scenario characterizing the current model of global governance. In particular, the private sector has been playing a pivotal role, with several businesses around the world energetically promoting the business case for sustainability, in line with the Agenda 2030.

The path toward a sustainable development cannot be set with a top-down approach and the SDGs offer a unique opportunity to bridge gaps among sectoral silos at all governance and operational levels.

*“This new universal agenda will require an integrated approach to sustainable development and collective action, at all levels, to address the challenges of our time, with an overarching imperative of leaving no one behind” (A/RES/70/1).*

Moreover, while MDGs did not include the full spectrum of global issues regarding sustainable development and were focused on consequences; **SDGs are broaden in their scope of action** and also tackle **causes** (such as inequality) and necessary **conditions** (such as sustainable agriculture, education) to achieve a sustainable development.

<sup>2</sup> Organisation for Economic Co-operation and Development

Following this approach, the number of goals is increased **from 8 to 17 goals to support a concurrent and balanced representation of the three dimensions of sustainable development**: economic development, social inclusion and environmental sustainability. The 17 goals are also aligned with **several existing international agreements and processes**, such as: the Post-2015 Framework for Disaster Risk Reduction (Sendai Framework); UNFCCC negotiations; the political process of Financing for Development. This coherency strengthens the role of the SDGs as an **overall international, institutional framework for sustainable development to 2030**.

**Figure 2** represents the evolutionary approach characterizing the SDGs in relation to their ancestors. The goals clusterization is operated following the 5Ps Model: People, Planet, Prosperity, Peace, Partnership.

**Figure 2: The SDGs evolutionary approach**



Both the model and the agenda, recognize **Partnerships** and **Peace** as two critical and enabling cross-cutting dimensions for sustainable development and the SDGs.

*“This Agenda is a plan of action for people, planet and prosperity. It also seeks to strengthen universal peace in larger freedom” (A/RES/70/1).*



## 1.2 The 17 Sustainable Development Goals

SDGs are **aspirational** in nature: they are not legally binding, they are not a standard. They are internationally agreed goals with a fundamental political and instrumental value.

Some actors define the framework as a *navigation chart* that guide global and local actors in moving through complex and interconnected social, environmental and economic issues and their related risks and opportunities.

The SDGs offer a common benchmark for institutions and the international community to assess the world developmental path and, for all actors and sectors, a shared framework and a common language to explain, communicate and shape policies and actions.

### 1.2.1 What are SDGs about?



The 17 SDGs are presented below, along with some contextual data.

**1 NO POVERTY**

In 2016, just under 10 per cent of the world's workers were living with their families on less than \$1.90 per person per day. Vulnerable groups such as women, persons with disabilities, children, and indigenous people are particularly represented among the poor, and face additional constraints such as limited access to productive resources and markets. **SDG 1** seeks to eradicate extreme poverty all over the world, in all its dimensions. It aims at promoting access to fundamental resources, services and social protection levels and at reducing exposure to economic, social and environmental disasters in a proper and stable development cooperation and regulatory framework.

**2 ZERO HUNGER**

About 793 million people are undernourished globally, with hunger being a direct consequence of poverty and a primary cause of death of children under the age of 5. An increasing number of stressors are challenging the overall global food system: a world population expected to reach 9 billion by 2050, soil quality degradation, climate change, an increasing amount of wasted food, urbanization processes that lower rural labor forces. **SDG 2** aims to end hunger, ensuring access to healthy, quality and sufficient food, improving nutrition and promoting sustainable agriculture.

**3 GOOD HEALTH AND WELL-BEING**

About 37 million people live with HIV/AIDS. The majority of the world population lives in places where WHO<sup>1</sup> air quality guideline standards are not met. Billions of people are left without access to essential medicines and hundreds women die every single day due to complications during

1. World Health Organization



pregnancy or childbirth. A poor health is a cause of poverty and a consequence of several aspects of unsustainable growth, such as: lack of access to clean fresh water and sanitation systems, gender inequality, climate change and institutional and economic instability. **SDG 3** aims to extend health coverage to everyone everywhere in the world, decrease maternal and infant mortality rate, reduce deaths related to smoking, alcohol and road accidents, put an end to the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases.



In 2016, in the EU-28, about 11% of people aged 18-24 were early leavers from education and training: assessments confirm that they are likely to face heightened difficulties in the labor market. **SDG 4** aims to ensure inclusive and equitable quality education – with a focus on vulnerable people - to promote lifelong learning opportunities for all, eradicating illiteracy and promoting education in favor of sustainable development and the adoption of sustainable lifestyles. It also tackles the challenges related to the availability of safe and inclusive school facilities and of educational scholarships in developing countries.



Presently, on average, women do three times as much unpaid care and domestic work as men. Women are still underrepresented in national parliaments (23,4% of parliamentarians globally) and in senior and middle management positions in companies (less than 1/3) and gender pay gaps remain pervasive in all domains of economic life. Women's and girls' empowerment is essential to expand prosperity, social development and business performances in a peaceful and healthy scenario. **SDG 5** aims to: ensure gender equality in all domains, end all forms of discrimination and violence against women and girls; guarantee universal access to sexual and reproductive healthcare; promote women's empowerment through technology.



More than 2 billion people globally are living in countries with excessive water stress, with the number expected to sharply increase in next years. Climate change is reducing water quality and availability and the competing demands of clean fresh water is raising (for agriculture, households, energy generation, industrial uses). These trends will exacerbate risks in humanitarian, social, environmental and economic terms. **SDG 6** aims at achieving universal and fair access to drinking water and sanitation and at improving water quality at the global level. An efficient use of water and its sustainable extraction are also pointed as priority for which local communities should be directly engaged.


**7 AFFORDABLE AND CLEAN ENERGY**


Worldwide, in 2014, 85,3 % of the population had access to electricity, with a share of renewable energy of about 18%. Today, energy services are not equally distributed and the global economy is still strongly dependent on fossil fuel, which primarily contribute to greenhouse gas emissions. **SDG 7**

aims to ensure universal access to sustainable, reliable and modern energy to improve the living conditions of millions of people. The ambitious targets linked to the present goal related to the use of renewable energies and the promotion of energy efficiency.

**8 DECENT WORK AND ECONOMIC GROWTH**


Roughly half the world's population still lives on the equivalent of about US\$2 a day. Globally, labor productivity<sup>2</sup> has slowed in the last decade from 2.9 % in 2000 - 2008 to 1.9 % in 2009 - 2016. Unemployment rate stood at 5.7 % in 2016, with disadvantaged groups (persons with disabilities, women, youths, migrants) showing increasing difficulties in reaching the labor market and decent works within it. The lack of work and its scarce quality is strictly linked to the increase in poverty and inequalities worldwide. **SDG 8**

aims to achieve sustainable and inclusive economic growth, with a focus on youth employability, labor rights, safe and protective working environments and access to secure banking and financial services.

**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**


Despite steady improvements, aging, degraded or non-existent infrastructure supporting technologies, communications, transportation, and sanitation, still pose challenges to businesses and the society as a whole. Research and development activities are essential to improve solutions to economic and environmental challenges, in line with the increase in the world's population. **SDG 9**

aims at fostering innovation to achieve sustainable and quality infrastructures, boost new business models coherently with sustainability principles, adopt clean and environmentally sound industrial technologies and promote access to information, the Internet and financial services for small industrial enterprises.

**10 REDUCED INEQUALITIES**


Today, the average income of the richest 10% in OECD countries is around 9½ times higher than that of the poorest 10%. This disparity is growing both globally and within individual countries. Inequality negatively affects social and economic development, preventing people to meet equal opportunities, in terms of health, education, decent works, and increasing global poverty. **SDG 10**

aims, primarily, to reduce disparities in incomes and opportunities among and within countries by: reducing poverty in the most disadvantaged areas; promoting social, economic and political inclusion; stimulating international fiscal, wage and social protection policies.

<sup>2</sup>. Annual growth rate of real GDP per worker



### 11 SUSTAINABLE CITIES AND COMMUNITIES



In 2015, about 55% of the world's population lived in cities. This percentage is projected to increase to about 70% by 2050. This rapid urbanization phenomenon opens huge challenges and calls global and local actors to act for making cities more competitive, safe, resource-efficient, resilient and inclusive. **SDG 11** aims at transforming urban centers into sustainable cities, able to provide adequate accommodations and basic services and transportation to all and everywhere - with specific attention to vulnerable groups and urban peripheries. Strengthen efforts to protect and safeguard the world's cultural and natural heritage should also be guaranteed.

### 12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Future socioeconomic and demographic changes need to be matched with the ecological limits of the planet. In particular, consumption and production patterns need to be made sustainable shifting from a linear to a circular economy able to decouple economic growth from natural resources use. **SDG 12** aims at ensuring the well-being of people within a sustainable and efficient management of natural resources, respectful of planetary boundaries. With this purpose, it addresses *businesses* – in their production and reporting processes - *people* – in their consumption habits - and *governments* - at a regulatory level-.

### 13 CLIMATE ACTION



Climate change is a transboundary issue afflicting every country and every person in the world. 2016 registered several negative records with regard to: planetary warming, that reached 1.1 °C above the preindustrial period; the extent of global sea ice, that fell to a minimum of 4.14 million km<sup>2</sup>; the level of atmospheric carbon dioxide, that reached 400 parts per million. These phenomena are also main causes of catastrophic natural disasters, which killed millions people in the last decades and prevent social and economic development. **SDG 13** aims at increasing the awareness about climate change of political leaders, businesses, civil society and the entire population. Climate action has to become a priority in all domains in order to increase the capacity to anticipate, adapt and build resilience to current and expected future serious impacts of climate change.

### 14 LIFE BELOW WATER



Oceans and seas occupy three-quarters of the Earth's surface and provide fundamental ecosystem services (oxygen production, climate regulation, provision of food, etc.) and millions of workplaces. Today, climate change, overfishing, contaminations, and other main causes - primarily due to human activities - are seriously degrading marine ecosystems with subsequent severe hazards in terms of human health, safety and financial risks. **SDG 14** aims to protect marine and coastal ecosystems, reducing contamination and acidification, ending overfishing and



destructive fishing practices in general, promoting scientific knowledge and technology transfer with a focus on small Island developing States and least developed countries.



Terrestrial ecosystems provide diverse and fundamental functions, goods and services (the latter referred to as Ecosystem Services (ES)) that constitute the base of human welfare and business activities. Today, almost two third of these ES have being damaged or seriously compromised – the 60% are damaged beyond a sustainable level - by the growing human pressure and the widespread adoption of a lifestyle based on unconditional consumption. **SDG 15** calls for new models of governance to be implemented in order to protect the ecosystems, eliminate deforestation and soil degradation, preserving biodiversity – as the life support system of our planet -, fighting poaching and trafficking of protected species.



Violent conflicts have increased in many countries in recent years and a few high-intensity armed conflicts are causing large numbers of civilian deaths. In other countries, homicides have declined and more citizens around the world are having better access to justice. Disparities across countries remain high with some regions of the world characterized by stable and durable conditions of peace and good governance, and others continuously affected by conflicts and corruption systems. **SDG 16** aims at promoting peaceful and inclusive societies, guaranteeing equal access to justice for all and fighting against organized crime, corruption and bribery; ensuring public access to information and protection of fundamental freedoms.



Despite some positive developments, a stronger commitment to partnerships and cooperation is needed to achieve the SDGs. Indeed, challenges identified by the SDGs necessarily call for more intensive and structured multi-stakeholder collaboration able to “share knowledge, skills, technological and financial resources” in a logic of collective action and within the framework of a Global Partnership for Sustainable Development (a snapshot of the current situation is given in box 1).



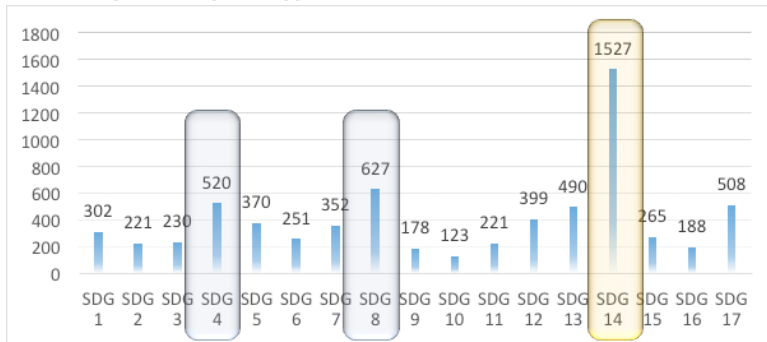


### BOX 1. A snapshot: worldwide partnership initiatives to achieve the SDGs

Due to their own nature, partnerships are not limited to Goal 17, they are cross-cutting means of implementation for all the goals of the Agenda 2030.

To demonstrate the relevance and priority of the theme, the UN structured an open source repository of practices (<https://sustainabledevelopment.un.org/partnerships/>) that – at June 30 2017 – contained and presented more than 3,600 examples of partnership for the goals. As represented in the graph below, SDG 14 is currently ranked first, followed by SDG 8, SDG 4 and SDG 17.

Figure 3: Current active partnerships in support of the SDGs



Source: adapted from <https://sustainabledevelopment.un.org/partnerships/>

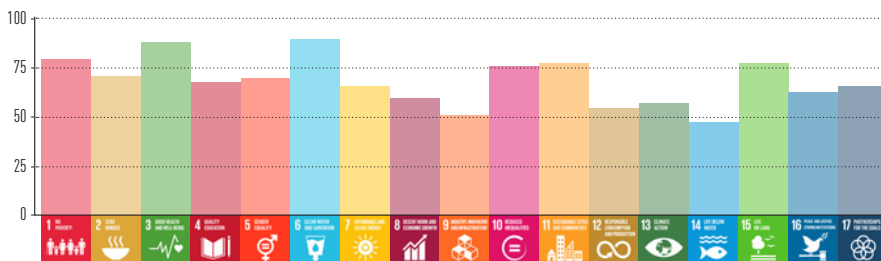
### BOX 2. Italy's positioning towards the SDGs

The SDG Index and Dashboards, published in its second edition in July 2017, assists countries to identify priorities for action to achieve the 17 SDGs. On the whole, it analyses 99 indicators over 157 United Nation Member States (of the total 193).

**Italy is ranked 30th** out of the 157 countries, with an **overall index score of 75.5**. This positioning indicates that the country is, on average, at **75.5% of its way to the best possible outcome across the 17 SDGs**.

The graph below represents the Italian average performance by SDGs and the subsequent dashboard underlines the level of SDG achievement (green if all indicators under the goal are green otherwise yellow, orange, red moving away from the goals).

Figure 4: Italian average performance by SDGs



Source: Adapted from Bertelsmann Stiftung and the Sustainable Development Solutions Network (2017). SDG Index and Dashboard.



## 1.3 Creating the conditions: a shift toward a sustainable finance

### The Italian National Dialogue on Sustainable Finance

Estimates suggest the necessity to invest from **5 to 7 trillion US dollar per year to implement the SDGs globally**. To face the forecast, a process of innovation of the financial system must be triggered, with capitals shifting from business as usual activities towards a low-carbon, inclusive and sustainable economy.

In line with the active role Italy is playing at an international level in the G20's Green Finance Study Group and in the TCFD<sup>1</sup>, in February 2016, the Italian Ministry of the Environment, together with other Ministries and Public Authorities and in partnership with the UN Environment Programme, initiated the **Italian National Dialogue for Sustainable Finance (NDSF)**.

The overall aim of the initiative was to identify options to further improve the integration of sustainability factors across the Italian financial sector.

More than 100 experts, from banks, institutional investors, insurers, businesses, regulators and independent authorities, universities and civil society actors, have been actively engaged, for over one year of work.

The dialogue focused mainly on the environmental dimension, often called 'green finance', and clearly demonstrated that a shift is already under way both domestically and globally. There is growing recognition of the materiality of ESG factors. **Insurance companies** have started considering environmental threats in order to identify and manage the related risks on financial assets. **Banks, capital markets** and **institutional investors** have begun to incorporate environmental and social factors in capital allocation decisions. **Public finance** is having and will have a key role to enable the shift and to leverage private sector capitals.

Several barriers have also been recognized as preventing the scaling up of this good practice at a country level. Examples are: mispricing, short-termism, and low levels of awareness and capability. Finally, the dialogue identified 18 specific options for enhancing sustainable finance, grouped in four areas: policy frameworks; financial innovation; market infrastructure; and knowledge building.

The outcomes of the **Italian NDSF** are collected and published in the report "Financing the Future"; freely available on the web<sup>2</sup>.

1. Financial Stability Board's - Task Force on Climate-related Financial Disclosures. <https://www.fsb-tcfd.org/>

2. [http://www.minambiente.it/sites/default/files/archivio/allegati/sviluppo\\_sostenibile/Financing\\_the\\_Future\\_EN.pdf](http://www.minambiente.it/sites/default/files/archivio/allegati/sviluppo_sostenibile/Financing_the_Future_EN.pdf)



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2.



