

SUSTAINABILITY MONITOR REPORT 2021

Large Italian Companies sustainability data



SUSTAINABILITY MONITOR REPORT 2021

Large Italian Companies
sustainability data

Promoted by
Buygreen Community

Author(s)
Fondazione Ecosistemi

With the participation of
Confindustria

Project Manager
Giorgio Galotti

Survey and data analysis
Simona Cipollaro
Pierpaolo Mutalipassi

Communication and graphic design
Ilda Hidri
Mr. Kooper

English translation
Anna Rita Brunetti

Printed
System Graphic

TABLE OF CONTENTS

Welcome message	5
Introduction	7
The environmental sustainability and the purchase strategies in the value chains	8
The environmental sustainability and the businesses growing role	8
The environmental sustainability in the global value chains	9
The case of the Joint Audit Cooperation (JAC) in the telecommunications sector	10
The Buygreen Community	12
The survey methodology	13
The survey results	15
First section - Share ownership and Economic Sector	16
Second section - Monitoring of the sustainability in the procurement processes, 2021	17
Third section - Comparison with the 2020 survey results	20
Fourth section - Environmental qualities required and declared by the suppliers and relationship between the sustainable procurement policy and the corporate sustainability performance goals	25
Case history	29
Eni	30
Istituto Poligrafico e Zecca dello Stato	31
Poste Italiane	32
Sogin	33
Terna	34
Tim	36
Conclusions	38



WELCOME MESSAGE

The Sustainability Monitor Report is now in its second edition, increasingly consolidating its key role in the panorama of the statistical/information offer on the environmental sustainability issue within the sustainable and circular purchasing processes. It represents a virtuous example of how excellent initiatives can contribute to enhancing the value and the cultural preparation of the best Companies of our Country. And it is precisely the experience gained, as well as the long and fruitful relationship with Fondazione Ecosistemi, made up of many valuable projects and common initiatives combined with the recent honour bestowed on me by the DG Climate of the European Union, that led me to write this short introduction to the study which collects and systematises its outcomes.

The memory goes to the various development stages of the “Buygreen Community”, from which the Sustainability Monitor Report derives, to which I have attended and contributed since its early development, now several years ago. It is inevitable to rethink about all the efforts and the resources spent to give strength and critical mass to this initiative as to identify it as a club of excellence of the large Italian companies “that look beyond”. It can be said that the forum currently represents a point of reference that operates in a context, unfortunately, characterized by a not always brilliant company performance as regards the adoption of the environmental and social criteria. Discussing and comparing is the key to make sure that this anomaly in our Country, which places us in Europe in a position even if not totally negative certainly improved as for the environmental and social efficiency, may be reduced to answer to the need of exchanging experiences among people who genuinely help reverse the unpromising result. These are the worthy reasons that push Fondazione Ecosistemi, with the authoritative partnership of Confindustria, to feed the network and to oversee the annual production of the Sustainability Monitor Report.

The study is carried out in a scenario that requires very high professional levels in which experts of sustainable

and circular purchasing processes may seize the opportunities offered, equipping the sector with the most up-to-date technical and operational skills. This circumstance helps to soften a current metaphor according to which promoting the adoption of the environmental and social criteria in the direct and indirect purchases represents a fundamental “recipe” for growing the economy of a Country in which there are all the “ingredients” to cook “a special dish”, but these are often left, inexplicably and incomprehensibly, in the refrigerator or in the pantry. Among the key elements we have: improving the training and the skills of the management and the purchasing managers; planning a qualification and sustainability rating system for the suppliers; defining, testing, monitoring and communicating the sustainability indicators related to the sustainable purchasing processes; and, last but not least, a high propensity to the innovation and the green transition. It is evident, however, that the availability of each “ingredient” is a necessary, but not a sufficient, condition for the “recipe” to produce appreciable results, possibly with the appropriate adjustments in the doses and in the order of their mixing.

However, even the most experienced chef would refuse to even enter the kitchen if the ingredient that was deliberately mentioned last was missing or scarce, that is, the propensity to the innovation and the green transition.

In conclusion, the green purchases and the environmental sustainability in general, in all areas, represent a tool for achieving, at a strategic level, the goals and the priorities of both the European Union and our Country, in terms of well-being and equality, economic and social growth and territorial integration. In Italy, we need to increase the ability to plan and implement green strategies and we need “eco-managers” in all business processes along the value production chain, because this figure is a lively example of the Italian imagination, creativity and originality that deserves to be known, appreciated and used in Europe and throughout the world.

Vanni Resta

Italian Ambassador of the European Climate Pact

Representative of the Fondazione Ecosistemi Scientific Committee



INTRODUCTION

Last year we presented, in this same period, the first Sustainability Monitor Report, which reported the survey outcomes carried out during the summer and the early autumn of 2020. 2020: a year that the COVID-19 pandemic would have transformed into a historic moment, a real transition from a before to an after. The Sustainability Monitor Report (SMR), the annual report on the environmental and social sustainability of the main Italian large companies supply chains, now in its second edition, aims to represent an indicator of how the economy is trying to embark on that green transition pathway clearly defined and promoted by the European Union. A transition that must see the Public Administration and the large economic operators arrange and implement virtuous purchasing policies able to create change in the entire value chain, making the tools of Green Procurement their own.

As last year, this Report will be promoted by the Buygreen Community, the network of the large Italian publicly-owned companies, which have joined together in order to promote the transformation of the purchasing processes as a tool for the ecological transition of their activities, products and services. A community of large Italian public companies, the result of a long process of preparation¹, strengthened in the second half of 2021 with the participation of the top five Companies among the main Italian public ones, with the important patronage of Confindustria. Compared to what was done last year, we would like to highlight some changes: this Report is organized differently from that of 2021 and, as it will be possible to appreciate later, the survey has been enriched with fur-

ther topics that have been added to the previous questionnaire. First of all, we have decided to begin the Report with a message of Vanni Resta, the Italian Ambassador for the European Pact for Climate, in order to underline a broadening of scope of both the Buygreen Community activities and its main investigation and communication product, which is the SMR. Space of communication and dissemination that becomes European, also with the production of this document in two languages (Italian and English). After this short introduction, the Report continues with the authoritative testimony of the representatives of the Fondazione Ecosistemi Scientific Committee.

We would like to publicly thank them for their contribution, that has helped us reflect on how the companies have evolved in the last years and how the approach to the environmental protection and social responsibility has changed; on how, today, the sustainability requirements can spread inside and outside the company perimeter also focusing on the entire value chain, which is sometimes also the one that has a more significant environmental footprint over the product/service life cycle and, finally, on how some international companies are managing the Sustainable Procurement issue. Before dealing with the survey methodology and its results, we would like to mention the Buygreen Community and its members which, thanks to their support, have allowed Fondazione Ecosistemi to carry out this Report. In the hope that the reading of this document will be interesting and useful, here we want to finally thank the staff of Fondazione Ecosistemi, without whose contribution we would not have been able to achieve this work.

Giorgio Galotti

Buygreen Community Coordinator

Responsible for the Sustainability Monitor Report

1 - A first meeting was promoted by Fondazione Ecosistemi in 2018

THE ENVIRONMENTAL SUSTAINABILITY AND THE PURCHASE STRATEGIES IN THE VALUE CHAINS

Andrea Appolloni, University of Rome "Tor Vergata"

Eleonora Di Maria, University of Padova

Francesco Testa, Sant'Anna – School of Advanced Studies - Pisa

THE ENVIRONMENTAL SUSTAINABILITY AND THE BUSINESSES GROWING ROLE

Over the past fifty years, humanity has witnessed an unprecedented development and prosperity, with a world economy more than tripling and the population increasing by over than 3 billion people compared to 1970. This growth, however, was accompanied by the environmental pollution and the natural resources depletion, as well as the perpetuation of situations of poverty that continue to characterize various areas of our Planet. The current growth model and the mismanagement of the natural resources could ultimately undermine the human development. The scientific evidence is now in agreement in marking the environmental crisis generated by the anthropic activities. For example, numerous studies published in scientific journals show that 97% of climate scientists agree that the trends in global warming over the past century are highly likely due to the human activities. Recently, the COP 26 final Report expressed alarm and high concern due to the fact that the human activities have so far caused about 1.1 °C of global warming and that the impacts are already being felt in every region. The same report underlines the urgency of strengthening the ambition and the action in relation to the mitigation, the adaptation and the financing, in this critical decade, in order to fill the gaps between the current efforts and the pathways in pursuing the goal of maintaining the global warming at a level of 1.5 °C.

Therefore, in order to effectively face the complex future challenges, coordinated action by all the players in the social system is required and the companies are called upon to play a decisive role. Since the 1960s, the business sector has increasingly seen not only as the cause of the environmental problem but also as a source of solution. In describing the historical evolution of the relationship between the companies and the environmental protection, the main scholars of the business and natural environment issue agree in distinguishing three periods or waves. The first period, from the beginning of the 1960s to the end of the 1970s, saw the birth of the environmental movement, thanks also to Rachel Carson's book *Silent Spring* and the environmental awareness in citizens and policy makers. In those years, thanks to the first regulatory interventions, also driven by some environmental disasters (think of the disaster in the Santa Barbara Bay in 1969) that regulate

the business-environment interaction, the attitude of the organizations focused on the mere regulatory compliance. Towards the end of the 1980s, the environmental protection became, for some organizations, a strategic opportunity, a chance for differentiation in order to satisfy a market segment. In the following years, in fact, the first certification schemes were born, both at the organization and the product level (think that the Ecolabel Regulation and the EMAS Regulation were published for the first time in 1992 and 1993). These schemes are based on the principle of providing a recognition to those organizations that go beyond the mere compliance with the current regulations, but they are committed to improving their environmental performance to offer consumers a product with high environmental characteristics.

The third wave began in the latter part of the first decade of the 21st century and focuses on the combination between the environmental and social issues and the economic ones. This period is characterized by a high degree of integration between the environmental goals and the organization strategic ones and by the internalization of the environmental principles in the activities of all the business functions. This path is certainly the result of a continuous push at level of international Institutions. The United Nations Global Compact initiative and the Agenda 2030 framework with the identification of the sustainable development goals certainly represent some fundamental steps for the involvement of businesses. The mission of the United Nations Global Compact initiative is to mobilise a global movement of companies that want to commit to a more sustainable future.

To make this happen, the United Nations Global Compact supports the companies in order to:

- do business responsibly by aligning their strategies and operations with the Ten Principles on human rights, work, environment and anti-corruption;
- undertake strategic actions in order to promote broader social aims, such as the United Nations Sustainable Development Goals, with particular attention to the collaboration and the innovation. "The priority of the Global Compact - said Lise Kingo, Former Executive Director of the Program - is to transfer the sustainable development goals of the 2030 Agenda into business actions and innovations. Companies capable

of integrating the principles of sustainability into business and that seize the opportunities for innovation in the field of sustainability will be the business leaders of tomorrow" - continues Kingo.

The recent European Union strategy The European Green Deal, a roadmap to transform the European Union into a modern, resource-efficient, competitive and climate-neutral economy by 2050 is also set in this direction. The strategy includes lines of action in order to:

- encourage an efficient use of resources by moving towards a clean and circular economy;
- restore the biodiversity and reduce the emissions.

The external context is, therefore, offering several opportunities to those companies wishing to invest in sustainability, but, at the same time, it is generating significant pressure on the private organizations asking for a constant and relevant commitment. The fact that the sustainability is no longer an element of differentiation but a condition sine qua non for being able to act on the market can lead to a decoupling process between a symbolic adoption of the environmental protection actions and the real organizational dynamics. The sustainability idea requires to pursue economic, environmental and social goals but the ambition to achieve them can, at the same time, produce meaningful efforts within the organizations. For example, taking actions in order to reduce the environmental impact could have a negative effect on the social or economic aspects. On the other hand, pursuing short-term profit and growth objectives could lead to choices that increase the environmental footprint of products and/or organizations. But how to face the complexity, solve the tensions and the symbolic and washing behaviours in the sustainability field? A key element is certainly that of recognizing the complexity of the challenge towards the sustainability, preferring a holistic and systemic approach. Adopting a long present perspective that overcomes the dichotomy between short and long-term goals and embraces the whole value chain is crucial for identifying the trade-offs and defining, in a collaborative way with the various players in the supply chain, innovative solutions capable of combine potentially conflicting objectives.

THE ENVIRONMENTAL SUSTAINABILITY IN THE GLOBAL VALUE CHAINS

In this context, the perspective of the global value chains highlights how the economic activities in the industries are organized at a territorial level and which are the actors who can guide and coordinate the increasingly fragmented production and distribution activities at the international level. In the global value chains field, the investment in environmental sustainability is explained in terms of environmental upgrading, an upgrading re-positioning within the value chain through the attention to the environmental aspects. This strategy is defined as "the

process by which the economic actors move towards a production system that avoids or reduces the environmental damage of their products, processes or management systems" or, in a broader perspective, as "a process through which the actors modify or alter the production systems and the practices that generate positive (or reduce the negative ones) environmental impacts"².

The approach to the environmental sustainability in terms of upgrading may concern:

- the process improvements: eco-efficiency through the re-organization of production systems or the use of advanced technologies (for example, the reduction of energy or materials used per production unit);
- the product improvements: the development of sophisticated and environmentally friendly product lines (for example, the use of recyclable, recycled or natural inputs, the de-materialization of products, the absence of toxic or impacting materials);
- the organizational improvements: organizational improvement in the way of doing business and managing the organization, often linked to the standards and certifications achievement (such as ISO 14001 of the International Organization for Standardization which specifies the requirements of an environmental management system).

The global value chain approach highlights several factors behind the improvement of the environmental sustainability, which can be summarized in three distinct types:

- drivers that are external to the company (consumers, CSOs, environmental movements that push the company to comply with or go green), including national or international policies that aim at environmental goals (for example, the European Union circular economy package, the United Nations sustainable development goals);
- drivers that are defined by the leading companies that put pressure on their suppliers along the value chain;
- drivers that are internal to the company - leader company or supplier - that involve the implementation of updates that improve the functioning within the company, such as improving the environmental awareness among the personnel, integrating the environment into the strategic company goals and/or developing a competitive advantage based on the environmental characteristics of products or processes.

