Statistics and analyses

Non-financial information as a driver of transformation

Evidence from Italy

2019

CONSOB
Commissione Nazionale per le Società e la Borsa

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Rounding may cause deviation from total figure.

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La rendicontazione non finanziaria

Obiettivi del Rapporto

La rendicontazione delle informazioni non finanziarie, introdotta dalla Direttiva 2014/95/UE e recepita in Italia con il d.lgs. 254/2016, può dare impulso a una trasformazione culturale che partendo dalla considerazione dei fattori non finanziari, primi fra tutti quelli ESG (*Environmental, Social and Governance*), può estendersi alla definizione dei modelli di business, delle strategie aziendali e dei modelli di *corporate governance* secondo un approccio *multicapital* e improntato a una visione di lungo periodo.
In questa prospettiva il presente Rapporto esamina, per il secondo anno consecutivo, le modalità attraverso cui le società italiane con azioni ordinarie quotate sull'MTA hanno dato attuazione al d.lgs. 254/2016 in materia di rendicontazione non finanziaria.
La prima parte del lavoro analizza i documenti pubblicati come dichiarazione non finanziaria (DNF), ulteriori eventuali documenti pubblicati in materia di sostenibilità e le analisi di materialità predisposte. Segue poi l'analisi del coinvolgimento degli organi di amministrazione nella rendicontazione non finanziaria, alla luce delle evidenze dell'analisi documentale (seconda parte) e di una Survey rivolta ai membri di Nedcommunity (terza parte).

La pubblicazione delle informazioni non finanziarie

Nel corso del 2019, 151 società con azioni ordinarie quotate hanno pubblicato una DNF, incluso un emittente che, sulla base dei criteri dimensionali, avrebbe potuto non pubblicarla (Fig. 1.1). Come nel 2018, la maggior parte degli emittenti ha pubblicato la sola DNF (137 casi). Undici società (nove nel 2018) hanno tuttavia presentato l'informazione finanziaria integrandola con le informazioni non finanziarie richieste dalla disciplina, rispettivamente attraverso la pubblicazione di un Rapporto Integrato (otto casi a fronte dei sei nel 2018), la diffusione oltre alla DNF di un Rapporto Integrato (un caso), la pubblicazione di un Rapporto Integrato e un Rapporto di sostenibilità (due casi). Inoltre tre società hanno pubblicato, oltre alla DNF, un Rapporto di sostenibilità (Fig. 1.2).
Tutte le società hanno realizzato l'analisi di materialità, utilizzando la matrice di materialità in 108 casi (Fig. 1.3). Con riferimento al processo di identificazione dei temi rilevanti, il coinvolgimento ha riguardato gli organi interni in 130 casi e i *top managers* in 69 casi (in deciso incremento rispetto ai 47 registrati per le 149 società che hanno realizzato l'analisi di materialità nel 2018); rimane meno frequente anche se in crescita il coinvolgimento degli *stakeholders* esterni (in 70 casi a fronte dei 44 del 2018). In molti casi le società che non coinvolgono direttamente gli *stakeholders* dichiarano di valutare la loro opinione attraverso gli organi interni. Infine, le imprese che hanno evidenziato le modalità con le quali hanno coinvolto gli *stakeholders* interni ed esterni nell'analisi di materialità sono, rispettivamente, 114 e 65 (per il campione 2018, rispettivamente 113 e 39; Fig. 1.4 e Fig. 1.5).
Al fine di realizzare l'analisi di materialità, sette emittenti hanno istituito un apposito sistema di raccolta dati mentre otto hanno utilizzato specifiche piattaforme per automatizzare l'analisi di dati e informazioni pubblicamente disponibili per l'ascolto degli *stakeholders* esterni (Fig. 1.6).
Il Rapporto classifica le imprese in funzione del coinvolgimento degli *stakeholders* nell'analisi di materialità e della *disclosure* delle modalità di coinvolgimento (così come dettagliato nelle GRI Sustainability Reporting Guidelines e nel IIRC Integrated Reporting Framework). Nel 2019, 53 dei 151 emittenti che hanno pubblicato una DNF hanno esplicitato sia il coinvolgimento degli *stakeholders* sia gli strumenti utilizzati a tal fine, in deciso aumento rispetto alle 29 società nel 2018 (rappresentanti circa il 20% del totale). Tale aumento è più significativo per le imprese medio-piccole e per i settori finanziario e industriale (Fig. 1.7).
Un importante indicatore dell'integrazione dei fattori non finanziari nel processo

decisionale aziendale si può cogliere nel coinvolgimento del Consiglio di amministrazione nell'approvazione dell'analisi di materialità. Il *board* è stato coinvolto direttamente in 21 casi (in quanto ha approvato, validato o condiviso l'analisi rispettivamente in 18, uno e due casi) e indirettamente in sette casi (tramite uno o più comitati endoconsiliari); in tre casi la matrice è stata approvata dal CEO (Fig. 1.8).
Un ulteriore segnale dell'eventuale integrazione dei fattori non finanziari, e in particolare dei fattori ESG, nel business aziendale si può evincere dal rilievo riconosciuto a questi temi nella formazione offerta a dipendenti e *managers*. Nel 2019 sono 54 le società che hanno organizzato programmi di formazione per i propri impiegati e dirigenti aventi ad oggetto tematiche non finanziarie (in prevalenza temi ambientali e legati all'innovazione). Nessuna società menziona specifici programmi legati all'integrazione di elementi finanziari e non finanziari nei processi decisionali e nel pensiero strategico dell'azienda (Fig. 1.9).
Delle 47 società che hanno pubblicato nella pagina Investor Relations del loro sito estratti del Piano Strategico presentati agli investitori nei *road show*, cinque (appartenenti agli indici Ftse Mib e Mid Cap), hanno compiutamente integrato nel Piano i temi rilevanti per la generazione di valore nel lungo termine; una sola di queste, appartenente all'indice Ftse Mib, ha menzionato la continua verifica dell'analisi di materialità come strumento di riferimento nella messa a punto del Piano Strategico stesso; 24 hanno citato alcuni temi rilevanti di lungo periodo in alcune parti del documento; 12 società hanno menzionato le connessioni tra la strategia e i *Sustainable Development Goals* (SDGs) dell'ONU (Fig. 1.10).

Il coinvolgimento del *board* nei temi non finanziari: analisi documentale

L'analisi delle linee guida rilasciate dal Consiglio uscente in occasione del rinnovo del *board* e delle Relazioni sul governo societario per il 2019 ha consentito di approfondire il coinvolgimento dell'organo di amministrazione nelle tematiche non finanziarie.
In particolare, le linee guida del *board* uscente raccomandano competenze in ambito ESG in 12 casi su un totale pari a 43 (ossia nel 28% dei casi, dato in crescita rispetto al 21% rilevato nel 2018 quando 11 linee guida su un totale di 52 avevano richiamato temi non finanziari; Fig. 2.1).
Dall'esame delle Relazioni sul governo societario, inoltre, si evince che i fattori *non-financial* ricorrono nell'ambito della *board evaluation* in 21 casi su 130 società che hanno effettuato questa valutazione (13 su 135 nel 2018) e sono stati oggetto di programmi di *induction* organizzati dalla società per i propri consiglieri in 28 casi (32 nel 2018). In linea con l'anno precedente, i temi maggiormente citati sono l'innovazione digitale e (genericamente) la sostenibilità; emergono anche nuove voci relative all'ambiente e agli obiettivi di sviluppo sostenibile (*Sustainable Development Goals* – SDGs; Fig. 2.2).
Infine, 54 imprese (53 delle quali hanno pubblicato la DNF) hanno istituito un comitato di sostenibilità (45 nel 2018); tra queste, sei hanno istituito uno specifico comitato (denominato Comitato sostenibilità) e 48 (38 nel 2018) hanno assegnato le funzioni in materia di sostenibilità a un comitato che ha altre competenze, in prevalenza nell'area controllo e rischi (Fig. 2.3).
La previsione di incentivi monetari a favore degli amministratori e dei vertici societari può rappresentare uno strumento per coinvolgere tali soggetti nel processo di integrazione dei fattori ESG all'interno della società. Il *Report on corporate governance of Italian listed companies* del 2019 (http://www.consob.it/web/area-pubblica/rapporto-sulla-corporate-governance) ha dedicato uno specifico approfondimento alla relazione tra sostenibilità e politiche retributive di amministratori e dirigenti con responsabilità strategiche delle società italiane quotate. A fine 2018, 33 società italiane con azioni quotate (31 delle quali sono soggette agli obblighi di *disclosure* previsti dalla Direttiva 2014/95/EU) hanno collegato le

remunerazioni di breve o lungo periodo degli amministratori delegati ai cosiddetti parametri ESG. Il collegamento si riferisce alle remunerazioni di breve termine in 32 casi e alla componente di lungo termine in nove casi. Trenta società inoltre correlano le remunerazioni dei dirigenti con responsabilità strategiche a fattori ESG; tra queste, 27 prevedono remunerazioni 'sostenibili' anche per l'amministratore delegato.

Il coinvolgimento del *board* nei temi non finanziari: la Survey

La Survey, rivolta ai membri di Nedcommunity (Fig. 3.1), mostra una diffusa consapevolezza dell'importanza di mantenere alta l'attenzione sulle tematiche non finanziarie (rispetto allo scorso anno, il dato mostra un significativo incremento per i sindaci). Gli amministratori, tuttavia, non concordano sulla necessità che i temi legati alla sostenibilità debbano determinare un cambiamento nei modelli di business e nelle strategie aziendali (Fig. 3.2 e Fig. 3.3).
Quanto alla composizione del *board*, le competenze presenti sono ritenute adeguate ad affrontare le tematiche ESG (Fig. 3.4). Ciò dovrebbe favorire anche il coinvolgimento degli amministratori indipendenti che, pur consapevoli del proprio ruolo, continuano invece a non sentirsi particolarmente coinvolti nella formulazione di indirizzi strategici di lungo periodo sui temi della sostenibilità (Fig. 3.5 – Fig. 3.7).
La rilevazione delle attitudini personali verso i fattori socio-ambientali mostra una propensione medio-alta degli intervistati, soprattutto verso l'innovazione (Fig. 3.8). Vi è tuttavia ancora incertezza sull'impatto delle performance ESG su quelle finanziarie (Fig. 3.9) e in numerosi casi queste ultime non incidono ancora sui sistemi premianti del top management (Fig. 3.10). I partecipanti alla Survey condividono l'importanza dei sei capitali (umano, intellettuale, sociale, finanziario, manifatturiero e naturale) nel processo di creazione di valore, mettendo al primo posto i fattori legati al capitale umano e al capitale intellettuale (Fig. 3.11). Tra i fattori di rischio considerati primari, occupa un ruolo chiave il tema della tutela dei dati personali, seguito dai profili inerenti la qualità dei prodotti e dei servizi e la salute e la sicurezza sul lavoro (Fig. 3.12). Il coinvolgimento degli *stakeholders* è ritenuto un *driver* fondamentale, ancora da migliorare al fine di favorire una vera e propria trasformazione culturale in tema di sostenibilità (Fig. 3.13). Anche a livello di *board*, il cambiamento è lento e solo in pochi casi si è intervenuti per acquisire nuove competenze in tema ESG o per creare un comitato dedicato al tema (Fig. 3.14). Gli stessi programmi di *induction*, volti a sviluppare le conoscenze dei membri in carica, sono realizzati in prevalenza in occasione dell'approvazione dei Piani Strategici e solo raramente in sessioni e momenti dedicati (Fig. 3.15). La maggioranza dei partecipanti alla Survey reputa che il ruolo del *board* nella supervisione delle strategie di lungo termine sia adattivo (*lagging*) e non proattivo (*leading*; Fig. 3.16) e individua il proprio contributo soprattutto nell'ambito dell'analisi dell'informazione non finanziaria, della gestione del rischio reputazionale e del tema della diversità di genere (Fig. 3.17). Il livello di *commitment* degli amministratori indipendenti, infine, è percepito in calo rispetto agli anni precedenti (Fig. 3.18).

