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## «Corporate Social Responsibility» and «Social Reporting»: The Model of Innovation «Piedmont Method»

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**ABSTRACT:** The social report is a reporting document that allows quick reading of the results and the effects of the production of a company or organization. The European Community has requested more transparency results from 2017: the Social Report may be the answer to these requests. This report allows greater accountability by sharing inside and outside of the direct and indirect results. The study methodology is based on quantitative analysis and it exemplify the treatment thought the application of a case study. The analysis were conducted starting from methodology and existing guidelines concerning social reporting, that are defined at national and international level. It has introduced a short analyze of methodology applications through control grids. Through this study, it is possible to check the various features and components of the guidelines that are usually used for implementation of the social report and its application through a new method called “piedmont method”. In our discussion, we considered the Sagat Group as case study.

**KEYWORDS:** social report, corporate social responsibility, accountability, Piedmont Method, GRI, GBS, GASB

### 1. INTRODUCTION

As from 2017, the new rules on corporate disclosure transparency will become applicable. Large companies subjected to the new rules (estimated at about 6 thousand in the EU area) must prepare an integrated report that can be included in the financial statements or presented in a specific document. Member States will have to present guidelines. Those guidelines will not be mandatories but they should guide and coordinate the reporting methodology and the selection of non-financial indicators. In this context, the Social Report will be used as a tool to enhance and analyze the sustainability of a group towards its stakeholders. The assumption is the concept of accountability. The accountability is defined as the capacity of enterprise to provide complete, reliable and

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transparent information to respond the expectation of stakeholders. This notion was firstly proposed on economic and financial spheres, but today is extended also to all the areas of business management [36]. Indeed, to represent an effective tool of dialogue, transparency, legitimization and confidence creation is a challenge. For this reason, the social responsibility is not easy to report and to make it part of own business culture. However, the potentialities of this tool to show the “value” of the process of management and reporting as a harmonious balance of the economic, environmental and social results are relevant.

This approach is essential for the realization of rational administration (governance) based on financial statement in order to provide a control and management system based on the redefinition of economic and noneconomic budget goals [32]. The Social Report sets the bases for the realization of governance system’s internal audit in the logic of value chain [15]. The experimentation of an annual report model, integrated with a balance sheet, could be considered an internal improvement tool and, at the same time, an effective way to show the business activities [16]. Similarly, the definition of the approach of CRS (Social Responsibility of enterprise) could be a best model (best practice), and it will motivate the diffusion and adoption of sustainable policies in the economic field [13]. In this way, innovation management tools are introduced, also through the analysis and the systematic representation of intangibles assets like determinants of business operation [14]. The different aspects are envisaged from “Piedmont Method”.

## 2. METHODOLOGY

The study methodology is based on qualitative analysis and aims to exemplify the theory through the application on a case-study. An investigation of methodologies and existing guidelines was conducted in order to realize a document concerning what is defined about the social reporting at national and international level. A short analysis of contents and coherence with the methodology application will be then proposed through the use of checklist grids.

To realize the report, the Authors used also a new methodological approach created by the Department of Management (University of Turin) with the partnership of the Order of Chartered Accountants and Accounting Expert of Turin. This methodology is called “Piedmont Method”. The “Piedmont Method” approach is based on stakeholder engagement. Stakeholder engagement is the process by which an organization involves people who may be affected by decisions, or people that can influence the implementation



of decisions. These stakeholders may support or oppose the decisions, be influential in the organization or within the community in which these decisions will be applied, hold relevant official positions or be affected in the long term. The principles analyzed and applied by the Authors were:

- Principles proposed by the Group of Study on Social Report (GBS) for the correct planning and formalization of the reporting system;
- The research document n.8 of GBS about the social reporting of intangibles;
- The standard accountability 1000 (AA 1000), both to select effective and inclusive methods for a transparent and understandable management accounting (accountability), and to define the criteria for the identification and participation of stakeholders in the social reporting process;
- The Global Reporting Initiative (GRI), in particular for the definitions of “created economic value” and “distributed economic value”.

### **3. THEORETICAL BACKGROUND**

The Social Report is a tool that allows to collect and report in a controllable way the social, environmental and performance information related to the company activities [28].

Thanks to its ability to satisfy the needs to dialogue between the company and its stakeholders, the Social Report is already widespread in several big organizations that work on areas that the public opinion recognized as particularly relevant for their impact at the environmental and social level [23].

Nowadays, the companies consider the social accountability as a fundamental part of the business culture and, for this reason, intrinsic to environmental management too. The social responsibility/sustainability is integrated within the business management system, in its values and decisions. For this reason, it could be considered a real management tool with strategic significance for corporate policies [26].