In particular, the stimulating factors for the environmental improvement within the value chain refer to the practices and requests set by the leading companies in the GVC (Global Value Chain). These are often primary buyers (or global buyers), such as the retail chains or brands, who are interested in ensuring better environmental performance along their value chain. The leading companies

² De Marchi, V., Di Maria, E., Krishnan, A., & Ponte, S. 2019. Environmental upgrading in global value chains. In S. Ponte, G. Gereffi, & G. Raj-Reichert (Eds.), *Handbook on Global Value Chains*: 310–323. Edward Elgar.

can incentivize the environmental improvement along the value chains by encouraging the suppliers to undertake the environmental innovation. Using their market power, the leading companies impose standards on their suppliers which can be private conduct codes or voluntary sustainability standards developed by non-corporate actors. The leading companies can play an important role in pushing towards the environmental sustainability according to the standard-driven perspective, or also through a mentoring-driven approach. In this second case, the role of the leading companies is that to stimulate and support through a collaborative approach, based on the personal interactions with suppliers of first and second level. The agreements with the suppliers are complex and managed through trust, reputation and face-to-face interactions. All actors depend on each other knowledge and skills: the main company has the leadership on the environmental knowledge, while the suppliers have an advantage over the technical one. The environmental problems and their solutions are considered on a case-by-case basis and do not necessarily have to fit into easy to measure metrics.

This second perspective recognizes the pro-active role that can be exercised by a supplier in the environmental sustainability pathway, enhancing its technical skills and its product or process knowledge. Even for the purposes of the environmental sustainability, the suppliers can adopt specific strategies to modify their products, the production or the organizational processes, where the strategic direction is defined by the supplier itself and not necessarily managed only by the leader company. In this context, the buyer orientation towards sustainability can find a positive feedback precisely in relation to the supplier ability to start or develop a sustainable approach to their processes and products, even in a collaborative way. The environmental innovation related to the upgrading within the value chains supports an open approach to sustainability and requires a strong collaboration among the players involved to fully achieve the intended environmental improvement.

THE CASE OF THE JOINT AUDIT COOPERATION (JAC) IN THE TELECOMMUNICATIONS SECTOR

The heavy diffusion of the outsourcing and global sourcing policies in Eastern European and Far East Countries has caused growing concerns about the ethical, social and environmental implications of the international supply relations, and consequently has encouraged a renewed interest in the issues of the social responsibility and sustainability of the international procurement and supply chain management processes.

The Joint Audit Cooperation (JAC) is an association of large European operators active in the telecommunications sector (<https://jac-initiative.com/about-us/#member>). This association aims to audit and assess the implementation of the CSR strategy in the production centres of the most important international suppliers operating in the ICT sector. JAC members share resources and best practices in order to monitor, in the long term, the state of application (compliance) of the shared CSR laws and

standards at different levels of the supply chain in which they work.

The JAC main goals are:

- increasing the efficiency and the productivity of the promoting companies and suppliers;
- contributing to the global responsible development and guaranteeing the supply continuity by reducing the environmental and social risks in compliance with the shared CSR strategy;
- improving the image and the reputation of the promoting companies.

The origin of the JAC association dates back to 2010, when Telecom Italia, Deutsche Telekom and France Telecom signed a Memorandum of Understanding (MoU) called "Cooperation for the common control of CSR", starting the methodological setting and the effective execution of the compliance controls activities through structured auditing procedures. AT&T, British Telecom, Elisa, KPN, MTS, MTN, Proximus, Swisscom, TDC, Telefónica, Telenor, Telia Company, Telstra, Verizon and Vodafone joined the project in the following years until 2021. Under this agreement, shared procedures were organized for the joint control of the environmental and social sustainability of the suppliers in common located in Asia (with particular reference to China, Taiwan, India, Japan and South Korea). The JAC is essentially a coordinated program of audits performed on-site in the field of corporate social responsibility, which is based on a common methodology of audit, assessment and monitoring of the suppliers with corrective action plans formulated ad-hoc. The adoption of a single assessment methodology allows to avoid multiple control processes by the JAC members on the same suppliers, with significant savings in terms of costs and employment period for both the buying companies and the suppliers.

The JAC members have agreed on a *modus operandi* according to which:

- the assessment activities must be carried out by third-party companies, specialized in auditing activities on the suppliers, in compliance with the CSR shared principles and following a check list defined by the proponents;
- the audited suppliers are requested in advance to sign confidentiality agreements regarding the audits results, that are reserved exclusively for the JAC members;
- on the basis of the audits results and in agreement with the suppliers, monitoring procedures and corrective plans are activated in order to solve any critical issues that have emerged.

The JAC members - collectively considered - absorb very substantial commercial volumes of supply and appear to be vital partners for some of the main Asian suppliers. In some cases, mostly with medium-sized suppliers, the JAC members appear to be strategic customers with whom

they can sign long-term agreements and, sometimes, exclusive ones. This market situation reduces the possibility for some Asian suppliers to diversify the supply risk as they are, in most cases, unable to shift their business relationships to other buyers. Although the large European buyers individually already had significant bargaining power towards the main Asian suppliers, the JAC initiative has helped to significantly strengthen this power of the proponents influence, acting both on the market-based and resource-based components.

The activities carried out by JAC allow to optimize both the audit process and the associated costs, with positive repercussions for the operators and their suppliers:

- the suppliers receive a single audit request on behalf of all operators, members of JAC;
- the suppliers benefit from having audit process based on a single reference methodology;
- the operators can optimize the assessing process of the suppliers CSR performance and the implementation of the necessary improvement actions by sharing experiences and best practices.

The audit campaign carried out by the JAC members between July 2010 and December 2021 has involved the execution of about 700 audits, approximately 400 production sites inspected and several subjected to corrective actions that involved a total of about 3,000,000 workers with supplier and sub-contractor production plants located mainly in Asia, Latin America, Europe and Africa in more than 48 Countries. The most frequent types of non-compliance refer to the protection of health and safety at work, the working hours, the business ethics and the remuneration. There were some cases of discrimination and youth labour. The timing for the non-conformity solution vary according to the typology. In particular, the problems related to the working hours take a few months due to the impact on the human resources management and the production activity.

The "in situ" audit operations are based on the following guidelines:

- Preparation: knowledge of the site where the audit is to be conducted;
- Experienced auditors: the audits are performed by audit companies active internationally, with specific skills in the assessment of the social and environmental issues in the geographical area where the site is located;
- Confidentiality: non-disclosure agreements for confidential information are signed with the suppliers involved in the audits and the audits results are shared exclusively among the JAC members;
- Methodology: use of audit checklists based on the reference standards such as SA 8000 and ISO 14001 and developed by JAC members;
- Documentary analysis and visits to the plants, including interviews with workers;
- Final report: it describes the audit results based on the objective evidence;

- Collaboration with the suppliers: based on the mutual awareness that CSR risk management is one of the key factors for a sustainable and responsible development.

The increase in the number of the JAC members in recent years has led to more than 106 the number of production sites involved in the initiative, laying the foundations for a more effective collaboration with the suppliers themselves in order to ensure the implementation of CSR problems long-term solutions and the extension of CSR standards to other levels of the supply chain. The globalization suggests to the companies the need to pay attention to the social and environmental aspects together with the productive and commercial aspects of the international relations.

In the context of this issue, the problem of transferring and sharing the social sustainability principles and standards along the different nodes of the international supply chains takes on particular importance. This transfer requires considerable organizational efforts as well as dedicated tangible and intangible assets which the single organizations (albeit large ones) are not always provided with. In order to solve these critical issues, forms of collaboration are being developed in different sectors and territorial contexts dedicated to the implementation of large-scale CSR strategies. The JAC case can be framed within the literature on the Corporate Social Responsibility and allows us to analyse the impact of the collaboration strategies among the competitors (horizontal collaborations) for the collective management of CSR policies to be implemented in the international supply chains.

THE BUYGREEN COMMUNITY

The Buygreen Community is the community of the large Italian publicly-owned companies. This is an initiative of Fondazione Ecosistemi in partnership with Confindustria, with which it aims to promote the pursuit of the following goals among the large Italian companies:

- Emphasizing in its policies the promotion of sustainable and circular purchasing processes;
- Improving the training and the skills of the management and the purchasing managers;
- Promoting the adoption of the environmental and social criteria in the direct and indirect purchases;
- Planning a supplier sustainability qualification and rating system;
- Defining, monitoring and communicating sustainability indicators related to the sustainable purchasing processes.

The Buygreen Community supports and promotes annually the Sustainability Monitor Report. 2021 was the year of the network formalization, with the participation of the first 5 participants, who are (in alphabetical order):

- Eni
- Invitalia
- Istituto Poligrafico Zecca dello Stato
- Poste italiane
- Terna

The network coordinator is Fondazione Ecosistemi which, through its technical and organizational secretariat, proposes to its members an annual program of activities consisting of discussion meetings, workshops, lectio magistralis and communication opportunities. In addition, it produces the Sustainability Monitor Report which, year after year, studies and deepens the issues and the forms of the Green and Social Procurement of greatest interest to the network.

THE SURVEY METHODOLOGY

Fondazione Ecosistemi selected a sample of 192 companies extracted from the Mediobanca Report on the main Italian companies, to which we have been asked to participate in a survey by answering to a questionnaire of 12 questions.

The questionnaire recipients were the managers of the purchasing and/or sustainability sector of the selected companies. The sending of the questionnaire was accompanied by an invitation letter, with the goals to be pursued, specifying that this activity is part of the Buygreen Community initiative in partnership with Confindustria.

The survey goal is the realisation of a mapping of the level, the procedures and the purposes with which the large companies face and consider the environmental and social criteria in the direct and indirect purchases.

The collected data, processed and analysed, are reported in this annual report, which is in its second edition and it has already been previewed during the XV edition of the Buygreen Forum Compraverde, held in Rome from 6 to 8 October 2021.

The questionnaire submitted to the companies is divided into three sections:

- The first section, consisting of three questions (name of the organization/economic sector/shareholder), contains personal data;
- The second section, made up of six questions, investigates the issues dealt with in the first edition (in order to compare these data with those of the previous year);
- The third section analyses the environmental qualities

required and declared by the suppliers and the relationship between the sustainable procurement policy and the corporate sustainability performance objectives.

The first two sections substantially replicate what the 2020 questionnaire already contained. The new survey is enriched by the last section where two different directives were investigated: on the one hand, we wanted to verify with what level of detail the companies require a specific environmental quality to its suppliers; on the other hand, how the large companies relate the sustainable purchasing policies to the environmental performance goals to be pursued. The questionnaire was sent by certified e-mails (about 120), through which direct e-mail addresses were required, and about 70 personal addresses from the network of companies with which the Fondazione Ecosistemi is in contact. 24 Organizations have replied, 11 of which had already participated in the 2020 survey. Those who answered are companies of great importance in our Country and represent a relevant sample for the mapping of the sustainable purchasing policies. The questionnaire also made it possible to have more detailed answers and concrete examples of policies and actions carried out by the participants; a very useful additional material for the survey purpose. Fondazione Ecosistemi has, therefore, worked hard to make full use of the material available by asking the companies for the authorization to be mentioned in this report and also for the publication, when present and sufficiently detailed, of the additional answers.



THE SURVEY RESULTS

Below, the survey results divided into four sections.

FIRST SECTION

Share ownership and Economic Sector

SECOND SECTION

Monitoring of the sustainability in the procurement processes, 2021

THIRD SECTION

Comparison with the 2020 survey results

FOURTH SECTION

Environmental qualities required and declared by the suppliers and relationship between the sustainable procurement policy and the corporate sustainability performance goals.

FIRST SECTION

COMPANIES GENERAL DATA

The first part of the survey aims to frame the companies involved by defining their shareholder and the economic sector. The **first question** was about the shareholding structure. From the answers it emerged that most of the large responding companies are private, **54%**; the share of the investee companies is **29%**; while the public companies constitute **17%** of the sample.

Afterwards, the sector of the economic activity corresponding to each company was investigated.

The sectors involved are:

- Industry
- Mining and quarrying of minerals
- Manufacturing activities
- Supply of electricity, gas, steam and air conditioning
- Water supply, sewerage, waste management and reclamation activities
- Construction
- Services
- Wholesale and retail trade
- Transport and storage
- Accommodation and catering services activities
- Information and communication services
- Financial and insurance activities
- Real estate activities
- Professional, scientific and technical activities
- Rental, travel agencies, business support services
- Education
- Health and social assistance
- Arts, sports, entertainment and leisure activities
- Other service activities

Essentially, it emerged that the sample of the involved companies mainly carries out activities related to services (**42%**); while, the remaining sectors of the economic activity are divided as follows: manufacturing (**21%**); financial and insurance activities (**13%**); water supply, sewerage, waste management and reclamation activities and accommodation and catering services (**8%**); finally, professional, scientific and technical activities and information and communication services (**4%**).

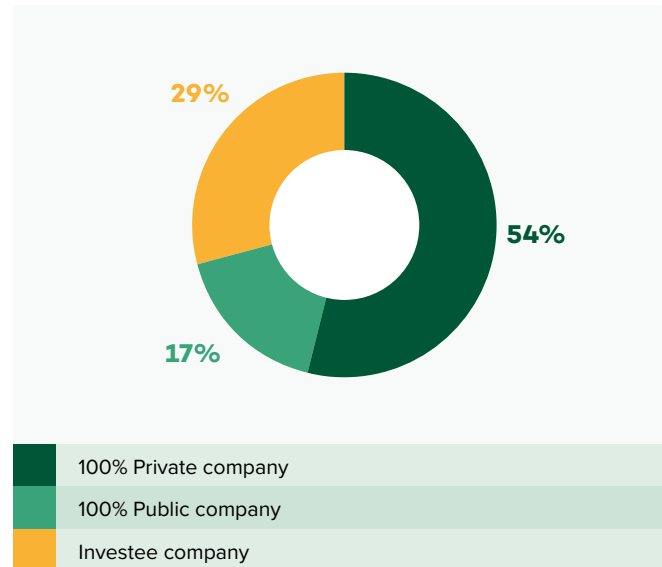


Chart 1 - Company shareholder 2021

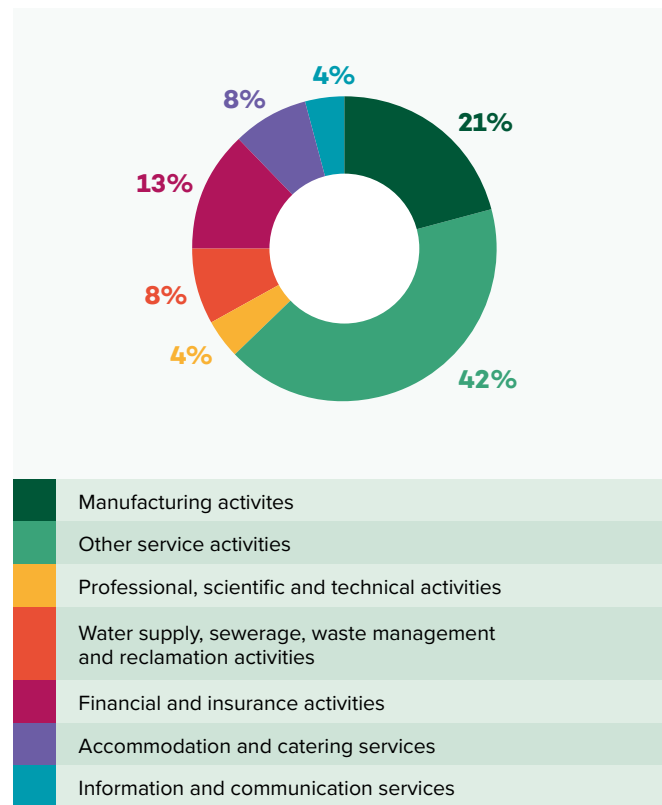


Chart 2 - Sector of economic activity

SECOND SECTION

MONITORING OF THE SUSTAINABILITY IN THE PROCUREMENT PROCESSES - 2021

In the second part of this survey, the sustainability of the procurement processes was monitored. This year, as the previous one, the following topics were investigated:

- the policies for the sustainable purchases;
- the adoption of the environmental and social criteria both in the direct and indirect purchases;
- the employees training in the sustainable purchases;
- the supplier sustainability qualification system;
- the adoption of the performance indicators.

