



# II° Forum sulla Corporate Social Responsibility

## La sostenibilità come driver per ripartire

30 novembre 2020





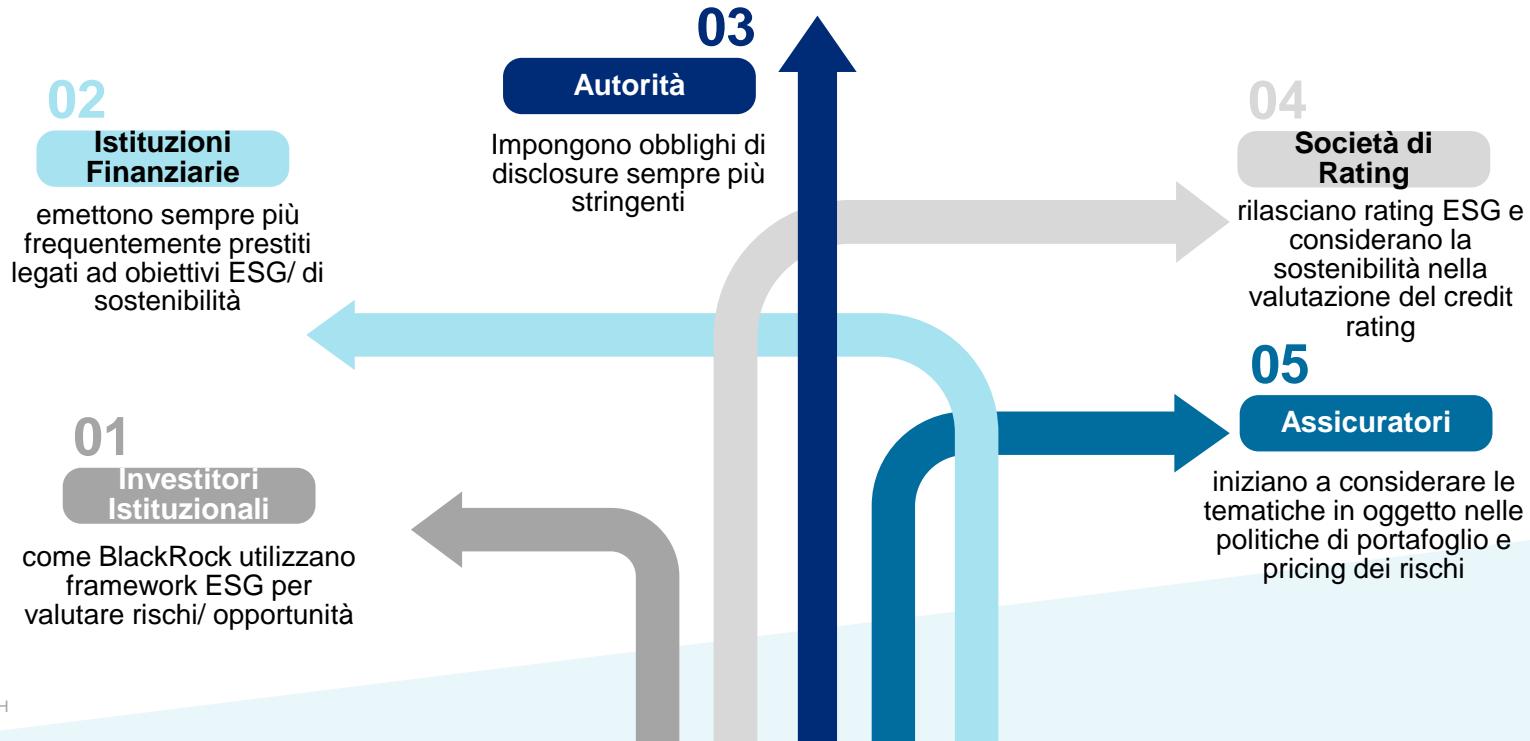
# La Sostenibilità Come Driver per Ripartire Il Risk Management Come Fattore Abilitante

Bruno Dotti  
*Enterprise Risk Services Practice Leader – South West Europe & Turkey,  
Marsh Advisory*



# ESG/ Sostenibilità – Un Tema Di Crescente Di Interesse, In Specie Dal 2016/ 17

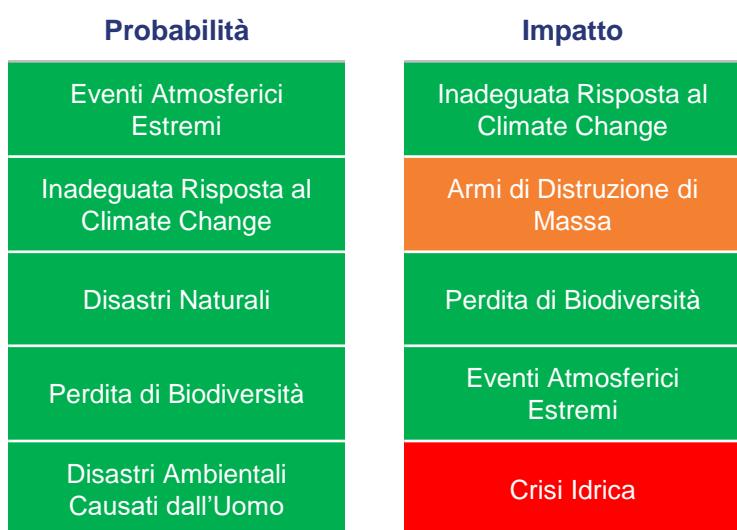
L'assessment delle 'pratiche' ESG/ di Sostenibilità delle Aziende, attività tradizionalmente realizzata dai cosiddetti 'impact investor' per valutare il 'comportamento' delle Società ed i potenziali riflessi sulla performance, è sempre più considerata anche da altri Stakeholder



# L'Attuale Contesto Pandemico Potrebbe Riorientare Il Fare Impresa Ad Obiettivi Di Breve?

- Febbraio 2020 -

## Top 5 Rischi Globali – Global Risk Report 2020<sup>1</sup>



- Maggio 2020 -

## Rischi Percepiti Come Critici per il Business



- Economici
- Geopolitici
- Ambientali
- Sociali
- Tecnologici

<sup>1</sup>Global Risk Report 2020: WEF, Gruppo MMC, Gruppo Zurich

<sup>2</sup>Covid 19 Risks Outlook: WEF, Gruppo MMC, Gruppo Zurich

# Crediamo Che Nel «New Normal» Ci Saranno Crescenti Opportunità per «Fare Impresa in Modo Responsabile»

1

Per «Spinte dall'Alto»  
Scelte di Politica  
Pubblica



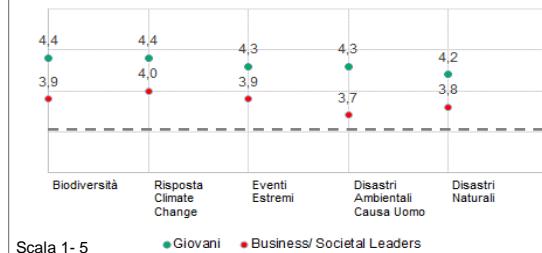
Progetti 'Faro'<sup>1</sup>

«Power – Up»	«Renovate»	«Recharge & Refuel»
«Connect»	«Modernize»	«Scale – Up»
«Reskill & Upskill»		

