



The private sector commitment towards sustainable development: the role of the UN Global Compact and the UN Global Compact Network Italy

2015: a turning point towards a sustainable future

2015 was a turning point for the international community and enshrined an unprecedented commitment of UN Member States and all economic and social stakeholders on the promotion of a more sustainable future.

On September 25, 2015, the 2030 Agenda for Sustainable Development, a universal plan of action for people, planet and prosperity to move the world towards a sustainable and resilient development path, was unanimously approved by UN Member States on September 25, 2015, adopting an innovative and transformative approach and leaving no one behind.

In 2030 Agenda the role of business in contributing to the achievement of its 17 Goals (SDGs) is explicitly claimed, in a totally different connotation than in the past: companies are not only called upon to support sustainable development economically - by financing third-party projects - but must themselves become promoters of this step change through their own daily actions.

The private sector must consider, avoid, and where this is not possible, mitigate the negative environmental, economic, and social impacts its activities may have, affirming an integrated view of the concept of sustainable development. To meet this responsibility, companies must increasingly turn to production models that are unprecedented from the past, as business as usual can no longer be the economic paradigm in the current international context.

In addition, on December 12, 2015, the Paris Climate Agreement was approved by the member states of the United Nations Framework Convention on Climate Change (UNFCCC) to strengthen the global response to the climate emergency and to accelerate actions and investments for the transition to a low-carbon future. The agreement entered into force on January 1, 2016, and has two main goals: to contain the global average temperature increase well below the 2-degree threshold above pre-industrial levels; and to limit that increase to 1.5 degrees, as this would substantially reduce the risks and the negative effects of climate change.

The private sector has a key role to play in achieving the goals of the Paris Agreement as well, since economic activities are largely responsible for the increase in greenhouse gas emissions, especially in sectors that are very polluting (hard-to-abate) and are still tied to fossil fuels. On the other hand, businesses can seize the decarbonization challenge to innovate their business models, moving toward mitigation and adaptation solutions, preferring the use of renewable energy sources or ways to make efficient use of resources, also with a view to attracting investment.

The European regulatory framework

The sensitivity of companies to sustainability issues could initially be classified within voluntary initiatives or driven by the special attention of particularly forward-looking top managers. But since 2016 it is increasingly taking the shape of a response to sometimes stringent requirements, under the stimulus of national and international standards and regulations.



In this sense, the 2014/95 EU Directive also called the Non-Financial Reporting Directive (NFRD) represents the starting point toward the path of mandatory corporate disclosure on sustainability issues. In Italy, the Directive is implemented through Legislative Decree 254/2016, which came into force in 2017, and requires public interest companies with more than 500 employees and sales and service revenues of more than 40 million euros (or a balance sheet of more than 20 million) to submit an individual, non-financial statement, which must focus on environmental, social, personnel issues, respect for human rights, and active and passive fight against corruption, according to each company's activities and area of responsibility.

The legislation has brought many companies to address new way of reporting their performance and has certainly stimulated companies that did not provide for this type of disclosure to reorient their reporting systems. On the other hand, however, companies have been faced with certain challenges - which can also be considered in terms of opportunities - such as the involvement in reporting of internal and external corporate stakeholders; increasing awareness and sensitization on sustainability issues also with reference to the cultural and social context and at the level of consumers/customers; greater integration of sustainability actors such as legislators, policy-makers, institutions, and academia, for the definition of strategic goals; and commitment to avoid greenwashing.

Also in regulatory and normative terms, in 2018 the European Commission launched an action plan on finance, to mobilize resources toward sustainable development. The Taxonomy-introduced by EU Regulation 2020/852-classifies economic activities as environmentally sustainable if they contribute substantially to at least one of six European environmental objectives: climate change mitigation, climate change adaptation, sustainable use and protection of water resources, transition to a circular economy, pollution reduction, and biodiversity protection. In order to determine the actual contribution of an economic activity to one of these objectives, performance thresholds ("technical screening criteria") are established that companies must meet. The process of approving and applying the Taxonomy is still ongoing, but many companies (especially large and listed ones) are already approaching this classification, which certainly has the merit of providing a common language for different actors such as companies, financial intermediaries, and investors, and of indicating an objective and shared framework for classifying an investment in terms of ESG.