In this way, both the structure and the specific application of the sustainability policy for the supply chains adopted by the organizations concerned are analysed in detail.

The **first question** refers to the adoption of a policy that provides for the sustainability in the supply chains and in the direct (which contribute directly to the product and/or the service) and indirect purchases.

The results show that nearly three-quarters of the sample declares that it has adopted a structured policy that provides for consolidated sustainability measures or it has already started it and it is being improved. However, it is noted that 30% hasn't adopted any policy or it is still in an early start-up phase. In particular: **33.3%** answered: to be improved/updated; **37.5%** answered: consolidated; **25.0%** answered: in the start-up phase; **4.2%** answered: absent. It follows that, despite the economic sectors of reference, although the sustainability is becoming part of the procurement policies, there is still a fair percentage of companies that have begun to address this issue only recently, probably continuing to give priority to the cost of service and/or product or in any case limited to the law requirements. Furthermore, an awareness of the need for improvement emerges.

The **second question** is aimed at verifying the adoption of the environmental criteria in the direct and indirect purchases. The majority of the sample states to have adopted environmental criteria in its purchases, while there have been no cases in which the environmental criteria have not been considered. 37.5% of the companies believes that the improvements can be made or the results will be seen in the future. A minority part of the sample (12.5%) declares it is still in the start-up phase. In particular: **54.2%** answered: consolidated; **33.3%** answered: to be improved (it is expected to extend its adoption); **12.5%** answered: in the start-up phase; no one answered: absent. The environmental criteria in the purchases are part of the company strategy although, in some cases, they are in the start-up phase or in any case to be improved through an extension of the adoption. Anyway, the most relevant aspect remains that 50% of the participating companies declare that the use of the environmental cri-

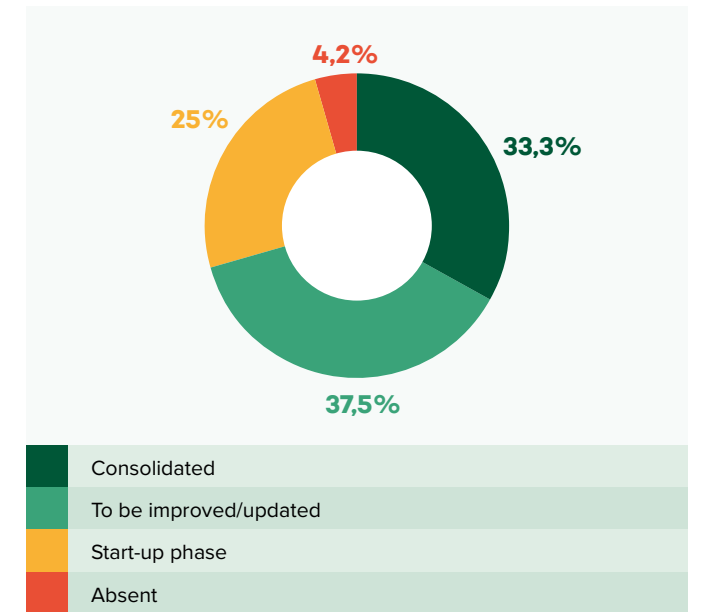


Chart 3 - Adoption of a policy that provides for the sustainability in the supply chains and in the direct (which contribute directly to the finished product/service) and indirect purchases

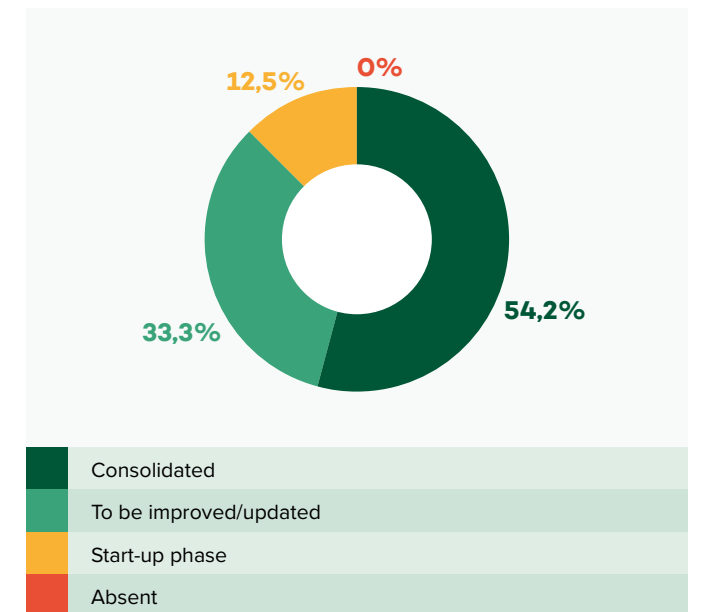


Chart 4 - Adoption of the environmental criteria in the direct and indirect purchases

teria for the purchases is a consolidated process. The **third question** relates to the adoption of the social criteria in the direct and indirect purchases. It was observed that less than half of the sample has a consolidated application of the social criteria in the purchases. **37.5%** said they could be improved; **12.5%** say they have not yet considered them, while **8.3%** say they are in the start-up phase. In particular: **41.7%** answered: consolidated; **37.5%** answered: to be improved (it is expected to extend its adoption); **12.5%** answered: absent; **8.3%** answered: in the start-up phase; it is interesting to observe that the social criteria in the purchases are widespread, although there is a considerable share of companies that, to date, have not yet adopted them. In any case, the social criteria application remains lower than that of the environmental ones. A delay, then, emerges in the application of the social criteria with respect to the environmental ones. This is probably due to the fact that, in general, the companies have started with the adoption of the environmental criteria in their purchases, perhaps on some product categories that are easier to be implemented, to pass only subsequently to an expansion to other product categories and, therefore, to social criteria.

The **fourth question** is aimed at identifying the training level of the personnel employed in the (both direct and indirect) purchasing area with respect to the adoption of the environmental and social criteria. It was observed that one in two companies believes that the personnel training should be improved; one in four said it was satisfied with the training carried out and a fifth of the sample declared it had no training at all. In particular: **50.0%** answered: to be improved/updated; **25.0%** answered: consolidated; **20.8%** answered: absent; **4.2%** answered: in the start-up phase. It is observed that the training, with the exception of some virtuous companies that have a consolidated practice in the training field, is absent or in any case lacking and needs to be improved.

The **fifth question** concerns the adoption of a supplier assessment system which included the environmental and social criteria they own. Almost 60% of the sample declares a consolidated adoption of a supplier sustainability assessment system. About 21% declares to have it, but it needs to be improved. Just over 4% has not adopted a supplier sustainability assessment system yet. In particular: **58.3%** answered: consolidated; **20.8%** answered: to be improved (it is expected to extend its adoption); **16.7%** answered: in the start-up phase; **4.2%** answered: absent. From the sample answers, it emerges that more than half of the companies involved adopt assessment systems that include environmental and social criteria for the supplier selection. The answer of the other half of the sample was also positive, of which, more than a fifth declared that it is planned to extend the supplier sustainability assessment system in order to improve it.

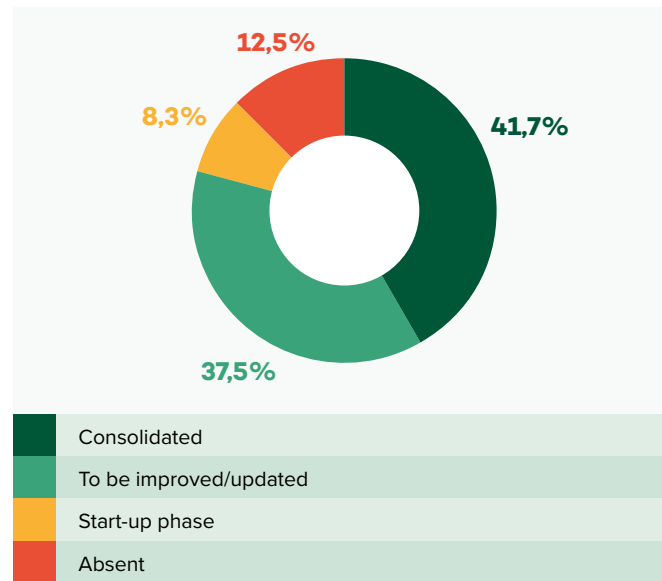


Chart 5 - Adoption of the social criteria in the direct and indirect purchases.

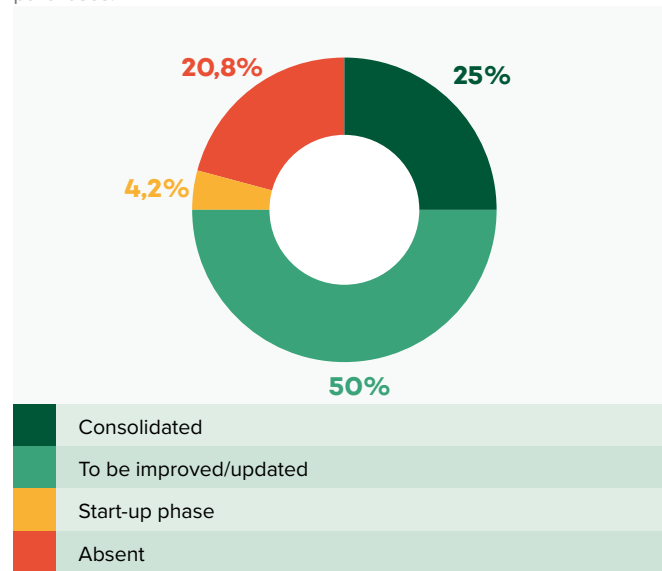


Chart 6 - Training of the personnel employed in the purchasing area about the adoption of the environmental and social criteria in the direct and indirect purchases.

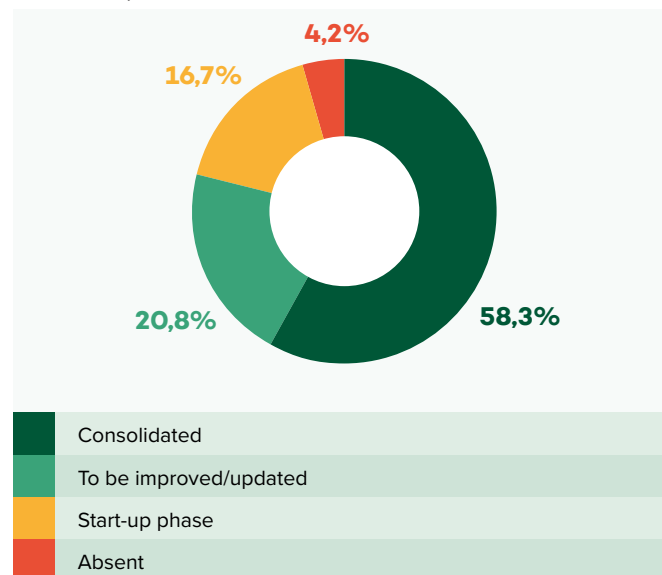


Chart 7 - Adoption of a supplier assessment system which includes the environmental and social criteria they own.

The **last question** investigates the presence of indicators (green purchases/total purchases) such as KPIs and/or reported in the Sustainability Report. One in four interviewees states that they have adopted indicators for measuring the purchases sustainability and that they report them; while, almost one in three declares to have adopted them, but that they need to be improved. The percentage of those who claim to be in the start-up phase or have not defined indicators is very high: almost 46%. In particular: **29.2%** answered: to be improved/updated; **25.0%** answered: consolidated; **25.0%** answered: in the start-up phase; **20.8%** answered: absent. Only a small part of the companies has indicators suitable for measuring and monitoring the sustainability in the purchases, leaving room for a decent margin of improvement.

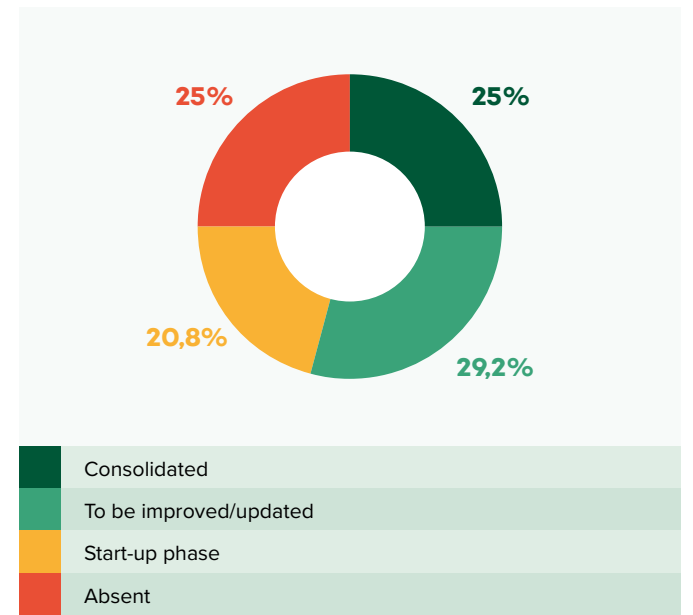


Chart 8 - Adoption of indicators (green purchases/total purchases) such as KPIs and/or reported in the Sustainability Report.