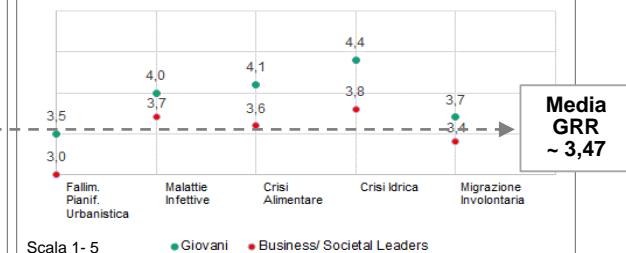
2

Per Cambiamenti in Atto  
Nella Società<sup>2</sup>

Differenze Generazionali: Rischi Ambientali



Differenze Generazionali: Rischi Sociali



Media GRR  
~ 3,47

I futuri dipendenti

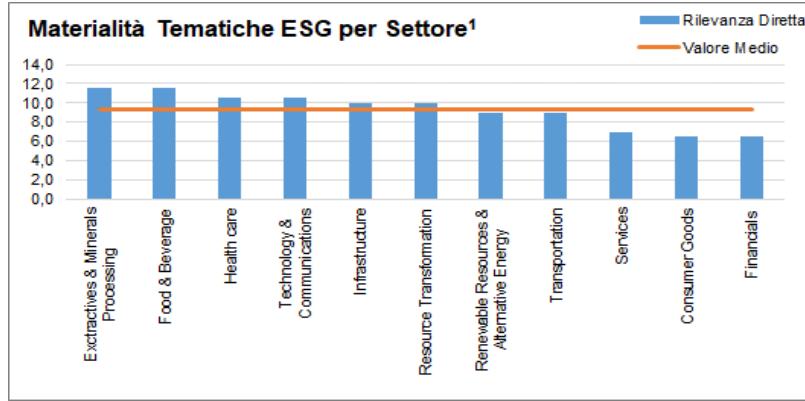
I futuri consumatori

I futuri elettori

<sup>1</sup> Commissione Europea, comunicato stampa 'Next Generation EU' (17/09/2020)

<sup>2</sup>Nostra elaborazione, dati Global Risk Report 2020

# ... E Che La Gestione Dei Rischi Sarà Un Elemento Centrale A Supporto Della Capacità Di Generazione Di Valore Delle Strategie Di Sostenibilità



## - Risk Management Come Fattore Abilitante -

### Costi – Ottimizzazione

- Riduzione impiego energia
- Efficienza processi
- Riduzione sfaldi/ scarti sprechi
- Recuperi da end of life ...

### Ricavi – Crescita

- Percezione brand/ differenziazione
- «Premiumizzazione» prodotti/ servizi
- Migliore posizionamento con distribuzione
- Anticipazione/ allineamento preferenze consumatori
- ...

Target di Business da Iniziative di Sostenibilità

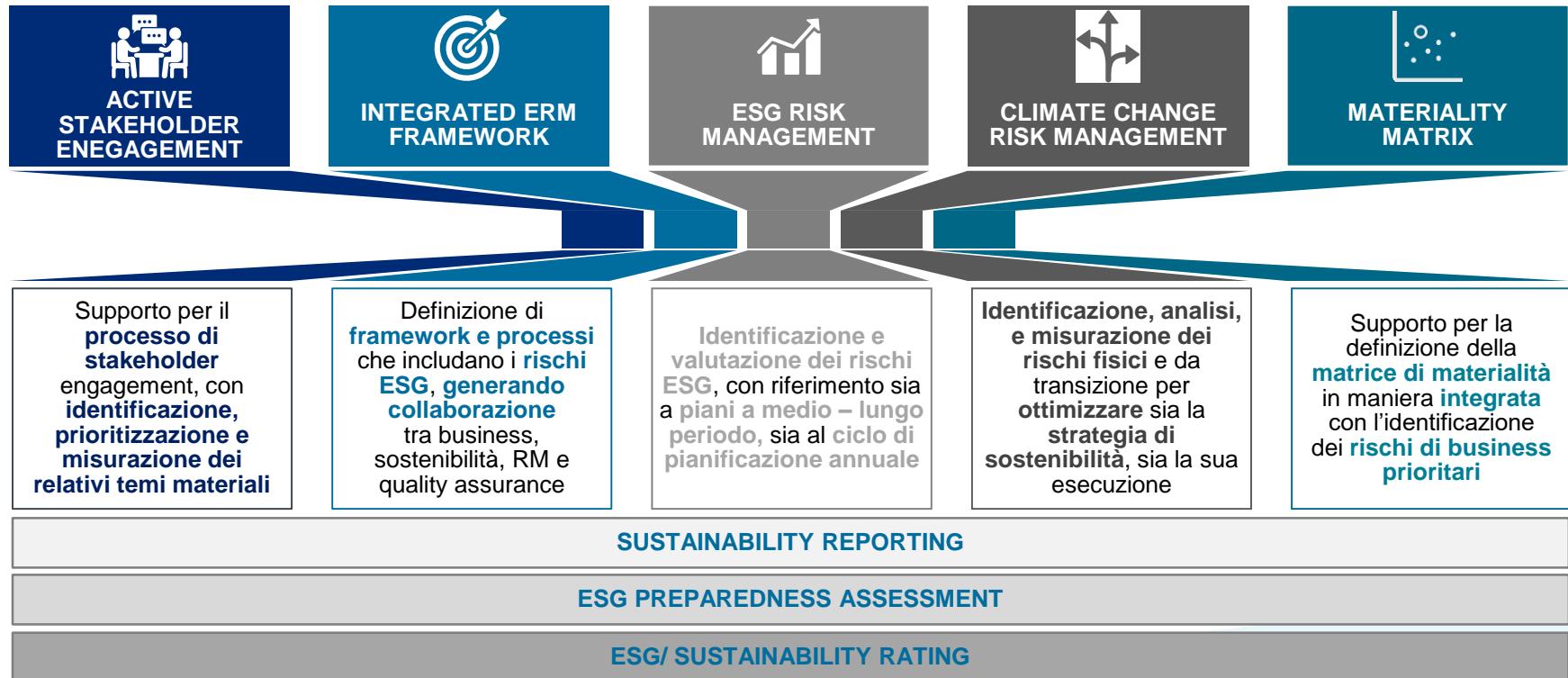
Risk Management per l'anticipazione dei driver di volatilità del piano e per la relativa gestione

1 Tematiche ESG rilevanti per l'economia del territorio nel 'Triveneto' (industria in senso stretto, alimentare, infrastrutture, trasporti, immobiliare etc.)