In February 2022, the European Commission also adopted a Proposed Directive on Business Due Diligence on Sustainability, which will require companies to identify risks, avoid, cease or mitigate the negative effects of their activities on human rights (child labour and worker exploitation) and the environment (pollution and loss of biodiversity), while continuing to monitor compliance and the effective implementation of improvement actions, transparently communicating progress on all these activities. These new rules aim to provide legal certainty, ensuring greater transparency for consumers and investors. The new EU rules will enable steps toward the green transition and protect human rights in Europe and around the world. The scope of the directive will first address EU companies (with more than 500 employees and with more than 250 employees operating in high-impact sectors), including the activities of the companies themselves, their subsidiaries and their value chains (established direct and indirect business relationships).

In addition, in February 2022, the European Commission's Platform on Sustainable Finance - established to have technical support in legislative work on this subject - presented its final report on the social taxonomy. This would be a complement to the taxonomy of eco-friendly activities and will define three macro-objectives that companies must meet and promote in relation to the impacts of



their economic activities along the entire value chain: decent work; adequate standards of living and well-being of consumers and users of a good; sustainable and inclusive communities.

As for the "green" taxonomy, in order to be considered socially sustainable, an activity should make a substantial contribution to one of the three objectives mentioned above, without causing significant harm to any of the others (again, according to the "do not significant harm" principle) and meeting minimum safeguards, which will be defined through a dedicated report. Substantial contribution can be realized in three ways: through additional social benefits generated by the activity itself; by avoiding and addressing the negative impacts on stakeholders; through enabling activities, which enable other activities to bring social benefits.

The proposed directive on corporate sustainability due diligence and the social taxonomy can, therefore, be seen as complementary to each other: on the one hand, preparing companies to manage social dimension risks and attract investment, and on the other hand, supporting financial players in granting investments in social sustainability dimension, by providing measurable information.

Business opportunities from the international and national context

The recent years represent an unprecedented momentum towards a more sustainable and environmentally friendly economy and it is evidenced by the launch in 2019 of the European Green Deal, an action and investment plan in which the European Union, addressing the challenges posed by climate change, is preparing to become the first *net-zero* continent by 2050, fostering a more competitive, resilient and sustainable economy. The plan operates under the principle of *just transition* to ensure that the transformation of economic models leaves no one behind and moves according to the principles of equity and inclusion.

To achieve the goals set by the European Green Deal, the Commission has pledged to mobilize at least €1 trillion in sustainable investments over the next decade (2020-2030), from the EU's multi-year budget (2021-2028, 30%) and the Next Generation EU recovery fund, which allocates significant investments to the green transition. The recipients of these substantial resources will largely be the private sector, to support the EU's net-zero pathway. This funding represents a unique opportunity for companies to take increasingly ambitious actions in support of the global goals set by the Paris Agreement.

The National Recovery and Resilience Plan (NRRP) will be a key opportunity for Italy to start the green transition and to make national economy and society more inclusive, equal and digital. The EU set aside € 191.5 billion for the NRRP through grants and loans from the RRF (Recovery and Resilience Facility), the fund dedicated to countering the effects of the pandemic. Italy is supplementing the amount with € 30.6 billion through the Complementary Fund, financed directly by the State, for a total of 222.1 billion. All planned initiatives will be carried out within 5 years. The plan allocates more than 30% of its total value (59, 4 billion €) to green revolution and ecological transition, focusing on circular economy and waste management, renewable energy sources, enhance the electricity grid and water supplies, incentivise energy efficiency in public buildings, Investments to combat climate change and hydrogeological instability.

19, 8 billion € (10% of the total NRRP amount) are allocated to inclusion and cohesion, especially on labour market, urban regeneration and social and disability services, female entrepreneurship.



Gender equality, youth and reducing the gaps in standards of living are the cross priorities of the Plan and need to be maximized in each intervention and mission.

The Sustainable Development Report 2022 published by the Sustainable Development Solutions Network (SDSN) - which annually takes stock on the progress made by Countries in the advancement of the Sustainable Development Goals – stated that Italy ranks 25 out of 163 in the global ranking on SDGs (gaining 10 positions from 2016). Our Country is facing the major challenges to reaching Goals 14 (Life below Water), 13 (Climate Action) and 9 (Industry, Innovation and Infrastructure), which proves that, in addition to tackling climate change and addressing environmental challenges, technological and digital innovation need to be considered as priority for Italian Government.

Current challenges

The Covid-19 pandemic that hit the world in 2020, in addition to causing millions of lives lost, has caused a profound global crisis, which has exacerbated existing challenges down, as well as health challenges, turning them in emergencies. While the measures taken to contain the spread of the virus - primarily a ban on travel and contact between people - caused a slight decrease in emissions in 2020, greenhouse gas concentrations in the atmosphere continue to rise, and policies put in place by countries continue to lack sufficient ambition.