THIRD SECTION

COMPARISON WITH 2020 SURVEY RESULTS

In this third section, the answers provided by the companies who participated in the 2020 and 2021 surveys were compared, with a focus on those ones that participated in both surveys in order to verify whether they have achieved some improvement in this last year. With regard to the question about the shareholding

structure, it emerges that, in 2021, the majority of the respondent companies are private, but the percentage drops compared to the previous year when they exceeded 65%. Entirely public companies are growing, while the investee ones remain substantially unchanged.

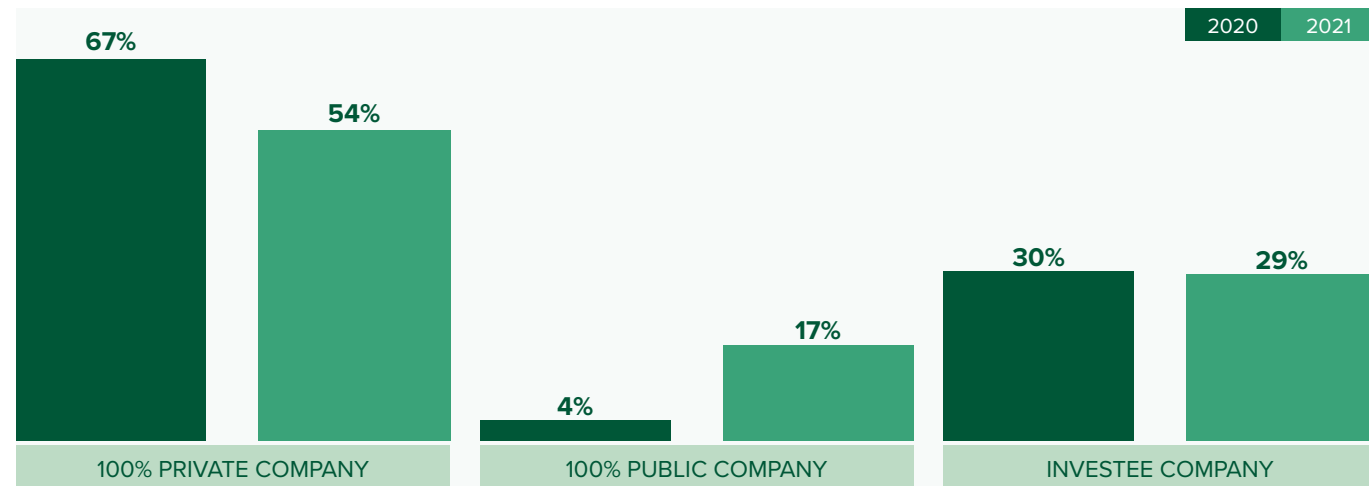


Chart 9 - Participants shareholding structure 2021-2020

As regards the economic activity sector corresponding to each company, the respondents for the year 2021 mainly belong to unspecified services and manufac-

turing economic sectors, as it was already recorded in 2020, but with a growth in "other activities and services" in 2021.

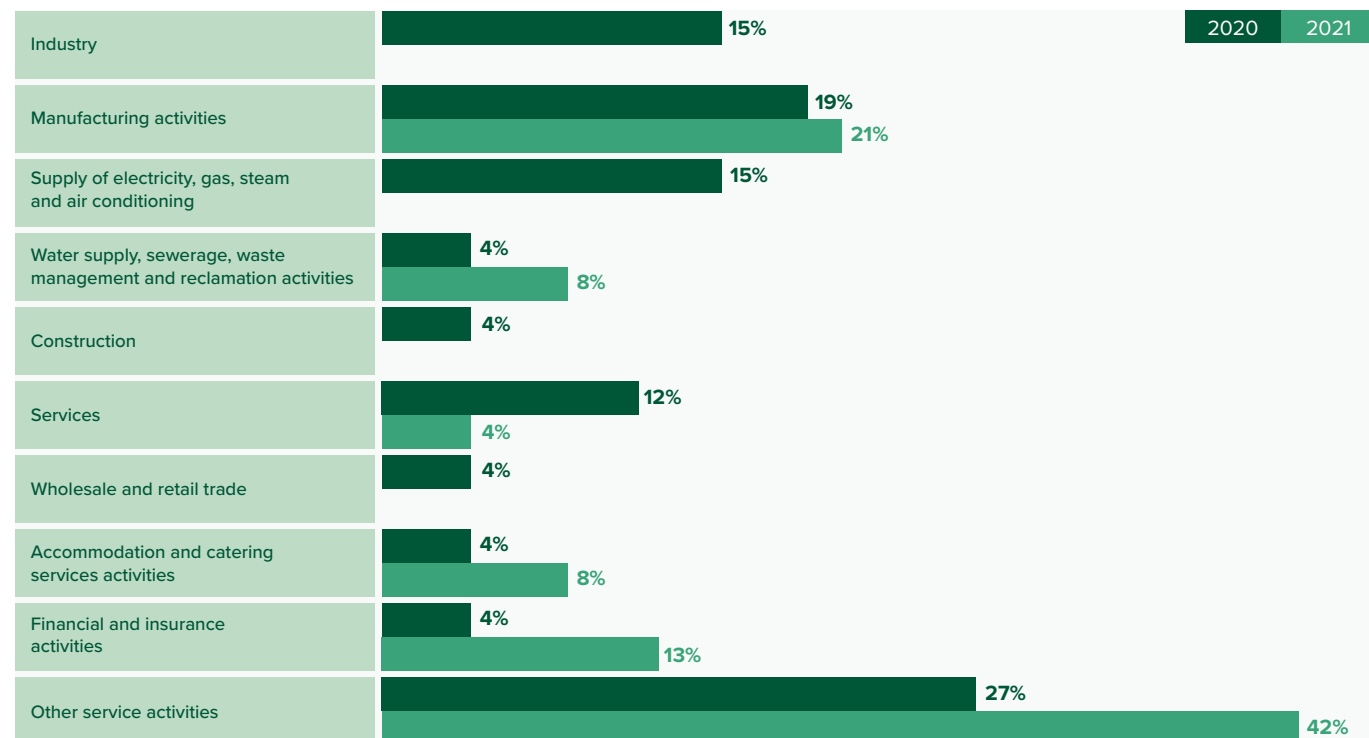


Chart 10 - Comparative data on the economic activity sectors, 2021-2020

With regard to the adoption of a policy that provides for the sustainability in the supply chains and in the direct and indirect purchases, the comparison with 2020 shows a decrease in the respondents who believe to have a con-

solidated policy and consequently it highlights a greater presence of experiences starting up or to be improved. This trend is also confirmed when comparing the same companies over the two years of the survey.

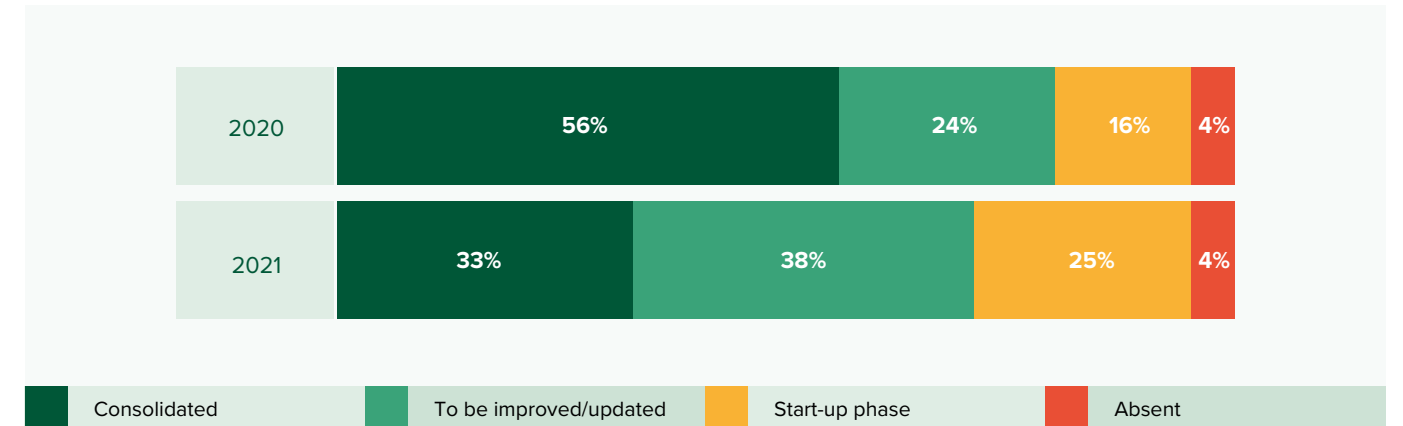


Chart 11 - Comparison data on the purchasing sustainability policies, company general data 2021-2020

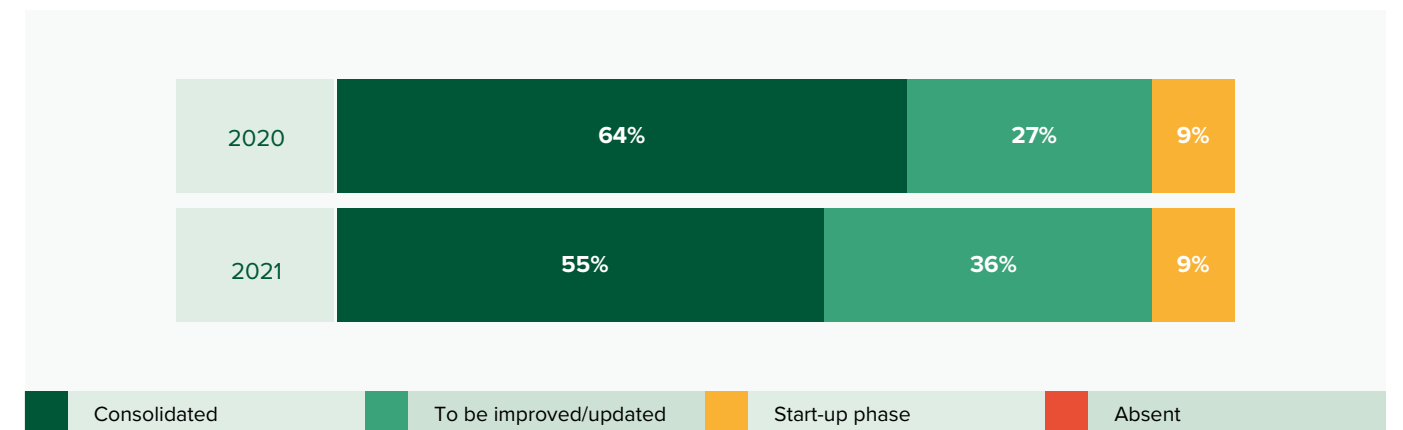


Chart 12 - Comparison data on the purchasing sustainability policies, same companies 2021-2020

As for the adoption of the environmental criteria in the direct and indirect purchases, as the past year, each company states to apply environmental criteria in its own purchases. Many of them declares to do so in a consolidated way and with a drive for the improvement (such as expanding the scope of these criteria). The commitment to improvement in 2021 is more marked

than the previous year. Furthermore, the comparison between the same companies in the two years shows an improvement (which becomes to be improved in the start-up phase); but above all, the adoption of the environmental criteria is now a consolidated factor for almost three quarters of the companies who answered both to the 2020 and the 2021 survey.

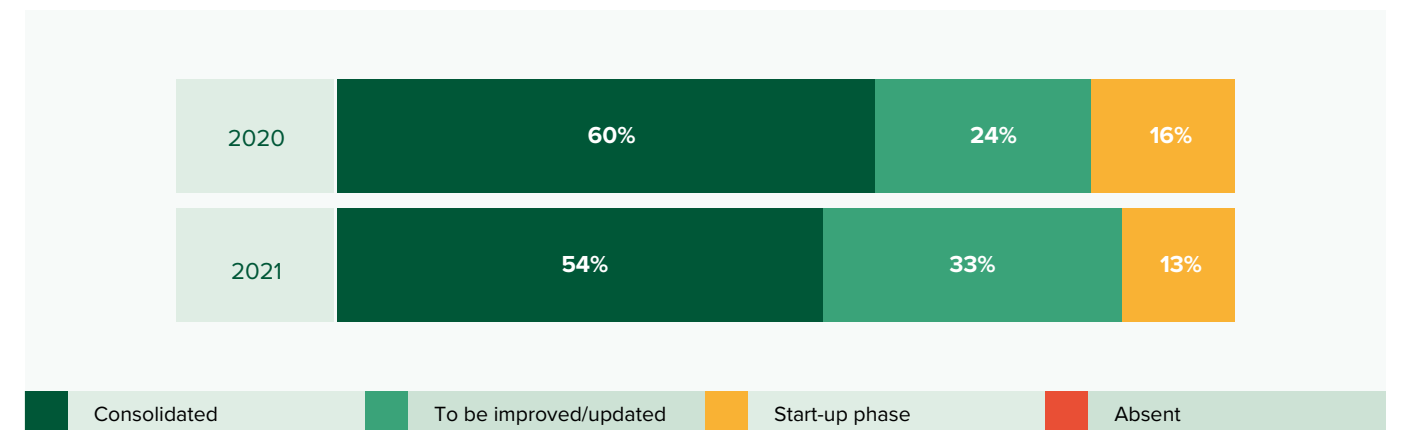


Chart 13 - Comparison data on the adoption of the environmental criteria in the direct and indirect purchases, company general data 2021-2020

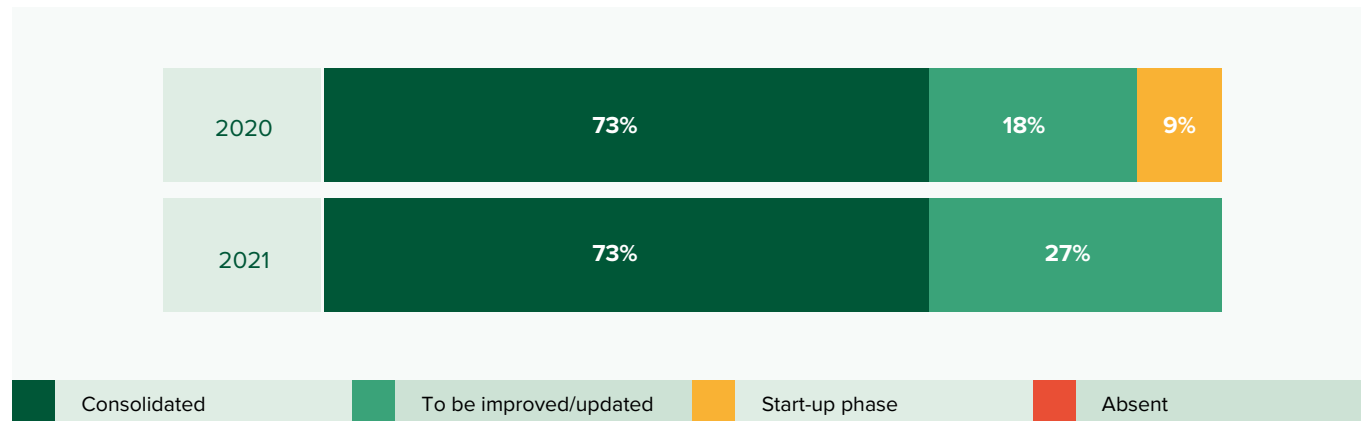


Chart 14 - Comparison data on the adoption of the environmental criteria in the direct and indirect purchases, same companies 2021-2020

On the adoption of the social criteria in the direct and indirect purchases, it can be observed that the social criteria, at different levels and with inexperienced companies, are also applied in the purchasing practices. If we look at the comparisons, there are no substantial differences with what is declared with respect to the environmental

criteria, except for the differences highlighted above. Comparing the same companies that have participated in both the surveys, there is a relevant improvement towards a consolidated inclusion of the social criteria: there are no longer respondents who are in the start-up phase or that do not apply social criteria in their purchases.