## 2. THE KEY ROLE OF THE PRIVATE SECTOR IN ACHIEVING A SUSTAINABLE DEVELOPMENT

*“The adoption of the SDGs was truly historic and sets the long-term agenda for our world aiming to end global poverty, protect our planet and build a life of dignity for all by 2030. Business has a critical role to play in the transformation to a sustainable future and the SDGs open up enormous opportunities for business to be a force for good.*

*As UN Global Compact, our priority is to translate the SDGs into business action and innovation everywhere. We must raise awareness of the SDGs with businesses as far and wide as possible. Our Local Networks in over 85 countries are at the heart of this effort: networks are critical to help local businesses shape this agenda. Together we can send a strong message:*

*Companies that do business responsibly and find opportunities to innovate around sustainability will be the business leaders of tomorrow”.*

**Lise Kingo, Executive Director, United Nations Global Compact**

Currently, thousands of corporations’ operations and sales cross national boundaries and several multinational companies show sizes, in terms of number of employees and annual turnover<sup>1</sup>, even bigger than States.

The SDGs provide a unique opportunity for big corporations to actively **engage in** and **contribute to development issues**, and for small-medium enterprises (SMEs) to **grow and become more competitive**.

On the one hand, businesses that align their strategy with national priorities, through the framework proposed by the Agenda 2030, will most likely guarantee their own **survival** and maintain their **license to operate** in the long term. On the other hand, stabilizing markets and societies, increasingly volatile and uncertain, would create an **enabling environment** characterized by righteous institution and transparent financial systems.

“SDGs are for every sector and every business size. Companies only have to be able to see and understand their business case to act”

1. Data can be compared, for instance, from the [CIA World Fact Book](#) data base and [the Global Fortune 500 List](#)



In the first chapter of the present report, looking at each of the 17 goals in more detail, we analyzed some main global trends. This increasing awareness of the state of the art and the adoption of the lens of analysis proposed by the integrated agenda for development, allow businesses to **tackle global and local risks**. Hence, the engagement with the SDGs will give companies a new, strong lever to make business models more resilient with respect to: changes in global growth patterns; global supply chain risks; demographic changes; digital transformation and empowerment; scarcity of natural resources and other legal and commercial risks.

“SDGs allow each company to set priorities of action based on main impact and strategic areas”

“SDGs allow incremental commitment and actions through one or more of the following areas: social investment and philanthropy; core business operations and value chains; public advocacy and policy dialogue”

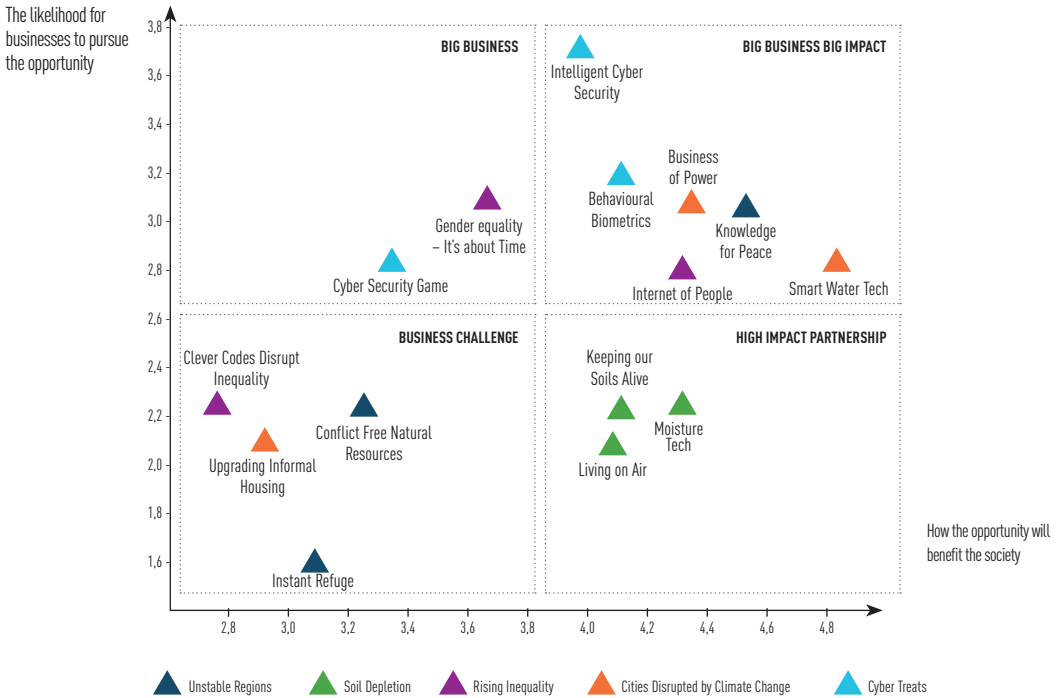
Moreover, the integration of sustainability into the value chain will allow companies to grasp **new opportunities** in terms of **revenue generations, costs reduction** and **brand reputation enhancement**. Examples are numerous, such as: energy saving; transport planning; improvement of business processes and internal control systems; use of innovative technologies to reduce emissions or waste; more efficient use of resources or switch to more sustainable alternatives, adoption of innovative management systems in accordance with standards and certifications; differentiation strategies.

Indeed, being the economic, social, environmental dimensions of development inevitably interconnected; those businesses able to revise their strategic and operational plan accordingly with the SDGs will develop a **competitive advantage both per sé and over competitors**. This vision goes beyond social investment mechanisms to directly enter the core business and the value chains, giving the company a systemic and forward-looking approach able to create new strategic market positioning.

**Figure 5** below plots opportunities mapped for the year 2017 based on the perceived strength of their business case. The four quadrants represent the opportunities' ability to provide a good business case and positive impact to society.



**Figure 5: The perceived business case of 2017 sustainable opportunities**



Source: DNV GL, UNGC, Sustainia (2017). Global Opportunity Report 2017

“SDGs integration in business activities requires to set coherent and targeted goals and related KPIs. Embedding these targets across internal functions is then a key step towards achieving the goals”

SDGs also offer a **common language** to **build bridges with companies’ stakeholders**, simplifying the communication of new objectives, the reframe of existing ones and the connection among issues, frameworks, interests, functions and teams within organizations. In particular, actively involving **employees** in the definition of priorities can motivate and align their conduct with the company’s leadership vision, improving the indoor climate and the competitiveness in hiring the best human capital.

Strengthening the relation with **consumers** and **suppliers** (SDG 12) will reinforce the level of mutual trust and loyalty.

This approach allows all internal and external stakeholders to be part of business citizenship initiatives that contribute to the well-being of the communities.

“To be reliable, disclose the right information to stakeholders and monitor the progress towards the SDGs, sustainability information need to be integrated into companies’ reporting cycle (SDG 12.6)”



### Box 3. The organizational network analysis: sustainability within companies

The Organizational Network Analysis (ONA) is a tool of analysis, based on statistical methods, aimed at mapping, analyzing and graphically representing networks within or among organizations.

The GCNI Foundation, with the scientific support of the Institute of Management of the Sant'Anna School of Advanced Studies, is running a pilot project with the **Group A2A** (one of the organizations contributing to the present "Collection of practices"), **to conduct an ONA on sustainability management in the company**. In particular on flows of information related to social and environmental sustainability issues.

The overall objective of the ONA is to offer a concrete **management tool** to:

- i) minimize the dispersion of resources, contributing to their mobilization and common directionality;
- ii) recognize the status quo (central nodes<sup>2</sup>, peripheral nodes, nodes connecting hierarchical functions/levels), in order to plan possible interventions;
- iii) increase the internal sensitivity and awareness of the relational world within organizations;
- iv) provide a feedback on the level of integration of sustainability policies in business operations at an intra-organizational level.

The basic idea is that the path toward a **sustainable management and the SDGs requires a strong focus on human resources**. If the personnel does not really understand the ethical and sustainable culture of the organization, the process of integration of sustainability issues could never concretely take place.

As affirmed by Lise Kingo - Executive Director of UNGC - in her remarks to UN Forum on Business and Human Rights in Geneva (2015), **three are the main ingredients for businesses to contribute to the SDGs**:

- 1) Leadership.** Since incorporating sustainability in the core business and strategies requires top-level commitment;
- 2) Collaboration.** Since no segment of the society can reach the SDGs alone. It is necessary to co-design, co-develop and co-invest in shared solutions;
- 3) Transparency.** Since it is fundamental to constantly and transparently report and disclose to stakeholders.

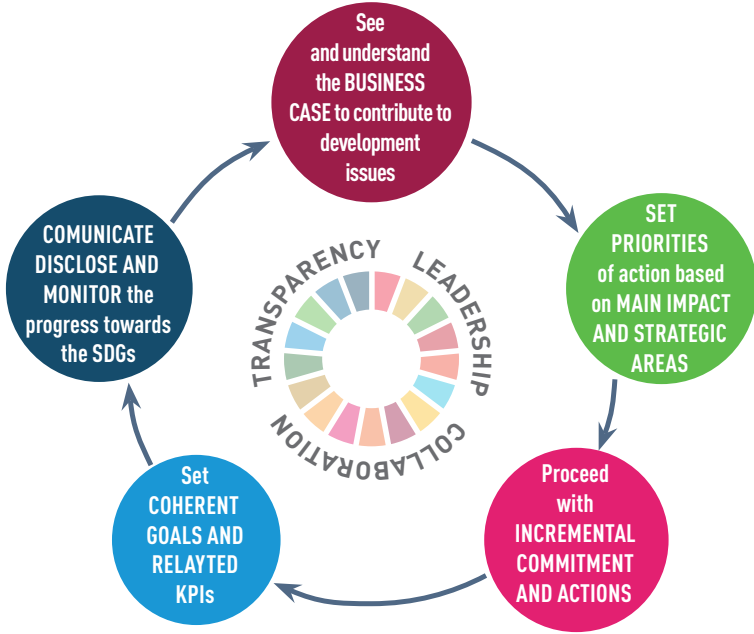
By recapitulating the elements discussed above, **figure 6** proposes an **action framework** representing progressive steps of **business approach** to a sustainable development as a backdrop and, in a central position, the three **behavioural elements** essential to trigger a substantial change within organizations.

2. In the specific case nodes represent the companies' functions and units.

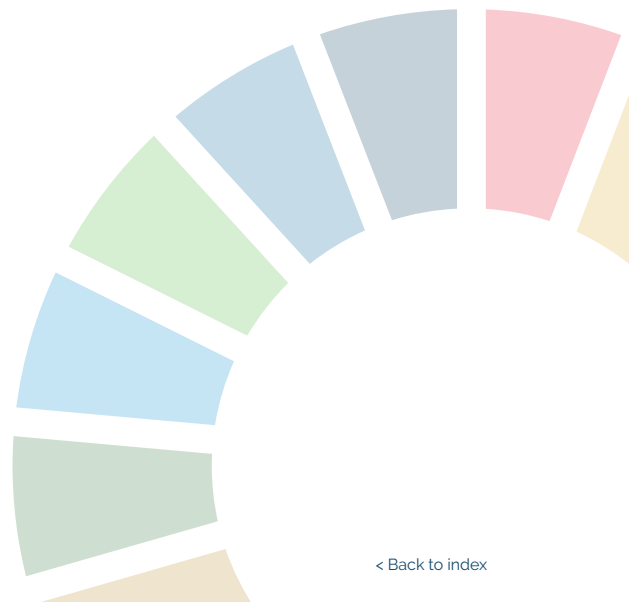




Figure 6: an action framework for organizations moving towards a sustainable development path



Source: adapted by the author from SDG Compass and Remarks of Ms. Lise Kingo



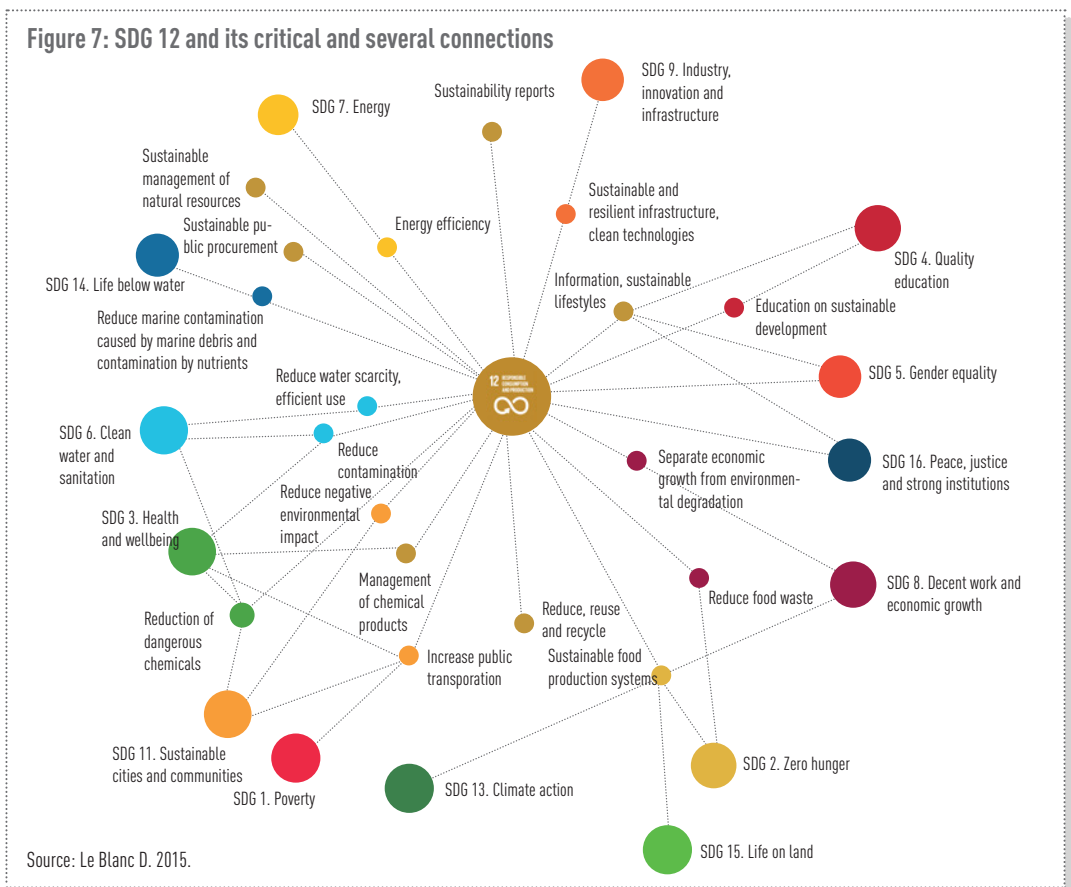


## 2.1 Overlapping and interdependent Goals in a universal Agenda

Research, as well as empirical evidence, suggests that **most goal areas are interdependent**: many targets might contribute to several goals, other than the one to which they belong, and several significant trade-offs exist among goals and targets.

In this regard, Le Blanc<sup>2</sup> (2015) provides a very innovative and interesting contribution to the analysis of links among goals and targets, through the application of Social Network Analysis techniques to the Agenda 2030. With this lens, he shows that **SDGs are unequally connected**, with some goals being more connected than others. On the one hand, these connections facilitate real mainstreaming of areas that did not previously have strong anchoring in development institutions, such as SDG12. On the other hand, they reveal the lack of important observed connections.

In particular, Le Blanc states that out of the 107 considered targets<sup>3</sup>: 60 explicitly refer to at least one other SDG and 19 link three or more goals. In particular, **SDG 12** – as shown in **figure 7** below – **and SDG 10 provides critical and several connections with the others**.



2. Senior officer in the Division for Sustainable Development of the UN Department of Economic and Social Affairs.

3. Le Blanc analyzes only 16 goals considering the 17th as transversal and instrumental to the achievement of the others. Moreover, he discarded from the analysis all targets related to "means of implementation".



Once organizations have a better understanding of the new Agenda for development, the subsequent assessment of positive, negative, potential or current impacts on people and the planet will allow them to act for the concrete achievement of the SDGs: by maximizing positive impacts and by abating negative ones.

Only in this way an **holistic and universal approach to the Agenda** can be triggered, allowing to the right connections among the SDGs and their targets to be exploited, and to all goals to enter the company radar, even those that at a first sight seem naturally negligible to the organization – e.g. SDG 1 (No poverty); SDG 2 (No hunger); SDG 14 (Life below water).

An approach that goes in this direction is the one promoted by the European Union through its resource efficiency and circular economy action. In 2015 the European Commission adopted an ambitious **Circular Economy Package**, consisting in a program of action covering from production and consumption to waste management and the market for secondary raw materials. As underlined in the **COM(2016) 739 final** of the EU Commission “*most of the work under “Priority 1. A new boost for jobs, growth and investment” is directly delivering on various SDGs and addressing key sustainability challenges Europe faces*”. In the same communication, the circular economy is introduced as the transformative agenda contributing primarily to “*ensuring sustainable consumption and production patterns*” (SDG 12) but, simultaneously, to numerous other SDGs such as: 6, 8, 9, 11, 13, 14, and 15.

The chain expands even further considering that among the aforementioned SDGs, **SDG 8** - recognized by the *Global Opportunity Survey 2016* as the main opportunity area for businesses in Europe - **can provide a very good example of the potential positive impact businesses can have by considering and maximizing the right connections among the goals**. The creation of jobs and the improvement of employment for all address one of the main causes of global poverty. The reduction of poverty can in turn significantly reduce the phenomena of extreme hunger and malnutrition, triggering a virtuous chain derived by the multiple overlapping that SDG 8 has with other goals and targets (Table 1).