2 Incremento – nel breve/ a causa del Sars Cov 2 – della necessità di estrarre 'da subito' valore dagli investimenti per la gestione dei temi ESG e della sostenibilità in generale

<sup>1</sup> Nostra elaborazione su dati SASB (Sustainability Accounting Standards Board)

# Tale Obiettivo E' Da Tre Anni Al Centro Della Nostra Strategia Di Sviluppo Dei Servizi





# II° Forum sulla Corporate Social Responsibility

## La sostenibilità come driver per ripartire

Lino Cinquini

*Presidente Comitato Scientifico, OIBR*

*Prof. Ordinario di Economia Aziendale e Controllo di Gestione, Scuola Superiore Sant'Anna di Pisa*





# A JOURNEY TOWARDS *INTEGRATED REPORTING <IR>*

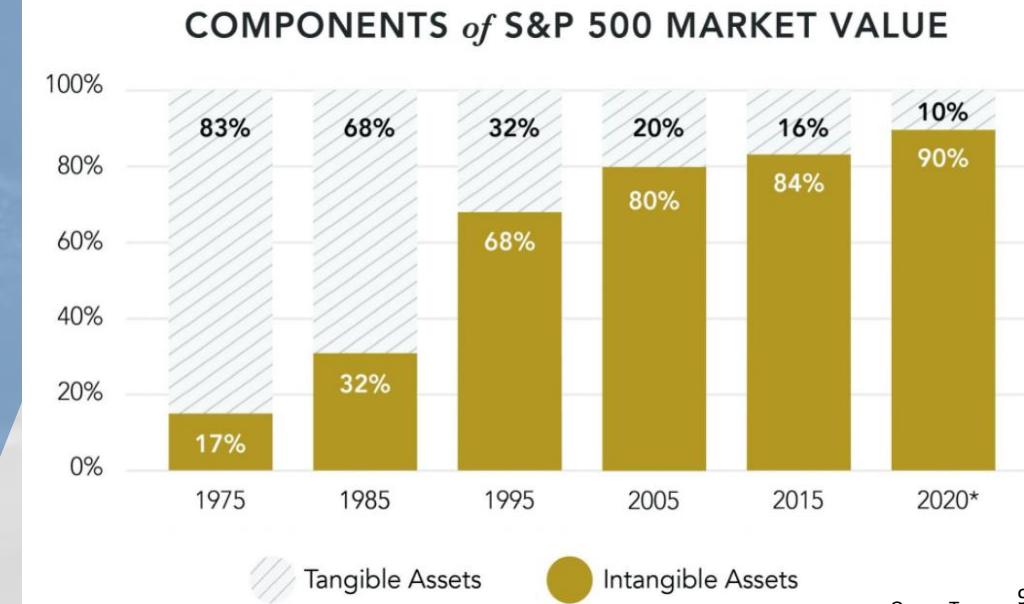
Lino Cinquini ([l.cinquini@santannapisa.it](mailto:l.cinquini@santannapisa.it))



# Financial statements are not enough

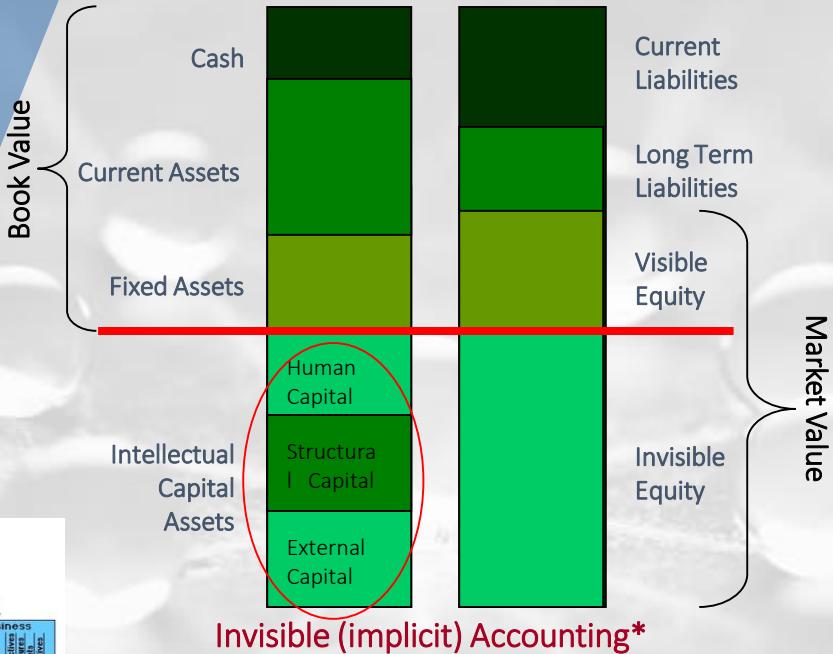
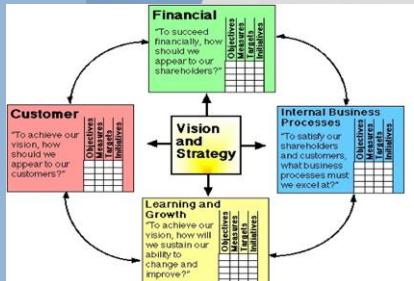
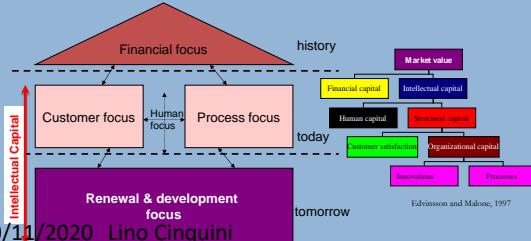
- Information-based economy
  - Sustainability (environmental & social)
  - Stakeholders engagement
  - New business models

# Why We Need to Update Financial Reporting for the Digital Era



# Intangibles and the rise of intellectual capital

- Intellectual capital: '*the hidden dynamic factors that underlie the visible company*'
- Edvinsson & Malone 1997:
  - Human Capital → developing and leveraging individual knowledge and skills
  - Organizational/Structural Capital → internal structures, systems and procedures
  - Relational Capital → loyalty, brand, image, etc.