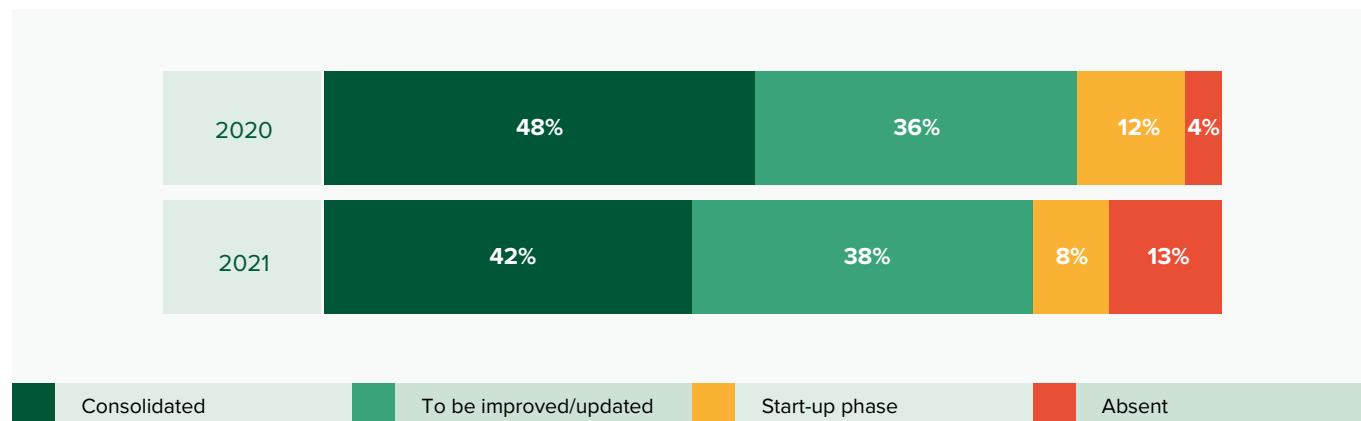


Chart 15 - Comparison data on the adoption of the social criteria in the direct and indirect purchases, company general data 2021-2020

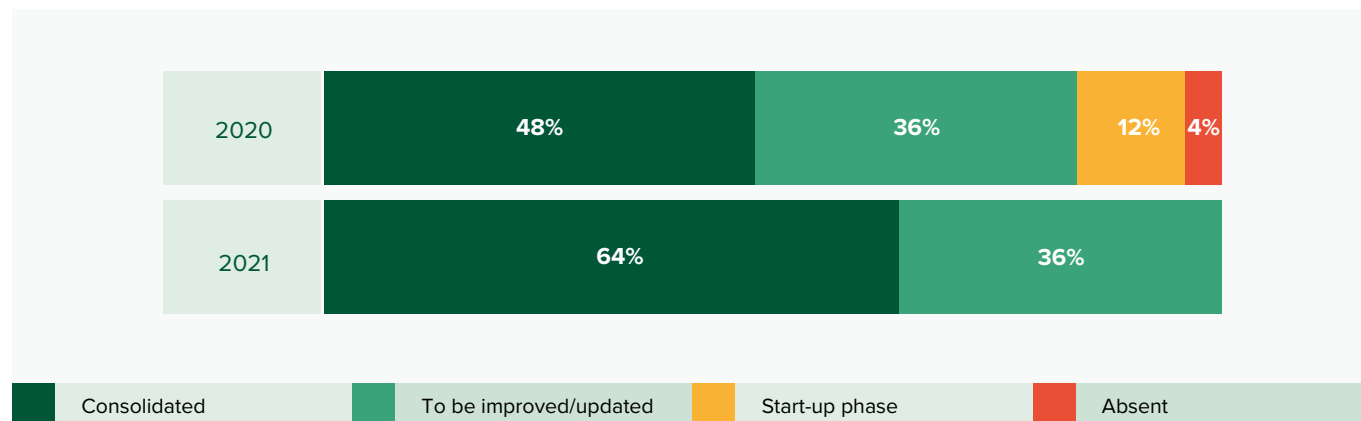


Chart 16 - Comparison data on the adoption of the social criteria in the direct and indirect purchases, same companies 2021-2020

When we look at the training of the purchasing area personnel about the adoption of the environmental and social criteria in the direct and indirect purchases, it emerges that just the training continues to be the Achilles heel of the sustainable procurement. The most frequent answers are: to be improved or absent. A

weakness that, compared to the previous year, is even more marked. The context changes when we analyse the answers of the sample that has participated in both surveys. In this case, in fact, there is a clear improvement, which bodes well.

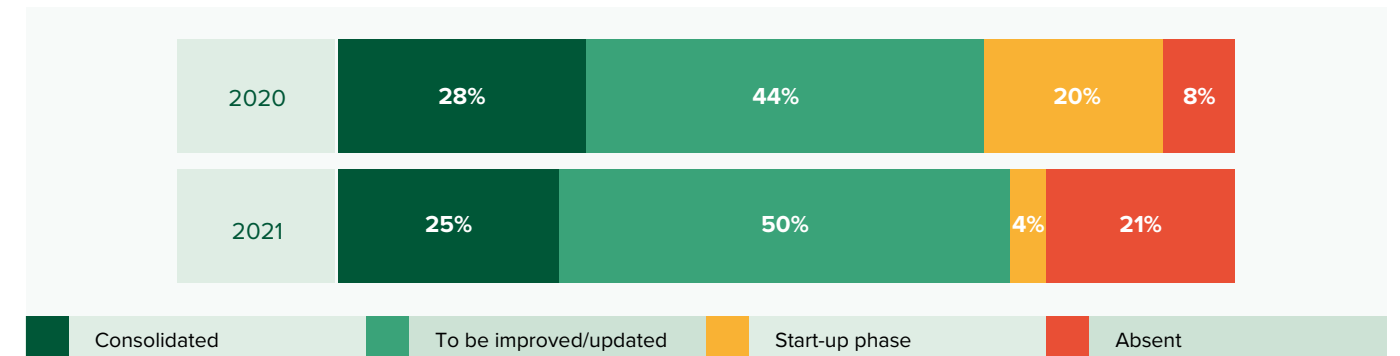


Chart 17 - Comparison data on the personnel training in relation to the environmental criteria adoption, company general data 2021-2020

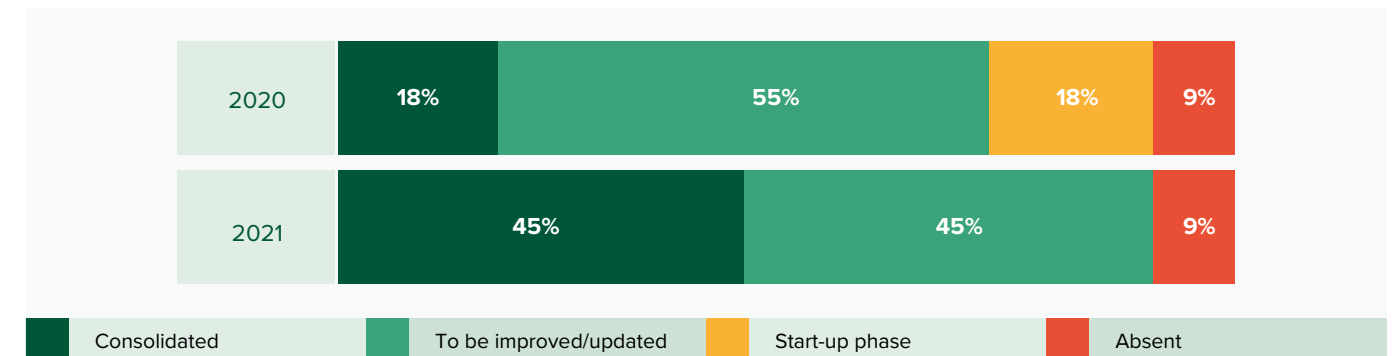


Chart 18 - Comparison data on the personnel training in relation to the adoption of the environmental criteria adoption, same companies 2021-2020

Analysing in more detail the question relating to the adoption of an assessment system that considers the suppliers environmental and social criteria, we see that this system is in force and it is consolidated among the companies involved. There are also companies that are

starting or that declare the need to improve. Here, however, compared to 2020, we record an improvement if both we compare the two samples and if we make a comparison between the companies that have participated in the two survey editions.

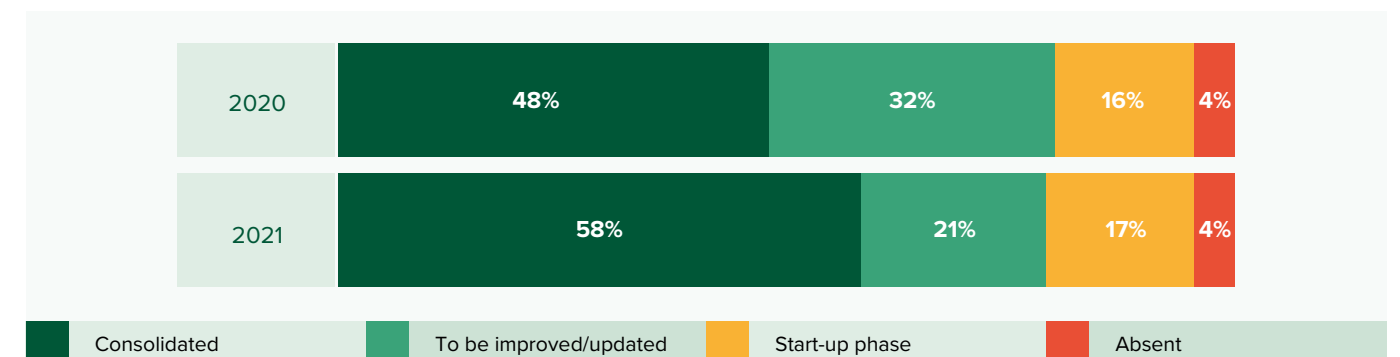


Chart 19 - Comparison data on the supplier assessment system, company general data 2021-2020

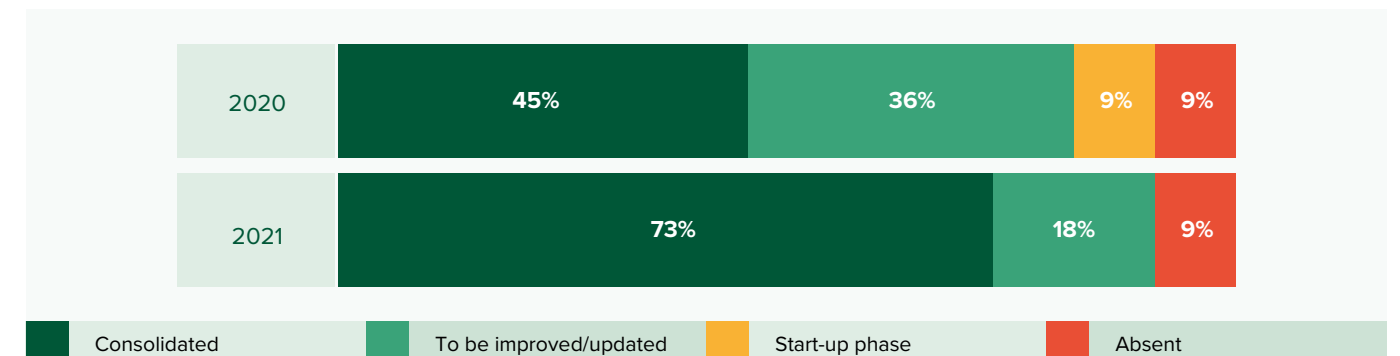


Chart 20 - Comparison data on the supplier assessment system, same companies 2021-2020

From the last question asked to the companies, we can deduce that the adoption of the indicators and their publication are the second weak point of the sustainable purchasing processes. In the 2021 sample, this

weakness is even more evident. While, among the companies that participated in both surveys there is a time off and, at the same time, the launch of more wide-spread initiatives.

