

CSR in Italy

CSR is a recent phenomenon in Italy. There are a number of initiatives that recognise CSR, including the Sodalitas Social Award, and the Great Place to Work award. Financial ethics is experiencing particular development, with the Italian Bankers Association (ABI) preparing reports on CSR issues relating to the banking sector, and rating companies with reference to CSR and socially responsible investing.

In Italy, CSR is the concern of the Ministry of Work and Social Policies. In 2003, it promoted a European Conference in Venice, where the project CSR -SC (Social Commitment) was presented as the Italian contribution to the European campaign for the promotion of CSR. The Ministry, in cooperation with Bocconi University, worked out the Social statement, which contains guidelines for companies willing to carry out CSR practices on a voluntary basis, and is also a tool for self-assessment, monitoring and demonstration made available to companies already committed to CSR. It defines 8 main stakeholders (human resources, shareholders/partners, customers, suppliers, financial partners, State, local bodies, public administration, community, environment) and defines some criteria for each of them.

Following the European operating model, in May 2004 an Italian CSR Multi-Stakeholder Forum was created: this advisory body, chaired by the Minister of Work and Social Policies, is participated by representatives of associations and unions, as well as representatives of non-profit organizations. As a consequence of an agreement with Unioncamere, an office for CSR consultancy to companies will be opened in 20 Chambers of Commerce.

On December 10th, 2004, the newspaper "Il Sole 24 ore" published an insert on the CSR-SC project, and some TV commercials on CSR are currently under production.

Each Italian region also has the possibility of contributing to the promotion of CSR in the drawing up of their development programs. The most significant example is the "Regione Toscana", which funds small and medium size companies seeking Sa8000 certification, through its "Programming Complement" target n. 2, 2000-2006, regarding financial aid for consultancy services. This financing should cover 50% of the total expense expected. The available resources amount to more than 28 million euros. The aim of this program is to reward companies holding a certification in the fields of environmental quality (Emas or Iso 14001) and social responsibility (Sa8000). Moreover, in May 2005 the Regional government created an ethical regional commission for CSR, whose members are representatives of local stakeholders: Chambers of Commerce, local bodies, non-profit and non-government organization, consumer associations, trade unions and entrepreneurial associations. Three groups work within the Commission on the following items:

- certification of district and production process
- ethics in economy and finance
- tools for CSR and its applicability to small and medium size companies.

The *Regione Umbria* also supported CSR with decisive action: two bills were approved, the first concerning the creation of a register of Sa8000 certificated companies; the second providing contributions without security covering 50% of the consultancy and certification expenses, addressed to those companies who implement certifiable management systems.

Enrolment in the register entitles the company to priority status for:

- financial incentives, contributions and facilities, according to the regional law;
- administrative authorizations, according to the regional law;
- choice of the subjects to be invited to tenders for public works or goods and services supplying, when other requirements provided by the law in force are met.

CSR can also be applied to a group of companies operating in an area in the form of an “industrial district”, i.e. of a “local system” (small or medium size urban area) with a specific production.

At present, different ambits show a considerable interest on CSR issues from companies and other actors. Depending on the tool adopted and its impact on corporate processes, we can divide the various initiatives into four main groups: adoption of reports/statements and other reporting activities; adoption of managing and certification systems; financial experiences (ethical investment funds, rating); other initiatives.

Statements/reports and other reporting activities

The first group embraces accountability initiatives (on environmental, social and sustainability matters), that is, reporting on the CSR activities, that companies started voluntarily by using manifold reference standards and methods.

Precisely, in Italy:

- there are more than one hundred bodies (companies, no-profit organizations, etc.) that publish social reports;
- there are more that one hundred bodies (companies, no-profit organizations, etc.) that publish an environmental reports;
- there are almost twenty companies that publish sustainability/social-environmental reports, in line with the triple-bottom-line approach that is being established at the international level.

Managing and certification systems

The second group focuses on the dissemination of CSR managing systems on all its components: environmental, human resource, supplier, information safety systems etc. and certification systems by third parties. Environmental labels and quality labels are included in this group.

Precisely:

- in 2003, there were 52 companies with a Social Accountability 8000 (SA 8000) certification, out of 285 global certifications. Then, Italy had the highest number of certified organizations in the world;
- in the last few years, there has been a remarkable increase in: ISO certifications 14001 (more than 2.400), OHSAS 18001 certifications, EMAS registrations (146), quality certifications and

environmental certifications – Eco-Label (issued for more than 60 groups of products), biological certifications (+23% of sales in 2002 in modern retail), social labels (Transfair), other environmental labels (Forest Stewardship Council - FSC), etc.

Financial Experiences

The third group embraces initiatives and projects that, despite being very different among each other, relate to the corporate financial area and evaluation processes. In this context, we report some trends:

- the phenomenon of socially-responsible managed saving or ethical finance is acquiring a rising importance: the number of ethical mutual funds increased steadily by reaching the number of twenty in 2003. To underline the deep interest toward this sector, Assogestioni introduced the category of “Ethical Fund” among its classes.

Furthermore, trading pension funds start combining the ethical choice with traditional portfolio management systems (Previambiente and Eurofer, for example). In Italy, in September 2003, the total assets managed by ethical funds amounted to 1.5 billion euros. In Italy, in this framework, we point out the *Forum per la Finanza Sostenibile* (FFS – Forum for the Sustainable Finance) with members like ABI, ANIA and different banking, financial and insurance institutions, with the aim to promote the sustainable development among the representatives of the financial community. Also, one of the biggest international ethical rating companies – E.Capital Partners SpA - works in Italy. Since 2000, it has launched two stock Indexes – Ethical Index Euro® and Ethical Index Global® - and four bond Indexes. Moreover, Avanzi SRI Research, the Italian member of the SiRi Group network, works in the field of socially-responsible investments;

- the *Banca Etica* was founded in 1998; it has become fully operational since March the 8th, 1999. It is specialized in no-profit financing, solidarity economics, social and international cooperation, civil society. Its savings, made of socially-responsible and sustainable investments, amount to 228 million euros. On June the 30, 2002, the total of allocated funds amounted to 109 million euros.

Other initiatives

As already mentioned, some entrepreneurial associations, like the *Associazione Bancaria Italiana* (ABI –Italian Banking Association) and *Federchimica*, have operative working groups for these issues and different research centers, technical committees and institutes, which giving important theoretical and practical advises.

Various initiatives aiming at facing different CSR-connected issues – training, environmental system, control of the supply chain, etc. – exist in different industrial sectors/areas – e.g. Sassuolo-Scandiano, Lecco, Lecce, Prato.

Furthermore, various organizations promoted by companies and entrepreneurial associations – among which *Gruppo di Frascati/Cittadinanzattiva*, *Sodalitas*, *Impronta Etica* and *Anima* – work within the framework of CSR with cultural promotion, bestpractice diffusion, stakeholders engagement programs etc.

Also, the rising attention to CSR-related issues is demonstrated by the creation of specific awards. In this context, we mention the initiative “*Oscar di Bilancio*” – created by the Federation of Italian Public Relations - that identified some specific categories for social and environmental reports and that, consistently with the above-mentioned triplebottom- line approach, created the “*Oscar di Bilancio di Sostenibilità*” to meet these new trends; the “Sodalitas Social Award”, the award granted to those Italian companies that stood out in the implementation of socially responsible programs and other initiatives on specific CSR-related issues, like the “Best Workplaces Italia” organized by Great Places to Work.