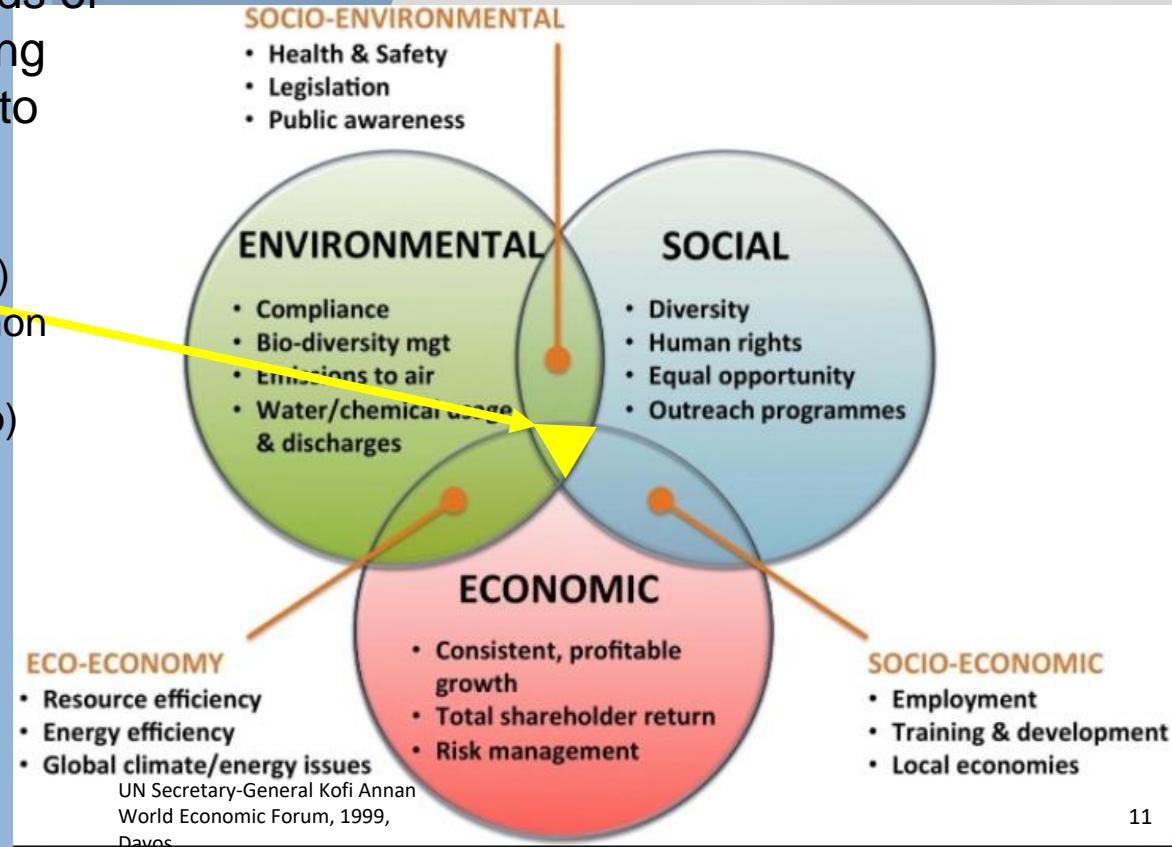


\* Karl Erik Sveiby

# ESG issues: the evolution of sustainability

Sustainability: Meeting the needs of the present without compromising the ability of future generations to meet their own needs

- 1962 → Silent Spring (Rachel Carson)
- 1987 → Brundtland Report (Our Common Future)
- 1992 → Earth Summit (Rio de Janeiro)
- 1997 → Global Reporting Initiative
- 2000 → UN Global Compact
- 2015 → Agenda 2030

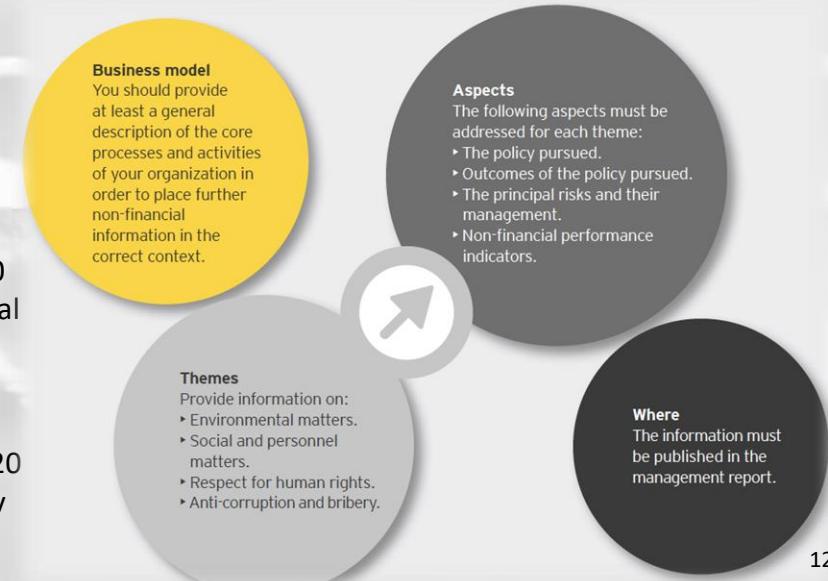


# Push towards non-financial disclosure

- Directive 2014/95/EU: disclosure of non-financial and diversity information by certain large undertakings and groups.  
 → The Directive is currently under revision as a consequence of the announced *Green New Deal*

The evolution in the EU regulatory framework for the transparency and ESG accountability of investors:

- EU Directive no. 95/2014 on Non-Financial Reporting
- Rise of Sustainable Finance ↗ Expert Group appointed on Dec 2016
- EU Directive no. 2017/828 on Shareholder Rights II (SRD II)
- EC Action Plan on Financing Sustainable Growth, 8 Mar 2018
- EU Regulation no. 2018/1212 implementing SRD II ↗ apply from 3 Sept 2020
- EU Regulation no. 2019/2088 on sustainability-related disclosures in financial services sector
- European Green Deal presented on Dec 2019
- EU Regulation no. 2020/852 (so called «Green Taxonomy»)
- Delegated Act on climate change under Taxonomy Regulation by 31 Dec 2020
- ESMA Consultation Paper on calculation & presentation of envir. KPIs (5 Nov 2020)



# Agenda 2030: the SDGs



## Why do SDGs matter for business?

- Identifying future business opportunities
- Enhancing the value of corporate sustainability
- Strengthening stakeholder relations and keeping the pace with policy developments
- Stabilizing societies and markets
- Using a common language and shared purpose