The business decisions could have repercussions on a more or less wide number of interlocutors. The decisions imply a responsibility and have an ethical acceptance. It is not correct the imposition of a “business perspective” of the decision, upon which, in a second time and only with the agreement of decision-maker, will be introduced an ethical perspective who consider the impact of decision to the different subjects involved [25].

In this situation, Economy is so pushed for adopting a more complex role inside the biggest social dynamics. It is integrated to systemic political logics that hold together the interests, often conflicting, of the various groups involved in the different issues and that



are able to assess the long-term impacts and effects on the individual territories. In this direction, it becomes very important the adoption of a territorial marketing practice that is able to appease tendencies that in the short term appear contradictory [10].

This attitude becomes the essential basis to regain a solid link between companies and the territories on which they are settled. In particular, it could be recovered a peculiar relational dimension of the enterprise, based on the awareness that you cannot isolate the economic aspects of decisions from their effects on the community [33].

The United Nation Stockholm Conference of 1972 focused on “the importance of environmental themes like critical factors of intensive development both economically and socially: “The protection and improvement of the human environment is a major issue which affects the well-being of peoples and economic development throughout the world; it is the urgent desire of the peoples of the whole world and the duty of all Governments”. Then, “The natural growth of population continuously presents problems for the preservation of the environment, and adequate policies and measures should be adopted, as appropriate, to face these problems” [16]. To achieve this aim the academics and the politicians conceived the term Environmental Management.

The private structures need a legitimation towards the public opinion. This is possible only through the attempt to prove how much these structures are socially responsible and careful to produce not only value for the shareholders but also social value for the community [19].

The involvement of stakeholders occurs at different levels, from the simple consultation to the creation of real partnerships with institutions and no profit organizations for the management of projects. It can be registered a constant and widespread integration between the operative level – finalized to understand the demands of stakeholders – and the strategic level, for the common recognition of the sustainability direction lines [26].

To produce the social report could represent therefore an important “occasion” for an administration, also in the perspective of internal governance [37]. Some significant experiences confirm this hypothesis that are at this point recognized also in theoretical elaborations [24]. Social Reports need to be verified externally in order to legitimate their contents.

The process of certification of compliance with procedures (performed by an organization independent and outside the company) can demonstrate that the sustainability report is a document unrelated to any expression of self-reference. It is created, indeed, with the aim to impartially represent a process finalized to the optimization of business performance and to the improvement of relationships between the company and its stakeholders [27].



#### **4. THE «PIEDMONT METHOD» APPROACH**

The Social report is based on three principles: transparency and accountability, ethical behavior and involvement of stakeholders. The transparency and the accountability are important to give a major push to communication policies, strengthening in this way the commitment to “account” transparently and comprehensibly the activities conducted, the results achieved and the profiles improvement (according to the management objectives and the values that qualify the institutional mission).

Ethical behavior concerns the sharing of ethical values and rules of conduct that constitute the sharing of ethical and social principles in the dialogue between the company and the interlocutors. The stakeholders involvement takes the form through a planning and control system, in which search of the main stakeholders of reference is the assumption of the strategic choice to define the management and communication policies.

The actual involvement of stakeholders in the implementation of the social report, together with the verification of process from a scientific and methodological perspective during the professional evaluation, is an effective way to decrease the potential self - referentiality that characterize the reporting tools arranged on a voluntary basis, such as the Social Report.

According to the “Piedmont Method” approach, the construction process of the Social Report is possible thanks the creation of working groups that collaborate among them and with business managers each time involved. These groups are:

- The Strategic Committee, that governs the social reporting process by defining the guidelines needed to achieve the objective;
- The Scientific Committee, that defines the drafting methodology and oversees the whole process;
- The working group for the methodological and operational application, that must perform the operational management of the Social report, according to the methods and the timing identified in the program, in coordination and collaboration with all the internal structures;
- The Organ of Professional Validation of the company, that verify the drafting process of the social report in order to release for the document a certificate of compliance with the requirements of Piedmont Method and according to the principles of social reporting adopted by the company.

According to the “Piedmont Method” approach, the structure of Social report is the following:



- *Methodology*: The Methodology has a fundamental role in order that the Social Report follows the best practices and defines, with reasonable accuracy, the methodological references adopted. This is important also for the purpose of a progressive scientific accreditation of the social reporting process. A clear definition and explanation of these aspects is a prerequisite for a correct accountability. In addition, for the professional validation, it represents the basis for the verification during the process of the actual adherence to the same methodological guidelines stated previously;
- *Identity*: the identity is the institutional profile organized into several elements: the reference scenario, the institutional and organizational mission and values, the identification of stakeholders, the strategies and the policies, the governance systems;
- *Cash flow statement*: it shows the economic value, created by the organization, and its distribution;
- *The social relationship*: it is the part of the Social report that is more related to qualitative factors of the company's management. It is not always possible to express this item in monetary terms. It assumes, therefore, the creation of an appropriate system of qualitative and quantitative indicators able to account of the company's to create long and qualified relationships with the stakeholders;
- *The professional validation of the process*: it is the outcome of the guarantee role of the Organ of Professional Validation. This can be considered as the accreditation of the process compared to the needs of rules, of approach, of transparency and of proper methodologies.