	SDG	Target	SDG	Target
<b>SDG 8</b>	<b>1</b>	1.1, 1.2, 1.5	<b>10</b>	10.1, 10.3, 10.b
	<b>2</b>	2.1, 2.3, 2.a	<b>11</b>	11.1, 11.2, 11.4
	<b>3</b>	3.2, 3.8, 3.d	<b>12</b>	12.1, 12.2, 12.a
	<b>4</b>	4.3, 4.4, 4.7	<b>13</b>	13.a, 13.1, 13.b
	<b>5</b>	5.4, 5.a, 5.b	<b>14</b>	14.1, 14.4, 14.7
	<b>6</b>	6.a, 6.4, 6.6	<b>15</b>	15.1, 15.9, 15.a
	<b>7</b>	7.1, 7.3, 7.a	<b>16</b>	16.5, 16.7, 16.8
	<b>9</b>	9.a, 9.4, 9.5	<b>17</b>	17.7, 17.9, 17.16

Source: adapted from ICSU, ISSC (2015)

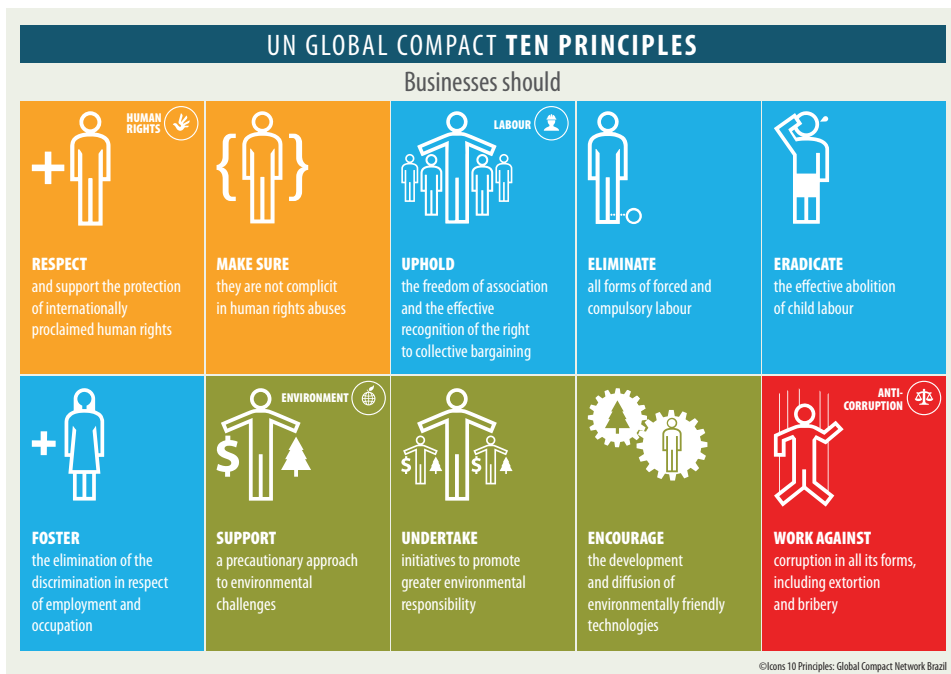
The key implication of the above mentioned suggestions and observations is that, with no holistic view and understanding of the Agenda 2030 and its SDGs, it is very likely that a positive impact on a “silo” will generate negative impacts on another. Hence, **policy** integration and coherent **monitoring** and **evaluation** systems are necessary, able to measure multiple targets contributing to the same goals within an overall integrated thinking approach.

## 2.2 UNGC Ten Principles and SDGs relation

The UN Global Compact **ten principles (10P)** are ten universal pillars for all businesses aiming to contribute to the universal and inclusive Agenda for Development. They provide a common definition of *responsible business* in the areas of: **human rights, labor, environment, anti-corruption**.

The UNGC calls companies to align their strategies and operations with these universal 10P, rooting sustainability in their values and culture, in a scenario of integrity and compliance.

Figure 8: UNGC Ten Principles



The starting point for companies to implement the 10P is based on the **identification, prevention, mitigation and accounting for any negative impacts on societies and the environment**.

This assessment is perfectly in line with the first two phases represented in **figure 6** above: by understanding the business case for action and by recognizing potential business risks related to each SDG, companies will be able to adjust their business practices to avoid doing harm and undermining the Goals.

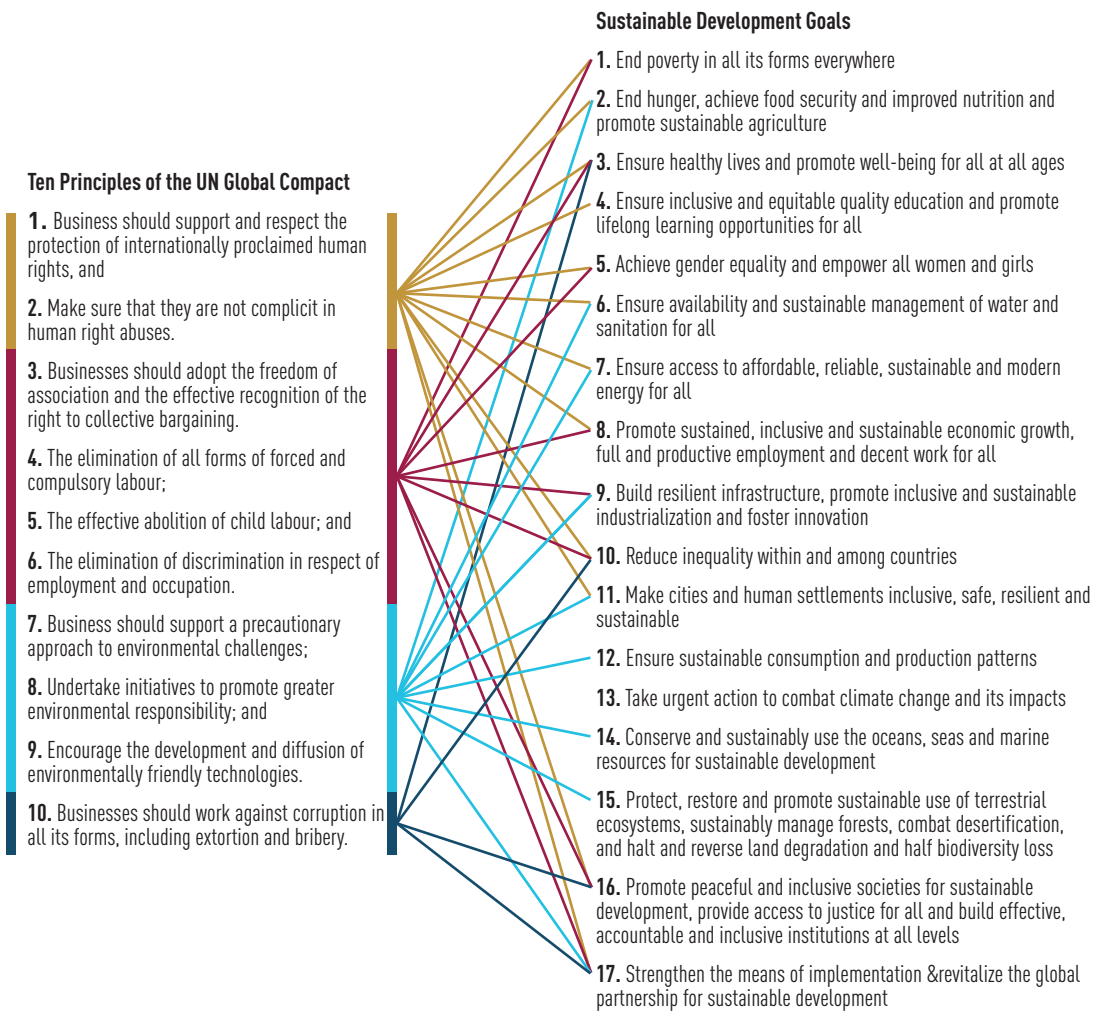
Moreover, the adoption and implementation of the UNGC 10P will not only support companies in preventing negative impacts on SDGs but will lay solid foundation to positively contribute to their achievement.



As stated in the UNGC *White Paper* (2016), the strong linkage between a **principles-based approach to responsible business (UNGC) and the realization of broader developmental objectives (the SDGs) can prevent and avoid companies “...to jump promotional initiatives**, skipping the essential starting point of reducing negative impacts on people associated with their own business activities and value chains”.

**Figure 9** below represents the several connections among the 10P and the SDGs.

**Figure 9: connections between the ten principles and the SDGs**



These links among international principles and goals, as well as among principles and goals themselves (see table 1 above), need to be taken into account both in the implementation and in the monitoring phases in order to have a successful and truthful outcome of the business path toward a *Corporate Sustainability and Responsibility* approach (Waddock, S. (2008)).

## 2.3 Business & SDGs: a toolbox

Table 2 reports a list of references and tools with brief descriptions of contents and objectives.

The proposed list does not pretend to be exhaustive, also given the current proliferation of publications on the theme. **The purpose is to provide businesses with several instruments to be used individually and in synergies, in order to satisfy the specific needs and priorities.**

References of the present publication also constitute recommended references.

Table 2. Sources supporting Business contribution to SDGs		
Tool/Reference	Tool Developer	Brief Description
SDG Matrix	KPMG, UNGC	This series of publication is a showcase of industry-specific examples and ideas for corporate action related to the SDGs. At the moment, the proposed focuses refer to the following sectors: Financial Services; Food, Beverage & Consumer Goods; Climate Extract; Healthcare & Life Sciences; Industrial Manufacturing; Transportation; Energy, Natural Resources, Chemicals.
SDG Compass Guide	GRI, UNGC, WBCSD	The SDG Compass proposes a guide for companies to align their strategies to the SDGs and to measure and manage their contribution to the Agenda 2030. In particular, the guide presents five steps that assist companies in maximizing their contribution to the universal framework.
SDG Compass Website	GRI, UNGC, WBCSD	Sections "The Goals", "Business Tools" and "Business Indicators" of the website offer concrete and useful example of viable actions and solution for business to align and contribute to the SDGs. A list of tools to support the design and implementation phase and a list of indicators to monitor outcomes are also provided.
SDG.Guide	SDSN	A guide to get started with implementing the SDGs. It provides tools, references, readings.
Action Platforms	UNGC in consultation with LEAD companies, Local Networks, UN agencies and other partners	A new portfolio of Action Platforms to advance business activities and deliver outcomes in relation to the ten principles and the SDGs. They aim to fill emerging gaps in advancing the SDGs in the following areas: Blueprint; Reporting; Innovation; Financial Innovation; Pathways to Low-Carbon & Resilient Development; Business for inclusion and gender equality; Health; Decent work in global supply chains; Business for humanitarian action.



Impact Reporting & Investment Standards (SDGs 1-17)	Global Impact Investing Network (GIIN)	A catalog of generally-accepted performance metrics that major impact investors use to measure social, environmental, and financial success, evaluate deals, and grow the credibility of the impact investing industry.
Poverty Footprint Tool (SDGs: 1, 3, 4, 5, 8, 10, 16)	UN Global Compact-Oxfam	A tool that enables companies and civil society partners to understand impacts on poverty all along the companies' value chain: overview of factors that influence poverty; support to companies establishing pro-poor business strategies; promotion of corporate transparency and meaningful stakeholder engagement.
Human Rights Compliance Assessment (2, 3, 8, 10, 16)	Danish Institute for Human Rights, Human Rights & Business Project, Confederation of Danish Industries, Danish Industrialization Fund for Developing Countries	A diagnostic tool designed to help companies detect potential human rights violations caused by the effect of their operations on employees, local residents and other stakeholders.
Human Rights Impact Assessment and Management (SDG: 2, 8, 10)	International Business Leaders Forum, International Finance Corporation, United Nations Global Compact	A practical tool that enables companies to identify, understand, and evaluate actual or potential human rights impacts of a project linking human rights assessment to existing management processes.
Human Rights and Business Country Guide (SDGs: 2, 8, 10)	Danish Institute for Human Rights	The guide provides country-specific guidance to help companies respect human rights, in company operations or in collaboration with local suppliers and business partners, and contribute to development.
The Human Rights Guide to the Sustainable Development Goals (SDGs 1-17)	The Danish Institute for Human Rights	An interactive platform that provides links between the SDG targets and the range of existing human rights instruments and labour standards.
Gender Equality Principles self-assessment (SDG 5)	San Francisco Department on the Status of Women, Calvert Group Ltd., Verite	The tool consists in a company's internal review aimed to assist businesses in the implementation and promotion of the Gender Equality Principle.
Understanding and Measuring Women's Economic Empowerment (SDG 5)	International Center for Research on Women, Department for International Development, The ExxonMobil Foundation, The Bill and Melinda Gates Foundation	A conceptual guide to economic empowerment to be adapted to meet the needs of specific projects.
The WEPs Gap Analysis Tool (SDG 5)	UNGC	The self-assessment tool comprises 18 multiple choice questions that draw from good practices from around the world-covering gender equality in leadership, workplace, marketplace and community. It helps companies assessing their approach to women's empowerment within those four themes.





Biodiversity in the Global Water Tool (SDG 6)	WBCSD	A open source tool for identifying corporate water risks and opportunities. It includes: a workbook, a mapping function to plot sites with datasets, a interface with Google Earth for spatial viewing.
Children's Rights in Impact Assessment (SDG 8)	Danish Institute for Human Rights, UNICEF	A tool designed to guide companies in assessing their policies and processes as they relate to their responsibility to respect children's rights and their commitment to support children's rights.
Social Hotspots Database (SDGs: 3, 5, 6, 8, 10, 16)	New Earth + Walmart, Sustainability Consortium, UNEP	An online database that allows users to browse data on social risks by the 57 mapped sectors, the 227 analyzed countries, or the 22 proposed risk themes. Data address social issues on human rights, working conditions, community impacts and governance issues.
Eco-Synergy (SDG 12)	Ohio State University	A design philosophy combined with a set of analytic tools with the aim to help companies to systematically identify beneficial synergies between their operations and the surrounding ecological resources.
TenP Platform (SDG 12)	Global Compact Network Italy (GCNI) Foundation	A platform aimed at supporting organisations in collecting and sharing information and data on their suppliers' sustainability performances. It is based on a drilling questionnaire on the four areas covered by the UNGC ten principles, also taking into consideration the most relevant international agreements, conventions and standards on sustainability issues.
Greenhouse Gas Protocol (SDG 13)	WBCSD, WRI	The GHG Protocol is an accounting tool for government and business leaders to understand, quantify, and manage greenhouse gas emissions.
Integrated Biodiversity Assessment Tool (SDGs: 6, 14, 15)	IUCN, BirdLife International, Conservation International, UNEP-World Conservation Monitoring Centre	A tool for institutions and companies to: better understand their exposure to biodiversity risks and opportunities within a project boundary or potential area of investment; implement appropriate mitigation strategies; compile information for sustainability reports.
ARIES (SDG 15)	The ARIES Consortium	Web-based technology offered to users worldwide to assist rapid ES assessment and valuation.
Biodiversity and ES Assessment Tool (SDG 14, 15)	The Nature Conservancy and The Dow Chemical Company	Tool providing business managers with a quick access to information on potential corporate risks and opportunities related to Biodiversity and Ecosystem Services (BES), to prioritize them accordingly with global maps and indicators.
MAKING THE CASE Business, Biodiversity and Ecosystem Services as Tool for Change (SDG 14, 15)	GCNI Foundation, Institute of Management at the Sant'Anna School of Advanced Studies	The report proposes a collection of relevant business experiences on <i>Business and BES</i> included in a an overview of BES key concepts, history and policy framework; useful examples and cases of tools and methods developed by specialized research and policy agency studies; the results of qualitative and quantitative analysis on perception and opinion on BES of several Italian stakeholders.



InVEST (SDG 14, 15)	Natural Capital Project	A software tool to help businesses in mapping and valuing ES in order to reduce risks and seize opportunities by valuing benefits on nature. InVEST maps show the ES returns of alternative business decisions and help companies manage trade-offs.
The Anti-Bribery Checklist (SDG 16)	Transparency International (TI)	A checklist based on TI's Business Principles for Countering Bribery and designed for companies to assess their anti-corruption policy, implementation and monitoring and review mechanisms. It should be read in conjunction with Transparency International's Self-Evaluation Tool.
The Bribe Payers Index (SDG 16)	Transparency International (TI)	The Bribe Payers Index ranks the world's wealthiest countries by the propensity of their firms to bribe and by worst offenders sectors. The index is based on the views of thousands of senior business executives from developed and developing countries.
GLOBAL OPPORTUNITY EXPLORER (SDGs 1-17)	DNV, UNGC, SUSTANIA	A platform aimed to help business leaders, entrepreneurs and investors finding new partners, projects and markets to foster more partnerships for the SDGs.
The UN-Business Action Hub (SDG 17)	UNGC, Global Hand and 20 UN entities	The UN-Business Action Hub brings business and the UN together to share partnership and project opportunities, especially at the local level.



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# 3.