From a social point of view, the pandemic has exacerbated inequalities not only between countries in the global North and South (considering, for example the issue of vaccination campaigns), but also within advanced and higher-income societies: the social gap has grown, as has increased the number of the newly poor who have lost their jobs due to Covid-19. In this context, the hardest hit targets have been the fragile ones such as the elderly, young people - who have seen the possibility of entering the workforce with decent conditions, dilate over time - and women - often the most at-risk target as they are responsible for caring for family members.

The pandemic has shown how countries and economic systems in an increasingly globalized world are increasingly interconnected and that shared solutions must be devised to address global challenges

At the current level of action, the world is not on track to meet the sustainable development goals and the social progress index estimates we are 62 years behind schedule. According to estimates WEF, ILO, UNEP and SPI by 268 years to close the economic gender gap globally; 19% of all workers are working poor and 160 million children in child labor; Annual cost of bribery is 1.5 to 2 trillion dollars – 2% of global GDP; Global warming predicted to reach over 3°C by 2100. For what concern our Country, Italy ranks last in Europe for working opportunities for women, only 48% aged 18-54 have a permanent job. And again last for a number of Neet, young people not in education or training aged 15-34, that account 25% vs. the average in Europe that is 16,2% (Eurostat).

The 2022 war in Ukraine and geopolitical instabilities in general since 2016 have demonstrated the close correlation between peace and prosperity, underscoring the importance for business of operating in international contexts of stability. From a more supply-side perspective, however, conflicts have made clear the vulnerability of the private sector to external shocks in a globalized economic environment, putting business resilience at risk in the long term.



The United Nations Global Compact

In this international context of profound instability, the private sector has continued to focus on the transformative transition of its business models, recognizing that sustainability is a strategic choice for companies that want to be more resilient and competitive in the long term. The Covid-19 pandemic showed how companies already on the sustainability journey are best positioned to respond better to the economic crisis. Sustainability is now an irreversible process that must accompany every sphere and size of business.

The United Nations Global Compact (UNGC) is the most important international corporate social responsibility initiative, which encourages the more 16.000 business participants to integrate in their strategies, culture and operations the Ten Principles of human rights, labour, environment and anticorruption. UNGC was instituted in 1999 by the Secretary General of the United Nations, Kofi Annan, who for the first time in history at the World Economic Forum in Davos called the United Nations and the private sector to create a global compact to give a human face to the market and make it more equal, prosperous and sustainable. Companies should have acted beyond the logic of profit to embrace their social, environmental and economic responsibilities for a better world. From 2015, with the adoption of the 2030 Agenda for Sustainable Development, the Global Compact asks the participant companies to undertake concrete actions towards the achievement of the Sustainable Development Goals (SDGs). Businesses could start from the ones more related to their core business to broaden the range of action at all the potential areas of impact and engaging also the companies' stakeholders (supply and value chains, spheres of influence). The SDGs represent the destination to be reached by 2030, and the Ten Principles are the values and guidance for business on this journey.

The international initiative is coordinated at national level by the Global Compact 69 Local Networks, which are responsible for stimulating new business membership and implementing programmes and activities to support UNGC participants on sustainability.

UNGC has a multistakeholder nature and approximately 4.000 non-business organizations such as research organizations, business associations, non-profits, and universities that can support companies on sustainability can join the movement.

Since 2016, more than 12,000 companies globally have joined the UN Global Compact initiative, which welcomes more than 16,000 business adherents in 2022. Italian companies have followed the same positive trend, with a more than 500 percent increase in business participants in the UNGC (from 67 adherents up to 2015 to 423 to date). This exponential increase demonstrates how the UN Global Compact is perceived by the private sector as a valuable and accountable organization, which provides crucial support to companies on their sustainability journey.

The business case

From UNGC surveys and questionnaires emerged that the 99% of CEOs from companies with more than \$1 billion in annual revenues, believe sustainability will be important to the future success of their business in terms of brand increase, revenue growth, risk mitigation, cost reduction.

There is a growing body of evidence that shows that a focus on ESG issues makes companies' financial and operational performance better (Deloitte 2020). An analysis of Arabesque and the University of Oxford of 200 Academic Studies shows that good ESG performance result in lower



cost of capital (50%), better operational performance (88%), better stock price performance (80%) and higher return on equity (ROE).