## 5. DISCUSSION

### 5.1 Introduction

The growing awareness of the role played by companies for the community development resulted in the recognition of a social dimension of their activities. For this reason, it is needed to highlight this aspect and to place it in interaction with economic, financial and competitive profiles of business management. The social dimension of the company starts to be relevant during the '70s, with the spread of the topics related to the "social responsibility".

In the previous years there was a fundamental contradiction between social responsibility and corporate value in a free market. This dualism was then defined and



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integrated in the following years with the evolution of different lines of thought. The companies have become increasingly aware of the fact that the aims of a sustainable business success and of lasting benefits for shareholders are not achievable maximizing the short-term profits, but by adopting vigilant and responsible behaviors towards the market. In this context, an increasing number of enterprises have embraced the concept of social responsibility, considering it as a key value, functional to the creation of value and a source of competitive advantages.

The company is placed at the center of a network of relationships and, therefore, it becomes important to manage the network of communication with all the stakeholders interested, in order to seek their consent and fuel their confidence, not only on data related to financial performance and financial management. In particular, it should be emphasized that the general interest is manifested not only as the sum of the expectations of individuals who have direct contacts with the company, but also as the interest of the entire community, with which there are mostly indirect relationships.

The community, indeed, expresses, in an ever more intense way, the needs and expectations that affect the growth of the business system, the very concept of development and its sustainability. The term “sustainable development” is linked to the Brundtland Report of the World Commission and Development (1987), where is defined as “the development that meets the four needs of the present without compromising the ability of future generations to meet their own needs”.

The philosophy that enlives this concept proposes a way in which the company puts in place strategies and behaviors that make compatible the development goals with the attention to the environment, to the future generations and to the social system in general. The evaluation of the company’s performance, therefore, is no longer dependent only on traditional economic dimension, but must be performed according to a broader assessment, which takes into account the three essential components (triple bottom line): economic, social and environmental ones.

For several years, the content of the Corporate Social Responsibility (CRS) has thus been at the center of discussions and debates in many Western countries. To date, there is not a unique definition, since it results to have different meanings and its content is not explicable in absolute terms (it has to be related to human values, which vary in space and time).

The European Union has tried to provide a definition (available in the European Commission Green Paper - “Promoting a European framework for CSR”). According to EU, to be socially responsible means not only fulfilling the applicable legal obligations, but also to invest more in the human capital, in the environment and in the relationships with other stakeholders directly or indirectly interested in the company affairs.



Actually, since the 70s arises the need of a specific document, which addresses indicators, data, observations and opinions not only with accounting or extra-accounting assessments, but that verifies and documents also what the company realizes towards all its stakeholders. Standards and guidelines of reference. The Social Report is a document that companies periodically and voluntarily draft for “stakeholders”. In this context the stakeholders are all those who have an interest (stake) in the enterprise activities. This document is designed to communicate the impact of the company activities on the economic, environmental and social perspectives. It can be prepared by any organization and, therefore, by public, private, profit or non-profit organizations, and also by governmental agencies or NGOs.

### *5.2 Standard and guidelines.*

For this purpose, in different periods, various standards and patterns for the realization of the Social Report were realized. The standards and guidelines are:

- *The Accountability 1000* standard. It was developed for the first time by the International Council of Institute of Social and Ethical Accountability (ISEA) and then updated in 2002. The standard AA1000 operates a standardization of the reporting process, defining the principles and characteristics of the social reporting system. At the basis of the whole system there is the principle of inclusion which considers the aspirations and needs of stakeholders, in all levels of accounting, monitoring and social reporting. The AA1000 standard foresees various stages: the planning, the accounting, the monitoring and reporting, the integration and the involvement of stakeholders.
- *The Copenhagen Charter*. It was presented for the first time in 1999 to the “Building Stakeholder Relations - The Third International Conference on Social and Ethical Accounting, Auditing and Reporting “ and constitutes a particularly successful attempt to standardize the process for building a solid relationship with the stakeholders and a social reporting process. The Copenhagen Charter is divided into eight distinct stages: decision by the high direction to create a relationship with stakeholders, identification of key stakeholders, building a permanent dialogue, identification of indicators, monitoring, identification of improvement actions, preparation, verification and publication of the report, consultation of stakeholders.
- *Principles of Drafting of the Social GBS*. They were presented for the first time in Rome in 2001 by an interdisciplinary team composed of academics and consulting professionals: the Study Group on Social Reports (GBS). The Study Group has identified a number of drafting principles to be respected during the preparation of the