I segnali del cambiamento culturale

Al fine di cogliere i segnali di cambiamento culturale innescati dagli obblighi di pubblicazione delle dichiarazioni non finanziarie, le informazioni raccolte nell'analisi documentale sono state segmentate rispetto alle tre fasi che possono definire un percorso di trasformazione: *Awareness*, *Capabilities* ed *Engagement*[1].
In particolare, nell'area *Awareness*/Consapevolezza, che corrisponde alla prima fase della

[1] Il modello di riferimento è *The ACE Transformation Curve*, Methodos - the Change Management Company, 2018.

trasformazione e parte dal rispetto degli obblighi normativi (*compliance*), sono stati collocati comportamenti come la pubblicazione della DNF, la messa a punto dell'analisi di materialità, l'approvazione/validazione della DNF da parte del CdA, la nomina di un Comitato endoconsiliare per la sostenibilità (autonomo o integrato con altri), la realizzazione di *induction* su temi ESG per i Consigli di amministrazione (CdA). Rispetto allo scorso anno, il numero di società che ha posto in atto i comportamenti censiti è rimasto stabile o è aumentato. Fa eccezione il dato relativo alle *induction* su temi ESG, diminuite da 32 a 28, per le quali si continua a rilevare l'assenza di descrizioni attinenti a profondità, modalità di esecuzione e durata delle sessioni.

Nell'area *Capabilities*/Allenamento delle capacità, fase intermedia nel percorso di trasformazione, sono stati collocati profili attinenti alla struttura aziendale e ai comportamenti del CdA. Per quanto riguarda la struttura aziendale sono stati considerati: comportamenti legati alla qualità dell'analisi di materialità (ascolto effettivo degli *stakeholders* e non mediato dalle strutture interne); integrazione dei diversi strumenti di rendicontazione finanziaria e non; utilizzo di sistemi avanzati e tecnologici di raccolta dati e ascolto degli *stakeholders*; esistenza di programmi di formazione sui temi ESG in azienda ed eventuale attenzione prestata all'integrazione di elementi finanziari e non finanziari nelle decisioni e nel pensiero strategico. Per quanto riguarda i CdA, è stata considerata l'eventuale integrazione dei fattori ESG: nelle linee guida sulla composizione del nuovo Consiglio di amministrazione predisposte dal *board* uscente; nel processo di autovalutazione del *board*; nelle politiche di remunerazione degli amministratori delegati. Quest'ultimo profilo è stato inserito nella fase intermedia del processo di trasformazione (e non nella fase di piena trasformazione) poiché è stato ritenuto non un punto di arrivo del cambiamento bensì una delle condizioni che ne facilitano lo sviluppo. Rispetto allo scorso anno, la frequenza dei comportamenti classificati nell'area *Capabilities* mostra incrementi, in alcuni casi anche rilevanti. In particolare, è aumentato il numero di società che hanno integrato gli strumenti di rendicontazione in diverse modalità; per quanto riguarda la struttura organizzativa e la cultura aziendale, inoltre, si rilevano significative differenze nei comportamenti legati all'ascolto degli *stakeholders* nell'analisi di materialità. Per ciò che riguarda i CdA, sono in netto incremento i comportamenti legati all'integrazione dei criteri ESG nelle linee guida per il rinnovo del *board* e per le autovalutazioni dei Consigli.

Nell'area *Engagement*, la fase più avanzata della trasformazione, in cui i nuovi comportamenti vengono spontaneamente posti in essere a prescindere dagli obblighi legislativi e dalle sollecitazioni derivanti dal Codice di autodisciplina, vengono riportate le evidenze riferibili a diversi livelli di integrazione degli elementi ESG/multicapital nella strategia aziendale così come comunicati nell'ambito degli estratti dei Piani Strategici presentati nei *Road Show* e pubblicati nella pagina Investor Relations del sito web aziendale. In questa area è emblematico il comportamento di cinque società, che presentano agli investitori una strategia aziendale pienamente integrata con i temi rilevanti per la generazione di valore nel lungo periodo (illustrando le connessioni tra elementi finanziari e non finanziari) e, tra queste, di un emittente che menziona l'analisi di materialità come un pilastro della pianificazione strategica.

2019

LE TRE FASI DELL'INTEGRAZIONE ESG/MULTICAPITAL NELLA GOVERNANCE E NELLA STRATEGIA

ENGAGEMENT

- Approcci, capacità e abilità connesse all'integrazione di ESG/*multicapital* nella *governance* diventano naturali e si riflettono in decisioni, comportamenti, processi, modello di business e strategie
- Alto livello di coinvolgimento sui temi ESG

Pubblicazione di sintesi dei Piani Strategici (PS) sul web site dell'azienda	47/151
Menzione di temi rilevanti per il lungo periodo nelle sintesi dei Piani Strategici (PS)	24/151 ↑
Menzione degli SDG nelle sintesi del PS	12/151 ↑
Strategia pienamente integrata descritta negli abstract dei PS	5/151 ↑
Analisi di materialità menzionata come uno degli elementi fondativi del PS	1/151 ↑

CAPACITÀ

- Viene sviluppata una infrastruttura di raccolta dati per la rendicontazione e vengono attivati programmi di formazione per i dipendenti coinvolti
- Vengono previsti programmi di formazione per sviluppare decisioni che integrano gli ESG nella *governance* e nei progetti aziendali
- ESG/*multicapital* sono incorporati negli obiettivi di performance e connessi alla remunerazione

Analisi di materialità con coinvolgimento stakeholders esterni	70/151 ↑
Analisi di materialità con coinvolgimento manager dell'azienda	69/151 ↑
Integrazione di strumenti di reporting finanziari, di sostenibilità e DNF	11/151 ↑
Sistemi di raccolta dati ESG	7/151
Piattaforme di analisi di (big) data per lo stakeholder engagement	8/151
Programmi di formazione per integrare ESG nei progetti aziendali	54/151
Integrazione ESG nelle linee guida per i rinnovi CdA	12/43 ↑
Integrazione ESG nella autovalutazione del CdA	21/151 ↑
Pacchetti di remunerazione del CEO e dirigenti con responsabilità strategiche integrati con ESG	33/151

CONSAPEVOLEZZA

- *Compliance* con le regole (d.lgs. 254/2016) e le linee guida sulla rendicontazione
- Informazioni e obiettivi della rendicontazione sono condivisi all'interno dell'organizzazione
- Vengono elaborati indicatori di misurazione (KPI) dedicati
- Vengono illustrati aspirazioni e obiettivi in termini di processi decisionali integrati (*integrated thinking*) e *governance*, senza concrete azioni di integrazione

DNF pubblicate (di cui 1 volontaria)	151/223 →
Analisi di materialità	151/151 ↑
Comitati sostenibilità	54/151
Induction ai CdA su ESG	28/151 ↓
Coinvolgimento dei CdA nell'analisi di materialità	21/151

Abstract

The progressive integration of Environmental, Social and Governance (ESG) issues into the corporate decision making is a cultural change process, which can be described, planned, measured. It speeds up sustainable transformation of governance, strategies and business models of companies.

The first edition of this Report analysed the changes in some key behaviours of the company organisation and of the board of directors (BoDs) in the occasion of the first year of implementation of the Directive 2014/95/UE, transposed in Italy by the Legislative Decree no. 254/2016 (the Decree). This second edition of the Report measures the progression of behaviours analysed in 2019 and surveys additional actions considered important for the transformation.

The first section focuses on non-financial reporting and on the abstracts of Strategic plans presented to investors in order to study the evolution of corporate culture and organisation towards ESG/multicapital integration. Subsequently, the Report explores whether companies consider non-financial issues relevant also at the board level, through both a documental analysis (based on the examination of the guidelines issued by companies prior to the 2019 board appointment and of the corporate governance reports; second section) and a Survey involving directors and statutory auditors that are members of Nedcommunity, the Italian Association of non-executive and independent directors, carried out for the fourth year by Nedcommunity and Methodos (third section).

In order to track the progression of the cultural transformation, the information collected in this Report was clustered in three stages: Awareness, Capabilities and Engagement (see the chart below).[2] Awareness is the precondition for change. It gathers behaviours of the company structure and the BoDs that are coherent with a first acknowledgement of the importance of ESG issues and that could kick-off the transformation process. Compared to 2018, the number of companies acting the different behaviours in the Awareness cluster is unchanged or has in some cases increased. The area Capabilities is intermediate in the transformation journey, when new skills, behaviours and mindsets are trained to accelerate the process. Compared to the previous year, this area records improvements, which in some cases are significant. This is the case of the behaviours linked to stakeholder engagement in the materiality analysis: external stakeholder engagement is indeed described in 70 cases (44 last year); engagement with the top management rose from 47 to 69 cases. There is also a slight increase in the number of companies integrating their reporting tools (from 9 to 11). With regards to boards, improvements are found in the integration of ESG into board renewal guidelines and in the board self-evaluation. The integration of remuneration packages with ESG criteria is also included in this intermediate phase because it is considered a driver towards change. The area Engagement is the most advanced in the ESG/multicapital transformation of strategies and business models. In this phase new behaviours are spontaneously carried out by the boards and the corporate organisation. This part of the analysis covers the abstracts of the Strategic plans presented to investors in the road shows, published in the Investor Relation section of the websites of the companies, in order to verify how and to what extent they describe a strategy that integrates financial and non-financial issues. Five companies (all in the Energy/Oil and Gas industry) fully integrate in their strategy issues that generate value in the short and long term and describe the connections between financial and non-financial matters. Among these companies, one mentions the materiality analysis as a pillar of its Strategic plan.