Investors are also raising expectations on sustainability. From the Bloomberg Intelligence, Edelman Trust Barometer Special Report 2021 and the EY 2020 Climate and Institutional Investors Survey emerged that: the number of Signatories to the Principles for Responsible Investment has raised to 3.900 entities; 92% of investors say that companies with strong ESG performance deserve a premium valuation on their share price; 90% of investors believe companies that prioritize ESG initiatives represent better opportunities for long-term returns that companies do not; Global ESG assets are on track to exceed \$53 trillion by 2025.

There are also pressures from consumers and employees who want businesses to invest in making sustainable improvements to the environment and society, not just comply with regulation, and they're prepared to reward (or penalize) brands accordingly. Overwhelming majorities of both consumers and employees said they're more likely to buy from or work for companies that share their values across the various elements of ESG.

Moreover, according to a research of the Boston Consulting Group (2017) companies participating in the UN Global Compact have higher ESG scores than non-participating companies, which lead to up to 12.4% higher margin premiums; up to 19% higher market valuation premiums; positively impact creditworthiness in the long term.

UN Global Compact companies outperform their peers with + 31% higher on corporate governance; 29% higher in emissions management; 22% higher on human and labour rights (Arabesque Analysis).

An Ecovadis analysis of 30,000 companies spanning 150 countries and 150 industries found that UNGC signatories consistently outperform peers on CSR management and supply chain sustainability. Advanced CSR performance occurs regardless of location. Ecovadis found that in "risk" countries, UNGC participants score on average a 52, while nonparticipants score an average of 39. In Non-risk countries UNGC participants score an average of 57, and nonparticipants a 46. These results are consistent with the overall view of the UNGC as a universal framework that can be understood and implemented by businesses around the world, regardless of location.

The progress report

Each year the Global Compact publishes the Progress Report, an important document produced from the results of a survey conducted with UNGC participants and aimed at analyzing the engagement of UNGC companies on sustainability. Trends from the last 6 years Progress Reports reveal a growing effort in the integration of the Ten Principles, showed by the adoption of corporate policies on human rights, labour, environment and anti-corruption (for more than 90 percent of adherents) and on sustainability reporting.

From the Progress Report emerged also joint challenges for the private sector that need to be focused on in the future: for large companies, the involvement of supply chains-especially if they are located in far geographic contexts and with different legislation -is a critical dimension. Small and medium-sized enterprises, on the other hand, often still at a less mature stage in the sustainability journey feel the issue of economic resources and investments needed to embark on a structured sustainability journey as relevant. These should not be seen as costs, but as resources invested in training and innovation to improve the competitiveness of SMEs.



With regard to commitments on the SDGs, the Progress Report shows a trend of widespread growing attention to the Global Goals, accompanied by concrete actions targeted to support in particular some Goals considered closer to the core business or at least more pertinent to the corporate dimension addressing the themes of occupational health and safety, innovation and climate action, such as 8 (Decent Work and Economic Growth); 9 (Industries, Innovation and Infrastructure); 12 (Responsible Consumption and Production); 13 (Climate Action); and 3 (Good Health and Well-being). As a specified view for Italy, the UNGC Progress Report underlined a higher committee of the corporate Board of Directors in defining sustainability strategy, compared to European companies. At the same time, Italian companies have a lower level of awareness of the SDGs and of the action required to reach the Global Goals (6point less).

The UNGC 2021-2023 strategy will prioritize five SDGs on which companies can “Lead & Shape”: 5 (Gender Equality), 8 (Decent Work and Economic Growth), 13 (Climate Action), 16 (Peace, Justice and Strong Institutions), 17 (Partnership for the Goal).

The private sector contribution to address climate change

The expectation on the private sector to play its part in achieving the goals of the Paris Agreement is very high, made more challenging by the results of the COP26 in Glasgow, which recognized the target of limiting global average temperature rise to 1.5°C as the only one that gives the greatest chance of reducing the negative consequences of climate change. The 2022 IPCC Sixth Assessment Report agrees with scientific evidences that limit global warming to 1.5° would substantially reduce projected climate change-related losses and damages in human systems and ecosystems. Achieving Net-Zero is, then, the goal-often a challenging one-that companies must strive for in the near future.