annual social report: responsibility, identification, transparency, inclusiveness, consistency, neutrality, accruals basis, prudence, understandability, comparability, clarity and intelligibility, periodicity and recurrence, homogeneity, utility, significance and relevance, verifiability of information, accountability and fair representation, autonomy of third parties. The GBS principles can be considered as a standard that summarizes models and national and international experiences. Although formulated with reference to the world of profit-oriented business, the standard GBS has been adapted by other institutions (for instance by the Working Group “Local Authorities” and “No-Profit” of the Order of Chartered Accountants of Turin) and also by the public and non-profit sector. The standard of social report proposed by GBS is divided into three main parts: the distinctive identity of the entity, the statement (Determination and distribution of Value Added), and the Social Report.

- *Sustainability Reporting Guidelines*. These guidelines were published by the Global Reporting Initiative (GRI), and are addressed to private and public companies. They contain the basic principles of the budget and specific indications to guide the preparation. Regarding the content of the document of social reporting, the standard of the GRI identifies five sections: strategic vision, profile, governance and management system, index of GRI, performance indicators.
- *The Standard IBS*. It was proposed in 1988 by the European Institute for the Social Report (IBS). The standard of social report IBS has inspired the standard of GBS and over the years was modified and implemented many times. To date, the current pattern has seven points: methodological introduction, identity, statement of values, social relations, the detection system, suggestions for improvement, certification of compliance with procedures.

Different standards are considered tools and methods of representation useful in order to have a clear picture of the impacts that a company or entity could have in ethical, social and sustainability perspectives.

Table 1 Comparison GASB, GBS, GRI

CHARACTERISTICS	GASB	GBS	GRI
Provisions of the standard	Reporting performance information: suggested criteria for effective communication	Social reporting	Sector supplement for organizations
Organization responsible	Governmental accountant standard board	Study Group for the Social Report	Global Reporting Initiative



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Scope	National and local governments	Administrations and public companies. Private companies (2003/51/EC) and Directive (78/660/EEC) and (83/349/EEC )	National and international organizations (public, private or non-profit )
Disciplinary aspects	The aims of the report with external relevance - Principles relating to content - principles of communication and dissemination	Principles of preparation - content	General guide to the standard - drafting principles - report content
Name of balance	Service efforts and accomplishment reporting	Social report	Sustainability report
Definition and purpose	The “external reporting on the results” (external reports on performance information) should provide a basis for understanding the ways in which an organization has been able to pursue its mission, and the goals and objectives that have a potentially significant impact on processes internal decision (decision making ) and the needs of internal and external accountability	The Social Report is to contribute to: <ul style="list-style-type: none"> <li>•Promote and improve the interactive process of communication;</li> <li>•Expose the objectives of improvement and innovation ;</li> <li>•Provide the organs of government elements for the definition of strategies and the development of social responsibility ;</li> <li>•Provide stakeholders a complete picture of the economic and social performance, and allow them to form a reasoned judgment on the behavior of the institution.</li> </ul>	The sustainability report enables organizations to communicate: <ul style="list-style-type: none"> <li>•Actions taken to improve the economic, environmental and social;</li> <li>•The results of these actions</li> <li>•Future strategies for improvement.</li> </ul>
Responsible of approval	Not explained	<ul style="list-style-type: none"> <li>•The governing body draws up the Social Report</li> <li>•The Council approves the Social Report</li> </ul>	It will be a statement by the top administration, which makes it clear organization's commitment to sustainability and



			illustrates the key elements of the report.
Stakeholders who are considered	<ul style="list-style-type: none"> <li>•Citizens</li> <li>•Elective Bodies</li> <li>•Executives and staff</li> <li>•Clients</li> <li>•Executives and people</li> <li>•Clients</li> <li>•Other recipients of the extended reporting</li> <li>•Considerable emphasis is given to the structuring of different levels of reports (multiple levels of reporting) and tailored to the specific information needs of different stakeholders.</li> </ul>	<p>Main categories of stakeholders.</p> <ul style="list-style-type: none"> <li>•Target / user</li> <li>•The community is divided into society and environment</li> <li>•Staff and contributors</li> <li>•Lenders</li> <li>•Suppliers of goods and services</li> <li>•Local institutions</li> <li>•Some categories can be broken down into subcategory most relevant for analysis</li> </ul>	<ul style="list-style-type: none"> <li>•Common</li> <li>•Users</li> <li>•Providers of capital</li> <li>•Suppliers of goods and services</li> <li>•Unions</li> <li>•Workforce direct and indirect</li> <li>•Other stakeholders ( business partners , non-profit organizations )</li> <li>•Other institutions</li> <li>•Interest groups</li> </ul>
Accounting areas	<p>They must be clearly marked:</p> <ul style="list-style-type: none"> <li>•The programs and the services covered by the report;</li> <li>•The aims and key objectives of the organization.</li> </ul>	Structured intervention areas and stakeholders	<p>Three areas of structured reporting on performance indicators:</p> <ul style="list-style-type: none"> <li>•economic,</li> <li>•environmental,</li> <li>•social.</li> </ul>
Integrating systems of planning and control	<p>The results accounted for should be relevant to the commitments that the administration has set itself to accomplish. Also, where possible, the results should be related to the mission, the strategic goals and objectives contained in the documents of planning, programming and budgeting.</p>	<p>It is request and regulated explicitly.</p> <p>To define the strategies necessary to refer to the documents the economic planning and the multi-annual budgets approved by the governing bodies corporate</p>	It is not dealt with explicitly
Stakeholder involvement	<p>The report must demonstrate how the participation of citizens,</p>	<p>They are identified information to be included in the Social</p>	It is not addressed explicitly.