### Pre-COVID-19 assessment of progress toward SDGs

Distance from reaching the target by 2030 without transformation

GOAL	WITHIN 5%	5–10%	>10%	NEGATIVE LONG-TERM TREND
Goal 1		1.1. Eradicating extreme poverty	1.3. Social protection for all	
Goal 2		2.1. Ending hunger (undernourishment)	2.2. Ending malnutrition (stunting) 2.5. Maintaining genetic diversity 2.6. Investment in agriculture*	2.2. Ending malnutrition (overweight)
Goal 3	3.2. Under 5 mortality 3.2. Neonatal mortality		3.1. Maternal mortality 3.4. Premature deaths from non-communicable diseases	
Goal 4	4.1. Enrolment in primary education	4.6. Literacy among youth and adults	4.2. Early childhood development 4.1. Enrolment in secondary education 4.3. Enrolment in tertiary education	
Goal 5			5.5. Women political participation	
Goal 6		6.2. Access to safe sanitation (open defecation practices)	6.1. Access to safely managed drinking water 6.2. Access to safely managed sanitation services	
Goal 7		7.1. Access to electricity	7.2. Share of renewable energy* 7.3. Energy intensity	
Goal 8			8.7. Use of child labour	
Goal 9		9.5. Enhancing scientific research (R&D expenditure)	9.5. Enhancing scientific research (number of researchers)	
Goal 10			10.c. Remittance costs	Inequality in income*
Goal 11			11.1. Urban population living in slums*	
Goal 12				12.2. Absolute material footprint, and DMIC*
Goal 13				Global GHG emissions relative to Paris Targets*
Goal 14				14.1. Continued deterioration of coastal waters* 14.4. Overfishing*
Goal 15				15.5. Biodiversity loss* 15.7. Wildlife poaching and trafficking*
Goal 16			16.9 universal birth registration**	

Source: Independent Group of Scientists (2019, p. 10, Table 1-1: Projected distance from targets by 2030 (at current trends)).

\* Quantitative target for 2030 is not specified in the SDG indicator framework; targets are estimated.

\*\* Assessment is based on indicators outside the SDG indicator framework; inequality in income is based on data from household surveys.

Source: Sustainable Development Outlook 2019

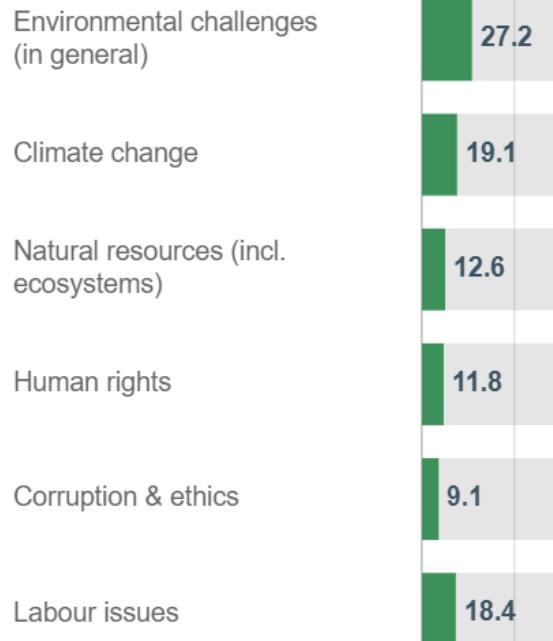
[https://sdgs.un.org/sites/default/files/2020-07/SDG2020\\_Book.pdf](https://sdgs.un.org/sites/default/files/2020-07/SDG2020_Book.pdf)

# A problem of impact (I)



“The main conclusion of this research is that while there is a **minority** of companies providing comprehensive and reliable sustainability-related information, at large quality and comparability of companies’ sustainability reporting is not sufficient to understand their impacts, risks, or even their plans”  
Alliance for Corporate Transparency – Research Report 2019

**The Company explains how its business model and strategy might have adverse impacts on**



# A problem of impact (II)



“We define investment impact as the social and environmental outcomes of investment rather than the intentions or processes behind it”

**Impact investing and the ESG information chain from companies to investors: challenges of a new reporting and behavioural era**

in collaboration with  
**EURIZON**  
ASSET MANAGEMENT

with the support of  
**INTEGRATED REPORTING** (IR)

**Table 1: Ideal and base metrics at a glance**

Theme	What is the ideal measure? Absolute performance with respect to SDGs Whole value chain focus	What can be measured today? Relative performance with respect to benchmark Operational focus (value chains not appraised)
Basic needs	Total revenue from products and services addressing the basic needs of low-income groups <sup>5</sup> , adjusted by PPP-weighted International Poverty Line <sup>6</sup> Unit: US\$	Total revenue from goods and services from clothing, communications, education, energy, finance, food, healthcare, housing, sanitation, transport and water (see Annex A) Unit: US\$
Wellbeing	Total tax contribution <sup>7</sup> (comprising taxes on profits, people, production, property and environment but not sales) by country, adjusted by national corruption <sup>8</sup> and spending effectiveness Unit: US\$	Total tax contribution Unit: US\$
Decent work	Total number of open-ended employment contracts excluding jobs below 60 per cent median wage (living wage) and jobs in poor working conditions (health & safety, discrimination, rights of association), adjusted by national employment rate <sup>9</sup> Unit: number of jobs	Total number of employees based on full time equivalent (FTE) workers <sup>10</sup> Unit: number of FTEs
Resource security	Hard commodities: Virgin material content of end products (adjusted by scarcity) plus waste lost to the environment (adjusted by toxicity) Soft commodities: Non sustainably certified content of end products plus waste not specifically returned to nature Unit: metric tonnes (t)	Total net waste (total waste arising – total waste recycled) Unit: metric tonnes (t)
Healthy ecosystems	Area of land utilised by an asset in degraded form Unit: hectares (ha)	Fresh water use (surface water plus groundwater plus municipal water) Unit: cubic metres (m <sup>3</sup> )
Climate stability	Alignment to future warming scenario based on consumption of global carbon budget Unit: degrees Celsius (°C)	Total greenhouse gas (GHG) emissions (Scope 1 and 2) Unit: tonnes (t) carbon dioxide equivalent (CO <sub>2</sub> e)

# A quest for purpose

- Beyond shareholders: stewardship and organisational purpose



On August 19, 2019, 181 CEOs of America's largest corporations overturned a 22-year-old policy statement that defined a corporation's principal purpose as maximizing shareholder return.

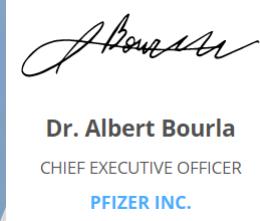
In its place, the CEOs of Business Roundtable adopted a new [Statement on the Purpose of a Corporation](#) declaring that companies should serve not only their shareholders, but also deliver value to their customers, invest in employees, deal fairly with suppliers and support the communities in which they operate.