## 3. ITALIAN BUSINESS EXPERIENCES

The purpose of the present chapter is to exemplify, **through 11 noteworthy business experiences**, how Italian companies can strategically and operationally integrate the SDGs, *making good by doing business*.

Considering that there is no “one size fit all” approach to integrate the SDGs, **best practices examples are needed**: to emphasize the business case for companies to act, to enhance the commitment and efforts to act, to learn from successes and shortfalls.

All the cases have been detailed on a voluntary base by organizations but following a shared template proposing six main questions - and 20 related sub-questions - of analysis, focusing on:

- a brief outline of the developmental challenge the company faced;
- the decision-making process that led the company to define priorities and means of intervention,
- actions developed;
- main qualitative/ quantitative results and lessons learnt.

In particular:

- **3** out of the 11 **practices collected are focused on transversal, strategic SDGs integration processes**. In the chapter they are marked as follow:

### AGENDA INTEGRATION



- the remaining **8** deals with **projects developed or reframed to contribute to specific SDGs**. In each case the interested goals are indicated as follow:

### SDG ADOPTION





# A2A'S STRATEGICAL AND OPERATIONAL COMMITMENT TO SDGS



[www.a2aenergia.eu](http://www.a2aenergia.eu)

“  
A2A aims to assume a key role in the creation of a new circular and low carbon economy, based on smart networks and services  
”

## AGENDA INTEGRATION



### ABSTRACT

In November 2015, A2A issued a plan to develop CSR activities that included a deeper stakeholder engagement activity, the implementation of a Sustainability Policy and the definition of a Sustainability Plan.

To translate the Group's commitment into concrete actions, A2A leveraged the 17 SDGs to 2030 set by the United Nations.

By aligning company's goals with the SDGs, embedding them across all functions within the company, A2A demonstrated its commitment to promote a sustainable development.



A2A has always conducted its path to a sustainable business taking into consideration the essential and strong bond with the territory where it operates: the company satisfies all the primary needs of a community - from energy production to waste collection.

In line with the best international practices, in November 2015 the A2A Board of Directors issued a plan to develop CSR activities, reinforcing the central and strategic role of territories and A2A's responsibility for sustainability. The main objectives of the Program included:

- i) the growth of “**forumAscolto**” programme, as an ordinary stakeholder engagement plan implemented by A2A.

The forumAscolto consists in multistakeholder workshops, organized in round tables asked to develop solutions or projects, and aimed at understanding the needs of the communities where A2A operates. The programme started at the beginning of 2015 and the numerous feedbacks collected allowed A2A to fully understand the centrality of climate change and sustainability issues in general in today's dialogue with stakeholders<sup>1</sup>.

- ii) the creation of a **Group Sustainability Policy for 2030** and the definition of a **Sustainability Plan**. The latter envisaging objectives that can be quantified over a time frame that is in line with the 2020 Business Plan and which looks to the opportunity offered by the new internationally recognized framework determined by the Agenda 2030 and its 17 SDGs.

Contextually, the **Committee for Sustainability and Territory** was established as the highest governance body in charge of sustainability issues. It has an advisory and propositional role in assisting the Group's Board of Directors (B.o.D) in defining guidelines and initiatives relating to the promotion of a strategy and of tools that integrate sustainability into business processes.

The new and increasingly stronger commitment, launched by the Board, gave birth to a process based on a bottom-up and a top-down approach, aiming to look along the entire value chain of the Group and the needs of its stakeholders.

### **The creation of a group sustainability policy and the definition of a sustainability plan in line with the Agenda 2030**

As a first step of the design phase, the CSR function gathered all the information needed to define the company's priorities to effectively support the SDG: comparing all 17 SDGs with A2A's value chain, and eliminating SDGs with no match or impact. Thereby, the goals n. 1, 2, 3, 4, 10, 14 and 16 were preliminary put out of A2A's scope.

After that, the CSR function analyzed possible targets, under the selected SDGs,



comparing them to: A2A materiality matrix, evidences from the “forumAscolto” programme, A2A Business Plan, requests from ethical rating agencies and benchmark with competitors.

At this stage of the process, top managers and executives of all the Business Units were involved. With **two workshops and in depth interview sessions**, they were all called to express their views in relation to the company’s sustainable strategic directions.

In particular, with the **first workshop**, the pursued aims were: aligning A2A’s priorities with the SDGs and mapping high impact areas.

In this occasion, two questions were brought to the attention of top managers: “Given these SDGs, which is the most important for us? What part of the value chain is involved?”.

The discussion allowed to select the most material SDGs for the company, with goal 11 “Sustainable Cities and Communities” voted by the 92% of participants.

The GOALS selected were then included into **4 CLUSTERS**, that currently characterize A2A’s sector of activity:

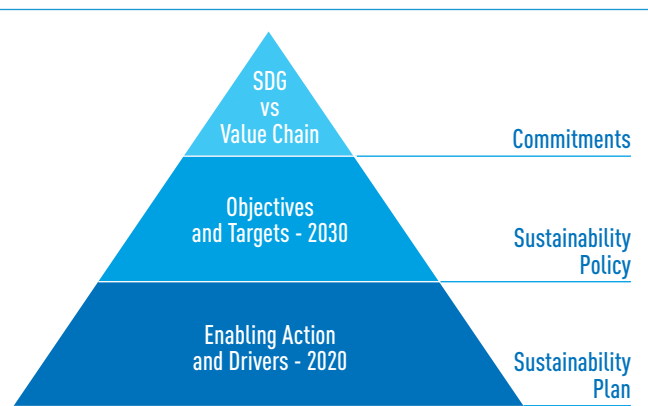
- 1. Circular Economy:** GOALS 6, 8, 12, 15;
- 2. Decarbonization Path:** GOALS 7, 11, 13;
- 3. Smartness in grids and services:** GOALS 8, 9, 11;
- 4. People Innovation:** GOALS 5, 8, 9, 11, 12, 17.

After that, participants were called to prioritize the related targets, previously selected.

In the **second workshop**, for each selected cluster and SDGs included, specific objectives were set, with a long-term, concrete and measurable commitments and related KPIs to 2030.

Moving further, A2A also identified 29 feasible actions with a midterm horizon and with specific KPIs to 2020, in line with the 2016-2020 Business Plan.

The identification of 2030 commitments and objectives, and the consequent declaration of a Sustainability Plan – all coherent with the Industrial Plan 2016-2020 – constituted the most challenging part of the process. These steps radically changed the way to run A2A business for the next years, in term of sharing a new



**Figure 1.** The definition process of the A2A Group Sustainability Policy and Plan



mindset among the employees, managing assets and deal with stakeholders.

The Sustainability Plan and Policy were then communicated both internally and externally. Firstly, they were communicated during the convention for top and middle management. Then, externally, in parallel with the presentation of the 2016-2020 Industrial Plan and at a press meeting called on purpose in July 2016, outlined by the Chairman Giovanni Valotti, the CEO Valerio Camerano, and the President of the Sustainability and Territory Committee<sup>1</sup>.

The real value added of the new Sustainability Policy lies in the quantitative definition of targets to 2030 that the B.o.D itself approved. Indeed, this concrete approach transform the Policy in a steering tool that allows the Company to fully achieve the Mission Statement: *"...a more modern multiutility, leader in the environment sector, smart grids and new energy models, more balanced and profitable, able to seize the opportunities that will open up in the Green economy and Smart Cities"*.

Moreover, these goals will be achieved also thanks to the integration of an M.b.O. Sustainability program for 100% of managers.

The internalization of sustainability issues within the Business Plan made also a difference among the financial community. Ethical investors, focused on sustainability investing, gave a warm feedback about this new strategy, promoting A2A in their assessments and including it in their indices.

Likewise, communities welcomed this new "glocal" strategy embedded in all territories, in particular through forumAscolto activities, which gave the opportunity to all stakeholder to be included in A2A's decision-making process. In fact, during the forumAscolto, stakeholders had the chance to propose new ideas/projects to A2A. Exceeding expectations, some of the projects, proposed by stakeholders and coherent with the Business Plan, became so strategic to play a key role in the Group Businesses<sup>2</sup>.

From this experience, the Group learnt that the introduction of SDGs into its Business Strategy enables the Company Group itself seeing things in a different way: new synergies within the company, new ideas, new perspectives, new ways of thinking.

A better knowledge of the impact of environmental-social-governance (ESG) performances on A2A's value creation is a useful tool to communicate its commitment to stakeholders, highlighting all the efforts and paying attention to the needs of communities and the environment.

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1. More information about Sustainability Policy and Plan visit our website [www.a2a.eu/en/sustainability/policy-and-sustainability-plan](http://www.a2a.eu/en/sustainability/policy-and-sustainability-plan)

2. The utmost example of integration between sustainability and business strategy really comes from an initiative emerged from a forumAscolto named "Banco dell'Energia": an A2A and its Foundations, AEM and ASM project.



# MIGRANTS AND FINANCIAL INCLUSION

The process of financial inclusion of migrants in the Italian banking sector



**Osservatorio Nazionale  
sull'Inclusione Finanziaria  
dei Migranti**



**ABI** Associazione  
Bancaria  
Italiana

[www.abi.it](http://www.abi.it)

“

The banking index,  
which measures  
the number of adult  
immigrants who hold  
a current account with  
a financial institution,  
has reached 73%

”

## SDG ADOPTION



### ABSTRACT

The approach adopted in recent years by the ABI, together with the Observatory, is an important national and European innovation that highlights the possibilities for expanding and developing integrated, multistakeholder financial inclusion, combining all the key aspects: regulatory, business and social responsibility, as well as the various areas of competence. This is all supported by constant analysis that enables its effectiveness to be closely monitored.



Financial inclusion is key in encouraging and accelerating the integration process and the participation of immigrants in all aspects of Italian life. Building positive relationships with financial intermediaries is essential to finding work, buying a home, starting a savings plan or even setting up a business. At a micro level, financial inclusion can help consolidate “economic citizenship” for newcomers who interrelate with and exchange goods and services with the bank; at the macro level, it can undoubtedly support the development of socio and economic trends of strong social impact.

The ABI range of activities for the financial inclusion of migrants includes a **collaboration with the Home Office to set up a National Observatory for the Financial Inclusion of Migrants.**

**The Observatory, launched in 2011, was awarded by Home Office public tender to the Centre for International Political Studies (CeSPI).**

The Observatory seeks to provide banks with clear background information to foster the development of banking services that will reconcile the requirements of competitiveness and efficiency with the development trends of immigration, a structural phenomenon in Italy.

In recent years, *migrant banking* in Italy, i.e. the range of commercial and other initiatives created by financial institutions for the provision of banking services to “new Italians”, has changed dramatically.

We can identify a **first phase** which could be defined as “**passive**”, in which all our of country’s economic and social system, including finance, looked at migration as a transient phenomenon, certain aspects of which grew sharply in the early years of the new millennium. That was immediately followed by a “**proactive**” phase which saw a proliferation of *migrant banking* and *welcome banking* initiatives spread throughout the banking sector.<sup>1</sup> A **third phase**, which could be defined as **consolidation**, continued the process of financial inclusion and also saw the financial profile of this new customer segment gradually evolve to levels of sophistication similar to those of Italian customers. In our view we have now entered a **new phase in the present time**, in a rapidly changing environment where the new arrivals are seen alongside a migrant population with good levels of economic integration (multi-year migration experience, job stability, home possession, nuclear families and children, accumulation of personal wealth), in addition to the new generations. And finally there is an **intermediate zone**, represented by people who are becoming truly integrated and for whom financial inclusion is an important process accelerator and inclusion

1. with highly diversified models, based on different philosophies: strategies that are more inclusive (the migrant is an undifferentiated customer) or that seek to cater for the distinctive traits of this customer segment (language, remittances, flexibility and costs).



instrument. What this requires of the banks is increasingly skilled knowledge of local territories and the continuous monitoring of rapid changes in matters of migration; for this reason the activity of the Observatory certainly constitutes a strategic asset.

The Observatory in fact aims to provide data, indicators and comparable studies capable of dynamically showing ongoing trends, both nationally and by region. Against this background, the Observatory will offer opportunities for experimentation in local areas and interaction between the different stakeholders in the process, through an approach that aims to create space for analysis and dialogue and for the creation of a system space definable as pre-competitive, leading on to the next level where operators can compete in terms of business.

In particular, the group of experts, the Centre's governance body (involving all the stakeholders concerned: ABI, Home Office, Ministry of Labour and Social Affairs, Ministry of Foreign Affairs and International Cooperation, Treasury and Ministry of Finance, Bank of Italy, the National Association of Insurance Companies, Italian Association of Consumer Credit and Real Estate, Poste Italiane, Crif-Credit Bureau and Unioncamere), constitutes a major innovation. This is a cross-institutional panel, able to perform a shared advocacy role supported by quantitative and qualitative analysis from the Observatory and which has greatly contributed to increasing the level and culture of financial inclusion and interaction between stakeholders through the proactive involvement of its members.

With regard to the banking world, the Observatory adopts a structured approach with two internal working groups that engage directly with the banks' business areas most affected as regards financial inclusion and remittances. Corporate social responsibility leaders work alongside the working groups.

All this has value also at a higher level that sees companies and institutions committed to achieving sustainable development objectives on the Agenda 2030. Specifically, there are four Sustainable Development Goals (SDGs) that are directly relevant in this context: 1) defeating poverty; 9) innovation and infrastructure; 10) reducing inequalities (*monitoring through specific indicators, social, economic and political inclusion of citizens, encouraging the adoption of policies for the promotion of greater equality*) and 17) strengthening the means of implementation, renewing global partnerships for sustainable development.

### **Some data and the main quantitative results monitored**

More than 2.5 million current accounts in the names of citizens of 22 nationalities – an increase of 5% over the previous year (2015). The banking index, which measures the number of adult immigrants who hold a current account with a financial institution,

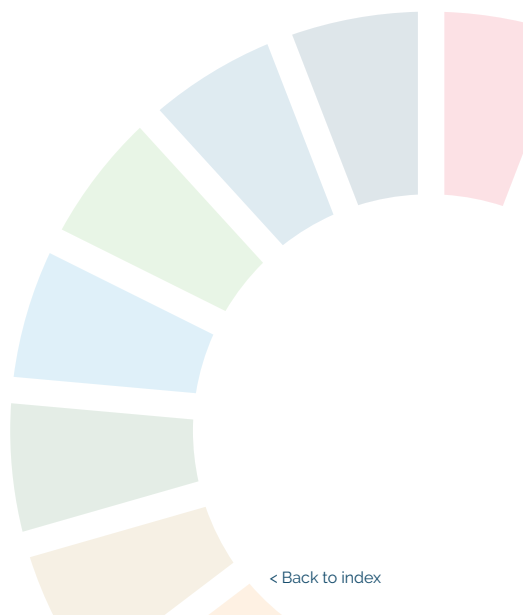


has reached 73%. (Italy is the only country in Europe to have an banking index for immigrants)

Equally, migrants are demonstrating a growing ability to grasp the possibilities offered by financial products that allow a broad range of payment services: 745 thousand cardholders with IBANs not matched to a current account at the same bank. *(Data relating to a 79% representative sample of the banking sector in terms of total assets, plus post office accounts).*

There has also been a 10.5% increase in migrant-owned micro enterprises in the banks' small business sector: in 2015 over 122 thousand companies were managed by immigrant entrepreneurs. Female enterprises represent 31.7% of the migrant-owned small business portfolio and have accounted for above-average growth rates in the past 4 years.

The approach adopted in recent years by the ABI, together with the Observatory represents an important national and European innovation that highlights the possibilities for expanding and developing integrated, multistakeholder financial inclusion, combining all the key aspects: regulatory, business and social responsibility, as well as the various competences. This is all supported by constant analysis that enables its effectiveness to be closely monitored. An innovative approach that also demonstrates its potential for expanding financial inclusion goals on a universal plane.





# ACEA, CONNECTED TO THE FUTURE SINCE 1909: ACEA SCUOLA



Acea Scuola – Rome, Italy “Io mi impegno per l’Ambiente!” and the Listening Campaign “La scuola si apre al territorio” – 2016/17

acea

[www.acea.it](http://www.acea.it)

“

Acea acts to promote education through the support to school curricula and policies to counteract gender discrimination and to encourage respect for the rights of all

”

## SDG ADOPTION



### ABSTRACT

Acea Scuola is a project to empower children from elementary and secondary schools to create solutions for sustainable development. School year 2016-2017, 10 days dedicated to the “Water cycle”, 9 to the “Energy sector” and 2 to the “Waste Recovery”, 21 Training Days in total, with these numbers: about 6,000 students and 500 teachers.

Participants included some children with disabilities, 14 in wheelchairs.

Direct funding by Acea Group, rewarded the 12 winning School Institutes that sent sustainable projects as educational feedback with vouchers for a total of 50,000 euro.



Acea Group has been subscribing to the UN Global Compact's Ten Principles since 2007 renewing its support on an annual basis. The Acea path to the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs) is also realized through its Sustainability Plan.

Among the 17 SDGs, Acea has been working on Goal 4 - quality education.

Acea can contribute to SDGs particularly in low-income areas of Rome where the closure of the development gap requires considerable efforts, innovation and investments.