2 Adapted from The ACE Transformation Curve, Methodos - the Change Management Company, 2018.

THE THREE STEPS OF ESG/MULTICAPITAL INTEGRATION INTO GOVERNANCE AND STRATEGY

ENGAGEMENT

- Mindset, capabilities and skills connected to the integration of ESG/multicapital into governance become natural and are reflected in thinking, behaviour, processes, business model and strategy
- High level of engagement

Abstracts of Strategic plan (SP) published on corporate web site	47/151	
Long-term business considerations mentioned in the abstract of the SP	24/151	↑
SDGs mentioned in the abstract of the SP	12/151	↑
Integrated Strategy fully described in the abstract of the SP	5/151	↑
Materiality analysis mentioned as a pillar of the SP	1/151	↑

CAPABILITIES

- Developing a data collection infrastructure for report and training for teams involved
- Trainings to develop the necessary skills and approach to thinking to integrate ESG in governance and company projects
- ESG/multicapital are incorporated in job goals and connected to remuneration

Materiality analysis involving external stakeholders	70/151	↑
Materiality analysis involving the managers of the company	69/151	↑
Integration of financial, sustainability and NFS reporting tools	11/151	↑
ESG Data collection systems	7/151	
Stakeholder engagement and (big) data analysis platforms	8/151	
Training programmes to integrate ESG in company projects	54/151	
ESG integration into BoDs guidelines	12/43	↑
ESG into BoDs evaluation	21/151	↑
Sustainability and remuneration packages of CEOs and Executives with strategic responsibilities	33/151	

AWARENESS

- Compliance with rules (Decree no. 254/2016) and reporting guidelines
- Information and goals of report spread throughout the organization
- Dedicated KPI's
- Communicating aspirations and goals in terms of integrated thinking and governance, without concrete actions of integration

NFS published (of which 1 voluntary)	151/223	→
Materiality analysis	151/151	↑
Sustainability Committee	54/151	
BoDs inductions on ESG	28/151	↓
BoDs involvement in materiality analysis	21/151	

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Non-financial reporting

In 2019, 151 Italian companies with ordinary shares listed on the MTA, including one firm which could potentially benefit from a size-related exemption, published a non-financial statement (NFS). Among non-reporters, 66 firms were exempted for their size, while 6 subsidiaries decided to opt for the exemption as their parent companies are subject to non-financial disclosure obligation (Fig. 1.1).

In line with the previous year, in 2019 the firms who published the NFS followed different approaches. The vast majority of the companies published only the information required by the Decree, either in a stand-alone document or included in the management report (137 cases). Eleven firms (compared with 9 in 2018) integrated financial and non-financial information either in an Integrated Report (8 firms) or by releasing an Integrated Report together with a NFS (one company) or by publishing an Integrated Report alongside a Sustainability Report (2 firms). Moreover, 3 issuers circulated both a NFS and a Sustainability Report (Fig. 1.2).

All 151 reports include a materiality analysis. Material topics were represented through a materiality matrix in 108 cases, while in the remaining 43 reports firms provided either a list or a table (Fig. 1.3). The proportion of reports from 2019 that do not include a materiality matrix (28%) is slightly higher than the 2018 figure (26%, i.e. 39 cases out of a total of 149).

In line with existing best practices (as defined by the GRI Sustainability Reporting Guidelines and IIRC Integrated Reporting Framework), the materiality analysis should be based on both an internal (i.e. from the firms perspective) and an external (i.e. from the stakeholders perspective) evaluation. In 2019, the internal bodies were involved in the identification of material issues in 130 cases. The involvement of internal bodies concerned top managers in 69 cases. Among the 114 firms who disclosed the tools that were used, the most frequently mentioned were interviews, questionnaires and workshops. External stakeholders were involved in 70 cases, mainly through multi-stakeholder forums, surveys and questionnaires (as disclosed by 65 firms; Fig. 1.4 and Fig. 1.5). Firms that did not involve external stakeholders often developed their perspective based on assessments carried out by internal bodies (44 firms). As for engagement of internal bodies and external stakeholders in the definition of material topics, data show a significant improvement compared to the previous year. In fact, the number of firms involving top managers in the assessment increased from 47 (out of 149) to 69 (out of 151), while the companies involving stakeholders in this process rose from 44 to 70.

In order to carry out the materiality analysis, 7 companies set up a data collection system to gather the information needed, while 8 firms used specific platforms to automate the analysis of information from publicly available sources and assist the relationship management with external stakeholders (Fig. 1.6).

In line with the previous report, best practices in the materiality analysis were defined on the basis of both the involvement of internal and external stakeholders and the disclosure of the instruments used for their engagement. More specifically, companies were classified according to whether they had performed the following actions: involving internal bodies and/or top managers and providing a description of the instruments used on one hand, and involving stakeholders and providing a description of the instruments used on the other hand. The adoption of best practices, more frequently among Ftse Mib firms and in the financial sector, has increased significantly compared to 2018. Data show that 53 firms, accounting for 35% of the total, adopted best practices in the materiality analysis versus 29

firms in 2018 (accounting for only 20% of the total). The improvement was particularly evident among medium and small firms and in the financial and industrial sectors (Fig. 1.7).
The board of directors (BoDs) was directly involved in the materiality analysis in 21 firms, given that the materiality matrix was either approved, agreed and validated by the BoDs in 18, 2 and one cases respectively. Another form of involvement was through board committees (mainly the control and risk committee and the sustainability committee) in 7 firms. In 3 cases the matrix was approved by the CEO. In many other cases, either board committees and/or CEOs were involved in the materiality analysis through discussion, validation, sharing, and examination (Fig. 1.8).
The integration of ESG factors into corporate decision-making processes may need ad hoc training programmes for employees and managers. Hence, to detect whether firms deem non-financial topics as important to their business, data on training programmes for employees and managers covering these issues were collected. In 2019, 54 companies organized such programmes covering ESG issues, mainly environmental and innovation matters (Fig. 1.9).
Finally, the integration of an ESG/multicapital perspective into the corporate strategy was inferred from the abstract of the Strategic plan presented to investors. Out of the 47 companies that published an abstract of their Strategic plan in their website, 24 mentioned some long-term value elements, 12 cited SDGs; 5 Ftse Mib and Mid Cap firms fully integrated and connected financial and non-financial considerations with their strategy, while one Ftse Mib company also mentioned the materiality as a foundational element of its Strategic plan (Fig. 1.10).

1. Non-financial reporting

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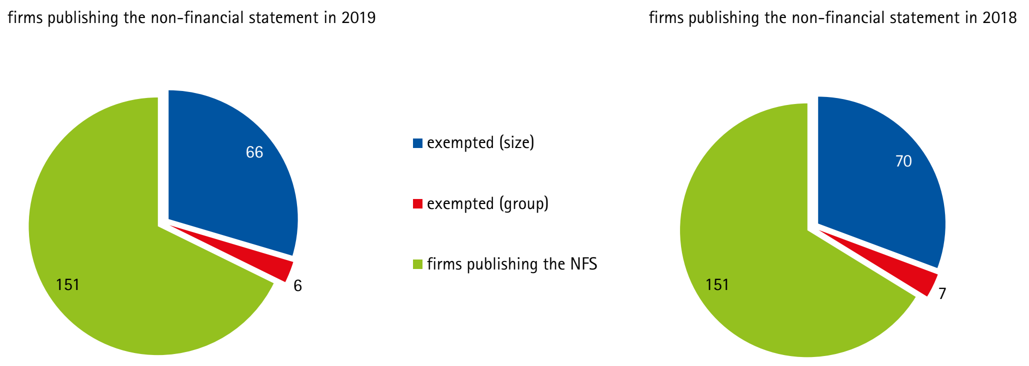
In 2019, 151 Italian companies with ordinary shares listed on the MTA, including one firm which could potentially benefit from a size-related exemption, published a non-financial statement (NFS). Among non-reporters, 66 firms were exempted for their size, while 6 subsidiaries decided to opt for the exemption as their parent companies are subject to the non-financial disclosure obligation.

Fig. 1.1 – Italian listed companies publishing non-financial information



Source: Consob. Figure on the left hand side refers to all Italian companies with ordinary shares listed on the MTA at the end of 2018 (231 companies), apart from: 5 firms that have been delisted during 2019; 2 firms that were subjected to executive proceedings; one firm that had not held the annual general meeting by the end of 2019. Sixty six out of 223 listed firms are exempted from the non-financial disclosure obligation because they do not meet the dimensional criteria. Six firms are exempted because their parent company is subject to the non-financial disclosure obligation.

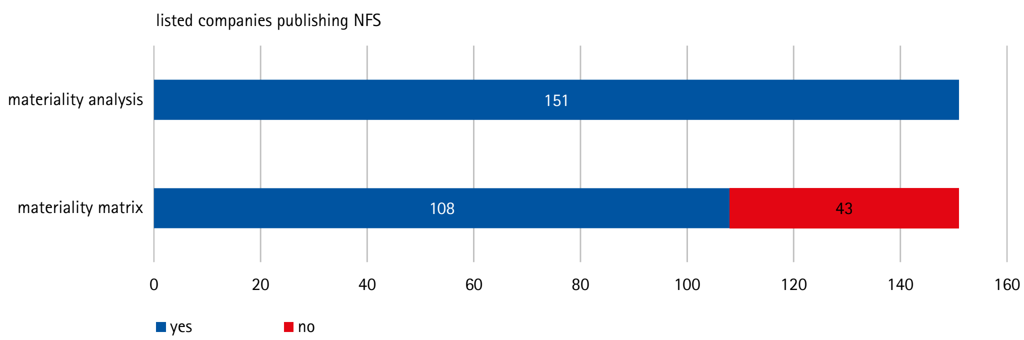
In line with the previous year, the NFS was the only document covering sustainability issues in the vast majority of the cases (137 cases).

Fig. 1.2 – Reports on non-financial information published by Italian listed companies subject to the Decree

Source: Consob.

All 151 reports include a materiality analysis. Material topics were represented through a materiality matrix in 108 cases, while in the remaining 43 reports firms provided either a list of topics or a table.

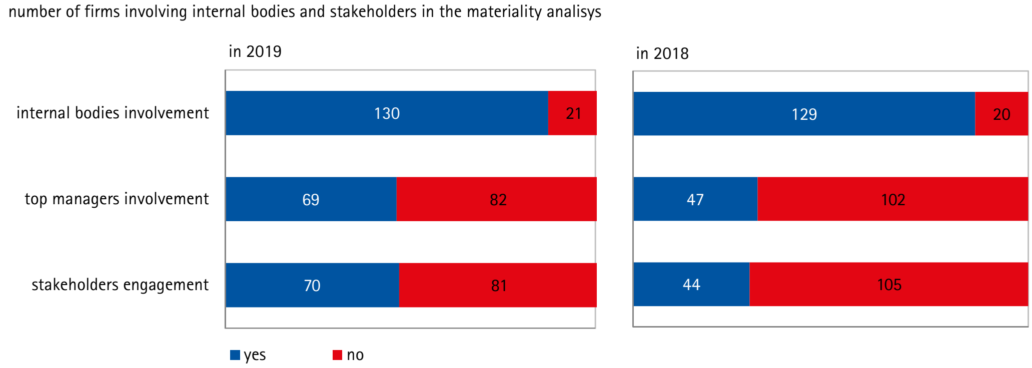
Fig. 1.3 – Materiality analysis by Italian listed companies in 2019



Source: Consob.