	<p>elected bodies, management and human resources in the process of defining the goals and objectives of the organization.</p> <p>The report must contain, when appropriate, the feedback of citizens and users about key aspects related management programs.</p>	<p>Report, with regard to the involvement of stakeholders.</p> <p>The company has a duty not only to involve in the process of evaluating the results the main stakeholders, but also to report what happened this involvement.</p>	
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### 5.3 Case study: the Sagat Group

#### 5.3.1 History

The case study under consideration is Sagat S.p.A. In March 1956, the City of Turin constituted S.A.G.A.T along with the major business associations and major banks of Piedmont. Since then SAGAT has performed various construction radical changes and innovation. As an example we can remember:

- the parking garage,
- the new terminal opened in December 1993 and its extension in 2006 (Winter Olympics Games),
- the modern baggage handling system, and
- the remote passenger check-in terminal.

The principal group companies are Sagat S.p.A., Sagat Handling S.p.A., Sagat Engineering srl and Aeroporti Holding Srl.

The Turin Airport is spread over a covered area of over 57,000 square meters, on three floors, and features a large, modern bay window overlooking the runway, that embraces the spacious boarding lounge.

The various floors, including among themselves and devoid of architectural barriers, facilitating the people in need who are also available upon request, dedicated services. In addition to comfort, one of the strengths of Caselle rapid processing, favored by the cutting-edge airport facilities, including the installation of radio aid, can allow the aircraft to land safely with a horizontal visibility of just 75 meters and vertical nothing. As the baggage handling system (BHS), which occupies an area of about 13,800 square meters, equipped with highly sophisticated X-ray control equipment and capable of handling 3,200 bags per hour, making it quicker and easier operations; the remote terminal, located



between the railway station and the parking garage, which allows you to decongest the main terminal during periods of heavy traffic; the numerous checkpoints hand baggage, which contribute to the streamlining of security-related operations. Turin also has a large terminal dedicated General Aviation terminal that serves the private traffic. A terminal visually remarkable, elegant but at the same time modern and functional.

5.3.2 Social reporting standard implemeted in the case study

It is summarized in the following table (Table 2) each standard implemented in Sagat Group social report.

Table 2 Application of GASB, GBS, GRI standard to “Sagat Group” case study

CHARACTERISTICS	APPLICATION STANDARDS AND GUIDELINES TO SAGAT GROUP - CHAPTERS OF REFERENCE		
	GASB	GBS	GRI
Scope	Institutional arrangement and organizational structure of the group	Institutional arrangement and organizational structure of the group	Institutional arrangement and organizational structure of the group
disciplinary aspects	Introductory aspects of the content and objectives of the social reporting process	Introductory aspects of the content and objectives of the social reporting process	Introductory aspects of the content and objectives of the social reporting process
Name of balance	Not explained	Social Report 2014	Absent but it is identifiable in several paragraphs
Definition and purpose	<ul style="list-style-type: none"> <li>• Vision and Mission.</li> <li>• Code of Ethics.</li> <li>• Organizational Model 231 and Supervisory Board.</li> <li>• Economic impact and employment in the area.</li> <li>• Map of the stakeholders.</li> <li>• Main economic indicators of the Sagat Group.</li> <li>• Society and territory.</li> <li>• Air Security.</li> <li>• The quality.</li> <li>• The development policy</li> </ul>	<ul style="list-style-type: none"> <li>• The Internal communications.</li> <li>• Vision and Mission.</li> <li>• Model of Ethics, Organizational Model 231, Supervisory Board.</li> <li>• Key Financial Sagat Group .</li> <li>• The quality.</li> <li>• The development policy of the traffic.</li> <li>• Environmental policy.</li> <li>• Noise pollution.</li> <li>• Air emissions.</li> <li>• Water resources.</li> <li>• Waste management.</li> </ul>	<ul style="list-style-type: none"> <li>• The quality.</li> <li>• The development policy of the traffic.</li> <li>• Environmental policy.</li> <li>• Noise pollution.</li> <li>• Air emissions.</li> <li>• Water resources.</li> <li>• Waste management.</li> <li>• The corporate welfare.</li> <li>• Safety at work.</li> <li>• Labor relations.</li> <li>• Society and territory.</li> <li>• The safety management system.</li> <li>• Integrated in the</li> </ul>