*"Acea acts to promote education through the support to school curricula and policies to counteract gender discrimination and to encourage respect for the rights of all, for people with disabilities and women's empowerment, improving access to sustainable technologies, and training for students and teachers".*

Acea wants to increase youth's chances of finding future employment opportunities that favour the 17 SDGs. More specifically, Acea aims to drastically reduce the waste of natural resources and decrease the number of those youths unable to access to an environmental quality education. Such targets are addressed to sustainable development for the benefit of a resilient city. Furthermore, Acea aims to improve the standard of living in those communities and their inhabitants where it has been operating for over a hundred years.

We are living in a world where our next generation leaders need to be educated and trained for a dedicated workforce to a more sustainable future. In addition, it is especially worrying that a lot of youth in developing economies are currently without work, not studying or engaged in regular or informal employment, thereby fueling the social uncertainty and further affecting the likelihood of conflict and migration.

So Acea developed Acea Scuola in 2002, a long-term ongoing partnership with the local Authorities and the schools of the City of Rome and surrounding Metropolitan Areas of Rome.

*Acea Scuola*, from its inception to the present, has been attended by about 105,000 students and over 20,600 teachers. In particular for the 2014-15 school year, the initiative called Roma Città d'Acqua proved most successful and turned out to be the most sought after project by schools after the Memorial Day dedicated to the Jewish People who died during WW2.

The Rome City Council included it in the educational planning for the 2015-16 school year to which Acea recommended the theme called *L'Ambiente che voglio da grande*. The following participation results were achieved: 2,373 students and 233 teachers. Participants included children with disabilities. Water and Energy were the themes explained to children aged 6 – 13 of elementary and secondary schools.

The water cycle and energy supply chain with the recovery of waste were the themes of the program for the school year 2016-17 entitled *Io mi impegno per l'Ambiente!* and the *Listening Campaign 'La scuola si apre al territorio'*.



Acea also took care of any financial costs to students or schools.

Compared to the previous initiative of 2015-16, reservations by schools nearly quadrupled. Acea received requests to join from about 8,300 students and 650 teachers. Unfortunately, due to the high and unexpected demand, Acea could accept only 5,049 students and about 300 teachers. 7 days were dedicated to the “*Water cycle*”, 2 to the “*Waste Recovery*” and 9 to the “*Energy sector*”. It was under the patronage of Rome City Council and National Institute of Health.

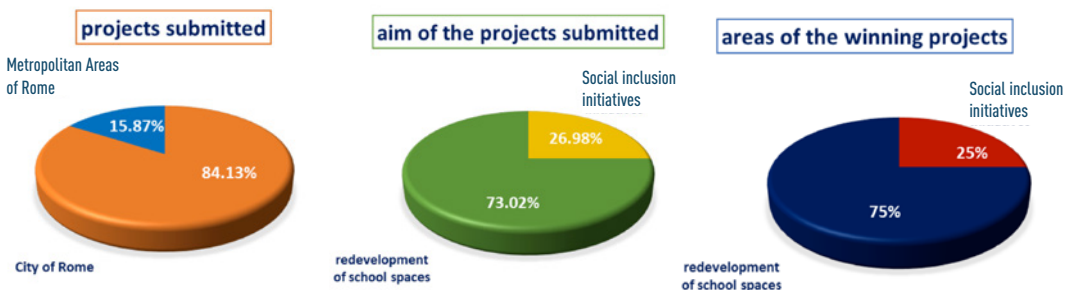
*Io mi impegno per l'ambiente!* through the *Listening Campaign 'La scuola si apre al territorio'* was among the initiatives of the first Italian Sustainable Development Festival 2017 promoted by the Italian Association for Sustainable Development (ASVIS).

*La scuola si apre al territorio* enabled all participating classes to stimulate their own sustainable creativity by offering social inclusion initiatives and small redevelopment interventions to be realized in their actual schools. It promoted evolutionary competence in support of sustainable development to enhance urban empowerment and resilience and to train new active citizens, future managers of public and private enterprises, and skilled and sustainable consumers. It was realized in an enterprise citizenship and stakeholder engagement logic, aimed at promoting shared management and enhancement of common assets and at increasing social capital.

Around 50 people were employed at different times for the internal management of the initiative. The project led Acea Group professionals to interact directly with all students on the concepts of sustainable development and their practical application.

*Water Cycle*: 2,150 Students, 219 Teachers, 7 Training Days, 21 Hours of Teaching. *Energy Sector*: 2,824 Students, 282 Teachers, 9 Training Days, 27 Hours of Teaching. *Waste Recovery*: 75 Students, 7 Teachers, 2 Training Days, 6 Hours of Teaching. Participants included children with disabilities: 14 in wheelchairs.

The initiative awarded a cash prize for a total of 50,000 euro for the 12 winning School Institutes for their project implementation. In order to ensure the widest spread of the benefits, only one class was awarded per Institute. All projects were evaluated by an Acea internal commission.





63 projects from 36 schools were presented, as following: 53 from the City of Rome; 10 from Metropolitan Areas of Rome.

Over 70% of the proposals submitted concerned the redevelopment of school spaces; 3 projects of the 12 winners dealt with social inclusion initiatives. Furthermore many projects were from the suburbs.

The short term objective is to include youths between 14 and 19 years old; the long term objective is to open the participation to university students so as to have it credited to their cv.

With reference to Goal 4 Acea aims to provide, free of charge, its expertise in the field of environmental protection for the largest possible number of students and teachers. Acea will accept requests for participation from schools of the City of Rome and surrounding Metropolitan Areas of Rome by respecting the order of arrival of all requests and within the limits of its ability to manage at least 6,000 people a year by the end of 2020 with no cost to students or schools. For the year 2030, on the condition that European Union funding is accessible to Acea, the objective is to accommodate many more requests for participation.

*Acea Scuola* identified children as critical agents for change and praised their infinite capacities for activism in the creation of a better world. It emphasizes that Acea is a resource that helps students understand that the science for sustainable development is completely accessible to them and therefore not a subject for 'the elite'.

It continues in 2017 with Acea Camp a sporting event for children and Alice in the City a film festival for the younger generation. Referred to Acea Camp: 3 Training Days dedicated to the "Water cycle", 951 students, about 7 Hours of Teaching.

**Data research for all IAEG indicators: Acea, Istat Institute or other official statistic institutions. When data for IAEG indicators was not available, the closest national or sub-national indicators were used.**

**The following selected targets and indicators:**

**Target 4.3 - Indicator 4.3.1.**

**Target 4.5 – Indicator 4.5.1.**

**Target 4.7 – Indicator 4.7.1.**

**The progress made in implementing the Sustainability Plan of Acea and planned further measures are updated regularly.**



# EDISON AND ITS STAKEHOLDERS FOR BIODIVERSITY PRESERVATION



[www.edison.it](http://www.edison.it)



In the last years Edison's approach has evolved towards shared value and stakeholder engagement, approaching the territories (...), co-designing with them solutions and projects



## SDG ADOPTION



### ABSTRACT

Edison commitment in addressing the important objectives declined as SDGs started well before their own definition. The following paper describes Edison effort in pursuing biodiversity preservation (SDGs 14 and 15), not only with projects based in the areas of its own facilities but also involving local stakeholders, and also by mean of education (SDG 4), helping young generation to study and give value to the richness of their own territories.



Edison has a strong presence in **Italy, one of the richest Countries in biodiversity in Europe.**

In line with its corporate citizenship view and with the results of its materiality analysis, Edison launched a specific project on biodiversity preservation in 2012, mainly with the objective to monitor and mitigate the impact of its operations.

The first project and the following ones translated Edison's consideration of biodiversity as a key condition in the surroundings of its facilities, particularly in areas with a strong presence of conservation interest species.

In the last years Edison has carried on 3 main projects concerning biodiversity, with different focus and approaches.

### **i) Biodiversity assessment**

In line with the above-mentioned commitment, in 2012, Edison completed a vulnerability assessment of the areas surrounding its production facilities in terms of biodiversity issues.

More than 140 sites were included in the analysis among: thermal power plants, hydro power plants, wind farms, gas onshore facilities.

The assessment method was built on three main indicators based on data coming from official databases:

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

The resulting database was then used to develop a ranking of the operating sites and to combine this information into a **single biodiversity sensitivity index** for each site.

The results of the study allowed focusing the attention primarily on those sites in a potentially more sensitive situation due to their proximity to protected areas or areas of particular natural interest.

The Chievolis hydroelectric power plant, first classified in terms of vulnerability among Edison's on-land sites, was the object of a deeper assessment. Launched in 2013, the analysis focused on the existing flora and fauna in the surrounding area of the plant.

The results showed that water quality in these two environments was high and the fish life suitable. Moreover, the abundant presence of some protected species in the downstream station, confirmed the good level of preservation of the stream. At the end, in spite of the various human activities, the area under study appeared to feature a high natural level that was reflected in the state of preservation of the habitat and the fauna present in it.

This pilot study has been particularly useful to validate the methodology of analysis for future projects.



## ii) Education on biodiversity

Another key project concerned the area assessed in the surrounding of the Campo Hydro power plant. This area, called “Tracciolino”, was used for business purposes and recently donated by Edison to the local community.

The approach adopted on this project moved a step forward, in line with Edison willingness to share competences and knowledge with local stakeholders, and in the spirit of co-creation of value for the local community. In particular, pursuing the objectives of promotion of sustainability culture and awareness raising towards the respect of environmental heritage, Edison involved the local secondary school in an educational project. Two classes - 50 students and their teachers - were trained on the concepts of biodiversity and environment preservation, and showed the value of their own territory. The first output of this project consisted in posters, made by the students, describing biodiversity of their own territory ecosystems.

## iii) Stakeholder engagement approach

Edison interest in preserving biodiversity has also involved two off shore facilities, named Vega A and Vega B, in one of the most important project: **BioVega**.

Regarding the first platform, the company, in collaboration with the experts of the Acitrezza Protected Area “Cyclops Islands” and the University of Catania, implemented a **laboratory to study biodiversity called “BioVega A”**.

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

The study was divided in 5 subsequent macro phases:

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

The first part of the project (phases 1, 2 and 3) was finalised in 2013, showing that the platform, as an off-shore environment, was attractive to many species that would not normally be present in this type of environment. For instance, the presence of the jacket has enabled the development of a typical community of molluscs, algae, crustaceans etc. needed for the colonisation of fish species.

While BioVega A was born and developed on an already existing platform, and for this reason focused mainly on evaluation and monitoring activities, “**BioVega B**” has been



developed on a new site under development, Vega B. In order to add further value to the project, Edison is pursuing a structured stakeholder engagement process with institutional and local actors. BioVega B, strong of the experience of the BioVega A project, has the great advantage of being able to take into account the biodiversity aspects already in the design phase, and considering local stakeholders inputs and opinions.

The desired result of this concrete engagement is a comparison of perspectives with regards to the most relevant (current and prospective) environmental issues, with a focus on biodiversity. The emerging elements will contribute to identify ideas for the development of BioVega and to define some goals in the light of closer cooperation with reference to stakeholders and in accordance with the authorization process.

This project represent Edison's approach to the concept of shared value and stakeholder engagement, that want to go beyond the top down model of traditional biodiversity monitoring, considering the needs and ideas of the territories in which Edison operates.

The methodology adopted started from a stakeholder mapping, a desk analysis of public news and interviews to Edison people in Siracusa offices. The results of the interviews have shown a strong interest among the entities involved: most respondents expressed their appreciation for the co-design pathway undertaken by Edison, in line with regional objectives, EU objectives and the SDG 14 on biodiversity protection. They also, expressed their interest in pursuing the relationship, in order to structure a possible collaboration for the implementation of the work.

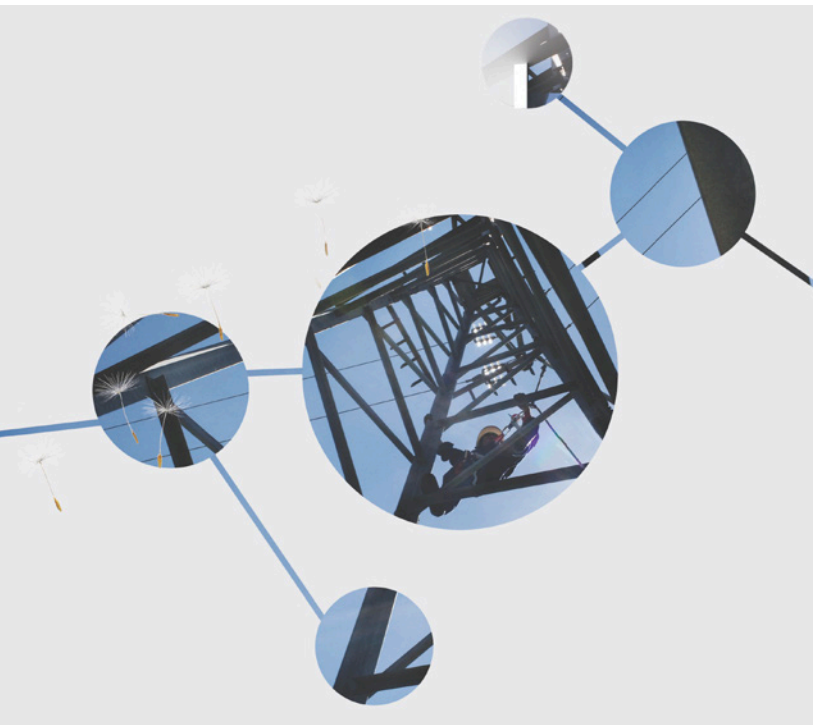
As a result of the consultations, the most addressed declination of the BioVega B project has been of a **scientific technical nature**. The platform is, in fact, a precious asset since there are no fixed and permanent points of observation of marine phenomena in the Mediterranean linked to biodiversity.

Nowadays, classical methodologies to assess and preserve biodiversity richness are still a key first step in gathering information. However, in the last years Edison's approach has evolved towards shared value and stakeholder engagement, approaching the territories where it operates, starting from listening their needs and, if possible, co-designing with them solutions and projects.

Relationship channels activated through the shared value approach also allow the dissemination of the culture of sustainability, one of the key steps to create value throughout the territory.



# ENEL'S JOURNEY TO EMBEDDING THE SDGs



[www.enel.it](http://www.enel.it)

“

Embedding the SDGs means supporting the growth of the company as well as ensuring sustainable business in the long term

”

## AGENDA INTEGRATION



### ABSTRACT

Enel believes that the 17 SDGs and an ambitious long-term perspective are fundamental to sustainable development globally and to its own strategy, which is why the company has decided to put sustainability at the core of its corporate culture. With this vision, **Enel designed and spread its sustainability model throughout its entire value chain and translated the strategy into concrete actions.** Innovative and sustainable solutions are pursued in order to meet customers' needs, foster access to energy, promote energy efficiency.



The world is currently living through significant and sudden changes to the global outlook, characterized by the **technological and digital revolution**, by **growth in the population** and in its expectations, by **climate change** and by pressure on the **use of natural resources**. This rapidly evolving scenario - with an ever greater penetration of electric vehicles and the gradual replacement of fossil fuels - offers the energy sector new challenges and opportunities. **Global energy consumption is increasing**, not only in percentage terms, but also in absolute terms, while over **1 billion people still have no access to energy**, or have it to only a limited extent. Renewables are the energy source seeing the greatest growth, while the other sources remain constant or are falling slightly. Given this significant penetration by renewables, electricity grids and their digitalization, in both transmission and distribution, are becoming increasingly important, attracting various industrial sectors and creating new opportunities and competitive challenges.

Enel's business model considers sustainability and innovation as an inseparable pairing, which creates value for the Company and for all its stakeholders and enables new opportunities to be taken. **Sustainability is an integral part of the way of doing business**, and drives us to constantly seek out new solutions to reduce the environmental impact of our activities, to grow together with the communities of which Enel is part, to increase the safety of our colleagues and our suppliers. Listening to and actively involving all stakeholders, together with rational use of resources, enable the promotion of synergy between economic and social progress.

In order to respond in a sustainable and flexible way to this context, Enel has designed, tested and spread sustainability model throughout our entire value chain, from business development to operations. This translates the group's strategy into concrete actions reflected in a precise, challenging and agreed **Sustainability Plan, integrated into the group's Strategic Plan**.

The whole plan was developed taking into account references, direct or indirect, to the 17 SDGs. **Enel has publicly committed** to the SDGs and has set **clear and ambitious targets** for four specific SDGs (4, 7, 8, 13) in order to provide a significant contribution and make the difference. In particular:

- **SDG 4** (quality of education). 300 thousand beneficiaries reached, against the goal of 400 thousand beneficiaries by 2020;
- **SDG 7** (clean and affordable energy). 1.2 million beneficiaries involved, compared to the goal of 3 million beneficiaries by 2020 (mainly in Africa, Asia and Latin America);
- **SDG 8** (dignity of labor and economic growth), the beneficiaries currently number 1.1 million, given the new target (compared to the initial 500 thousand) of 1.5 million by 2020;
- **SDG 13** (combating climate change), the grams of CO<sub>2</sub>/kWh<sub>eq</sub> have fallen to around



395, compared to the goal of achieving a level below 350 grams by 2020.