As for the assessment of material topics, Italian listed companies involved internal bodies in 130 cases (top managers in 69 cases) and engaged external stakeholders in 70 cases. Overall, the degree of involvement has risen over time, especially with respect to the proportion of firms engaging top managers and external stakeholders.

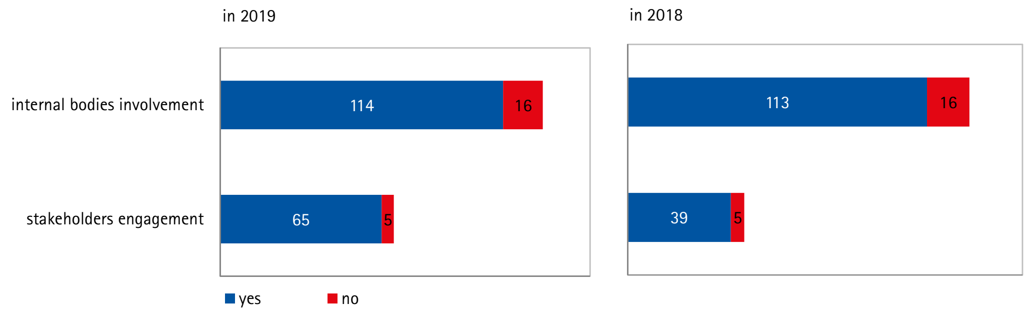
Fig. 1.4 – Involvement of internal bodies and external stakeholders in the materiality analysis



Source: Consob.

The vast majority of the firms provide information both on the instruments used in order to involve internal bodies (114 out of 130) and the tools used to engage stakeholders (65 out of 70).

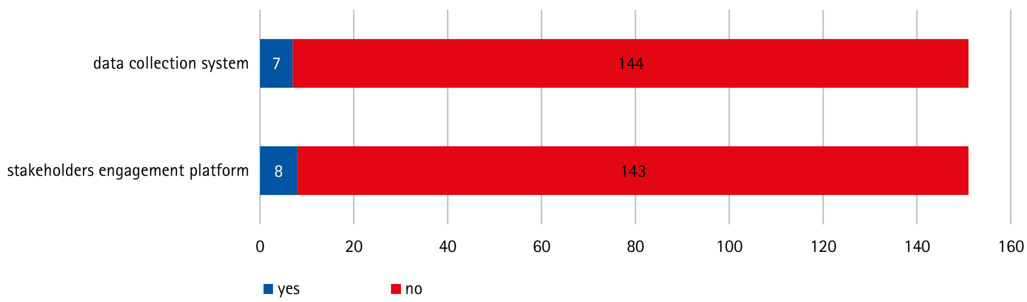
Fig. 1.5 – Disclosure of the tools employed to involve internal bodies and external stakeholders in the materiality analysis



Source: Consob. Figures refer to the number of firms disclosing the tools used to involve internal bodies and stakeholder analysis in the materiality analysis.

In order to carry out the materiality analysis, 7 companies have set up a data collection system to gather the information needed, while 8 firms have used specific platforms to automate the analysis of publicly available information and assist the relationship management with external stakeholders.

Fig. 1.6 – Data collection system and stakeholders engagement platform set up by Italian listed companies in 2019



Source: Consob.

1. Non-financial reporting

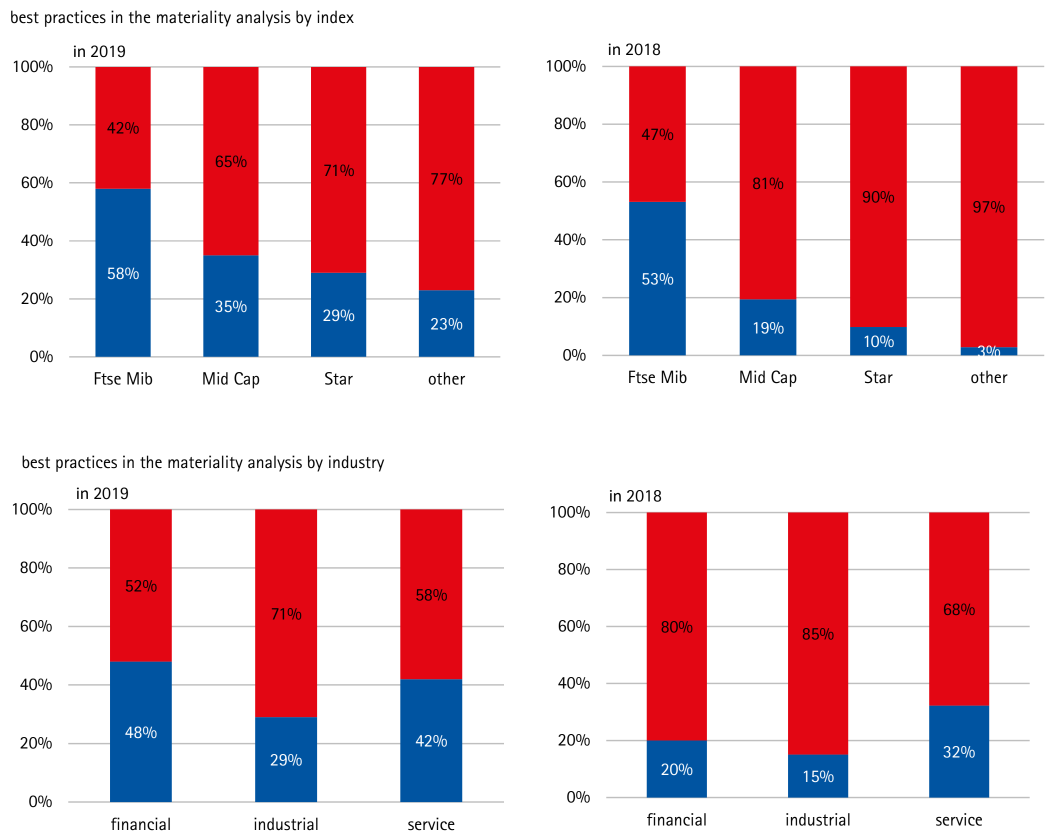
2. Non-financial at the board – Documental data

3. Non-financial at the board – Survey evidence

2019

In 2019 more than one third of the firms (i.e. 53 companies out of 151) carried out the materiality analysis by meeting both the following best practices: i) involvement of the internal bodies and/or the top managers and disclosure of the tools used; ii) involvement of the stakeholders and disclosure of the tools used. These practices are more frequent among the largest companies and financial firms. Overall, the 2019 figure is significantly higher than the 2018 one, when the proportion of firms following the best practices aforementioned was about 20% (i.e. 29 companies out of 149).

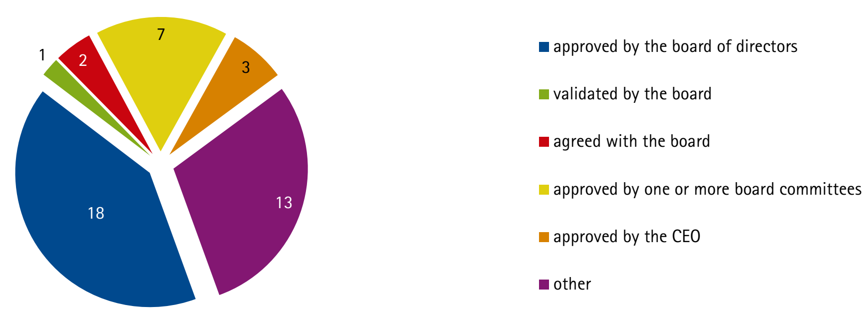
Fig. 1.7 – Best practices adopted in the materiality analysis by index and industry



Source: Consob. Best practices refer to the case when the materiality analysis has been carried out by: i) involving the internal bodies and/or the top managers and describing the instruments used, and ii) involving stakeholders and describing the instruments used.

The board of directors (BoDs) was directly involved in the materiality analysis in 21 firms (as the materiality analysis was either approved or agreed or validated by the BoDs in 18, 2 and one cases respectively). The analysis was approved by one or more board committees in 7 firms and by the CEO in 3 companies.

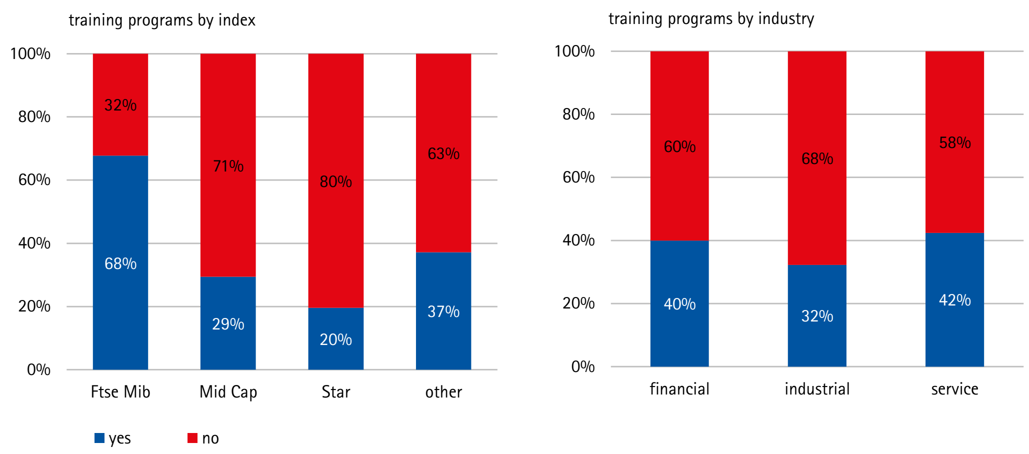
Fig. 1.8 – Board of directors involvement in the materiality analysis in 2019



Source: Consob.

In 2019, 54 companies have organized training programmes for employees and managers on ESG matters, mainly covering environmental and innovation issues. None of these programmes mentions integration of financial and non-financial factors into thinking and decision making.