	<ul style="list-style-type: none"> <li>of the traffic.</li> <li>• Environmental policy.</li> <li>• Noise pollution.</li> <li>• Air emissions.</li> <li>• Water resources.</li> <li>• Waste management.</li> <li>• The training.</li> <li>• Initiative communication.</li> <li>• Internal communications.</li> <li>• The corporate welfare.</li> <li>• Safety at work.</li> <li>• Labor relations.</li> </ul>	<ul style="list-style-type: none"> <li>• The corporate welfare.</li> <li>• Safety at work.</li> <li>• Labor relations.</li> <li>• Society and territory.</li> </ul>	previous chapters.
Responsible approving	for Not explained	<ul style="list-style-type: none"> <li>• The governing body draws up the Social Report</li> <li>• The Council approves the Social Report</li> </ul>	It will be a statement by the top administration, which makes it clear organization's commitment to sustainability and illustrates the key elements of the report.
stakeholders considered	<ul style="list-style-type: none"> <li>• Stakeholder map</li> <li>• Human capital</li> <li>• Not being given a differentiation of information for different stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder map</li> <li>• Human capital</li> <li>• Institutional and organizational group (financing share capital) and the creation of economic value</li> <li>• Suppliers</li> <li>• Economic context international , national and local</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder map</li> <li>• Human capital</li> <li>• Institutional and organizational group (financing share capital) and the creation of economic value</li> <li>• Suppliers</li> <li>• Economic context international, national and local</li> <li>• Human resources</li> <li>• Industrial relations</li> </ul>
Accounting areas	<ul style="list-style-type: none"> <li>• Main features</li> <li>• Institutional and organizational group</li> </ul>	<ul style="list-style-type: none"> <li>• The accounting areas were not divided by stakeholders but based on the output of the production system.</li> </ul>	<ul style="list-style-type: none"> <li>• The quality, economic indicators of the Sagat Group (There were no indications of quantitative result of service of schedule).</li> <li>• Economic summary</li> <li>• Environment , human</li> </ul>





			resources , distribution of economic value
Integration with the systems of planning and control	<ul style="list-style-type: none"> <li>•Key Financial Sagat Group</li> <li>•Creation of economic value</li> <li>•Distribution of economic value</li> <li>•Economic value retained</li> </ul>	Are not spelled out in detail the economic and strategic planning document	It is not dealt with explicitly
Stakeholders considered	<ul style="list-style-type: none"> <li>•Stakeholder map</li> <li>•Human capital</li> <li>•Not being given a differentiation of information for different stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>•Stakeholder map</li> <li>•Human capital</li> <li>•Institutional and organizational group (financing share capital) and the creation of economic value</li> <li>•Suppliers</li> <li>•Economic context international , national and local</li> </ul>	<ul style="list-style-type: none"> <li>•Stakeholder map</li> <li>•Human capital</li> <li>•Institutional and organizational group (financing share capital) and the creation of economic value</li> <li>•Suppliers</li> <li>•Economic context international, national and local</li> <li>•Human resources</li> <li>•Industrial relations</li> </ul>

In the Social Report of Sagat Group for the year 2014, it is respected the proposed structure of the “Piedmont method” approach. In particular, the document is structured according to the classic GBS” Social Report approach. The content is articulated as follows:

- Methodology (Methodology),
- Identity (description, context, Stakeholder map, intangible heritage),
- Economic report (creation of economic value, Distribution of Economic Value, Economic value retained),
- Social Report (Company and territory, passengers, carriers, non- aeronautical activities, suppliers, environment, human resources, infrastructure investments),
- Professional Process Validation (Validation of Professional Process).

The following is a summary of results and economic analysis (cash flow statement) and the validation process professional.



### 5.3.3 Analysis of economic activity and economic report

The activities of the Sagat Group can be divided between

- *Aviation* (Table 3),
- *Extra-Aviation* (Table 4).

The increase in revenues “Aviation” (8.58%) is due to the increase in traffic recorded by the airport during the year 2014. As regards revenue from handling, the decline in the value of production is firstly related to those activities directly aimed at the management of the airport and functional air transport (aeronautical activities or Aviation). Secondly it is related to those activities explicable to the commercial development of the airport (non-aeronautical activities or Extra-Aviation). In the first case the fee required to carriers is regulated by specific regulations; in the second case the fee is definable by the parties. The assets that are owned by Sagat Handling are related to the assistance provided to aircraft on the ground, given to passengers and goods transported by air (revenues Handling).