The private sector’s commitment on this front is particularly evident in companies of the United Nations Global Compact: many of them have already shown their ambition, setting science-based corporate emissions reduction targets and objectives to help achieve a net-zero economy by 2050. In total, more than 3000 companies at global level participate to the Science Based Targets initiative (SBTi), created by UN Global Compact, Carbon Disclosure Project (CDP), World Resources Institute (WRI), World Wide Fund for Nature (WWF) to support the private sector in accelerating the definition of greenhouse gas emission reduction targets. Of these 3000 companies, almost 1500 have approved SBTi targets and 1000 have net-zero commitments. They companies represent over a third of global market capitalization and have cut their total scope 1 and 2 emissions of 29% between 2015 and 2020 (compared to 25% between 2015 and 2019). Encouragingly, 96% of SBTi companies with approved science-based targets have targets covering scope 3 emissions. Italian companies committed to SBTi are 56, 35 of these with approved targets. It is clear that it would be key an acceleration in climate ambition at national level.

The private sector contribution to promote gender equality and women’s empowerment

Gender equality is not only a human right, but also a way to improve business. Research shows investing in women and girls can lead to increases in productivity, organizational effectiveness, return on investment and higher consumer satisfaction. Companies with the highest proportion of female employees had annual returns that were 2.8 percentage points higher than the least diverse firms. Studies show also that women and men participating equally in the economy could add a further US\$28 trillion to global annual gross domestic product (GDP) by 2025. Although a growing number of business leaders are recognizing the importance of women as leaders, consumers, entrepreneurs,



workers and caretakers, adapting their policies, programmes and initiatives to create environments where women and girls thrive, the gender economic gap continues to need 268 years to be closed, as the World Economic Forum estimates. Looking beyond the workplace, companies are enhancing support for women in the marketplace through building inclusive supply chains and implementing equitable standards of engagement. UN Global Compact and UN Women launched in 2010 the Women's Empowerment Principles (WEPs) are a set of Principles offering guidance to business on how to promote gender equality and women's empowerment in the workplace, marketplace and community. More than 6.500 companies at global level are signatories of the WEPs, 70 of these are Italian.

The UNGC Progress Report, focusing on the engagement on thematic priority areas, showed that Italian companies have a lower impact compared to European ones for what concern gender equality (lower numbers of women at C-level and executive level target to be reached after 2030) and decent work (permanent job, health and safety). For this reason, the Italian Network developed initiative on gender equality and women's empowerment targeting UNGC participant companies.

Finance supporting sustainable development

The UN has estimated that the world will need to spend between \$3 trillion and \$5 trillion annually to meet the SDGs by 2030, and the ongoing Covid-19 pandemic has increased that estimate by an additional \$2 trillion annually. It is well known that this huge contribution couldn't be raised only by the public sector, but it essential that also private capitals will be mobilized towards sustainable development. In the recent years the sustainable issuance landscape has become increasingly diversified (with the growth of social bonds and sustainability linked-bonds) but green bonds still dominate the market, which in 2021 saw a record of total issuances of about \$950 billion at global level. In the Italian contexts, we are witnessing a coherent increase in the number of companies (especially of the multi-utility and energy sector and UNGC participants) emitting bonds linked to sustainability.

UNGC is playing its part supporting companies on this issue with the project "CFO Coalition for the SDGs" a platform where global CFOs and other corporate officers can collaborate with peers, investors, financial institutions and UN agencies to develop principles, frameworks and recommendations to integrate the Sustainable Development Goals (SDGs) in corporate finance and create a market for mainstream SDG investments. It is made up of a CFO Leadership Group, which guides the work of the CFO Coalition for the SDGs and a number of Signatories who commit to the CFO Principles on Integrated SDG Investments and Finance. Global engagement and collaboration are critical to closing the financial gap needed to meet the SDGs. The 70 CFOs (6 are Italian) who are part of the Leadership Group have already committed to collectively invest more than \$500 billion in support of the SDGs.