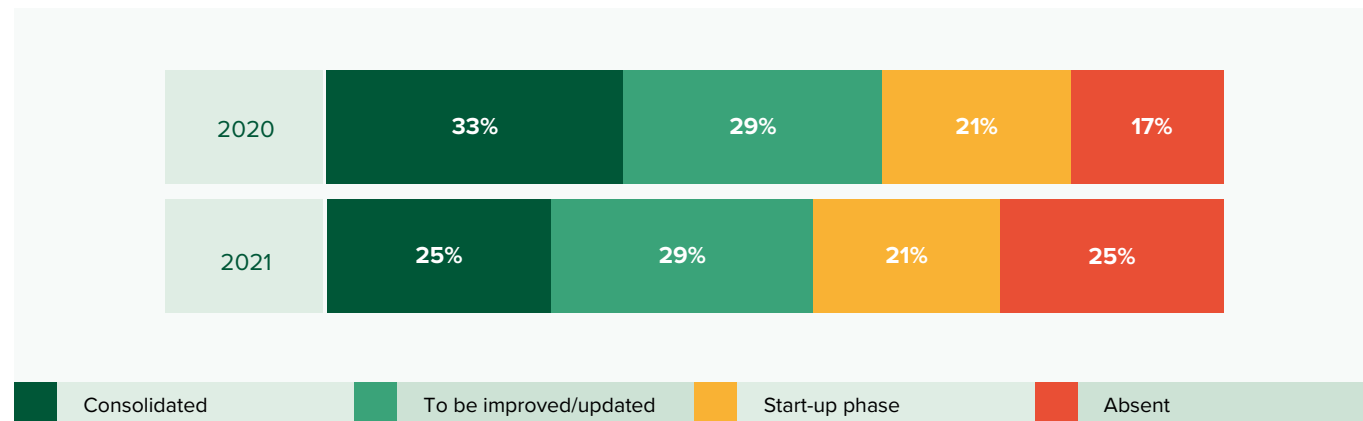


Chart 21 - Comparison data on the adoption of indicators in the sustainability report, company general data 2021-2020

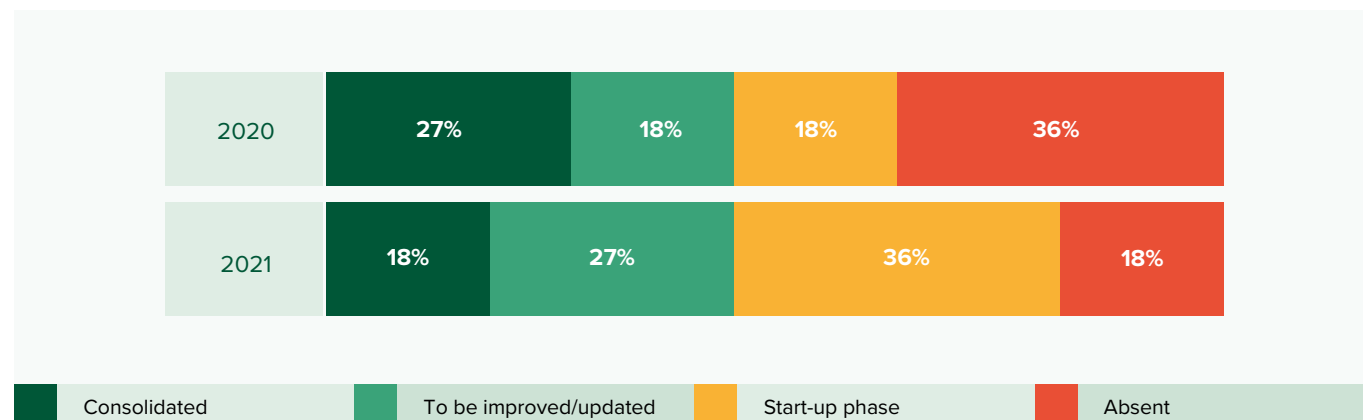


Chart 22 - Comparison data on the adoption of indicators in the sustainability report, same companies 2021-2020

FOURTH SECTION

THE ENVIRONMENTAL QUALITIES REQUIRED AND DECLARED BY THE SUPPLIERS AND THE RELATIONSHIP BETWEEN THE SUSTAINABLE PROCUREMENT POLICY AND THE CORPORATE SUSTAINABILITY PERFORMANCE GOALS

The fourth and last section of this survey is an in-depth study, which investigates the environmental qualities required and declared by the suppliers and the relationship between the sustainable procurement policy and the corporate sustainability performance goals. This is an additional analysis compared to what was carried out in the 2020 survey.

Respondents were asked if they require their suppliers at least one environmental and social quality in the registration procedures to the supplier register. It can be said that when we deal with the registration processes, it is observed that more than 2/3 of the sample requires its suppliers to own at least one environmental and social quality in relation to the product/service offered. In particular: **71%** answered: YES; **29%** answered: NO. 71% of the sample who answered affirmatively to the above question were asked to indicate, in percentage terms, the numbers of suppliers who declared at least one environmental and/or social quality connected with the product or service offered. An overall analysis of the answers shows that most of the companies declare high percentages of suppliers that offer a service or product with specific environmental qualities.

Furthermore, respondents were asked to indicate, among the percentage of suppliers of the previous question, how many (as a percentage of the total) have declared the possession of:

- Environmental Management Systems (EMS) certified to ISO 14001 and/or EMAS;
- Type I and II product/service Environmental Labels (Ecolabel, Made Green in Italy, Remade in Italy, etc.);
- Type III Environmental Labels (EPD);
- Social responsibility labels or certifications.

If we check what kind of quality are declared by the suppliers, it emerges that the certified EMS is the main "green pass" to access the registers. Indeed, it could be argued that more than half of the companies states that its qualified suppliers have a certified EMS. To which, another 30% is added which declares that, on average, 2/3 of the suppliers have a certified EMS. In particular: **53%** of the sample replied that the suppliers in possession of EMS certification are almost all (between 76% and 100%); **27%** replied that the suppliers in possession of EMS certification are more than the majority (between 51% and

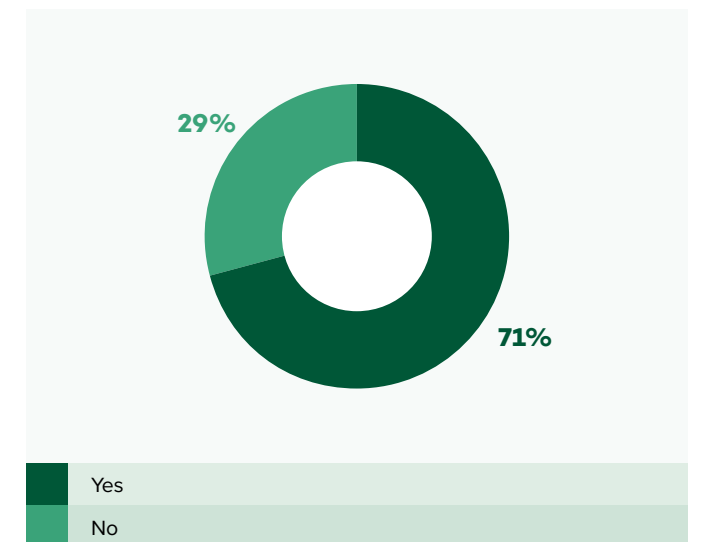


Chart 23 - Request to the supplier of at least one environmental and social quality related to the product/service offered in the register procedures to the supplier register

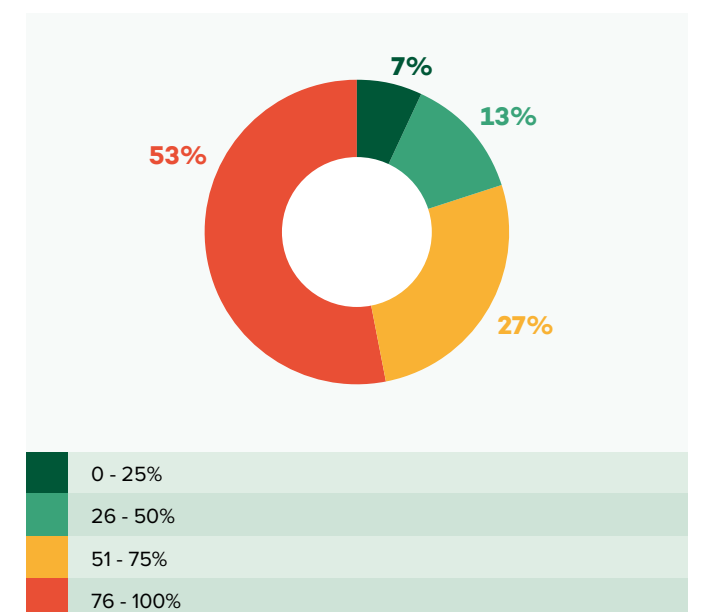


Chart 24 - Distribution of the respondents by dissemination of EMS certifications among their suppliers

75%); **13%** replied that the suppliers in possession of EMS certification are a minority (between 26% and 50%); **7%** replied that there are few suppliers in possession of EMS certification (between 0 and 25%).

It must be stated that Type I and II labels (performance labels and those that highlight a specific environmental quality) are beginning to be used and declared by the suppliers, albeit with inverted percentages among the respondents. In particular: **55%** replied that there are few suppliers in possession of Type I and II product/service environmental Labels (between 0 and 25%); **27%** replied that the suppliers in possession of Type I and II product/service environmental Labels are the minority (between 26% and 50%); **9%** replied that the majority of the suppliers in possession of Type I and II product/service environmental Labels (between 51% and 75%); **9%** replied that almost all the suppliers are in possession of Type I and II product/service environmental Labels (between 76% and 100%).

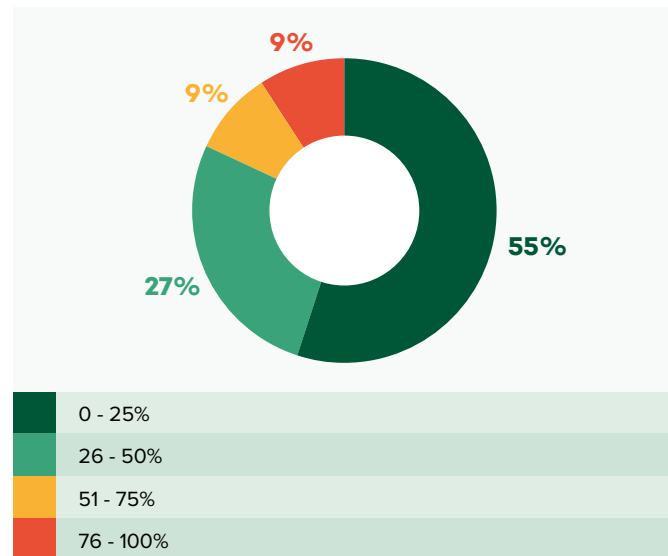


Chart 25 - Distribution of the respondents by dissemination of Type I and II product/service environmental Labels among their suppliers

The same question was asked with regard to Type III Environmental Labels (EPD). The answers still show a less use by the suppliers of this environmental declaration. In particular: **64%** replied that the suppliers in possession of Type III environmental Labels are few (between 0 and 25%); **18%** replied that the suppliers in possession of Type III environmental Labels are a minority (between 26% and 50%); **9%** replied that the majority of the suppliers in possession of Type III environmental Labels (between 51% and 75%); **9%** replied that almost all the suppliers are in possession of Type III of environmental Labels (between 76% and 100%).

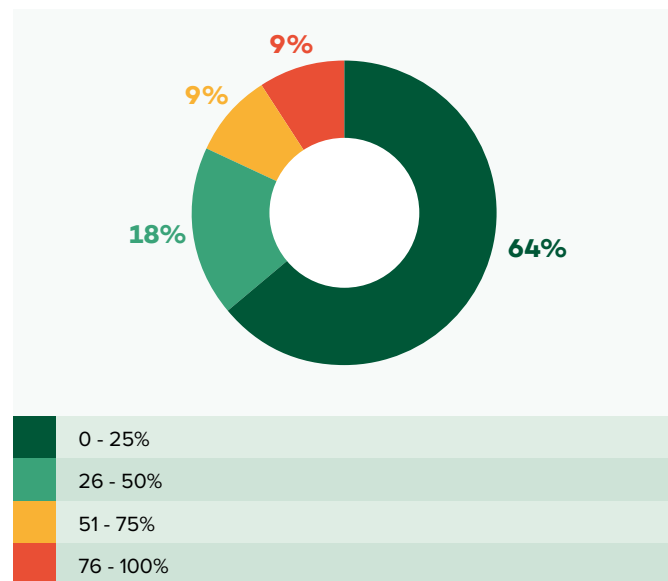


Chart 26 - Distribution of the respondents by dissemination of Type III Environmental Labels (EPD type) among their suppliers

The social responsibility certifications or attestations are widespread like the other product labels, even if it is noted that a higher percentage of respondents declare a high diffusion. In particular: **58%** replied that there are few suppliers in possession of the social responsibility labels or certifications (between 0 and 25%); **17%** replied that the suppliers in possession of the social responsibility labels or certifications are a minority (between 26% and 50%); **8%** replied that the suppliers in possession of the social responsibility labels or certifications are the majority (between 51% and 75%); **17%** replied that almost all the suppliers are in possession of the social responsibility labels or certifications (between 76% and 100%).

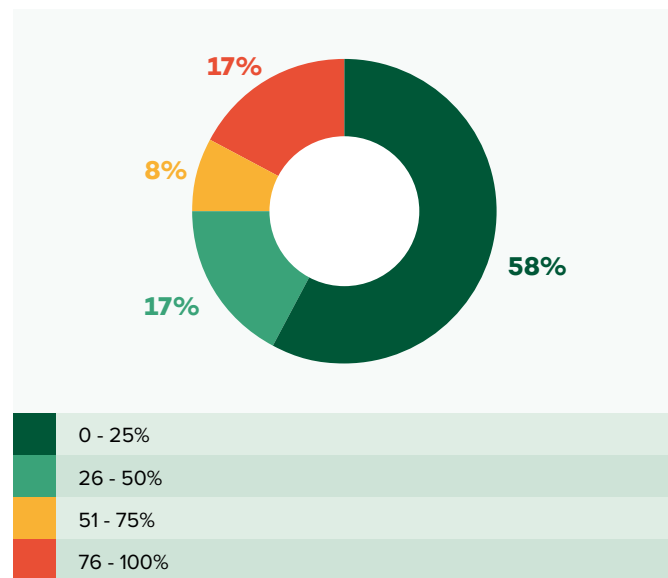


Chart 27 - Distribution of the respondents by dissemination of the social responsibility labels or certifications among their suppliers

As a last question, we invited the companies to declare to which sustainability goals they link the sustainable purchasing processes (multiple targets could be selected). From the answers provided, it is observed that the companies connect their action, mainly, with an improvement in their performance in terms of sustainable use of the resources. At the same time, the sustainable purchasing processes are linked to the guarantee and the respect of human rights and a decent work. To a lesser degree, but still important, there are purely environmental reasons (pollution prevention, biodiversity protection, fight against the climate change) and to a lesser extent, there are mainly social aspects (inclusion of people with disabilities

and gender equality). One thing to point out is that the companies don't seem to use the Green Procurement to analyse the Life Cycle Cost. The chart below provides a representation of the answers given by the sample.