Bob Chapek  
CHIEF EXECUTIVE OFFICER  
[THE WALT DISNEY COMPANY](#)



Doug Parker  
CHAIRMAN & CEO  
[AMERICAN AIRLINES](#)



Dr. Albert Bourla  
CHIEF EXECUTIVE OFFICER  
[PFIZER INC.](#)



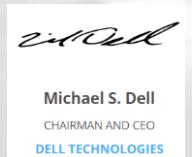
James P. Hackett  
PRESIDENT AND CEO  
[FORD MOTOR COMPANY](#)



Laurence D. Fink  
CHAIRMAN AND CHIEF EXECUTIVE  
OFFICER  
[BLACKROCK, INC.](#)



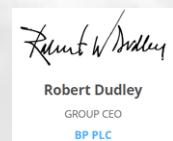
Jeffrey P. Bezos  
FOUNDER AND CHIEF EXECUTIVE  
OFFICER  
[AMAZON](#)



Michael S. Dell  
CHAIRMAN AND CEO  
[DELL TECHNOLOGIES](#)



Tim Cook  
CEO  
[APPLE](#)



Robert Dudley  
GROUP CEO  
[BP PLC](#)

# The evolution of the annual report

- Narrative and financial elements, e.g.:
  - financial reports and notes to the financial reports
  - other key financial information and summary of financial information
  - chairman's, directors', auditor's reports
  - other statutory reports
  - operating and financial review (management commentary)
- Financial elements are central.
- Supplemented by graphs, photos etc.
- Controlled by rules/laws (e.g. UK's Companies Act, IFRS)
- Open to abuse/manipulation (impression management)

 <small>FIAT CHRYSLER AUTOMOBILES</small>	<b>ANNUAL REPORT AND FORM 20-F</b> <small>For the year ended December 31, 2019</small>	
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# Integrated reporting



IIRC (2013)

More efficient and productive  
**capital allocation** for investors

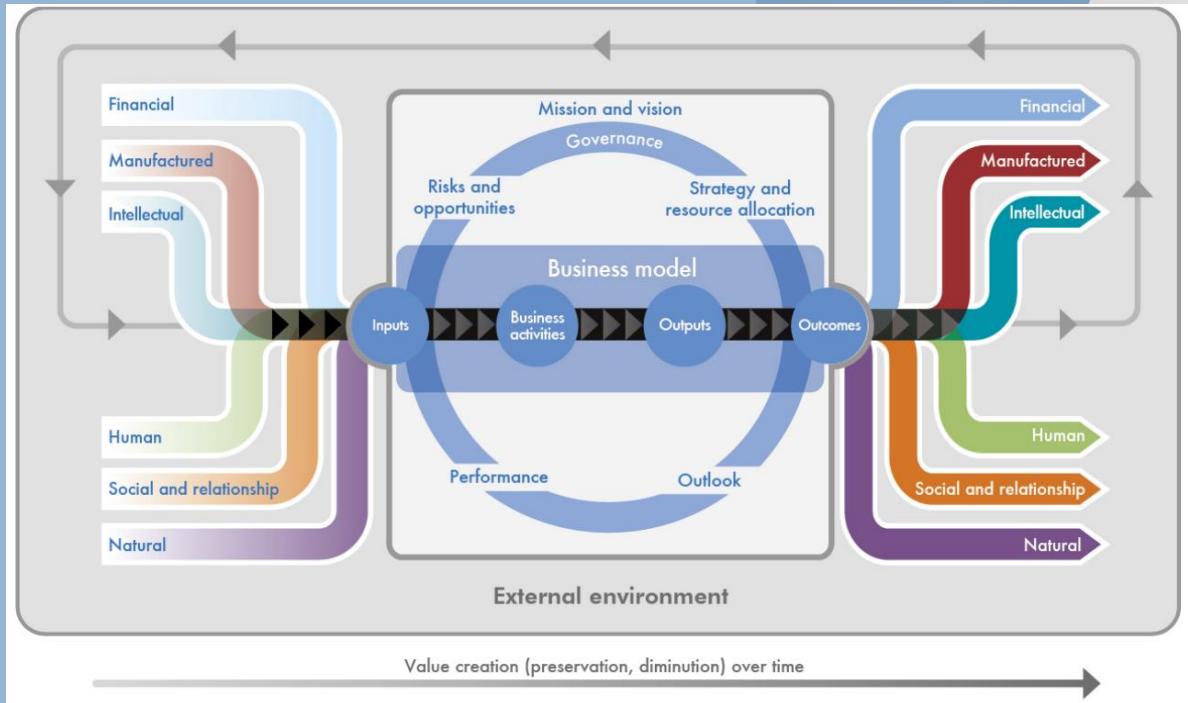
Enhance accountability and  
**stewardship** on capitals

**Communication** of factors that  
materially affect value creation

Support  
**integrated thinking**, decision-making and actions that focus on the **creation of value** over the short, medium and long term.

The IIRC's long term vision is a world in which integrated thinking is embedded within mainstream business practice in the public and private sectors, facilitated by Integrated Reporting (<IR>) as the corporate reporting norm.

# Integrated reporting and the *six capitals*



“A thorough understanding of the **business model** supports better integrated thinking and decision making – leading to better governance, better performance management and better reporting; in other words, **better business**” (CGMA, 2014, p. 8).

# Integrated reporting and *purpose*

“An integrated report should answer the question: What does the organization do and what are the circumstances under which it operates?” (IIRC, 2013, p.24).

“The mission and vision encompass the whole organization, identifying its purpose and intention in clear, concise terms.” (IIRC, 2013, p.13).