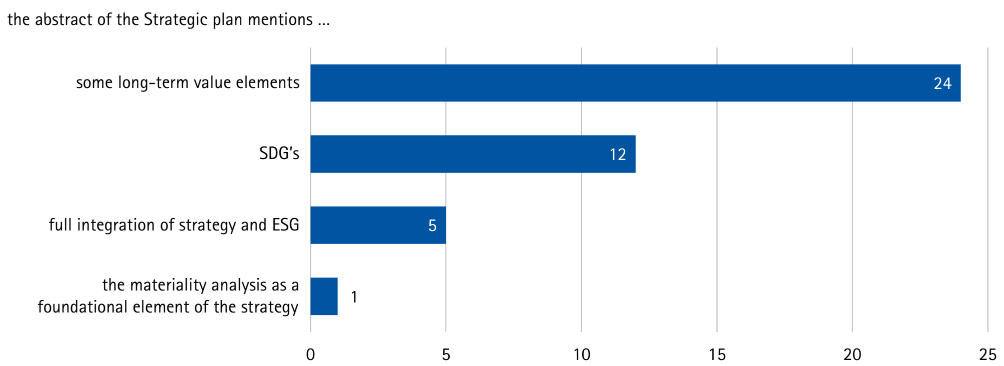
Fig. 1.9 – Training programmes for employees and managers covering ESG in 2019



Source: Consob.

Out of the 47 companies that published an abstract of their Strategic plan in the website, 24 mentioned some long-term value elements, 12 cited SDGs, 5 fully integrated and connected financial and non-financial considerations into their strategy, while one also mentioned the materiality as a foundational element of its Strategic plan.

Fig. 1.10 – Integration of an ESG/multicapital perspective into the strategy of Italian listed companies



Source: Consob. Figure refers to the 47 companies that published an abstract of their Strategic plan in the Investor relation area of their website in 2019.

Non-financial at the board - Documental data

The consideration of non-financial issues at the board level was investigated from different perspectives. First, the analysis focused on the importance attached to ESG factors in the board evaluation process and in the board induction programmes carried out during 2018, as disclosed in the 2019 Corporate Governance Reports. Second, information on the consideration of non-financial matters at the board level was inferred from the guidelines issued in 2019 by the BoDs when appointing new directors. Finally, an additional feature taken into account was the establishment of a sustainability committee.

Regarding the guidelines issued by companies prior to the 2019 board appointment, ESG factors are mentioned in 12 out of 43 cases. In the board evaluation, non-financial features are referred to in 21 cases out of 130 issuers that carried out the evaluation. Finally, board induction programmes included non-financial topics in 28 firms; however, corporate documents often provide no information concerning either the length or the depth of these programmes (Fig. 2.1). Compared to 2018, reference to non-financial topics has risen with respect to the board evaluation (from 13 to 21) and to the guidelines (from 21% to 28%).

Among the matters covered by the guidelines, the board evaluation and the induction programmes, digital innovation is the most cited (41 quotes; 27 in 2018), followed by the topic of sustainability (26 quotes; 24 in 2018). In 2019, topics concerning environmental issues are mentioned in 2019 for the first time in 5 cases, while SDGs are cited in one case. It is also interesting to note that induction programmes covered non-financial regulation only in 6 cases (16 quotes in 2018; Fig. 2.2).

By the end of 2019, 54 listed companies (of which 53 had published a non-financial statement) had a sustainability committee, which in the majority of the cases is joint with other board committees (48 firms, representing 89% of the total). The sustainability committee is more frequent among Ftse Mib companies (23 out of 31), followed by Mid Cap (16 out of 34) and Star companies (9 out of 51; Fig. 2.3).

Finally, it is interesting to recall the relationship between the remuneration of CEOs and Executives with strategic responsibilities (ESRs) and sustainability as reported in the 2019 CONSOB Report on corporate governance of Italian listed companies (http://www.consob.it/web/area-pubblica/rapporto-sulla-corporate-governance). Short and long-term remuneration packages were examined to collect information on the incidence of ESG matters, the type of metrics (quantitative versus qualitative) used and the issues considered. As at the end of 2018, 33 listed companies (31 of which published a non-financial statement), linked their CEOs remuneration to sustainability, through either the short-term component (32 cases) or the long-term component (9 cases). Out of the 30 firms which integrated ESG factors into ESR remuneration, 27 of these also envisaged sustainable remuneration for the CEO. The short-term and long-term remuneration of ESRs was correlated with sustainable parameters in 28 and 7 firms, respectively.

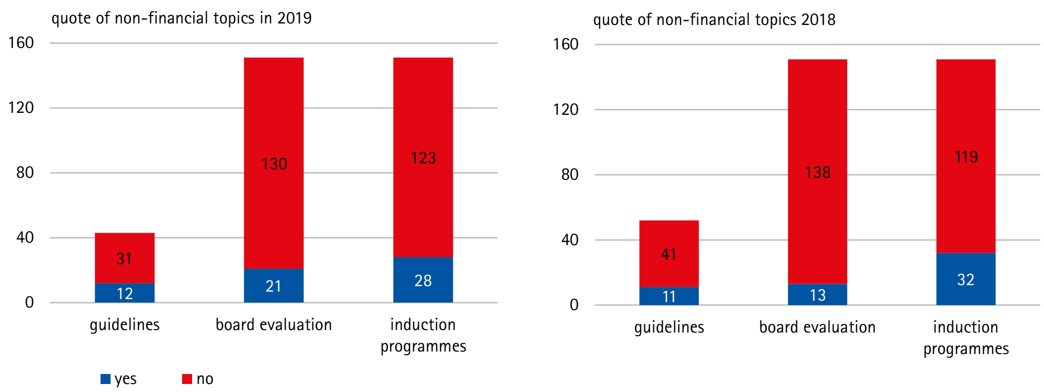
1. Non-financial reporting

2. Non-financial at the board - Documental data

3. Non-financial at the board - Survey evidence

Non-financial matters at the board level are mentioned in the guidelines released by companies prior to the 2019 board appointment in 12 out of 43 cases. As for board evaluation, non-financial aspects are referred to in 21 out of 151 cases, while board induction programmes concerned such topics in 28 firms.

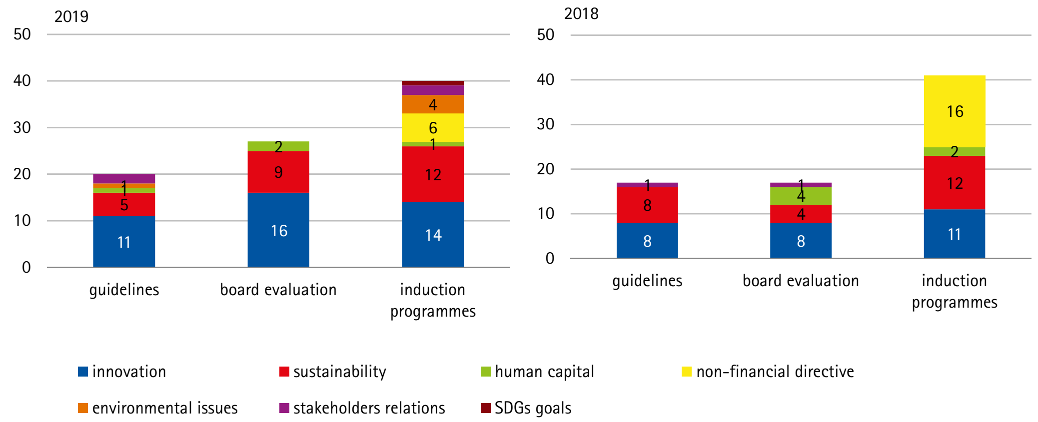
Fig. 2.1 – Non-financial matters at the board



Source: Consob. As for the figure on the left hand side, the documents analysed include the guidelines issued by the board in charge when appointing new directors in 2019 and the 2019 Corporate Governance Reports, where firms provide a description of the board evaluation performed (if any) and of the induction programmes organized during the year.

In line with 2018, innovation is the topic most quoted in the board of directors (BoDs) guidelines, followed by sustainability. Environmental concerns and SDGs goals are instead new entries.

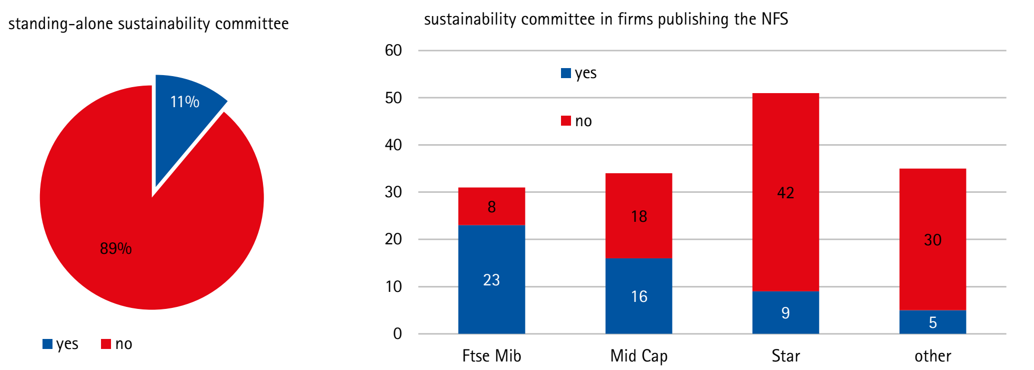
Fig. 2.2 – Keywords cited in the board of directors guidelines and induction programmes



Source: Consob. As for the figure on the left hand side, the documents analysed are the guidelines issued by the board in charge when appointing new directors in 2019 and the 2019 Corporate Governance Reports, where firms provide a description of the board evaluation performed (if any) and of the induction programmes organized during the year.

At the end of 2018, 54 listed companies have a sustainability committee, which in 48 cases is combined with other board committees (89% of the total). Among the issuers that published a NFS in 2019, the sustainability committee is more frequent among Ftse Mib companies (23 out of 31), followed by Mid Cap (16 out of 34) and Star companies (9 out of 51).

Fig. 2.3 – The sustainability committee in Italian listed companies



Source: Corporate Governance Reports of Italian companies with ordinary shares listed on Borsa Italiana spa - Mta Stock Exchange, where available (222 firms). The figure does not include companies stating that either the committee will be established or it is not within the board. In addition, the figure includes 38 companies which have combined the sustainability committee with one or more committees and 10 companies which have delegated functions on sustainability issues to other committees (the most frequent combination, occurring in 34 cases, is between the sustainability committee and the internal control and risk management committee).

Non-financial at the board - Survey evidence

Board leadership and sustainability: non-executive directors point of view

This section presents the results of a survey involving the directors and statutory auditors (540 in total) who are members of the Nedcommunity, the Italian association of non-executive and independent directors on the consideration of non-financial factors at the board level.

The 'Board leadership and sustainability' Survey – now in its fourth edition – aimed to gauge the awareness and the engagement of respondents in the design of corporate long-term growth strategies that incorporate non-financial factors. The need for the board of directors (BoDs) to take on a proactive, leading role to achieve corporate long-term sustainability is increasingly acknowledged. From this new perspective, non-executive directors can play a major role in encouraging the consideration of non-financial matters at board level and in fostering the integration of these factors into corporate strategies, risk management and business models.