UNGC Value Proposition

UNGC Value Proposition is articulated in four pillars that, over the time, has increasingly been aligned with companies' needs and demands, thanks to the participatory approach adopted by the Local Network. UNGC offers to the participants opportunities to:

- 1. CONNECT with industry, experts, peers and UN at global and national level.**



UNGC hosts flagship annual events as Target Gender Equality Live (in March focus on Gender); the Leaders Summit (high-level event focus on Leadership and SDGs); the Uniting Business Live (in September focus on SDGs during the UN General Assembly); Business Ambition for Climate Action - Caring for Climate (in November focus on climate during the COP)

2. LEARN and gain knowledge and skills to make progress and deliver impact.

- UNGC has developed platforms, tools and programmes to provide guidance on sustainability priorities. The Academy is the online platform which offers on-demand training on the most critical sustainability issues for the private sector.
- The SDG Action Manager was developed by UNGC and B-Lab in 2020 and consists of a self-assessment tool on corporate sustainability performance related to UNGC Ten Principles and the SDGs.
- The Gender Gap Analysis Tool allows companies to measure their performances about gender equality in the dimensions of leadership, workplace, marketplace and community.
- The Decent Work Toolkit for Sustainable Procurement provide companies with a guidance to promote a constructive relations with suppliers and ensure decent work conditions at the supply chain level.
- UNGC has launched the Accelerator, 6-8 months training programmes addressing in a practical way some sustainability issues, as climate ambition, gender equality, SDGs integration into the business, young innovators.
- UNGC promote the establishment of Peer Learning Group at regional and local level, to encourage sharing of experiences, challenges and solutions.

3. LEAD and show bold leadership and inspire others. Leverage your position and advocate for major impact

- Multi-stakeholder Coalitions: CEO Water Mandate, Ocean Stewardship, Science Based Targets, CFO Coalition for the SDGs.
- Call to Action Campaign for business to publicly support policy positions or join campaigns advocating for change at the global and local level: Business Ambition for 1.5 and Women's Empowerment Principles.
- Think Labs, time bound incubation of future programmes on critical sustainability issues: just transition to a green economy, living wage, transformational governance, women entrepreneurship/procurement, climate-smart ocean and blue finance.

4. COMMUNICATE and build trust and credibility by communicating measurable progress towards your sustainability goals and targets

- Each business participant is requested to annually report commitments and actions through the Communication on Progress. The topic of reporting is key in UNGC's strategy as it allows companies to assess the state of the art with respect to their performance and identify gaps and critical areas to set improvement goals.
- All companies and organizations of UNGC have a public profile on the UNGC website, showing their commitment to sustainability and the participation in the programmes offered at the international level.
- From 2019 UNGC nominates each year a group of SDG Pioneers, global business leaders who have demonstrated an exceptional commitment towards the advancement of the SDGs. The global round is preceded by a local round that identify the Local SDG Pioneer. The Italian Network has always participated to this recognition, nominated three SDG Pioneer so far.



UN Global Compact Network Italy and support for Italian businesses

The Italian Network of the United Nations Global Compact is the local reference of the UN initiative. It operated since 2002 within an informal working group and it became a Foundation in 2013 thanks to a group of 18 organizations which contributed to its establishment. The mission of UNGCN Italy is to disseminate the UN Global Compact initiative, enlarging the participant base at national level and to promote the sustainability commitment of UNGC businesses and non organizations.

From the first group of 18 organizations, the Italian Network Founding Members are now 80. It shows that an increasing number of Italian companies and organizations, in addition to recognizing the value of the international initiative, are willing also to belong to a local movement of multistakeholder actors committed to sustainability.

UNGCN Italy Value Proposition

The Italian value proposition is based on the international one, offering to Italian participants opportunities to:

- 1. VISIBILITY** and enhancement the commitment of Italian company through different channels of communication (website, newsletters, press office) and the activities (events, webinars).
- 2. BEST PRACTICES AND SKILLS** through continuous sharing of best practices and tools (working groups, collective actions, management systems, workshops and training, peer learning groups).
- 3. NETWORKING AND PARTNERSHIP** creating spaces for dialogue and belonging to a network of multi-stakeholder relationships involving academia, civil society, institutions and other companies, which can foster future synergies for companies.

UNGCN Italy flagship events

- Business&SDGs High-Level Meeting, roundtable targeting CEOs, Presidents and Top Managers of UNGC Italian companies each year focusing on a different theme,
- Italian Business&SDGs Annual Forum, targeting all Italian UNGC participants with thematic insights and working group to guide the future programme activities.
- Institutional Events, which could be organized in partnership with other stakeholders at local, regional or international level (UN Agencies – ILO, IOM, CDP...)

From 2019 the UNGC Italian Network has aligned its programme activities to the UNGC strategic priorities, focusing on the following thematic strands.

Climate Change/Environment

Recognizing that tackling climate change is a priority for the private sector, the Italian Network of UN Global Compact has dedicated over the last years a consistent part of the programme activity on this issue.