Moreover, beyond the four goals that Enel publicly committed to, the company also contributes to other SDGs through all its processes. Companies that adopt the SDGs in their business strategies gain the advantage of a clear roadmap to shape the decision-making process which will generate value for shareholders and all stakeholders.

The essential point in this approach is the introduction of **environmental, social and governance sustainability indicators across the whole value chain**, not only to report on performance at the end of the year but most importantly to manage performance during the year and to achieve better decision-making, strengthening a proactive attitude rather than a reactive one.

Since 2012, Enel has conducted **materiality assessments** to identify priorities for stakeholders and for the company. Last year, SDG-related criteria were integrated into the materiality analysis. As a result of this analysis, climate strategy and responsible relations with communities where Enel operates emerged as priorities.

The integration of sustainability into the strategies and operating choices of the business in the various stages of the value chain passes also through new ways of managing and developing projects. **In 2016 Enel**, with over **900 projects** and initiatives and over **6 million beneficiaries** in the various countries, contributed in concrete terms to social and economic development and growth of the local areas, from the expansion of infrastructure to education and training programs, from initiatives aimed at social inclusion to projects to support cultural and economic life. An essential lever to undertake these projects is the use of partnerships, according to SDG 17 that allows us to promote the development of the local area through innovative and tailored interventions, sometimes literally putting the technology in people's hands. In particular Enel contributes to SDGs 4, 7, 8 through specific projects to promote:

- **Access to energy:** to create a new business model linked to access to energy, aimed both at people who live in isolated rural areas and those who live in the peripheral areas of large urban conurbations..
- **Socio-economic development of the communities:** concerning activities related to the development of labor and infrastructure; transfer of skills and manufacturing knowhow to the local population; support for entrepreneurship in the community.
- **Support for local communities – support for education:** financing local events; support for families and social services; promotion of culture and sport; promotion of diversity, health and safety; protection of the environment and biodiversity) specific activities are undertaken relating to education.

An example is the project **“Cadena Productivas”** focused on defending existing

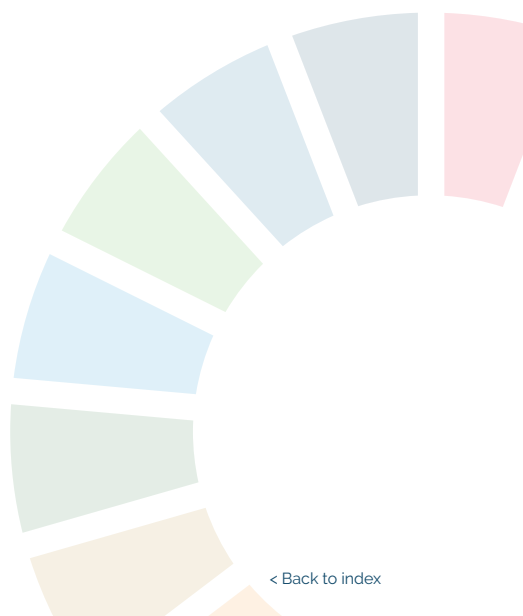




business and open new job opportunities favoring the social and economic development of the communities in the country. The program, developed in Colombia, promotes the development of the local agro-industrial sector in cocoa and coffee. In addition, the project aims to strengthen local administrative, associative and commercial organizations and provide technical assistance as well as equipment and tools. In particular: promoting sustainable farming, knowledge and technology transfer, encouraging working in partnership and generating public-private partnerships. Through these activities, stakeholders improve cultivation techniques, strengthening the marketing of products and increasing the local disposable income and the company promotes job opportunities in order to reduce the emigration to other more productive areas. A clear example of co-creation.

**Enel** is a company that **pursues growth based on sharing** - internally and externally - ideas, innovation, concepts and areas for improvement, of which sustainability is an integral part, since it is an important driver for innovation. Given rapidly changing scenarios, and with everyone's collaboration, Enel wants to write the future of the world of energy: a world in which old power plants acquire a new life, connections travel faster, smart homes are a reality, smart meters facilitate the dialogue between homes and people, and electric vehicles travels ever further.

Finally, all the projects, activities, performances and main results, including progress against the SDGs, in line with the SDG Compass, are presented in **Enel's Sustainability Report – Seeding Energies**. The journey to achieving the highest sustainability standards and the inclusion of SDG commitments have been rewarded with the interest of socially responsible investment funds, which continue to grow.





# THE BIOMETHANE PRODUCTION AND THE BIOREFINERY 2.0 OF HERA GROUP



[www.gruppohera.it](http://www.gruppohera.it)

“  
Hera Group react to the goals and the challenges related to SDGs with projects and the internal targets set up for future. Hera's contribution concern 10 goals of the 2030 UN Agenda

”

## SDG ADOPTION



### ABSTRACT

Hera Group is committed to fight climate change and reduce fossil fuels in all its operations. The project that better address the challenge of goal 7 "Affordable and clean energy" is the creation of a fully integrated biorefinery in Sant'Agata Bolognese. The biodigester will be able to process 100,000 tons/y of organic waste and 35,000 tons of green waste from separate waste collection. It will lead the Group to produce from 2018 about 20,000 tons of high quality fertilizer and more than 7.5 million of m<sup>3</sup>/y of biomethane, which can directly reach homes after being fed into distribution networks. Moreover, the annual production of biomethane will avoid the use of more than 6,000 toe of fossil fuels and 14,600 tons of CO<sub>2</sub> emissions.



Sustainability is a key priority for Hera's strategy and approach. Ever since its establishment the Group has been geared towards integrating sustainability in business activities, planning and control systems. The pathway defined in 2002 took another step forward in 2016 with the definition of the "Hera approach" to creating shared value (CSV). For Hera, the **creation of shared value is the result of all those business activities that generate operating margins and meet the global agenda drivers**, i.e. those **"calls to action" for change** in specific fields, set out in global, European, national and local policies. Hera's approach to CSV will also be a new source for steering the future strategy in every single businesses managed, a strategy that already fully integrates sustainability aspects consistently with the goals for sustainable development defined in the 2030 UN Agenda. This long-established approach already allows the Group to develop projects and activities geared towards CSV.

The answer of Hera to the goals and the challenges related to them is represented by the projects developed and the internal targets set up for future. **Hera's contribution concern 10 goals of the 2030 UN Agenda**, predominantly in: sustainable cities and communities, responsible consumption and production, affordable clean energy, climate actions, decent work and economic growth, and industry, innovation and infrastructure.

The key commitment that the Hera Group assigned to energy efficiency and to the use of energy from renewable resources is concrete, real and continues during the years with different activities and projects implemented in order to improve the use of renewable energy and, at the same time, reduce energy consumption and carbon emissions.

In this way the **"Affordable and clean energy" goal of the 2030 UN Agenda has been identified as an opportunity for the Hera Group** to further enhance this commitment and to answer to one of the "calls to actions" for change, set out in global, european, national and local policies. To this extent the Group is carrying out different activities, both internal and external, that involve our daily operations but also our clients and customers activities and lifestyle.

Our contribution to fight climate change and to reduce fossil fuels has improved over time. Following the decision, taken in 2017, to use only energy from renewable sources for all the activities managed in Emilia-Romagna region, Hera launched a project focused on energy production: the creation of a fully integrated biorefinery in Sant'Agata Bolognese. The biodigester will be able to process 100,000 tonnes per year of organic waste and 35,000 tonnes of green waste from separate collection. It will lead the Group to produce from 2018 about 20,000 tonnes of high quality fertilizer and **more than 7.5 million of cubic meter/year of biomethane from organic waste**, which can directly reach homes after being fed into distribution networks. The annual production



of biomethane will also avoid the use of more than 6,000 toe of fossil fuels and CO<sub>2</sub> emission of 14,600 tonnes.

Moreover the Group undertook many activities to help our customers in reducing their emissions by using better tools to control their consumption or by implementing energy saving measures.

The use of renewable sources and cogeneration plants in energy production for internal and external use has always been a strategic issue for the Group and, in 2016, it reached 72.6% of total electric energy produced. Hera has already been producing biogas for years, using biodigesters and landfills, to produce electricity in order to fully exploit all the synergies deriving from its “multi business model”. At the same time the use of bioenergy and biofuels have been strongly supported by governments and public authorities to reach the important targets set by the European Union 2030 strategy and by the national energy strategy (SEN). In this direction the new plant in Sant’Agata Bolognese meets all the requirements of the **circular economy** producing renewable energy from waste and at the same time recycling material.

**Innovation has a crucial role in developing a fully integrated biomethane plant and an innovative biorefinery** in terms of processes and technologies adopted.

Indeed, Hera started researches targeted to produce advanced biofuels obtained by processing grass cuttings and pruning material collected in the served area. Currently, these waste materials are used in composting or energy recovery processes but, in the future, they will be used to produce biomethane in the Sant’Agata Bolognese new plant or bioethanol in other future plants. Both these fuels can be labelled as “advanced” because they are produced from waste materials and not from dedicated energy crops potentially destined to the food market. To be able to obtain these fuels from ligno-cellulosic waste, pre-treatment are required, such as steam explosion (a particular thermal treatment with high pressure steam), that makes the material readily degradable by bacteria, enzymes or yeasts, in anaerobic digestion processes or alcoholic fermentation.

Also, technologies used in the plant are the fruit of research, studies and european competitions that have led Hera to choose the best of what is now available on the market. **The plant is in line with the best technologies envisaged by the European Union for a circular economy** and with regional guidelines for treating the organic portion of waste.

The Innovation department of the Group, along with Herambiente, carried out all the preliminary steps and the realization of the project. More than 20 people have been involved in technical studies, operations, analysis of national and European legislation

and in commercial activities. Members of the Hera Group also have been involved in national consultations to support the definition of laws and rules for biofuels market in Italy and in working groups to define the best features of the biomethane to be used in public network.

In the Sant'Agata Bolognese biomethane plant, a process with great potential has begun: thanks to the implementation of new and improved anaerobic digestion and up-grading technologies (respectively developed by Kompogas in Switzerland and Malberg in Sweden), biomethane will be produced without relinquishing the recovery of materials and the production of compost for agriculture. Its dimensions is also significant, requiring an overall investment of roughly 30 million euro.

**The project has already become a benchmark for the Italian market** and will undoubtedly act as a reference point for the entire country. Bearing in mind that new national legislation will promote this type of plants as a source of renewable energy, above all by encouraging biomethane production for use in automobiles, further impetus will certainly be added to projects like this. **This is therefore an initiative that, if replicated, may offer an important contribution to national energy strategy and towards achieving the 2030 European targets.** The Sustainable development goals framework help companies like Hera Group to foster innovation and sustainability strategy in order to create better solution and increase commitment to all stakeholders. They give also the opportunity to reflect on impacts and externalities of business activities and to better measure their effects.



# RESHAPING THE CR STRATEGY WITH SDGs



[www.kpmg.com](http://www.kpmg.com)

“ Thanks to the SDGs framework we have had the chance to give our Corporate Responsibility (CR) efforts a clear strategic focus and increase people awareness ”

## AGENDA INTEGRATION



### ABSTRACT

SDGs have enabled Kpmg to reframe the Corporate Responsibility (CR) strategy, giving a clear direction to CR activities and raising people awareness. The process has gone through different phases: labeling CR activities with SDGs, internal communications to diffuse the new approach, an internal survey to select the most relevant SDGs, a photo contest on the winner SDG (n.4), a specific action plan on education, health&wellness initiatives and reshaping employees volunteering considering the SDGs.



'Make the difference' has always been our main objective. But how?

KPMG is actively committed to the local communities where it operates, including support to non profit organizations, the business community and the internal stakeholders. Thanks to the SDGs framework we have had the chance to give our Corporate Responsibility (CR) efforts a clear strategic focus and increase people awareness.

The process to get our strategy permeated by SDGs has gone through different phases.

**The first step was scanning all the CR initiatives and assign them a specific SDG label.** This has enabled us to get the flavor of the direction of our efforts: which areas we are contributing most, which activities are not linked to the global priorities and which global priorities we are not addressing.

The second step was communicating this new approach to our people informing that all our CR activities are now guided by SDGs, with the clear intention of making them aware of the overall CR strategy and educating them on the SDGs at the same time.

Thus, the following step was an internal survey where Italian employees were asked to pick the SDG they consider most relevant for KPMG in Italy. In order to allow them to choose consciously we built an online platform to vote where the meaning of the SDGs is explained. This action had a twofold benefit: on the one hand it has allowed us to perform a little "materiality analysis" among our internal stakeholders, while on the other hand was a simple tool to train them on a crucial contemporary CR topic such as the SDGs.

**The winner was the SDG n.4** – Quality Education and it has been elected as the topic for the photo contest 2017. Every two years the Italian employees are given a chance to participate to a photo contest: the three most voted pictures have been rewarded by culture-related prizes, which again raise the point on the theme of education.

The effort on SDG n.4 has also brought to the definition of a **specific action plan on education**, which includes participating to the Pact for Youth European campaign, which is aimed at making companies and educational institutions work together to support youth employment. To this purpose, we host teen students for internships where they challenge themselves with their first working experience and we recruit many young candidates giving them the chance to learn professional skills and develop their career within the company. Still, we support university students through Enactus, a global organization which is committed to assist young change makers to build their social enterprise project, and through the set up of a scholarship for talented students attending management-related academic courses.

Even younger children's education is addressed: a "book reuse" initiative asks



employees to collect the books they are not using anymore to be donated to schools or disadvantaged children support centers. In addition, a creativity contest is organized in the company premises to stimulate employees' children's skills and bridge the gap between home and workplace.

We are also helping start-ups to grow thus contributing to their professional education: we support accelerator, incubators, start-ups contests as mentors, providing both public workshops and one-to-one services which contribute to increasing the know-how of these early-stage organizations.

Following the SDG n.4, the second-ranked theme was related to health&wellness. Thus, the health-related activities have been increased and framed within a specific action plan. Check-ups have been organized company-wide, workshops about healthy lifestyle have been offered to employees and participation to sport initiatives has been encouraged.

The third position in the SDG ranking was related to local communities. The well-established employee volunteering project has been renewed by labeling every initiative with a related SDG.

Born by the CSR department input, this process of **integration of SDGs into the corporate responsibility strategy** and activities has involved other actors. The communication department has supported in fine-tuning the internal messages sent to our colleagues, the marketing department has played an active role in some education-related activities, the HR department has helped with employee engagement, the volunteers who manage the relationship with no-profit organizations and the facility department has been involved in the logistics of the workshops. The leadership has been actively involved in the whole process, from the early idea of the strategy review to the involvement of employees through a survey aimed at collecting the internal stakeholders view and increase their awareness, from participating to public initiatives on education to sponsoring health-related initiatives.

The process has brought some challenges: combine all CR activities with specific SDGs has sometimes been difficult but useful to realize what is effectively contributing to the sustainable development. Diffusing the SDG-related contents company-wide has involved a relevant effort and the survey has resulted to be a good tool because it is even interactive and engaging.

The new mindset has been perceived by employees and top management, who are now aware of what SDGs are and see every CR activity labeled with an SDG. Employees response has been positive: for example, 523 people have participated to the survey, 51 pictures have been considered in the photo contest, about 90 people on average attend health-related workshops and the general feedback on CR has raised 2% compared to





the previous internal satisfaction analysis. However, adoption of the SDG-mindset in daily activities and in the other departments frameworks is still in progress.

This process of integration of the SDGs in the company strategy could be labeled both as a strategic move and an internal advocacy mechanism to reach, educate and involve employees and leadership.

Some outputs have been measured: 523 people participated to the SDG survey, about 650 students involved in internships or similar youth employment-related programs, 5 students who benefited from our scholarship (in 2 editions), 220 books donated to schools, 439 colleagues contributed to the photo contest, 50 colleagues benefited from blood checks before donation from the beginning of 2017 (431 in total from 2008, when the program started), 170 attended the courses on first-aid emergency, 328 the participants to the workshop about healthy nutrition and 30 those to the workshop about multiple sclerosis.

Outcomes are harder to measure. **Our desired outcomes mainly refer to internal culture and employee awareness.** Internal culture could benefit from the new shape of the CR strategy, in the hope that the other departments will adopt this framework as well. Employees awareness has been boosted by the survey to choose the most relevant SDG and the photo contest on SDG n.4. Other outcomes have to do with people mindset (e.g. how much they have integrated SDGs in their view, any change in their approach to culture and education), with the benefits on colleagues' health, with the growth of the start-up we support, etc. We are currently starting to look at those outcomes both by observing qualitative changes in people responses and setting up some early-stage monitoring tools.

The desired impacts are even more indirect and focus, for example, on the youngsters, students, children which benefit from the education programs we support. Moreover, at a larger scale even Italian companies could ultimately benefit from KPMG change in strategic approach towards SDGs since this can permeate our interaction with clients as well and the role model we stand for.



# MOVING TOWARDS DECARBONIZATION FOR CLIMATE CHANGE: SNAM'S PATHWAY



[www.snam.it](http://www.snam.it)



We have the responsibility of improving our carbon footprint. We have set ourselves goals that include, by 2021, a 10% reduction in natural gas emissions with respect to 2016



## SDG ADOPTION



### ABSTRACT

The United Nations have approved the 2030 Agenda for Sustainable Development, and everyone is called to contribute to the achievement of its goals. Snam has chosen, in particular, to commit itself to goal 13, Climate action, with a challenging target: to reduce its natural gas emissions in 2021 by 10% with respect to its 2016 emissions. Snam has decided to do this as a strategy, moving along the decarbonization pathway and playing a more operative role, and thus contributing to the reduction of climate-altering emissions.