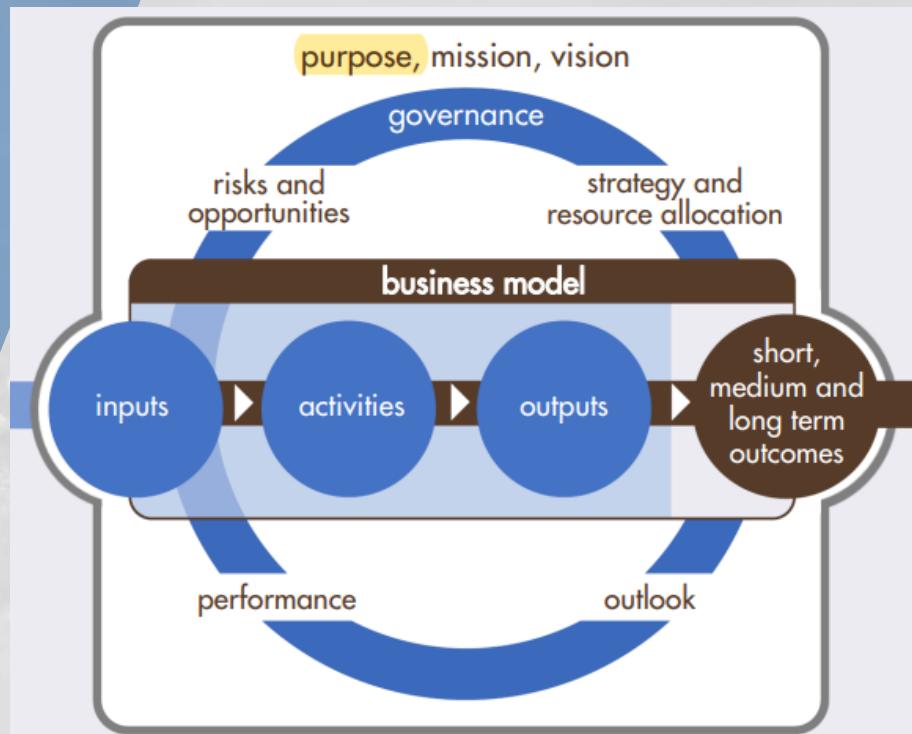
**Atos** 2016 Integrated report

## *Our raison d'être*

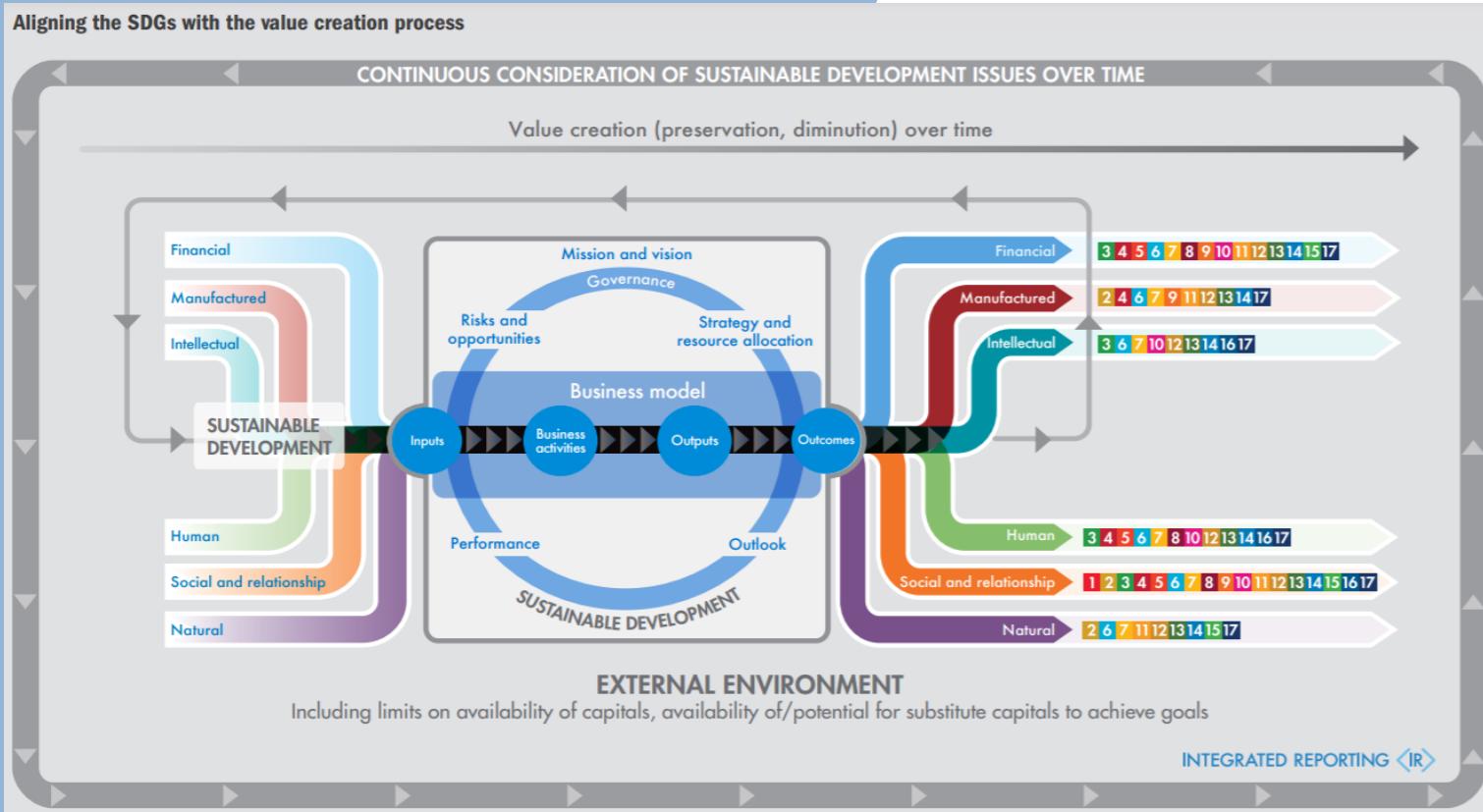
In 2019, Atos became the first member of the CAC40 index to publish a *raison d'être* or sense of purpose.

As proposed by the Board of Directors and approved by Atos shareholders at the Annual General Meeting in April 2019, our *raison d'être* embeds the mission and the core values of Atos into our bylaws and serves to strengthen our relationships with all our stakeholders:

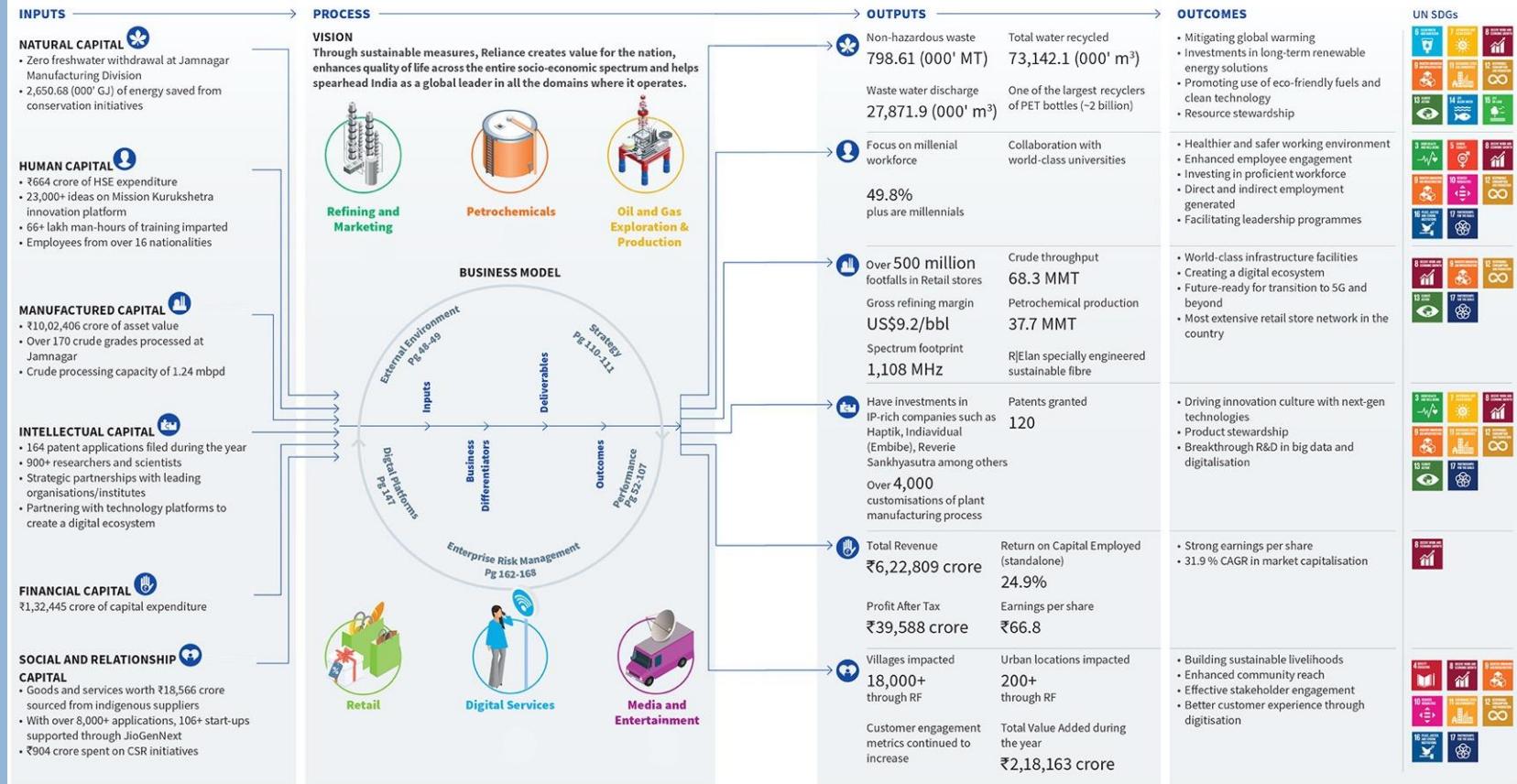
*The purpose of Atos is to help design the future of the information space. Its expertise and services support the development of knowledge, education and research in a multicultural approach and contribute to the development of scientific and technological excellence. Across the world, the Group enables its customers and employees, and members of societies at large to live, work and develop sustainably, in a safe and secure information space.*