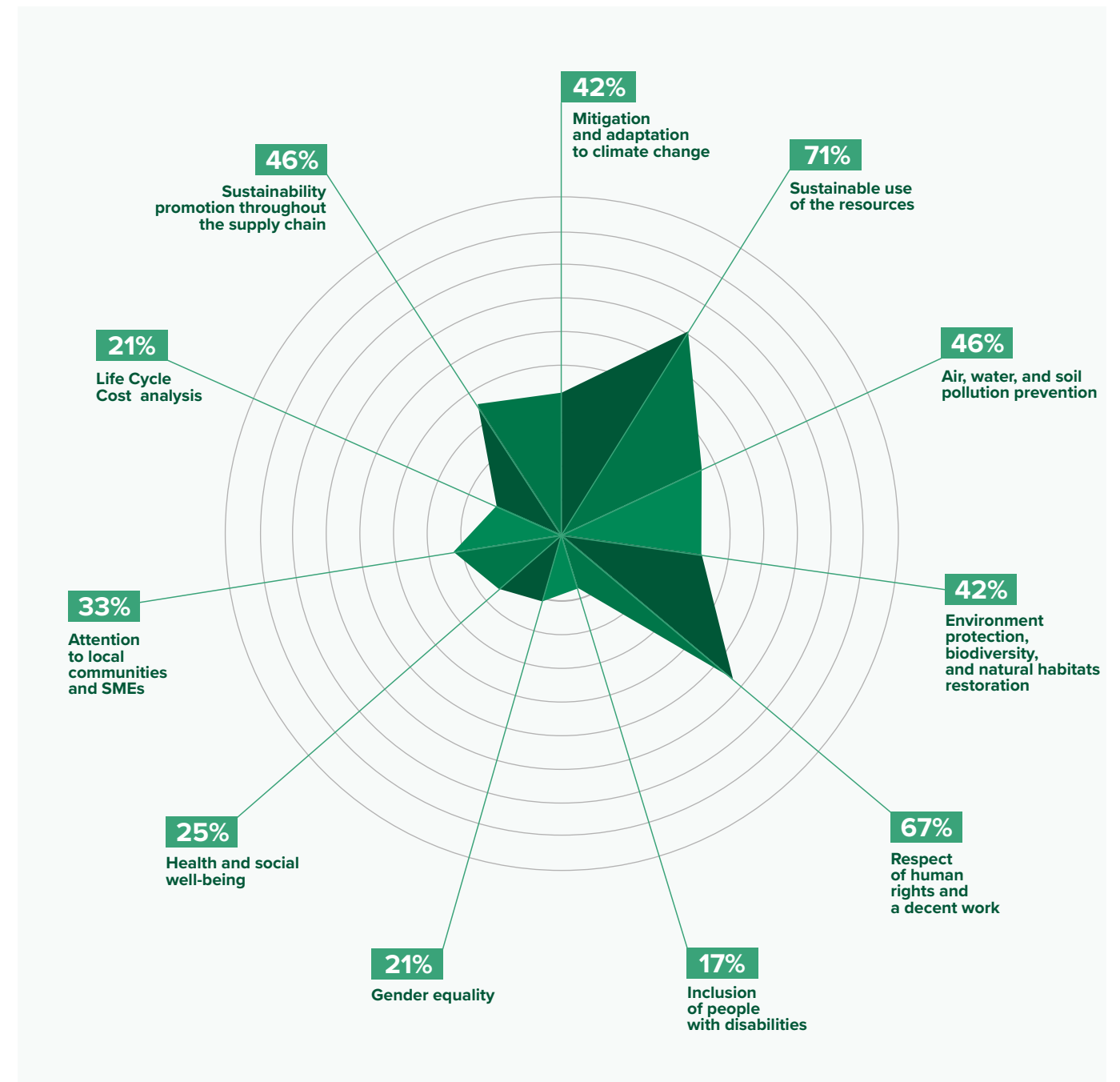


Chart 28 - Link between the procurement and the sustainability goals by the companies

CASE HISTORY

Among the responding companies, six organizations provided us with a report of their activities carried out or in progress on the topics discussed above; a brief summary of their corporate policies on the sustainable procurement. A specific authorization has been requested in order to report their case history in this document in a dedicated section. We would like to thank all the companies that participated in the survey and in particular those who authorized us to publicise their participation.

A particular thanks goes to those companies that have provided us with their own case histories, useful and important reference points for all those organisations that intend to face the sustainability in an extensive way, including also the environmental and social behaviours of their suppliers.

Our special thanks go to:

- **Eni**
- **Istituto Poligrafico e Zecca dello Stato**
- **Poste italiane**
- **Sogin**
- **Terna**
- **Tim**

Below, in alphabetical order, the case histories of the companies mentioned above.

ENI

Eni is an integrated energy company with over 30.000 employees in 68 Countries all over the world. In line with the energy transition process undertaken, the company has set itself the goal of providing a variety of fully decarbonised products, combining the operational, economic and financial solidity with the social and environmental sustainability. The strategy sees in the integration of renewables, the retail and electric mobility in Plenitude, in the development of the biorefineries and the biomethane production and in the sale of low-carbon energy vectors and the mobility services in the service stations the main levers in its decarbonisation pathway. Eni aims to contribute to the achievement of the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda, supporting a socially equitable energy transition, which responds to the challenge of the climate change with concrete and economically sustainable solutions by promoting efficient access to the energy resources, for everyone. The continuous evolution of the sustainability principles and practices is the basis of every corporate activity and action, both internally and with the partners, the suppliers and the customers.

JUST (Join Us in a Sustainable Transition) is the Eni Procurement program that aims to promote the commitment to the energy transition towards its supply chain, through initiatives and tools of development that can stimulate its sustainable growth. Many initiatives dedicated to the internal processes have made it possible to:

- **adopt an approach to the supplier qualification and their supply chain**, strengthening the questionnaire sections relating to the social and environmental issues, with specific reference to the human Rights, the training, the people Safety and the environmental standards in order to measure the ESG profile of the supply chain. The signing of the Supplier Code of Conduct closes the assessment process and consolidates the relationship between Eni and its suppliers on the values of the sustainable growth;
- **introduce the evaluation models within the tenders**, customized according to the relevant product categories and, in relation to their importance (degree of impact on the sustainability goals) and to the maturity of

the reference market, insert them into the tender scoring model with an appropriate weight;

- **enhance the set of the internal skills**, to seize and face the environmental and social challenges, through awareness-raising and training initiatives on the SDGs, training courses for the resources and thematic in-depth analysis, joint workshops held by teachers and internal testimonials on sustainability issues in the procurement field, gamification events on real cases on the supply chain sustainability.

The relationship with the market has also evolved with new approaches supported by the initiatives:

- **of incentive and support to the sustainable development pathway of the whole ecosystem** - Open-es, a system initiative, launched by Eni with Boston Consulting Group and Google Cloud at the beginning of 2021, which brings together banks and associations. The digital platform is open to all the industrial sectors that want to involve and concretely support their stakeholders (suppliers and customers) in the sustainable development pathway. All the companies through Open-es have therefore the opportunity to measure and share their ESG profile according to standard metrics, to compare themselves with the sector benchmarks, to be aware of their strengths and weaknesses and to identify services, products and solutions useful to improve their sustainability performance.
- **of direct discussion with the suppliers of the Eni register, through the JUST workshops**, real working tables, where companies (350 suppliers involved in 2021), Eni procurement and technical skills, together, contribute to the building of the sustainability indicators and intervention plans dedicated to specific market sectors, outlining their sustainability pathway and organising a reference base for the supplier selection in the qualification and tender phase.
- **of financial support for the sustainable growth of businesses**, through a program to support initiatives and investments by SMEs in the energy sector ("Basket Bond - Sustainable Energy"), in collaboration with Elite and the support of Illimity and CDP.

ISTITUTO POLIGRAFICO E ZECCA DELLO STATO

Istituto Poligrafico e Zecca dello Stato S.p.A. is an Italian state company that deals with providing integrated products and solutions for security, anti-counterfeiting, public trust protection and dematerialization. For some time now, the Poligrafico Group has been committed to a path that sees the progressive integration of sustainability into the corporate strategies, aiming at the creation of shared value for the Group and for its stakeholders and the achievement of sustainable development goals through a business model that combines the financial solidity with the social and environmental sustainability. Given that the company is subject to the Code of public contracts discipline (Legislative Decree 50/2016), for some years now the Poligrafico has started a process aimed both at promoting the procurement of products and services with a lower environmental impact, such as electricity produced using exclusively renewable sources, plants and machinery that allow the implementation of circular economy processes in the production (e.g. cogeneration plant) and cellulose,

natural rayon fibers and pergamine from FSC® certified forests, and at improving the environmental performance (LED lamps to replace incandescent lamps). Furthermore, since 2019, the Minimum Environmental Criteria (CAM in Italian) and the material balance have been introduced for all types of contracts to which they are applicable.

At the end of 2021, a project was launched aimed at increasing the sustainability level of the Poligrafico supply chain, through the definition of a control system and incentives in order to improve the supplier performance. In particular, it is expected the development both of a system ("ScoreCard") for monitoring the performance level linked to the sustainability of the strategic suppliers, accompanied by corrective actions for the improvement, if necessary, and of a "Vendor Rating" system aimed at defining an incentive mechanism in order to reward the supplier virtuous behaviour, by providing for additional scores during the tender.

POSTE ITALIANE

Poste Italiane S.p.A. is an Italian company that deals with postal, banking, financial and telecommunication services, public telecommunication, collection and payment operations and the collection of postal savings. The Company has defined the principles and the conduct rules to be followed in relations with all the stakeholders (and with particular reference to the suppliers, the partners, the market and the shareholders) with the adoption of a Code of Ethics, enhancing specific provisions on the conflict of interest issue, anti-bribery, anti-money laundering and anti-terrorism as well as the health, safety, environment protection and privacy. To this end, Poste has adopted an Integrated Policy and a set of Policies on Human Rights, Sustainability, Diversity & Inclusion, on which the business conduct and the management of its relationships are based, defining the ethical and social guidelines to which the suppliers and the partners of the Poste Italiane Group must comply.

The Company bases its purchasing processes on pre-contractual and contractual relationships aimed at the full compliance with legality and transparency, monitoring - starting from the supplier qualification procedures - the observance of the current regulations and the company directives in order to guarantee the use of suppliers with adequate characteristics of quality, reliability, integrity, and able to ensure the compliance with the regulations for the workers protection and the environmental standards. On this path in the name of the sustainability, integrity and transparency, Poste has adopted, starting from 2018, a management System for the corruption prevention, in compliance with the requirements of the UNI ISO 37001: 2016 Anti Bribery Management System. The Company pays particular attention to the environmental aspects and in this regard has obtained the UNI ISO 14001 Certification by implementing an Environmental Management System. Poste also applies specific environmental criteria in the supplier selection process, the participation requirements, the evaluation parameters of the technical offer and/or the contractual conditions and in the tender procedures carried out in order to include all the relevant product categories. Poste Italiane has also adopted the criteria envisaged by the Green Public Procurement (GPP - green Purchases of the Public Administration) in order to combine the sustainability in terms of reduction of the environmental impacts and the costs rationalization. In order to ensure a selection of products and suppliers capable of guaranteeing the best environmental performances, the Green Procurement task was established in December 2019. In addition, equal attention is paid to the social aspects, ensuring the use of suppliers with adequate quality characteristics and able to guarantee

the compliance with the regulations for the workers protection. Again, specific criteria in the supplier selection process, the participation requirements, the evaluation parameters of the technical offer and/or the contractual conditions and in the tender procedures carried out to include all the reference product categories are envisaged. Poste Italiane promotes the adoption of ethical standards of conduct by its suppliers, also by encouraging the achievement of the social Certifications (SA 8000) and certifications related to the Safety and Health of Workers (OHSAS 18001/ISO 45001), as well as, from a perspective of integrity and transparency, to the prevention of bribery (ISO 37001).

The Group is committed to taking on ever greater responsibilities in the Human Rights protection, both in the interest of the people who collaborate with the company and of those who are part of the community in which it works. In 2019, specific training on sustainability was provided to the buyers of the purchasing area using internal teaching. Poste Italiane is committed to building and developing relationships of trust and sharing with the stakeholders who represent the Group's assets. Creating an opportunity for continuous discussion on the sustainability issues, sharing ideas and projects, encouraging the shared values development: with these goals, the Poste Italiane stakeholder Forum was born. Poste Italiane adopts transparent selection criteria in the procurement procedures for goods, services and works. The company, in line with the current legislation (Article 134 of the current Code of Public Contracts), has established its own Register of Suppliers since 2006, which aims to simplify the entrusting procedures, while ensuring homogeneity between the subjects selected in each product area and the transparency towards the market. Poste Italiane also achieved, in 2021, the Certification of compliance with UNI ISO 20400 on sustainable purchasing, thus taking another step forward in integrating the ESG (Environmental, Social and Governance) principles into the business strategies and along the whole value chain, further raising the degree of reliability, transparency and reputation among the account holders, the suppliers and the stakeholders. Poste Italiane oversees its procurement performance (KPI) which is regularly submitted to the Control and Risks Committee and to the Sustainability Committee and reported in the Company Integrated Report. For the procedures exceeding the EU thresholds, the percentage of tenders carried out on the basis of the environmental and social criteria is described, having proceeded to define the tenders that present specific aspects of sustainability in the subject, in the technical specifications or in the participation and/or evaluation criteria.

SOGIN

SOGIN S.p.A. is the Italian State-owned company responsible for the decommissioning of the Italian nuclear plants and for the management and process of security of the radioactive waste produced by the industrial, research and nuclear medicine activities. Sogin is also responsible for the process of locating the National Repository, the surface environmental facility that will allow the radioactive waste, now stored in dozens of temporary sites throughout our Country, to be permanently placed in safety, and which will determine the end of the nuclear cycle in Italy. Sogin, engaged for a long time in important actions to promote the corporate sustainability and in line with what are now the best practices of the large Italian companies, intends to strengthen its "sustainability governance" model and to undertake a new pathway that has, among its goals, that of qualifying, systematizing and enhancing, in perspective, its commitment to achieving the Italian largest sustainability goals and to answer to the strategic and operational objectives of the new Industrial Plan, strengthening its own ability to create long-term value in the territories in which it works. Sogin has started this pathway through the production of an ad hoc strategic planning document: the Sustainability Plan which sees, among its processes, the adoption of the green procurement and the social responsibility principles, providing an active contribution in the development of a national decommissioning chain. The companies of any size and production sector are, in fact, called upon to make an

important contribution to achieving the Sustainable Development goals of the United Nations 2030 Agenda, through the management of an ethical and sustainable business, through investments, innovation, technological development.