The 2019 Survey is based on a questionnaire made up of 28 questions, grouped into the following five areas: 1. socio-demographic data of interviewees; 2. awareness of the changes that the introduction of the NFS requires in the role and responsibilities of the BoDs and of non-executive directors (NEDs) as well as in the engagement of the BoDs in the implementation of the Legislative Decree no. 254/2016; 3. the personal attitudes of board members towards ESG issues; 4. board members' opinions and interest in ESG issues; 5. composition and organization of the BoDs regarding ESG issues, including a specific focus on NEDs. Compared to 2018, the questionnaire was expanded to include some questions concerning the socio-demographic profile of respondents and the awareness and engagement in the achievement of Sustainable Development Goals (SDGs).

The response rate was 17% (i.e. 91 Nedcommunity members completed the survey). This marks an increase with respect to 2018, when the response rate stood at 10% of the members surveyed. Concerning the characteristics of respondents, 52% were female and 58% were aged between 46 and 60 years old. In addition, 81% were board members and 19% statutory auditors, while 43% had a board tenure of between 4 and 9 years. Approximately 50% represent the financial industry whilst 56% serve in listed companies (Fig. 2.4).

Awareness of the changes that the introduction of NFS requires in the role and responsibilities of the BoDs and of non-executive directors (NEDs) as well as in the engagement of BoDs in the implementation of Legislative Decree no. 254/2016

The results showed that the majority of interviewees were well aware of their role in fostering the changes in governance needed to comply with non-financial reporting obligations (80% stated that the BoDs should proactively oversee the implementation of the Decree). However, many did not fully agree on the need to rethink the business model to include a long-term purpose, as only 37% considered it as a priority (Fig. 2.5). Only 35% of respondents believed that the role of BoDs in the design of corporate long-term growth strategies will evolve; this percentage decreased to 24% when related to the changes triggered by non-financial reporting (Fig. 2.6).

Evolution in the role of the BoDs may benefit from a diversified portfolio of members experience and capabilities. To this regard, 45% of respondents consider their board diversity (in terms of professional background and competencies) fit to manage all forms of corporate capitals and value creation, both financial and non-financial (Fig. 3.4).

3. Non-financial at the board – Survey evidence

With regard to the role played by independent directors, 44% of respondents state that independent members sitting in their board are not proactive in the integration of ESG factors into long-term growth strategies; 70% of respondents (belonging to non-financial companies in 40% of the cases and to listed companies in 41% of the cases) agree that independent directors should be the more engaged than other board members (Fig. 3.5).

There is room for improvement in boards engagement on key activities originating from non-financial reporting. In particular, 32% of respondents state that they are not involved in benchmarking analysis on comparable companies or competitors, while 37% declare that they do not participate in scenario and mega trends analysis (Fig. 3.6).

It is interesting to note that the degree of engagement felt by board members with regard to NFS and ESG long-term strategies is lower than the awareness of the role they play in the process. Likewise, awareness and engagement are misaligned when it comes to the pursuit of the 17 SDGs. The same inconsistency holds for statutory auditors, who however show higher levels of awareness and engagement in non-financial issues and might therefore contribute to effective monitoring of board activity as well as stimulate further commitment of board members with respect to non-financials (Fig. 3.7).

Board members personal attitudes towards ESG issues

The 2019 research also surveyed the respondents attitudes towards the different areas related to sustainability. Personal values and psychological attitudes are important in order to explain commitment to sustainability. Board members need to be sensitive to sustainability issues before being willing to back the integration of ESG into long-term value creation strategies and to communicate transparently related policies, impacts, results and risks. In other words, the most effective board members are those committed to sustainability-related actions in both professional and personal life, on the basis of a strong belief that these actions can generate value for themselves and others. By drawing from the sustainability literature, this Report gauges respondents personal attitudes towards environmental, social, employee well-being and innovation matters. The answers highlight that the average respondent show a medium-high attitude towards sustainability, especially innovation (Fig. 3.8).

The concrete commitment of BoDs towards long-term growth strategies is also strongly driven by the belief that ESG performances have a positive impact on financials. More than 41% of respondents agree with this belief, while 55% are doubtful (Fig. 3.9). The predominance of undecideds about the relation between non-financial strategies and financial results goes along with the fact that only 19% of respondents declare that the remuneration of CEOs and top managers is linked to ESG goals (Fig. 3.10).

Board members opinions and interest in ESG issues

As for value creation, respondents agree that each of the 6 capitals (human, intellectual, social, financial, manufactured, natural), is important: this evidence is quite encouraging because it mirrors a significant level of awareness of the undergoing cultural transformation. Human and intellectual factors are ranked as the most significant, while manufactured and natural capital are ranked as the least impactful and record the highest level of disagreement among interviewees, as measured by the variance in the answers (Fig. 3.11).

Risk assessment and management are key to cover emerging risks linked to sustainability. According to interviewees, risks relating to the privacy violations are the most significant (they have also received a higher attention compared to 2018), followed by those related to quality of products and services, health and workplace safety and environment (in line with the 2018 Survey; Fig. 3.12).

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3. Non-financial at the board - Survey evidence

Amongst the stakeholders engagement tools, those implying a personal interaction are considered as the most effective, starting with multi-stakeholder meetings and progressing to focus groups and company meetings (Fig. 3.13).
An enhanced stakeholder engagement could foster the change that might be needed following the implementation of the Decree (also in terms of composition, organization and working methods of the board) that apparently is not occurring yet. Indeed 73% of respondents have not observed any change at all, while only 5% of the interviewees report a change in board composition, aimed to acquire new ESG skills, and only 9% indicate the establishment of a sustainability committee (Fig. 3.14).
Induction programmes about sustainability are mostly held during the meetings called for the board approval of the Strategic plan and only rarely in special off-site sessions (11% of the cases) or dedicated on-site sessions (14%; Fig. 3.15).

Composition and organization of the BoDs regarding ESG issues, including a specific focus on NEDs.

The integration of ESG into governance may entail the development of a new model of leadership for the board. The proportion of respondents deeming as 'lagging' the approaches of the BoDs in orienting long-term value creation strategies has increased over the last three years. Hence, the role of executives remains crucial, suggesting that the BoDs plays a formal rather than a substantial role in the development of long-term sustainable strategies (Fig. 3.16).
Respondents consider to have mainly contributed to in-depth analysis of non-financial statements before their approval, reputational risk management and gender diversity, whereas other relevant areas in ESG management (such as stakeholder governance, disclosure and integrated and sustainability reporting) have been mentioned less frequently (Fig. 3.17).
As for the gap between the expected and the actual role of independent directors in the promotion of the integration of an ESG/multicapital approach into strategies and governance, independent directors seem to feel less committed in 2019 than in previous years: this might mirror the belief that engagement should be a responsibility shared by all board members (Fig. 3.18).

Conclusions

The Nedcommunity/Methodos Survey highlights that board members are highly aware of the upcoming transformation of the board role in fostering sustainability. However, activation and engagement in the implementation of the change are still limited. This deadlock might be overcome through the enhancement of ESG culture, both personal and board-specific, and a consequent increase in the awareness about attitudes, mindset and beliefs, and in the acknowledgement of roles, responsibilities, and key governance processes for sustainable business.

3. Non-financial at the board – Survey evidence

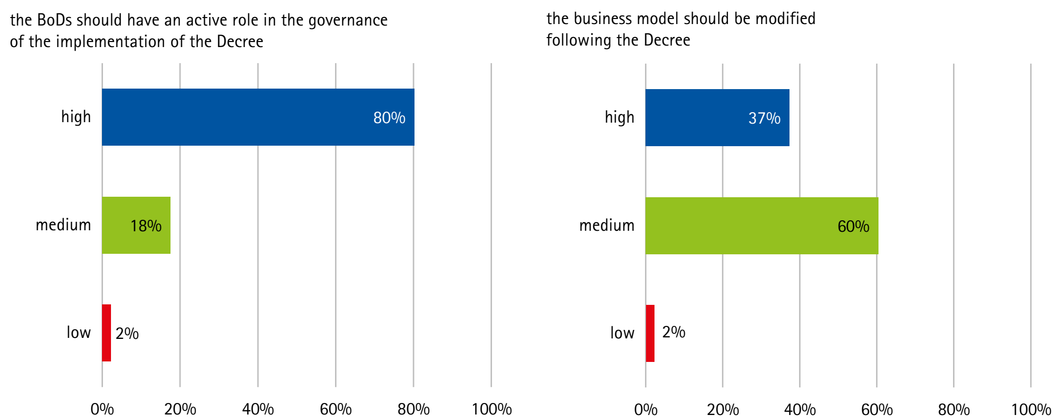
About the data

Fig. 3.1 – Respondents characteristics

variable	category	frequency	%
gender	female	47	51,6
	male	44	48,4
age	30-45	10	11,0
	46-60	53	58,2
	>60	28	30,8
region	North	67	73,6
	Centre	19	20,9
	South and islands	5	5,5
tenure (in years)	0-3	41	45,1
	4-9	39	42,9
	10-18	8	8,8
	>18	3	3,3
role	board member	74	81,3
	statutory auditor	17	18,7
board committee membership	risk committee	13	14,3
	control committee	4	4,4
	control and risk committee (joint)	39	42,9
	nomination committee	10	11,0
	remuneration committee	17	18,7
	nomination and remuneration committee (joint)	12	13,2
	sustainability committee	11	12,1
	other	24	26,4
industry	financial	46	50,5
	non-financial	45	49,5
listing	listed company	51	56,0
	non-listed company	40	44,0

Almost all respondents strongly agree on the active role that the board of directors (BoDs) should play in overseeing the processes required by the compliance with the Legislative Decree no. 254/2016, but the proportion of agreement drops to slightly more than one third when the question boils down to whether the business model should be rethought in order to include ESG issues as a priority.

Fig. 3.2 – Changes in the governance and business model triggered by the Decree on non-financial disclosure



Figures refer to respondents' opinion to the statement reported in the title (7-point Likert scale ranging from 1 – 'strongly disagree' to 7 – 'strongly agree'). 'High' ranges from 6 to 7, 'medium' ranges from 3 to 5, 'low' ranges from 1 to 2.

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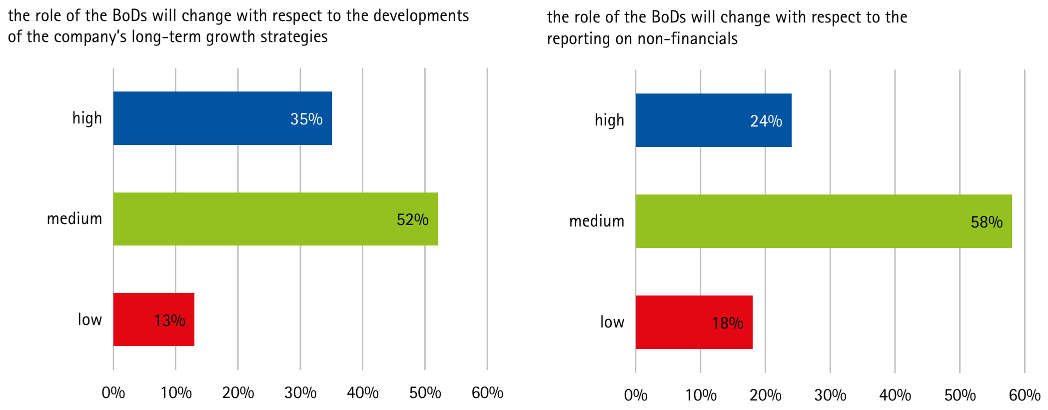
Evolution in the role of the BoDs is not perceived as highly likely. Indeed, the proportion of respondents thinking that non-financial disclosure will trigger a change (with respect either to the design of long-term growth strategies or the reporting of non-financials) ranges between 35% and 24%.