- Since 2019 the UNGC Italian Network coordinated together with other European Local Networks (French, German, UK, Swiss, Spanish, Danish) the **European Peer Learning Group on Climate**, a space to share experiences and challenges, as well as to find joint solutions among European UNGC companies on addressing climate change.
- **Webinars and Workshops** (Climate Series) in 2021 focused on sharing thematic insights and corporate best practices on different themes related to climate change as EU Taxonomy, TCFD (Taskforce on Climate-related Disclosure) Reporting, Science-based Targets;
- **The 2021 edition of the Business & SDGs High-level Meeting** was focused on decarbonization and was attended by 30 among CEOs, Presidents and Top Managers of the UNGC Italian companies. The event was enriched by the presence of the UNEP Director of the European Office and by the business cases which was shared.
- The Italian Network coordinated a working group with some companies, particularly active in tackling climate change, to develop the position paper on “**Business and Decarbonization: a just and inclusive transition**”. The document was aimed at analyzing the international and national context on climate issues, identifying challenges as well as opportunities for companies derived from an ambitious climate action. The paper also included 30 business best practices on decarbonization from different sectors and company dimension.
- The paper was presented during an **institutional event** organized in partnership with the **Italian Commissioner to Expo 2020 Dubai** on January 2021.
- Institutional event “**Business Ambition 1.5°: the role of young business leaders to achieve the objectives of the Paris Agreement**” during the **preCOP26 in Milan**, addressing the theme of the businesses’ contribution to achieve the objective of the Paris Agreement and the role of young business leaders. The event was attended by the Minister of Ecological Transition of Italy and the High-Level Climate Champion for COP26;
- In 2022 the UNGCN Italy launched the **Climate Ambition Accelerator**. It consists of an accelerator programme targeting UNGC business entities, developed by UN Global Compact and implemented by the Local Networks exploring the issues of Science-based Targets and GHG Accounting. The programme alternates on-demand trainings, Q&A sessions with international experts, peer learning groups and global events. More than 40 Italian UNGC business entities (both companies and SMEs) are attending the Accelerator.

Gender Equality/D&I/Human Rights

Within the social dimension of sustainability and human rights, ensuring and promoting gender equality and women’s empowerment is key for the business sector in order to enhance the employment and entrepreneurship of a high-value workforce. UNGC Italy is active in raising awareness of the issues related to Gender Equality and giving companies and SMEs the support they need on this path.

- Gender Series, a three webinar course analyzing the issue of corporate leadership, gender equality in the workplace, the UNGC Gender Gap Analysis Tool, held in 2021
- The annual 2020 Business & SDGs High-Level Meeting was focused on Gender Equality gathered more than 20 CEOs, Presidents and Top Managers of Italian UNGC companies, encouraging participants to sign the UNGC Women’s Empowerment Principles. The Italian representative in the EIGE Expert Forum shared highlights on the European and Italian normative context about gender equality.



- During the 2021 Italian G20 Presidency, the Italian Network organized the institutional event in partnership with W20 “Women’s Empowerment in the World of Business” to promote women’s empowerment in the private sector in Italy and emphasize the role of businesses in contributing to gender equality. High-level representatives of the ILO, UN Women, IFC addressed the event.
- The Italian Network is implementing in 2022 the Target Gender Equality Accelerator, an eight months training programme aiming at supporting businesses to identify and promote benefits derived from the enhancement of gender equality in their corporate dimension. The course will be focused on the use of the Gender Gap Analysis Tool, the development of an action plan to meet corporate targets and measuring progress.
- The theme of gender equality was one of the focus – together with youth; people with disabilities and migrant workers) analyzed during the annual work of the Observatory on Diversity and Inclusion, launched in 2021 by the UNGCN Italy to raise awareness about D&I within the corporate dimension, provide the participants with inputs from national and international experts (AIDP-Italian Association of Staff Management and ILO were partners of the project) and share business best practices. The final output of the Observatory was the paper “Guidelines on Diversity & Inclusion in the workplace” developed by the group of 17 UNGC Italian companies that participated in the working group. The activity of the Observatory continued also in 2022, addressing the issues of D&I in the supply chains and LGBTIQ+.
- The UNGC Italian Network joint in 2019 the **European Peer Learning Group on Business & Human Rights**. It is a joint working group with the UNGC Local Network France, Germany, UK, Spain, Switzerland, Denmark to facilitate the sharing of experiences and challenges, as well as the identifying of solutions on promoting human rights within business operations and strategies.