# Integrated reporting and SDGs



# Example: Reliance Industries Ltd.



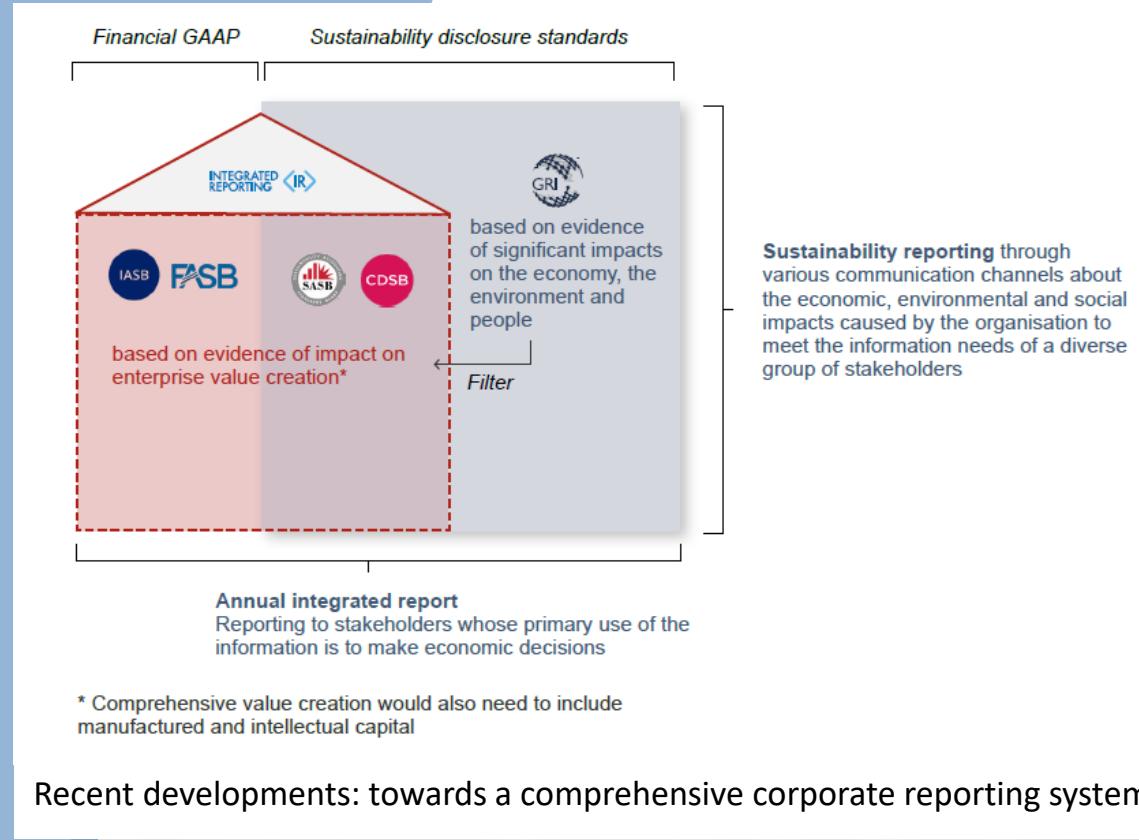
# The way(s) forward

- Directive 2014/95/EU soon to be updated
- IIRC 2020 Feedback on the <IR> Framework, soon to be updated
- IFRS 2020 consultation paper on sustainability reporting guidelines
- OIBR study group on SDGs and performance management and measurement



**IIRC and SASB announce intent to merge in major step towards simplifying the corporate reporting system**

The International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB) today announced their intention to merge into a unified organization, the Value Reporting Foundation, providing investors and corporates with a comprehensive corporate reporting framework across the full range of enterprise value drivers and standards to drive global sustainability performance.



- OIBR – **Italian Foundation for Business Reporting** – was formally established in **June 2019** and is a body dealing with the elaboration and dissemination of guidelines, studies and researches, principles and standards with a technical and practical orientation in the field of business reporting, non-financial disclosure, sustainability and integrated reporting, and TCFD recommendations.
- It gathers more than **50 Italian stakeholders** going from large listed companies to SMEs and Universities, professionals and managers, financial analysts and consultants.
- The OIBR is a **market-led organization open to all the Italian stakeholders**, inspired by an **inclusive approach**, and with an articulated governance able to guarantee all the interests at stake. It is a **non-profit entity, with no commercial engagement, and that operates only in the public interest** ([www.fondazioneoibr.it](http://www.fondazioneoibr.it) – [info@fondazioneoibr.it](mailto:info@fondazioneoibr.it)).
- OIBR has always been **close to the International Integrated Reporting Council**. Since 2014, OIBR has had a formal collaboration agreement with the IIRC. Since this year admitted in the IIRC Council as an “observer”.



# A JOURNEY TOWARDS *INTEGRATED REPORTING <IR>*

Lino Cinquini ([l.cinquini@santannapisa.it](mailto:l.cinquini@santannapisa.it))



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