Fig. 3.3 – Changes in the role of the board of directors triggered by the Decree



Figures refer to respondents opinion on the statements reported in the sub-titles (7-point Likert scale ranging from 1 – 'strongly disagree' to 7 – 'strongly agree'). 'High' ranges from 6 to 7, 'medium' ranges from 3 to 5, 'low' ranges from 1 to 2).

Almost half of the participants fully agree that board members have the professional background needed to manage all forms of capitals and value creation, both financial and non-financial.

Fig. 3.4 – The professional background and competences of the members of the board of directors are fit to manage the different types of capital

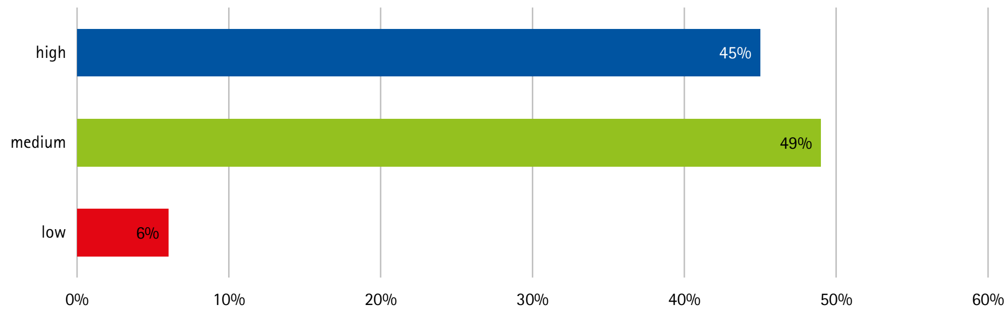
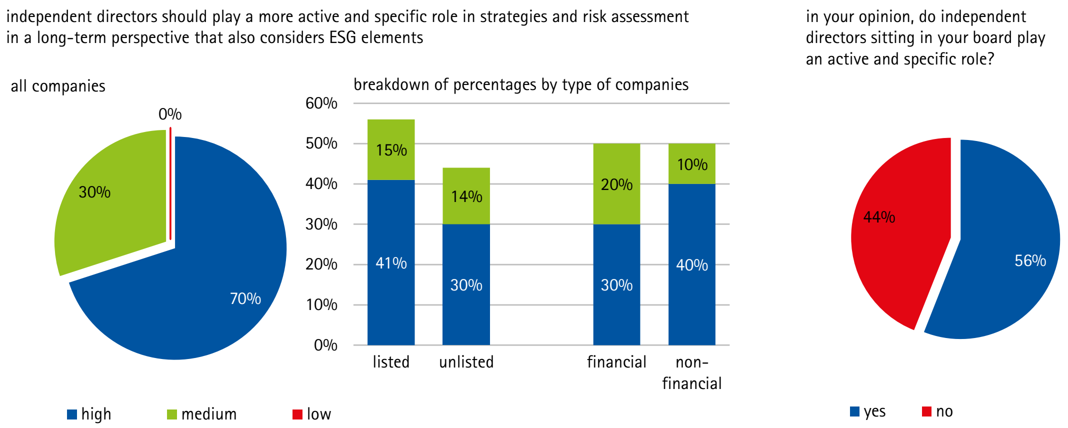


Figure refers to respondents opinion to the statement reported in the title (7-point Likert scale ranging from 1 – 'strongly disagree' to 7 – 'strongly agree'). 'High' ranges from 6 to 7, 'medium' ranges from 3 to 5, 'low' ranges from 1 to 2.

According to 44% of the respondents, independent directors do not play an active role in the integration of ESG factors into long-term growth strategies, although 70% of them argue that they should.

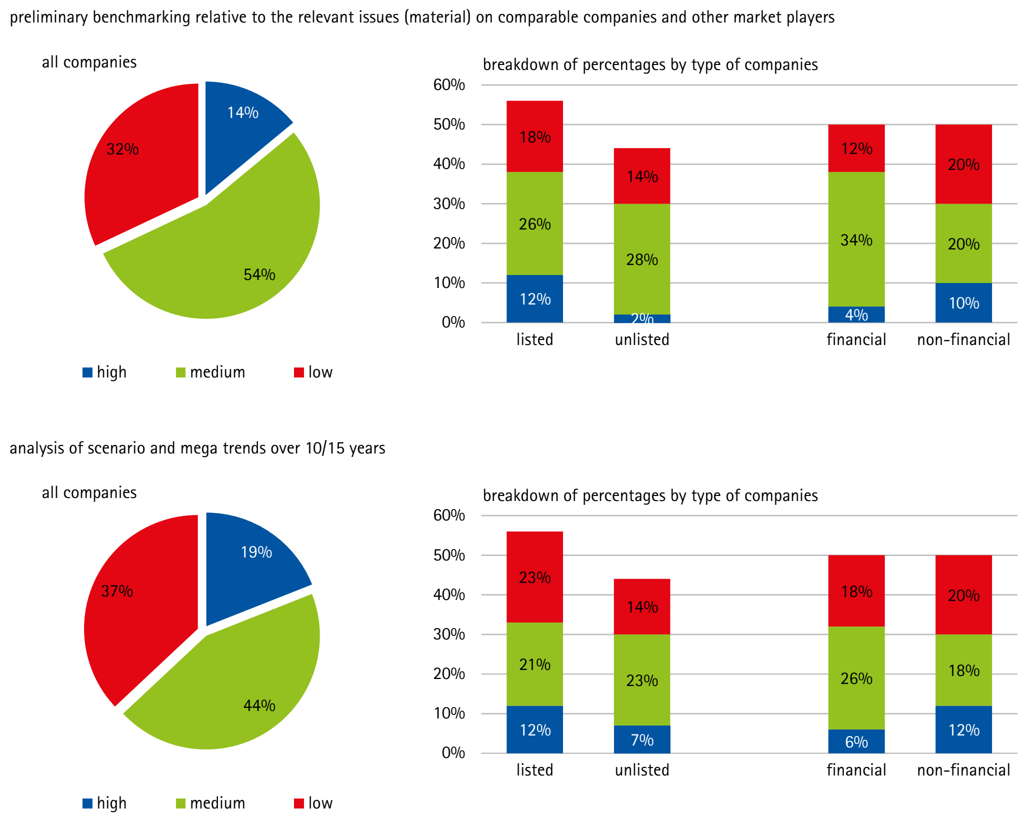
Fig. 3.5 – The role of independent directors in the integration of ESG/multicapital strategies and risk assessment into governance: expectations and judgements



Figures refer to respondents' opinion on the statements reported in the sub-titles (on a 7-point Likert scale ranging from 1 – 'strongly disagree' to 7 – 'strongly agree'). 'High' ranges from 6 to 7, 'medium' ranges from 3 to 5, 'low' ranges from 1 to 2.

The level of engagement of BoDs in preliminary benchmarking on comparable companies is stated to be high only by 14% of the respondents. With regard to scenario and mega trend analysis, the board engagement is stated to be high only by 19% of the interviewees.

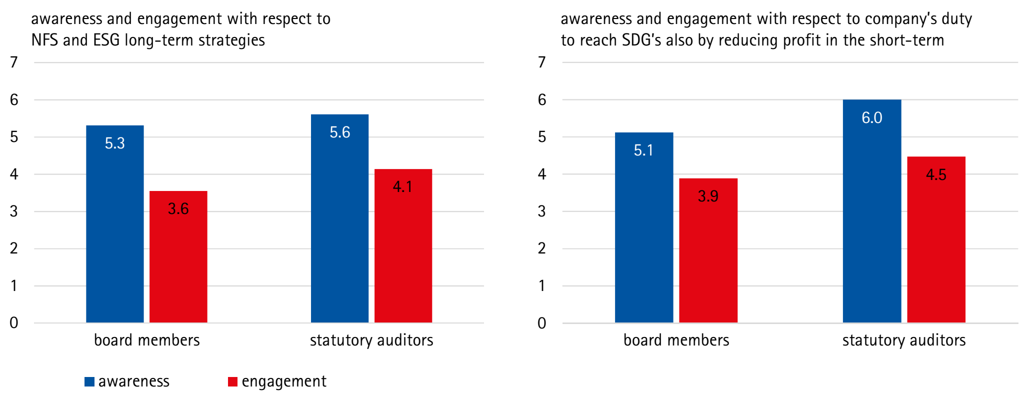
Fig. 3.6 – Engagement of board of directors in benchmarking and scenario analysis



Figures refer to the level of engagement of the respondents in the activities reported in the sub-titles (on a 7-point Likert scale ranging from 1 – 'not engaged' to 7 – 'fully engaged').

The degree of engagement felt by board members with regard to NFS and ESG long-term strategies is lower than the awareness of the role they play in the process. Likewise, awareness and engagement are misaligned when it comes to the pursuit of the Sustainable Development Goals (SDGs). The same holds for statutory auditors, though they show higher levels of awareness and engagement.

Fig. 3.7 – Awareness and engagement



Figures refer to awareness and engagement of different clusters of respondents with the issues reported in the subtitles (scale type: 7-point Likert, from 1 – 'strongly disagree' to 7 – 'strongly agree' for awareness and from 1 – 'not engaged' to 7 – 'fully engaged' for engagement).

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3. Non-financial at the board – Survey evidence

On average, respondents display a medium to high commitment to sustainability, as shown by their self-reported attitudes towards some ESG areas. Interestingly, the highest commitment relates to innovation.