Table 3 Revenues Aviation<sup>1</sup>

(€/000)	2014	2013	Range %
<b>Aviation</b>			
– Due	13.818	12.572,	9,91
– Centralized infrastructure	6.161	5.807	6,1
– Common goods	127	140	-9,29
– Safety	6.096	5.614	8,59
– Assistance aviation (PRM and luggage)	1.526	1.405	8,61
<b>Total revenues Aviation</b>	<b>27.728</b>	<b>25.538</b>	<b>8,58</b>
<b>Handling</b>			
– Assistance	9.077	9.443	-3,88
– activities goods	805	1.058	-23,91
<b>Total revenues Handling</b>	<b>9.882</b>	<b>10.501</b>	<b>-5,89</b>

<sup>1</sup> Social Report 2014 Sagat Group, pag.52.



Table 4 Revenue Extra Aviation<sup>2</sup>

(€/000)	2014	2013	Range %
<b>Extra Aviation</b>			
– Assistance extra-aviation	870	262	232,06
– Ticketing	139	151	-7,95
– Airport retail corners	1.878	3.688	-49,08
– Sublicensing - retail - restaurants	2.714	2.374	14,32
– Sublicensing activities	1.568	1.552	1,03
– Sublicensing spaces	2.671	3.090	-13,56
– Parking lots	5.427	5.466	-0,71
– Advertising	1.138	1.508	-24,54
<b>Total revenues extra aviation</b>	<b>16.405</b>	<b>18.091</b>	<b>-9,32</b>

The annual report, through the Financial statement, the Income Statement and the Cash flow statement, gives a true and fair view of the financial position, results and cash flow of Sagat Group. The Social Report is intended to represent the same information but also providing a fresh interpretation of that is based on the concept of Economic Value; this is the numerical quantification of the wealth created by the Company in a given time interval. The analysis of how this economic value is created, but also on how it is distributed, gives a clear picture of the social importance of the Group in the territory. The Sagat Group identifies the “Created Economic Value” with the totality of consolidated revenues achieved in the reference year. As a result, in 2014 (Table 5) it amounts to 58.162 €/000 including accrued statement of contributions received by the Piedmont Region and by ENAC. That is for the realization of investments and for the improvement of airport infrastructure (performed to meet the event of Olympics Turin 2006) amounted in 2014 to €/000 2.274.

Table 5 Production Value<sup>3</sup>

(€/000)	2014	2013	Absolute change	Range %
– Production value	55.888	55.773	115	0,21
– Pro-rata contributions	2.274	2.461	-187	-7,62
– Economic Value Created	58.162	58.235	-73	-0,13

<sup>2</sup> Social Report 2014 Sagat Group, pag. 52.

<sup>3</sup> Social Report 2014 Sagat Group, pag 57.



For carrying out its business activities, the Sagat Group interface itself continuously with its stakeholders; it is therefore possible to calculate the amount of economic value created, which is “distributed” to them:

- Suppliers, paid following the purchase of products and services;
- Public Administration, through the payment of current taxes, the tax charges, concession fees governmental;
- the Community, including the related costs and amortization incurred for the most significant environmental investments, sponsorships, donations and partnerships with local organizations, local taxes and franchise fees;
- the Community, including the related costs and amortization incurred for investments most significant environmental, sponsorships, donations and partnerships with local organizations, the local taxes and franchise fees;
- Lenders, through the payment of financial charges of debt;
- shareholders, through the payment of dividends.

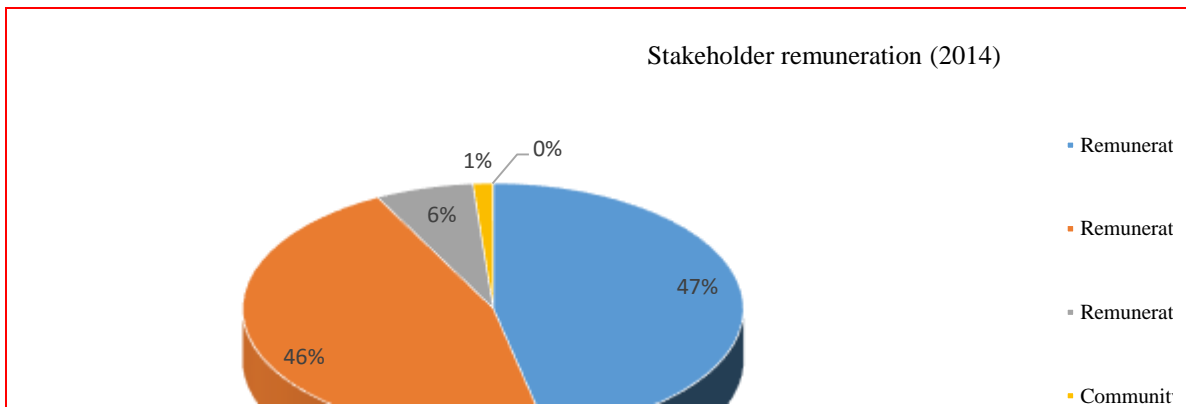
The amount and the destination of the “Distributed Economic Value” therefore provide a significant order of magnitude of the social benefit, that the Sagat Group helps to convey to its stakeholders and to the territory. In 2014 (Table 6) it amounts to €/000 41.797, down 4.9% compared to the value recorded in 2013.