Sustainable Supply Chains

The issue of the sustainable management of the supply chain has been recognized as the main challenge for UNGC companies to integrate sustainability objectives to the whole business dimension. Acting throughout the supply chains, the private sector can have potentially the most negative impacts in terms of environment, social and economic terms. For this reason, the supply chain is a priority area of interest for the UN Global Compact. The Italian Network has developed many activities to support companies in their relations with suppliers.

- From 2014 to 2020 the UNGCN Italy have managed the TenP Platform, a tool for the partner companies to assess the sustainability performances of their suppliers in the areas of the UNGC Ten Principles (human rights; labour; environment and anti-corruption). Through the filling-in of a self-assessment questionnaire, suppliers obtain a score about their sustainability performances, allowing companies to identify gaps and areas for improvements to improve sustainability of their supply chains.
- In 2018 and 2019 the Italian Network launched the Collective Action “Unchain the chain”, a working group composed by Italian companies, SMEs, non-business organizations, academia aiming at promote sustainability within the supply chains, strengthen the knowledge of strategies, policies and tools for the sustainable management of the supply chains, share best practices and experiences. The working group analyzed different issues related to the sustainable supply chains as human rights, decent work, anti-corruption.



- In 2022 the theme of sustainable supply chain management was at the heart of the seventh edition of the Business & SDGs High-Level Meeting, where CEOs, Presidents and Top Managers shared perspectives, experiences and challenges. The Italian Network is also coordinating a working group of interested businesses to joint develop a position paper on “Sustainable Supply Chain Management: responsibilities and opportunities for businesses”, which explore this main theme with three specific focus on: decarbonization and scope 3 emissions reduction; human rights and decent work; circular economy and environment. The paper will be finalized and published later in 2022.

Sustainable Finance

Sustainable finance is becoming more and more important in addressing the challenges of sustainable development: the mobilization on capitals both from public institutions and private entities will make the difference in reaching the SDGs by 2030.

- To ensure a top-level commitment on this, UNGCN Italy dedicated the Business & SDGs High-level Meeting 2019 to the issue of sustainable finance, with 15 CEOs, Presidents and Top Managers sharing their experiences. The presence of representatives from UNGC and PIMCO enriched the debate with international insights and trends.
- In 2019 the Italian Network host in Milan the launch of the CFO Taskforce, a working group coordinated by the UN Global Compact and gathering Chief Financial Officers of the UNGC companies to highlight the importance of the private sector contribution to advance sustainable development. The group worked together for 2 years, and in 2022 has been renamed in CFO Coalition for the SDGs and GC Italy is committed to promote this engagement opportunity among the Italian UNGC participants, in order to enlarge the Italian presence within the Leadership Group.

Circular Economy

The Italian Network also explored sustainability-related themes which are of particular interest for the Italian business sector. In particular, UNGC Italy developed a long-standing partnership with Academia – especially with Sant’Anna University of Advanced Studies – focusing on Circular Economy. Italian companies and SMEs are very interested in this theme and are increasingly re-orienting their businesses towards circular economy solutions.

- In 2018 the Network launched the Collective Action on Circular Economy, targeting companies and organizations active and committed on the transition towards circular solutions in order to find a common solution of circular economy, explore measurements of material and immaterial circularity, analyze drivers and obstacles related to the implementation of circular economy models.
- In 2021 UNGCN Italy in partnership with Scuola Superiore Sant’Anna launched the “Guidelines on for circular procurement for the private sector”, developed with the support of some Italian companies advanced on circular economy. The document supports companies in orienting their procurement choices towards sustainability and circularity, suggesting selection criteria for raw materials, products and suppliers. The Guidelines represent a practical tool for Italian companies to be used on an ordinary basis in the corporate procurement.



Future plans and area of interests

Giving the urgent need to reach the SDGs by 2030, we have to accelerate progress and ambition in this Decade of Action. For this reason, UNGC Italy will work in synergy with UNGC in order to open the initiative to more companies to obtain and scale concrete results.

Looking specifically on the Italian context, it would be key also to properly and actively engage SMEs allowing them to be part of the national and global movement of sustainable business. Therefore, this target, need to receive specific training and support, and the companies can activate courses and programmes to disseminate the culture of sustainability also at SMEs level. The Italian UNGC Network will continue to work on SMEs, implementing the upcoming UNGC dedicated strategy.

As sustainability impacts all business sectors, UNGCN Italy will explore other sustainability-related themes, as food, anti-corruption, water to address an increasing number of SDGs.