In 2015 the United Nations approved the 2030 Agenda for sustainable development, whose essential elements are the 17 SDGs set with a view to putting an end to poverty, combating inequality and achieving social and economic development. A discussion that companies followed with great interest: **some of these goals match Snam's activities almost perfectly, in particular for what concerns climate action.**

With regard to the latter point, the conclusion of the 22nd Conference of the Parties (COP 22) held in Marrakech in 2016, confirmed the optimism aroused by the entry into effect of the Paris Agreement less than one year after its adoption. The drive towards decarbonization is already influencing the methods of production and use of energy, speeding up the shift towards "carbon neutrality" that the Paris Agreement sets as a goal to be reached during the second half of this century. The pathway identified requires efforts to be made and sustained by all sectors of society and the economy to ensure a form of development oriented towards the protection of the environment, social equity and economic sustainability.

**Snam has decided to contribute to this extremely important SDGs both from the strategic point of view, by moving along the decarbonization pathway and thus considering it as an opportunity, and from the operational point of view, by strengthening its operational excellence and thus contributing to the reduction of climate-altering emissions.**

Natural gas, like non-programmable renewable sources, has all the characteristics necessary to guarantee an efficient and effective decarbonization pathway. This is because gas is a versatile product that can be used as an energy source for household uses, for generating electricity, for industrial applications and as a fuel for road and sea transport. A greater use of gas, in its various forms, would result in lower emissions of sulphurous anhydride, nitrogen oxide and particulate, with a decisive impact in the fight against air pollution in cities, and would contribute to decrease the use of oil and its derivatives. Gas is an accessible source due to the presence of considerable reserves near Europe and a development of the world liquefied natural gas market, which has increased its availability at low prices.

The gas infrastructure system is widespread and flexible in responding to fluctuations in demand and supply. With limited investments, it can support the technologies that produce and use energy with a low or zero carbon content (gas powered heat pumps, biomethane, micro-cogeneration, turbo-expansion and power-to-gas).

The Company's strategy is clear and strongly supported by its top management. But the fight against climate change is also tackled from the operational point of view through efficient and innovative management. In fact, Snam intends to develop projects for reducing emissions to fight climate change with a precise target in mind:



- **to reduce its natural gas emissions in 2021 by 10% with respect to its 2016 emissions.**

To pursue this target, it has elaborated an investment plan to implement projects that include various kinds of operations: recompression of gas in the transmission network and at the compression stations; replacement of natural gas-fired pneumatic actuators in the transport and storage infrastructure; innovation on the plants. **The investments planned by the Company for the new technologies aimed at enhancing operational performance, such as the experimental studies undertaken on “real time leak detection”, are greater than 200 million euros of which about 160 million in Industry 4.0 initiatives.** These technologies will contribute not only to the efficiency of the transmission system but also to the control and reduction of natural gas emissions.

This programme is in line with the Company’s commitment to combat climate change, which has always been strong: **from 2009 to 2016, Snam reduced its natural gas emissions by 11%, its CO<sub>2</sub> emissions from combustion by 21% and its direct CO<sub>2eq</sub> emissions by 16%.**

**Snam is contributing to the evolution of the “gas product” through the development of infrastructure to favour the use of compressed natural gas in the transport sector, the use of liquefied natural gas and biomethane.**

The contribution of biomethane to the goals of decarbonisation is not limited to the energy consumption phase. The production process can make a contribution to significantly reduce emissions in the agricultural industry and restoring soil organic matter: the digestate (what remains after the anaerobic digestion of the agricultural matter) is actually an excellent natural fertiliser.

Snam, together with the Italian Biogas Consortium and Confagricoltura, it has elaborated and publicly presented a programme to support the Italian biomethane chain, addressed to the Government and the EU Commission and announced during the 2016 edition of *Biogas Italy*. In December 2016, the first Snam workshop entirely dedicated to biomethane was held in San Donato Milanese. The event, which attracted about a hundred people representing over 50 gas transmission system operators and associations, served to take stock of the situation in view of the injection of the initial flows of biomethane into the Snam network. Actually, although the legislative system is still evolving also due to the market facilitator role played by Snam, there have already been 350 enquiries of which 50 have become formal requests for connections to the network. **Experts estimate that, by 2030, the production of biomethane will reach 8 billion cubic metres a year to cover more than 10% of consumption on a national level.**

In the meantime, the first biomethane has been injected in the national pipeline network



in June by Montello SpA, an Italian and EU leader in bio-waste recovery and recycle with an annual production at full capacity estimated at 32 million standard cubic metres, the equivalent of a quantity of biofuel for about 640 million kilometers traveled by “bio vehicles”. Montello’s plant, which recovers wet organic waste produced by 6 million of inhabitants (equal to 60% of the whole Lombardy region), does not produce emissions and is the first Italian “Carbon Negative” plant, recovering from generated biogas (composed by nearly 60% of methane and nearly 40% of CO<sub>2</sub>) 38,000 tons/year of liquid CO<sub>2</sub>, to be used for technic and alimentary sectors.

Snam will also contribute to an increase in use of methane in the automotive sector, by providing its experience in the field and investing about **150 million euros over the coming 5 years to favour the development of filling stations and a more balanced distribution of them across the country, and increasing their number by about 300 units**. Snam’s commitment lies within the scope of its relationship of collaboration with FCA and IVECO, who intend to broaden their ranges of natural gas vehicles further and is sanctioned by a memorandum of understanding signed in October 2016. In addition, in December 2016, Snam and the Api Group signed a letter of intent to develop up to 150 new natural gas filling stations across the country at the IP points of sale of the Api Group.

This action could impact in a positive way on the environment and the people’s health: **replacing two million traditionally-fuelled vehicles with natural gas vehicles could lead to a reduction – calculated on the total fleet of vehicles- of 4%CO, 10% NO<sub>x</sub> and 12%PM.**

In conclusion an integrated approach to the climate change challenge could give multiple benefits, not only involving the climate action goal itself but also affecting other goals as the 7 and the 12 ensuring access to sustainable energy and promoting sustainable production patterns involving the supply chain.



# SOFIDEL'S COMMITMENT TO RESPONSIBLE MANUFACTURING



“  
 The construction of a positive future, for companies as well as for people and the entire world, necessarily goes through a widespread and shared commitment  
 ”

## SDG ADOPTION



### ABSTRACT

The Sofidel Group is committed to be responsible for its corporate management by directing all the activities and decision-making processes, being in line with the sustainable development objectives shared by the whole Group. On the occasion of the 50th anniversary (2016) and in order to promote the ethical and responsible management of the supply chain, the Group assigned its first “SOFIDEL SUPPLIERS SUSTAINABILITY AWARD” to the most sustainable Suppliers considered fundamental business partners for the achievement of its own strategy.



Sofidel's sustainable growth strategy develops according to the efforts of "building an inclusive, sustainable and resilient future for the people and Planet Earth"; in line with the UN 17 SDGs.

Specifically, Sofidel intends to pursue the following goals: SDG3, SDG6, SDG7, SDG12, SDG13.

To this end, Sofidel implements restrictive policies to manage environmental impacts and to maximize social benefits along the value creation process: from the supply chain, to manufacturing processes, products and logistics.

**In line with this commitment**, when implementing its strategy, Sofidel paid careful attention to **Responsible Consumption and Production (Goal 12) aiming at "doing more and better with less"**. A philosophy perfectly in line with the **"Less is more"** company strategy which encompasses the Group's effort in giving more in terms of values, products and services, reducing consumption, waste and negative impacts on the environment and people's lives. A strategy that can only be achieved through a **systematic and synergic approach with the actors in the supply chain**.

In 2014 **Sofidel defined a structured sustainable purchasing system** (also in line with ISO 20400), based on a **risk assessment process** of sustainability issues all along the supply chain, and pursuing the final aim of **establishing a network of enduring relationships with the suppliers**, based on trust and shared values. The key and strategic concept at its base is that the establishment of viable collaborations with the partners allows Sofidel to find **more efficient solutions** and to **generate more value** for the entire value chain.

Coherently, Sofidel strengthens the process of engagement with suppliers by adopting the "TenP – Sustainable Supply Chain Self-Assessment Platform" - created and promoted by the Global Compact Network Italy Foundation, of which the Group is a "Promoting Founding" member. The **TenP platform is one of the pillars of Sofidel Supply Chain Sustainability management practice** and it is based on a questionnaire inspired from the United Nations Global Compact Ten Principles and the most relevant international agreements, conventions and standards. The tool aims to increase the ability of self-evaluation of the suppliers' sustainability performance, and to **identify challenges and common solutions to enhance sustainability** within the value chain.

A **risk analysis regarding sustainability in Sofidel Group's supply chain** is then necessary to rationalize and optimize the monitoring of suppliers operated through the TenP platform. It also lays the foundation for the construction of a more sustainable system of vendor rating, including supporting future commitments on sustainable procurement and sustainability management of Sofidel supply chain.



Accordingly to the defined **procedure**:

**1)** The categories of goods and services purchased are divided into risk classes based on **exposure to**:

- environmental risks linked to the use and disposal of good / service;
- risks for workers (suppliers' ones) related to the production of good / service;
- risks for workers (Group's ones) related to the use of the good / service;
- bad business practices' risks connected to the production of good / service;
- bad business practices' risks connected to the use of the good / service.

**2)** Different elements affecting risk exposure are then taken into consideration: related to various phases of the product's life cycle, from raw material extraction to production, distribution, use and disposal.

**3)** According to the types of risk, potential negative impacts that could be generated by a failure in monitoring suppliers' performances are classified based on "**negative impacts on**":

1. productive management (eg. Non efficient management of resources);
2. the stated commitments of Sofidel and on sustainability indicators monitored by the GRI;
3. the reputation of Sofidel brands (directly related to the product and consumed by the end user);
4. the reputation of Sofidel Group (related to the production process and perceived by customers and the end consumer).

**4)** The **TenP platform**, with its self-assessment system, allows and gives priority to the monitoring of the two main target groups of suppliers:

- Suppliers that, given the **value of the business transitions** with Sofidel, can have significant impacts in Classes 1 and 2 above;
- Suppliers that can affect Classes 3 and 4.

**5)** Once observed the level of strategic purchase and risk of exposure, different actions of monitoring and different outcomes are identified, according to the results obtained by each monitored supplier.

Table 1 below offers a synthetized prospect of the Sofidel management practice, distinguished in the **4 principal methodological phases**.





Table 1

Purchasing and processes mapping	Politics	Tools	Suppliers Involvement
<ul style="list-style-type: none"> <li>• Analysis and classification of purchased goods and services</li> <li>• Suppliers classification</li> <li>• Identification of environmental and social impacts</li> <li>• Creation of risk-opportunities matrices</li> </ul>	<ul style="list-style-type: none"> <li>• Definition of priorities for intervention (based on feasibility, opportunities, sustainability goals)</li> <li>• Elaboration of Sustainable Purchases Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Manual of sustainable purchases</li> <li>• Sustainability criteria and specifications according to product categories</li> <li>• Monitoring system</li> <li>• Suppliers questionnaire</li> </ul>	<ul style="list-style-type: none"> <li>• Focus group for each product sector</li> <li>• Suppliers training</li> </ul>

With a glance towards continuous improvement. According to CEO Luigi Lazzareschi: *“Sofidel has to promote this culture among national and international partners, because it is confident that the construction of a positive future, for companies as well as for people and the entire world, necessarily goes through a widespread and shared commitment, represented by the necessity to take on, each one in its field and according to its role, new and wider responsibilities”*.

Therefore, in 2016 the Sofidel Group launched the first edition of **“SOFIDEL SUPPLIERS SUSTAINABILITY AWARD”** (3SAward), which saw the attendance of more than 300 companies from a variety of countries. The 3SAward is a yearly acknowledgment whose purpose is to promote best practices and improvement actions on social, environmental, labour and anti-corruption issues carried out by national and international Sofidel Group Suppliers. Moreover, it pursues the overarching objective to **positively contribute to raise awareness about the sustainable development of the tissue sector** as a whole.

The requirement for companies to take part in the award is the fulfillment of the TenP questionnaire.

In particular, the “Sofidel 3SAward” assigns three awards: two of them according to the score achieved on the TenP platform (“The Best Supplier”, “The Best Improver”) and the third focused on businesses having carried out particularly effective social and/or environmental sustainable initiatives.

By 2020, the Sofidel Group will – through the TenP platform – pre-qualify 100% of its supply chain, based on the degree of risk and the type of suppliers involved (1.800 suppliers). Furthermore, this work will enable Sofidel to optimize the monitoring of its suppliers by developing specific actions for continuous improvement of the sustainability performance of the entities in the supply chain.



# NEXT ENERGY PROGRAM



[www.terna.it](http://www.terna.it)

“  
Talent and innovation  
to create job  
opportunities for  
young people  
”

## SDG ADOPTION



### ABSTRACT

NEXT ENERGY is a Terna and Fondazione Cariplo initiative to support new-graduate employment prospects and the entrepreneurial vocation of young innovators.

The programme offers 15 paid internships, each lasting six months, in different Terna work groups tasked with developing innovative projects, and 10 fast-track schemes for start-ups, also lasting six months.

The objectives of NEXT ENERGY are aligned with the Terna Group's approach to sustainability, as well as with targets 4 and 9 of the SDGs.



Italy is marked by high unemployment among young people and modest economic growth. The electricity sector is in the middle of a historic transition to renewable energy sources. These facts are the basis for **NEXT ENERGY**, a Terna initiative to promote new graduates' acquisition of knowledge in the electricity sector, with the aim of encouraging employment and supporting the development of innovative entrepreneurial projects by young people.



NEXT ENERGY has offered a 6-month paid internship to 15 recent engineering graduates and a 6-month incubation/fast-track scheme to 10 teams of innovators and young start-ups.

The objectives of NEXT ENERGY makes the initiative perfectly aligned with two SDGs: number four ("**Quality education**". Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all) and number nine ("**Industry, innovation and infrastructure**". Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation).

**The NEXT ENERGY initiative is consistent with the role of a large Group like Terna, of infrastructural and strategic importance for its country:** at a historic time when a lack of job opportunities for young people has become a genuine social crisis, Terna thought it necessary to take concrete action. This led to the idea of a program that could give a chance to both individuals and teams with an innovative business idea. Terna therefore launched a "Call for Talent" and a "Call for Ideas".

**NEXT ENERGY constitutes an effective response to certain company needs: in the current phase of "energy transition" towards more sustainable solutions, with impacts both in terms of recruitment and management, there is corresponding development of a business innovation branch.**

In terms of sharing and collaborating with external companies of solid strategic value, the Terna Innovation Plan identifies a tool able to accelerate innovation projects, also thanks to the contribution of young people who can offer new approaches and perspectives.

The search for talented new graduates, initiated with the "Call for Talents", is also respondent to the needs of the **generational-turnover phase** that the Group is experiencing.

**Innovation is the underlying concept for the entire project**, starting with the areas of interest cited in the Call. The new graduates who carried out an internship at Terna all worked in departments focusing on innovation projects, both in the world of electricity transmission (Terna's core business) and in that of its Non-Regulated Activities (storage, smart islands, etc.) while the start-ups selected from the "Call for Ideas" gave



a concrete sense to the “Open Innovation” driver foreseen by the Group’s “Innovation Plan”.

To execute NEXT ENERGY, Terna has adopted several tools:

- **vouchers** for the 3 best teams of innovators, to be spent on additional services for their go-to-market;
- **internal know-how** for teaching and tutoring;
- **collaborations with the best teams** selected, with the aim of creating applications that are coherent with the provisions of the Innovation Plan;
- **media promotion**, across the general and industry press (traditional and online) regarding the initiative and its results.

Initial input came directly from company management, with the CSR Department tasked with the overall coordination, with the direct operational support of Human Resources and Organisation department for the “Call for Talents” initiative and of the Strategy and Development Department for the “Call for Ideas” ones.

In addition to the aforementioned company departments, the execution of the various project phases also involved the Legal and Social Affairs Department and the Media Relations and Web, Internet Editing and New Media departments.

To implement NEXT ENERGY, Terna signed a three-year **partnership agreement with Fondazione Cariplo**, the most important Italian body to focus solely on social value and the promotion of economic development, running its own initiatives as well as financing third-party projects.

Terna also involved, as a performing partner, the largest Italian incubator (**Polihub**), which designed and developed a 6-month fast-track pathway for the start-ups with “knowledge-sharing” sessions with the 15 interns.

NEXT ENERGY has already produced concrete results that are also, in some cases, measurable, in line with initial objectives.