But the commitment to the SDGs (Sustainable Development Goals) must be significant, fully integrated into the company core business and extended to the supply chain and its own sphere of influence. It must address the strategic choices and create more value in the territories and with the communities with which the company operates daily. Sustainability has become a primary goal for Sogin, thanks also to the cross involvement of the whole organization, starting from its purchasing policy. For these reasons, within the Procurement & Contract Function, work teams have been set up for the audit and the standardization of the Contracting Authority acts, both internally and externally, for the purposes of the compliance with the sustainability legislation. Furthermore, the Procurement & Contract function will undertake all the actions necessary for the implementation of the sustainability processes in relation to the qualification and assessment of the economic operators and the revision of the purchasing strategies, having regard to the general context of the Italian contracting authorities.

TERNA

As a part of the Green Public Procurement, Terna represents one of several Italian companies operating in the so-called special sectors. Terna is, in fact, the Italian Transmission System Operator, called upon to carry out its main electricity transmission and dispatching activities in Italy. The electricity system is rapidly evolving, more complex and characterized by an increasing importance of the non-programmable renewable sources. The 2021-2025 Industrial Plan and the identification of the main development projects of the national electricity transmission grid are strongly oriented towards encouraging the energy transition in full compliance with the decarbonisation goals drawn up by the PNIEC.

In this context, sustainability is for Terna a strategic and business driver: according to the European Taxonomy criteria, 95% of about 9 billion investments provided for in the 2021-2025 “Driving Energy” Industrial Plan is inherently sustainable and aimed at integrating the non-programmable renewable sources and at increasing the safety and resilience of the electric system. Terna began to approach the GPP issue in 2018 by participating in the panel discussion organised by Confindustria, following which it was published in 2019 the first Position Paper entitled “Green Public Procurement: a right question for a circular and sustainable economy”. The document writing has been possible thanks to the collaboration between Fondazione Ecosistemi and the Confindustria companies and organisations, including Terna.

At the same time, Terna, identifying the Green Procurement as the most suitable tool for the procurement of goods, services and projects that have a reduced environmental impact, as well as encouraging the development of a more ecological, social and innovative internal market, has been started to adopt the Minimum Environmental Criteria (CAM in Italian), defined by the MiTE in implementation of the National Action Plan for GPP, for its non-strategic sectors. During 2020 a training plan was designed on the Green Procurement and CAM issue (600 hours provided and 200 resources involved) to answer effectively to the need of understanding the regulatory context in which the GPP is inserted and of transferring the knowledge related to the introduction of the minimum environmental criteria for the procurement of Terna goods and services. In addition to the more exquisitely technical editions, the Plan also included a Workshop dedicated to the top management with an introduction by the President.

The approach outlined so far has led Terna to implement an internal policy in which the adoption of CAMs for most of its procurements within the facility management is set off. This refers in particular to the supplies for: interior fur-

nishings, paper, public events, collective catering, cleaning and sanitising of premises, taxi service, vehicle acquisition, textile products (in particular clothing) and footwear, printers/multifunction equipment and ink-cartridges. The use of circular tenders, even on a voluntary basis, can represent for those companies that, like Terna, operate in the special sector, not only a tool for improving their corporate efficiency but also the way in which to achieve a competitive advantage over competitors through the creation of innovative processes, also significantly affecting the whole tender ecosystem by stimulating its “supplier fleet” to a progressive sustainable development.

The use of circular contracts on a voluntary basis has also made it possible to modulate the inclusion of the environmental criteria in the invitations to tender in a more gradual way; for example, initially providing for the introduction of basic criteria (at least those for which the suppliers reported greater difficulty) not at a mandatory level but at an exclusively rewarding one, with the attribution of tender scores to those suppliers who offer more sustainable products. This strategy made it possible to verify the response from the suppliers and also to understand which criteria are currently difficult to apply and that require a re-modulation or a longer time to allow the reference market to grow. In the medium to long term, this strategy is representing a useful exercise to encourage the development of pre-commercial agreements and innovative tenders which have as their final outcome also the development of specific and core CAMs for Terna.

Terna ongoing goal, and which will be developed throughout 2022, is to gradually introduce CAMs also within its strategic tenders linked to the CORE business, making green purchases whenever supplies are procured for the construction of new electrical works. The tools that are being used can be summarized as follows:

- An internal Technical Committee has been launched for the inclusion of the building sector CAM in the technical specifications, the special terms of contract and the tender documents for both the office buildings and the buildings serving the power stations.
- A market survey has been launched, for some qualified sectors for the power grid elements supply (cables, conductors, terminal blocks, insulators, etc.), aimed at identifying those virtuous suppliers who use recycled and/or easily recyclable, which can be disassembled, lighter and more lasting (product design) materials.
- A new “Advanced Materials” Product Group has been created in which START-UPS and innovative SMEs can submit their qualification requests also for the Bio-eco-materials sector. The impact of the materials supplied by these operators will be assessed during

the entire life cycle, from a Life Cycle Assessment point of view, from the phases of the raw material extraction to removal for disposal and/or replacement.

- An open letter to suppliers was published signed by the Purchasing Manager together with the purchasing managers of six other European TSOs. The initiative is called “The Greener Choice” and in this official communication signed by the main European transmission system operators the importance of the choices made when purchasing the materials and services essential to our work is reiterated and it’s also confirmed that the international

impulse of the investments in more sustainable products is the first step toward a global transition.

Furthermore, in order to support the identification and the gradual introduction of transition processes towards a sustainable supply chain, in 2022 Terna will develop a Circular Economy Strategy and Roadmap with a target of 2030. The road outlined is now ready to begin applying shared metrics for measuring the sustainability of the supply chain, one of Terna next goals within the Circular Economy new Strategy.

TIM

TIM is the leading Group in Italy and Brazil in the ICT sector, developing fixed, mobile, cloud and data centre infrastructures and offering services and products for communications and entertainment, placing itself at the forefront of the digital technologies. TIM has placed the sustainable development at the core of its long-term strategy, defining the environmental, social and governance goals which are an integral part of the Industrial Plan. In terms of climate strategy, the company focus is on achieving the Carbon Neutrality by 2030, thanks to specific actions aimed at reducing CO2 emissions, including the increasing use of renewable energies, the energy efficiency measures on the infrastructures and the circular economy initiatives for the recovery and recycling of equipment and materials, in order to increase their useful life and reduce their environmental impacts. The Supply Chain is undoubtedly a key aspect of the climate strategy because the demand for products and services based on sustainable criteria helps to reduce the greenhouse gas emissions of the production chain and to address the market towards increasingly environmentally friendly solutions.

This is why TIM has started an organized transition pathway towards a sustainable Supply Chain with the aim of consolidating an ongoing and valuable relationship with its suppliers. The sustainability of the Supply Chain is present from the initial stage of supplier qualification, thanks to a careful company selection process, which also takes place on the basis of the environmental and

social sustainability criteria and which excludes less virtuous companies. When defining the purchase requests, a checklist of 30 environmental and social sustainability parameters has also been introduced which will gradually enhance the technical specifications and whose application, based on the product categories of interest, will be monitored with specific kpi. The sustainability parameters will also be used in the tender phase, in order to define an ad hoc evaluation grid that will affect up to 10% on the final award. The contractual formalization phase is also under a gradual revision with the aim of including the sustainability parameters among the management elements of the relationship with the supplier, to have greater consistency with the performance assessments.

The Company is also committed to directing and monitoring the applicability of the Corporate Social Responsibility principles in the supply chain also through the JAC (Joint Audit Cooperation), an alliance between the telecommunications operators and suppliers that addresses the market sustainability principles and promotes the suppliers Capacity Building. Finally, the governance unit guarantees the presence of a set of specific policies and guidelines on purchases sustainability inspired by the UN Global Compact principles, including the Supplier Policy, which establishes the principles to be followed in the relations with the suppliers, and the Sustainable Procurement Policy, within the Purchasing Policy, which establishes the commitment of the operating structures on the environmental, economic and social aspects.



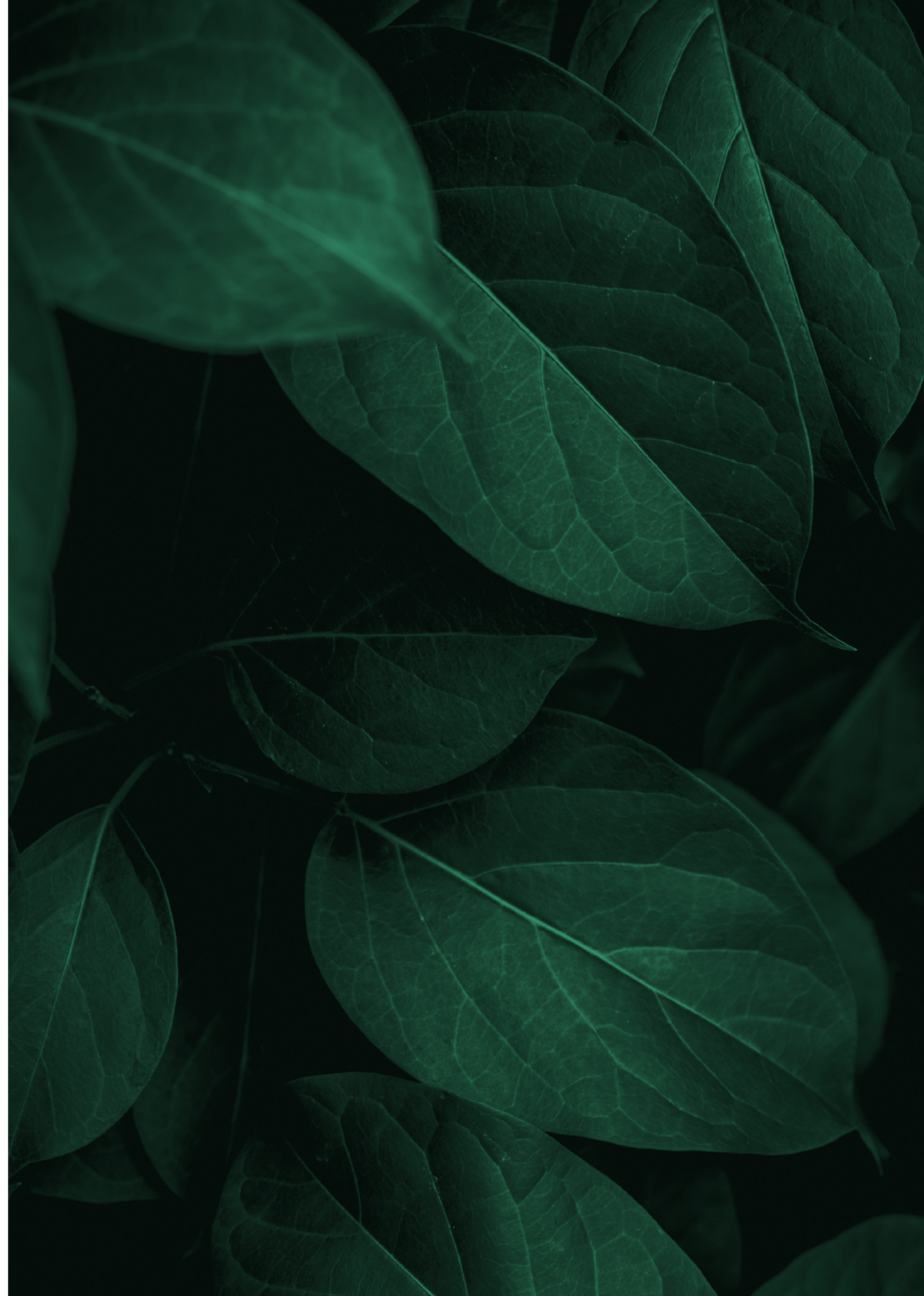
CONCLUSIONS

The second edition of the Sustainability Monitor Report has recorded a participation in the survey of a sample like that the previous year in terms of numbers, but slightly different in terms of the main company characteristics: the private companies have decreased while the public and investee ones have increased. We have had the confirmation that the large companies are equipping themselves to adopt sustainable purchasing policies, which, however, may be affected by the need for improvement, perhaps also due to the sudden change in the economic and social context that we have registered in the last two years.

The Environmental Criteria in purchases are used in a more significant way than the social ones; but the training continues to represent a weak point as well as the indicators for measuring the sustainability procurement performance. Among the tools that the companies are using to allow suppliers to sell their products/services, an evaluation system is widespread that takes into consideration the environmental and social aspects of the supply, which is also being refined and consolidated. A positive fact is that the companies that participated in both surveys (2020 and 2021) show that they have collectively improved, even by facing a policy review. Compared to this year in-depth study, focused on understanding how widespread the environmental and social, process or

product certifications are among the suppliers, it is pointed out that when the companies ask their suppliers to demonstrate their environmental and social qualities, they answer most of all with certified EMSs, but also with environmental product labels and process social labels. Through the last question we tried to understand if there is a link between the procurement and the large company sustainability goals. The survey confirmed this link that it focuses on two aspects: an environmental one, the sustainability of the resources, and a social one, the respect for the human rights and the decent work. In general, it could be argued that the purchases are used more to improve the environmental performance than the company social ones.

The survey, also this year, allowed some companies to tell their experiences on the sustainability related to the purchases. Six large companies have described their procurement sustainability projects for the first time or by proposing an updated version, understanding that these initiatives could have a positive impact on their sustainability performance but also an effect on the environmental innovation and the social responsibility of the whole supply chain, with a great potential for environmental and social benefits that collectively push on the urgency of an ecological transition that can no longer wait.



SUSTAINABILITY MONITOR REPORT 2021

Large Italian Companies
sustainability data



Technical and organisational secretariat

Simona Cipollaro

simona.cipollaro@fondazioneecosistemi.org



Corso del Rinascimento, 24

00186 - Rome

info@fondazioneecosistemi.org