Table 6 Remunerations<sup>4</sup>

(€/000)	2014	2013	Absolute change	Range %
– Remuneration of suppliers	19.464	21.605	-2.141	-9,91
– Remuneration of human resources	19.161	18.954	207	1,09
– Remuneration of public administration	2.649	2.803	-154	-5,51
– Community	535	517	19	3,58
– Remuneration of lenders	-12	72	-85	-116,99
– Economic value spread	41.797	43.951	-2.154	-4,9

<sup>4</sup> Social Report 2014 Sagat Group, pag. 59-60.





In particular:

- for suppliers, €/000 19.464 (47%), down of 10% from the previous year,
- for human resources, €/000 19.161 (46 %), up of 1.1% compared to 2013,
- for public administration, €/000 2.694, down of 5.51 % compared to 2013,

The difference between the “Created Economic Value” and “Distributed Economic Value” refers to the economic value that is not deployed, or who is Held. The “Retained Economic Value” in 2014 amounted to €/000 16.364 (Table 7), up of 15% compared to 2013.

Table 7 Retained Economic value<sup>5</sup>

(€/000)	2014	2013	Absolute change	Range %
– Retained Economic value	16.364	14.283	2081	14,57

#### 5.3.4 Process validation training

The professional validation process defines the Social Report as the result of an internal process focused on:

- The communications report process;
- The analysis of the organizational structure;
- The definition of the relevant stakeholders aware;
- The representation of economic situation, financial management and social construction of intangibles, transparency and social responsibility.

<sup>5</sup> Social Report 2014, Sagat Group, pag. 63.



The audit is based on the quality of the procedures for the implementation of the Social Report, which was carried out by a comparison aimed at professional judgment of compliance and some specific requirements of procedural fairness (Table 8).

Table 8 Specific requirements of procedural fairness<sup>6</sup>

Planning	Management	Control	Implementation
clarity	accuracy	consistency	existence
completeness	rationality	compliance	
completeness	accuracy and reasonableness	neutrality	
reasonableness	integration	compliance	
	completeness	transparency	
	adequacy	sharing	
clarity	accuracy	consistency	existence

In the analysis of process, the Organ of validation did a comparison on the compliance of the social reporting to the methodological choices and the expectations of stakeholders. Thus, it found compliance with the approach of the “Piedmont method” through the proper definition of the methodological reference and the effective involvement of the internal organizational structure. It checks the creation of a set of qualitative and quantitative indicators to measure the multiple impacts of management.

## 6. CONCLUSIONS

The Social Report becomes a tool to govern the evolution of the process through a systematic approach providing for the integration of sustainability policies in the objectives of the next generation. This approach creates the conditions for a social reporting more consistent and relevant to responding at stakeholder expectations, through the creation of consensus detection. The approach to the “Piedmont method” is part of the system that is going to improve the reliability of the methodology that is used in the social reporting:

- The external body becomes essential in the process of relapse the results to stakeholders. This organ is also called to urge the management to the publication of system results to the outside. It gives information through the tools available to

<sup>6</sup> Social Report 2014, Sagat Group, pag. 153.





business communication. It will be possible to map the fallout through questionnaires and other tools interview specially prepared and analyzed by the control. The aim is answer to the external requirements. The Board considers consistent validation Social Report with the methodological note and compliance with the principles and standards. The Supervisory validation is behaving as components of the Order of Chartered Accountants of Turin dealing specifically study on the applicability of the method and Piedmont in different contexts.

- The new representation of the economic situation is easy to read and transparency. It highlights clearly, what are the stakeholders to which the economic value was distributed. This representation, with the results of performance made clearly in the program of medium and long-term, becomes an essential tool for rational accounting in order to define the processes of continuous improvement. It allows a planning more accurate according to what are the elements of an accounting and non-accounting that make up the margins of accountability within a company.

In consolidated companies and joint stock companies, the process of transparency is guaranteed by the Social Report. It becomes essential in order to give clear information to “shareholders” or “stakeholders” in the management report. This approach and the various standards and guidelines for the preparation of sustainability reports will, in our view, will be essential for the future of large companies or public companies in order to ensure a real confrontation between the various companies.

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