#### *External benefits generated by the project*

- **Reinforcing** the employment chances of 15 interns
- **Employment** of 9 interns with apprenticeship contracts
- **Development of 4 post-fast-track collaborations with 4 teams**, for the development of pilot projects
- **Increased ability of university placement offices** to monitor employment opportunities for young graduates

- **Activation of a privileged channel** with Terna for incubators, fast-trackers and start-ups

#### Benefits for Terna

- **A qualitative/quantitative boost to the recruitment database** with the profiles of recent engineering graduates
- **Validation in the start-up world** as a company focused on innovation
- **Development of collaborations with 4 teams of innovators** with opportunities to develop interesting business applications
- **Consolidation of the Terna image** (more than 230 media outlets).

More generally, the first edition of NEXT ENERGY has positively substantiated the Open Innovation driver cited in the Terna "Innovation Plan", much so that, for the second edition, to begin in September 2017, an additional Call is envisaged ("Call for Growth"), reserved to more mature start-ups with projects of clear interest to Terna.

It is still too early to be able to fully measure the effects for the beneficiaries (interns, innovation teams), in terms of employment and start-up activity for example, and the business benefits for Terna.

Terna has nevertheless begun evaluation of the impacts of the NEXT ENERGY project, with the support of external experts.

NEXT ENERGY has taught Terna a great deal: firstly, it has highlighted the great potential of Open Innovation, particularly **the value of young people's contribution to the business**. Their lack of conditioning, fresh approach to problems, creativity and propensity to innovate proved powerful stimulants, difficult to activate within consolidated company departments. With NEXT ENERGY, Terna has executed a concrete Open Innovation experience for the first time, one that has proved so positive that it will not only be repeated, with a second edition, but also expanded, with an additional Call that is even more targeted.

The whole NEXT ENERGY structure (the choice of partners, jury members, profiles selected for the internships, capacity of the innovators' team) is based on **excellence** and this element, never taken for granted, has strengthened each of the project phases.

**The alignment of the initiative with those SDGs of reference (4 and 9) has further strengthened the commitment of Terna, a company that has been a part of the Global Compact for many years and is directly involved in promoting its principles.**



# INNOVATION IN TIM: THE WORKING CAPITAL INITIATIVE



[www.tim.it](http://www.tim.it)



TIM develops innovation and entrepreneurship with #WCAP Accelerator, integrating business goals with Sustainable Development



## SDG ADOPTION



### ABSTRACT

“TIM sets itself as “enabler” in creating a digital ecosystem that connects businesses, public administration and local communities, in order to create positive synergies for development.

In this context, TIM has developed various innovation initiatives such as TIM WORKING CAPITAL which, from 2009 to 2016, supported 294 start-ups with over 6,6 million euro invested (survival rate of 90%) and beyond 9,000 projects. In addition, over the last two years, there have been more than 50 go-to-market strategies developed within TIM”.



In recent years, the **telecommunications sector has helped improve people's lives and the processes of businesses through digitization**, made possible by the significant reduction in traditional voice services and the growth of new services based on fixed and mobile broadband.

**TIM has responded to this intense and fast technological change with effective innovation** achieved through the:

- intensification of internal development lines, i.e. the work of laboratories and research groups dedicated to the evolution of the fixed and mobile network towards 5G standard and hyper-fast broadband (thanks in part to collaboration agreements stipulated with excellent universities)<sup>1</sup>;
- promotion of employee creativity, with the launch of initiatives for the crowdsourcing of ideas (e.g. *Idea Sharing*)<sup>2</sup>;
- confirmation of the adoption of '**open innovation**'<sup>3</sup> principles, which allows innovation generated internally to be integrated with external contributions.

TIM has historically carried out its business considering both economic and socio-environmental objectives. This approach has facilitated, and made natural and consistent, the integration of TIM's material Sustainable Development Goals with the existing path. The shared "practice" focuses on SDGs 9 (target 9.5) and 4 (target 4.4).

**TIM #WCAP ACCELERATOR.** TIM was one of the first Italian companies to adopt the '**open innovation**' approach, with a series of initiatives including Working Capital (today TIM #Wcap Accelerator), the Group business accelerator which **each year explores, selects, finances and accelerates digital start-ups**, making training and mentorship available.

In 2013, the initiative enables the opening of four accelerators (Milan, Bologna, Rome and Catania, with a total of more than 4,000 m<sup>2</sup> available) to welcome the start-ups selected on a periodic basis - by means of social media and face-to-face discussions - with a *Call for Ideas* (which became a *Call for start-ups* in 2016, focused on mature projects).

The **project mission** has evolved into the **identification of start-ups in line with the Group's industrial strategy**, in order to integrate the solutions developed by the start-ups into the TIM value chain, benefiting both TIM and the young businesses that, in becoming TIM suppliers, have the opportunity to grow.

1. In Italy, TIM employs approximately 1,200 resources in engineering, technological innovation and service activities. 2016 investments in innovation and transformation amounted to 1.9 billion euros, accounting for around 52% of the total investments on the domestic market.

2. 'Idea production' competition (ended in December 2016) designed to foster the creativity of the employees to "improve the customer experience of TIM services".

3. Expression coined in 2003 by US economist Henry Chesbrough, who directs the Center of the Open Innovation of the Haas School of Business of the University of California (Berkeley) and has written several books on the matter. The study, prepared by the American researcher, pointed out that **businesses innovate using not only internal resources, laboratories and their R&D departments, but also seeking external assistance.**



From 2009 to end 2016, TIM #WCAP has:

- examined more than 9,000 business ideas;
- supported 294 projects, in line with its business strategy;
- assigned 6.6 million euros to encourage the development of start-ups (their survival rate exceeded 90%).

Since 2013, the TIM #WCAP start-ups have launched over 50 go-to-market activities within TIM, including CitySensing (a platform for managing large events in urban areas based on the collection of big data from social media and mobile networks), Cloud Robotics and Virgil (solutions involving drones and remote presence robots connected through the 4G network) and Internet of Things systems, including Smart Agriculture.

**The TIM #WCAP Accelerator 2016-2017 Programme.** From 30 March to 30 May 2016, through the annual *Call for Start-ups*, TIM #WCAP Accelerator **chose 25 digital start-ups**<sup>4</sup> (out of the more than a thousand received), and to each assigned:

- a business **grant** of 40,000 euros;
- **participation in the Digital Innovation Year 2016-2017**, launched in September and consisting of:

√ three months of acceleration (September - November 2016) in one of the four accelerators;

√ nine months of mentorship, co-working and networking (December 2016 - August 2017) to develop the business project in an optimal environment.

**During the acceleration phase, qualified tutors and mentors guide the start-ups** in an approach which aims to allow their projects to grow in both technical and business terms. The program includes classroom sessions (focused on business matters) and opportunities for a comparison of ideas and individual supervision.

At the end of the three months the **Demo Day** is held, during which **start-ups present themselves to investors, companies and sector influencers** and - through participation in numerous networking events - this fosters discussions with successful start-uppers, entrepreneurs, investors, business angels and venture capital.

**The chosen start-ups also benefit** from:

- **the synergy** of TIM #WCAP Accelerator **with TIM OPEN**, the business to business platform that makes all tools available for the development of cloud solutions and TIM distribution channels (the TIM Nuvola Store market place and agents);
- **immediate access to the “Albo Veloce”** (Fast Vendor List) to become TIM suppliers;

<sup>4</sup> . A list of the chosen start-ups and related projects is available at the following link: <http://www.wcap.tim.it/it/2016/10/le-startup-tim-wcap-2016>



- **the innovation basket**, i.e. a budget available to the TIM business units to purchase the solutions developed by the TIM #WCAP Accelerator start-ups;
- **entrance into the TIM Ventures portfolio**, the TIM corporate venture capital (first in Italy).

**The ten start-ups** on the acceleration program showing the greatest potential, capacity of execution and compliance with the company's needs for innovation, will join the *Best in Class Program*, through which **they benefit from a further:**

- **grant** of 10,000 euros;
- **month of activities in the Rome accelerator**, in which the Chief Executive Officers and the co-founders of the start-ups can take part. The activities include workshops (to investigate business and venture capital matters), meeting and matching opportunities in a go-to-market approach with the TIM business units, external companies and the public administration.

**TIM VENTURES.** Based on the experience of TIM #WCAP, TIM launched **TIM Ventures** in 2014; this initiative **selects and invests** directly in the **risk capital of the best digital start-ups operating in synergy with the Group's business strategy**. TIM Ventures is specialized in investing in the early stages of the start-ups' activity and development, making minority 'seed' and 'early stage' investments.

Summarizing, over two years, TIM Ventures has invested 2.4 million euros in 14 start-ups/subsidiaries (12 of which are from TIM #WCAP)<sup>5</sup>, which have recorded, amongst others:

- 2.5 million euros in production value;
- 7 million euros in risk capital funding;
- 87 employees on the workforce.

This management model saw TIM receiving the National Prize for Innovation, established by the Prime Minister's Office and awarded by Confindustria, in 2016. This rewarded the capacity to innovate the portfolio of solutions and services in terms of quality, the structured and efficient process of managing innovation, the company culture and the capacity to transform innovation projects into services to support citizens, businesses and organizations.

5. The TIM Ventures portfolio is available at the following link: <http://www.timventures.tim.it/it/portfolio>

# 4.





## 4. TENDENCIES IN BUSINESS&SDGS PRACTICES

The present chapter offers a brief and synthetic transversal analysis of the Business&SDGs practices shared in chapter 3.

The proposed framework is based on 4 dimensions of investigation consisting of **4 ranges**, each representing a possible **business approach to sustainable development and the SDGs**.

The 4 dimensions detailed below have been directly brought out from the 11 business initiatives. Therefore, behaviors identified at the extremes of the ranges are not meant to be opposite in “absolute terms”, but relatively to approaches emerged from our sample of analysis.

### DIMENSION 1

#### STRATEGIC ALIGNMENT <-----> PROJECT REFRAMING

In the present divided, complex and fragmented world, the SDGs offer a unique opportunity to “*build bridges*”. They provide all actors with a **shared roadmap** for the years to come and, equally important, with a **common language and a understanding** of very complex and diverse issues. Companies have a broad range of possible actions to be implemented in support of the SDGs.

For this first dimension, our range moves from a strategic and integrated approach to the Agenda - **strategic alignment** - to the reframing of previously existing projects or programs, in order to align them with internationally recognized hot topics and to use a language that resonates more with the wider world - **project reframing**. A hybrid approach is in the middle. Some examples extracted from cases are: strategic alignment to one specific SDG; new projects developed using the SDGs as a checklist to evaluate impacts; new project(s), part of already existing programs, designed and developed in line with the Agenda.

### DIMENSION 2

#### CORE BUSINESS <-----> SOCIAL INVESTMENT

Organizations have multiple mechanisms to enhance the contributions of their business activity to sustainable development. **Acting on proper drivers, they can boost both business benefits and development impacts.**

Through their investments, operations and value chains - **core business** -



organizations do have **impacts**, positive or negative, and a consequence **influence**, intended or not, on sustainable development. Here, addressing the SDGs, companies could better manage material risks and costs all along the value chain, respond to a more aware consumers' demand, preserve resources essential for their core business activities. Alternatively, organizations can opt for contributions of resources in terms of money or employee time and/or for the provision of products or services not necessarily expected to generate commercial opportunities or financial returns, at least in the short term – **social investment**. A public advocacy approach is in the middle<sup>1</sup>.

### DIMENSION 3

**INNER LOOK** <-----> **OUTSIDE LOOK**

Stakeholders are defined as “*entities or individuals that can reasonably be expected to be significantly affected by the organization’s activities, products, and services and/or can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives*” (GRI, 2013). An organization can act in support of sustainable behavior both addressing internal stakeholders, such as employees and shareholders – **inner look** – and/or external stakeholders, such as local community, suppliers, etc. – **outside look** –. An intermediate approach divides the range with organizations attentive to both the internal and the external dimension.

### DIMENSION 4

**INDIVIDUAL APPROACH** <-----> **COLLECTIVE ACTION**

Businesses can exercise different types of leadership when enacting sustainable behaviors. On the one hand, an *individual leadership* – **individual approach** – is exercised when companies act on their own; on the other, an *interactive leadership* can be expressed through the design and realization of **collective actions**<sup>2</sup>, leveraging multiple skills and resources at different scales. A **partnership approach** is in the middle<sup>3</sup>.

The graphic methodology of representation presented below allows the reader to easily observe data tendency, thanks to its immediacy. Moreover, it will allow us, in future editions of the collections, to build on the present work to observe **how companies’ behavior in approaching sustainable development changes and evolves over time**.

1. Dimension adapted from: SDG Fund, Harvard Kennedy School CSR Initiative and Inspiris Limited (2015).

2. Collective actions are intended as formal **networks** of potentially large numbers of players, established for a common purpose.

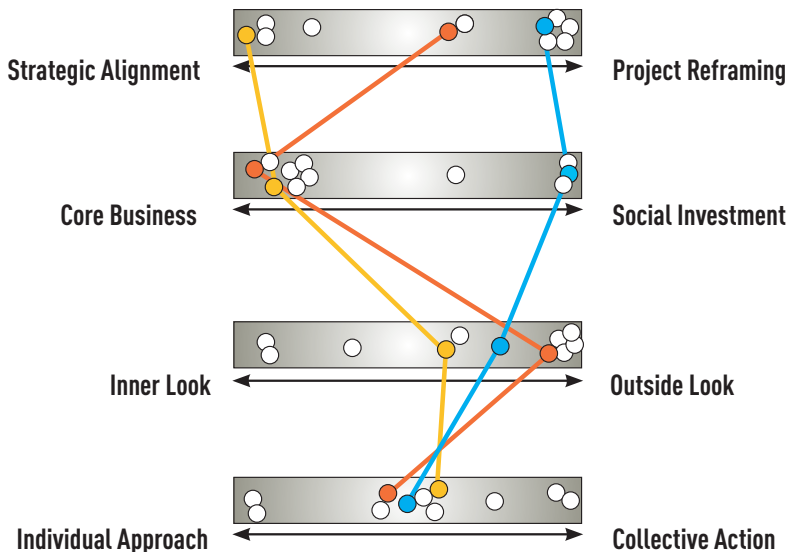
3. Partnerships here are intended as projects-based alliance between **a company** and one or more organizations.

Indeed, in the 4 boxes below, each representing one of the above detailed dimensions, practices are anonymously represented with dots, helping us to provide a general framework to think about the various **ways in which businesses are engaging in development**.

**DIMENSIONS 1 and 2** allow to observe business initiatives in terms of strategic and operational approaches; **DIMENSIONS 3 and 4** map trends of engagement with external and internal stakeholders.

**Figure 10**, where the **11 business initiatives<sup>4</sup>** are profiled, already allows some trends to be observed. The blue, yellow and orange lines constitute examples of practices positioning.

**Figure 10: Tendencies in businesses' approach to the Agenda**



As observable in **figure 10**:

- 5 out of 11 practices consist in **projects/programs/initiatives already existing** before the launch of the Agenda 2030, now reframed in line with global priorities. The 4 dots on the left represent initiatives focused on: 1 on an overall **strategic Agenda integration** (at a strategic plan level); 2 on the alignment of the **sustainability Plan**; 1 on the development of a broad **strategy** linked to a **specific SDG**. Finally, the remaining 2, positioned in the center of the box, are based on new projects/practices within already existing programs;

- the majority of cases - 7 out of 11 - presents companies engaging in development through their **core business activities and/or investments**. Of the remaining 4: 1 focus

4. The framework does not plot companies but specific business initiatives.



more on **advocacy activities**, 3 positively contribute to development through valuable **social investments solutions**;

- in relation to our third dimension, only 2 cases are placed on the left side of the box, showing an **inner perspective** based on a direct and significant engagement of internal stakeholders, in particular employees. In the center, we find those cases for which the alignment with SDGs also implies the modification of internal processes and procedures and, as a consequence, the involvement of specific internal functions. On the right side, those business initiatives that see the company engaged with **external stakeholders** (institutions, schools, local communities, etc.);

- only 2 out of 11 cases – coherently with the inner focus of analysis highlighted in DIMENSION 3 – show an **individual** approach to the adoption and implementation of the SDGs. 6 cases show a partnership approach where project-based alliances are developed with one or more actors. Finally, 2 initiatives are developed through formal networks structured across sectors or institutional levels to tackle common objectives.

This first tendencies observation confirms that there is no “one size fit all approach” and no right or wrong behavior in enacting sustainable development.

SDGs allow companies:

- to **“start small”**: selecting one (or more) goal(s) consistently and in continuity with previous organizations’ activities, and progressively build and enlarge the path towards a sustainable development, reaching an integrated approach to the Agenda;
- to **enhance their business case for sustainability**, within and outside the company, using a common language and recognized goals;
- to **strengthen the involvement of stakeholders all along the value chain** and, particularly, of **employees**, aligning business action with the vision of the company’s leadership;
- to **create stronger connections**: i) with local/national/international actors in *simple* partnerships or structured collective actions based on common purposes; ii) among goals; iii) among frameworks.

To maximize synergies and to enable all these virtuous behaviors to substantially support the new common framework for development, shared **measurement tools** and **practices** must urgently be agreed. In this way, companies could develop coherent information systems and, together with other development actors, consistently **define priorities for action**.

This chapter presents a first attempt of cross-cases investigation. The analysis will be enriched, reviewed and improved in future editions of the collection thanks to a wider base of analysis and an increasing number of companies committed and involved in a sustainable way of doing business, aligned with the SDGs.



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