Fig. 3.8 – Personal attitudes toward sustainability

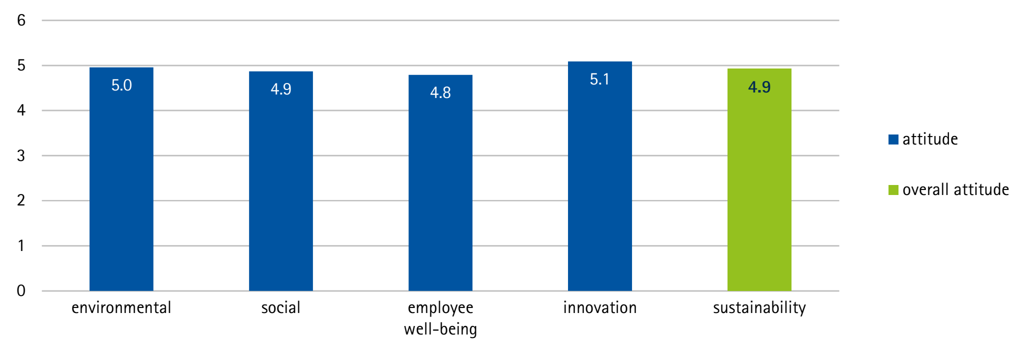


Figure refers to respondents opinion on the statements (items) reported for each construct. **Environmental attitude**: 'Companies have to spend more on environmental protection; Banks have to mainly finance and invest in 'sustainable' companies; Resources should not be dedicated to environmental protection because the company profitability would be damaged; In the future, environmental protection should be considered part of the business' 'final result'; Company leaders should be driving environmental protection efforts; We have to protect the environment even if it means that jobs in our communities will be lost'. **Social attitude**: 'Companies have to spend more on social welfare; Resources should not be dedicated to social welfare because the company profitability will be damaged; In the future, social welfare should be considered part of the business' 'final result'; Company leaders should be committed to improving social welfare. **Employee Well-Being Attitude**: Companies need to spend more on employee welfare; Resources should not be dedicated to employee welfare because the company profitability will be damaged; In the future, employee welfare should be considered part of the business' 'final result'; Company leaders should be committed to improving employee welfare. **Innovation Attitude**: Companies need to spend more on research and innovation; Resources should not be dedicated to research and innovation because the company profitability will be damaged; In the future, the innovation produced should be considered part of the business' 'final result'; Company leaders should be committed to improving innovation. The environmental and employee well-being attitudes are measured using the scale proposed by Pagell & Gobeli, (2009), i.e. by a score averaging the respondents level of agreement to the items reported above, rated on the 7-point Likert scale type ranging from 1 – 'strongly disagree' to 7 – 'strongly agree'. The social and innovation attitude construct was added to the original constructs to reflect all 4 intangible capitals and is evaluated using an adjusted scale. The last construct, 'Attitude toward sustainability', averages over the scores of the previous attitudes values.

A concrete commitment of the BoDs towards long-term growth strategies is strongly linked to the belief that ESG integration creates value. Only 41% of respondents fully agree that ESG-oriented strategies have a positive impact on financial performance.

Fig. 3.9 – ESG positively impacts on financial performance

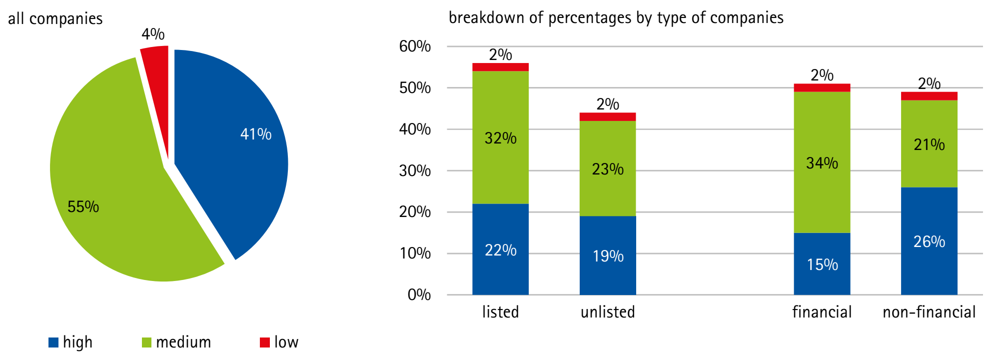


Figure refers to respondents opinion to the statement reported in the title (scale type: 7-point Likert, from 1 – 'strongly disagree' to 7 – 'strongly agree').

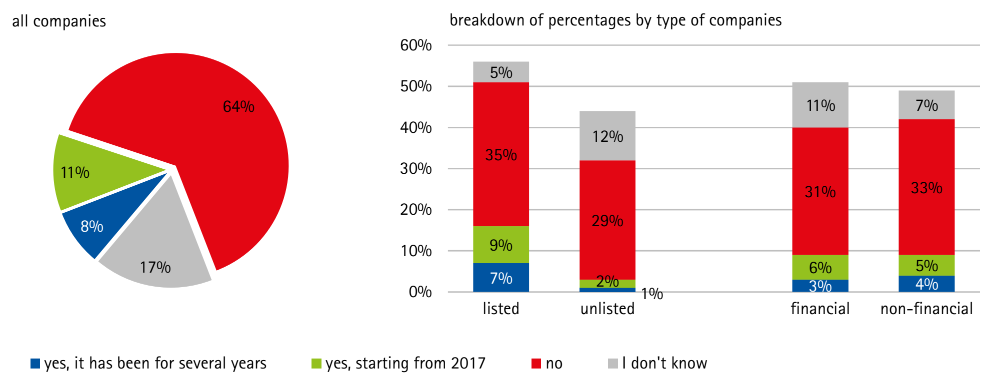
1. Non-financial reporting

2. Non-financial at the board – Documental data

3. Non-financial at the board – Survey evidence

Only about 19% of respondents declare that the remuneration of CEOs and top managers is linked to ESG goals.

Fig. 3.10 – The remuneration of the CEO and top managers is linked to the ESG objectives



Figures refer to respondents opinion on the statement reported in the title.

As for value creation, all capitals are deemed important contributors, although human and intellectual capitals rank first, while natural capital ranks as the least impactful and records the highest level of disagreement.

Fig. 3.11 – The contribution of capitals to business value creation

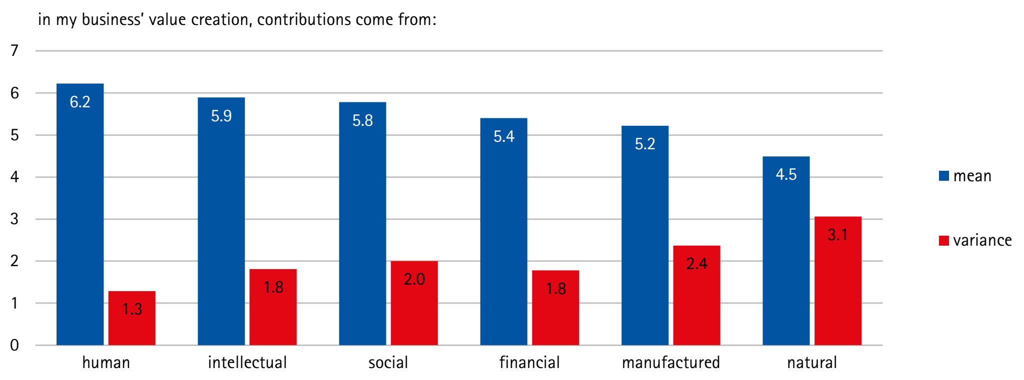


Figure refers to respondents opinion on the contribution of each reported capital to the business value creation (scale type: 7-point Likert, from 1 – 'strongly disagree' to 7 – 'strongly agree').

Privacy violations are considered as the most significant company key risks. Quality of products and services, health/workplace safety and environmental risk follow.

Fig. 3.12 – Company key risks

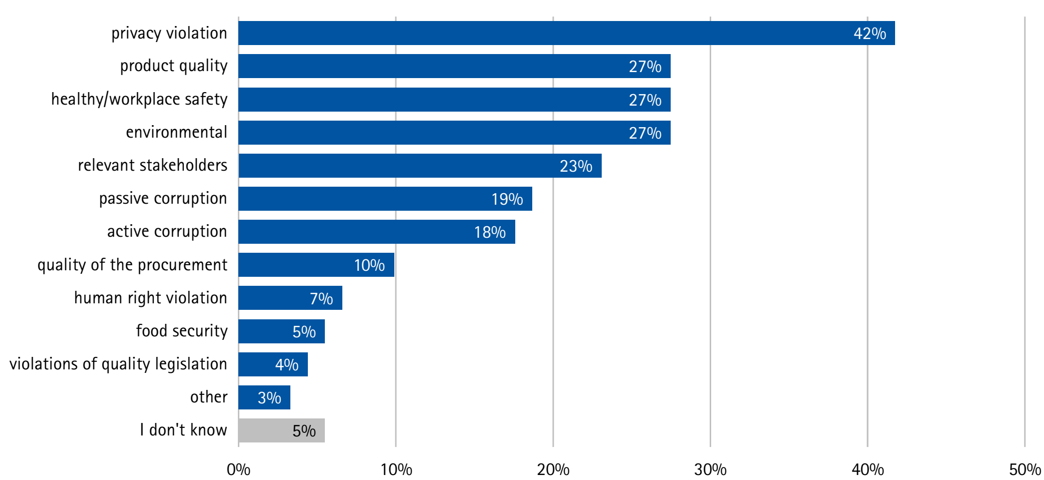


Figure refers to respondents ranking of the reported risks (three answers allowed).

The stakeholder engagement tools considered as the most effective are those based on personal interaction (i.e. multi-stakeholder meetings, focus groups and company meetings).

Fig. 3.13 – Effective tools for stakeholder engagement

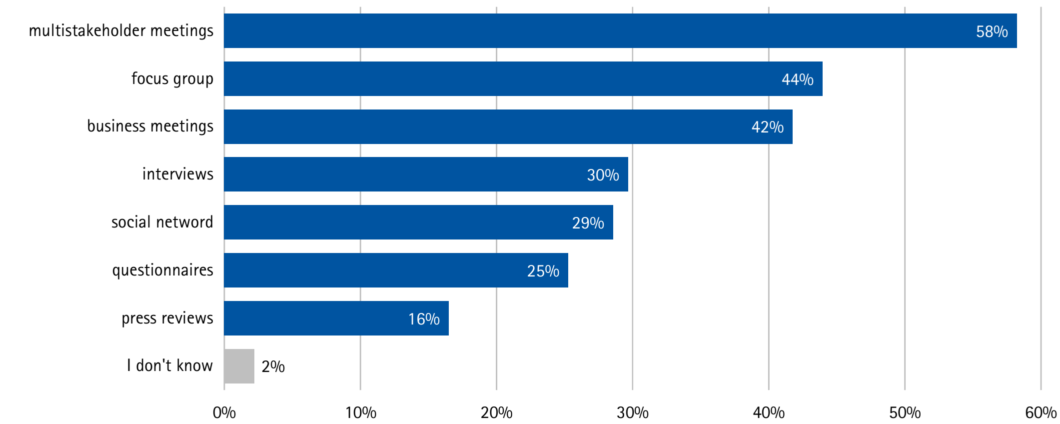


Figure refers to respondents ranking of the reported engagement tools (three answers allowed).

According to 73% of the interviewees, board composition and organization have not recorded any change following the implementation of the Decree. While this figure is substantially stable at its 2018 level, the proportion of respondents reporting some kind of change declined by 3 percentage points.

Fig. 3.14 – Did board composition and organization change following the Decree?

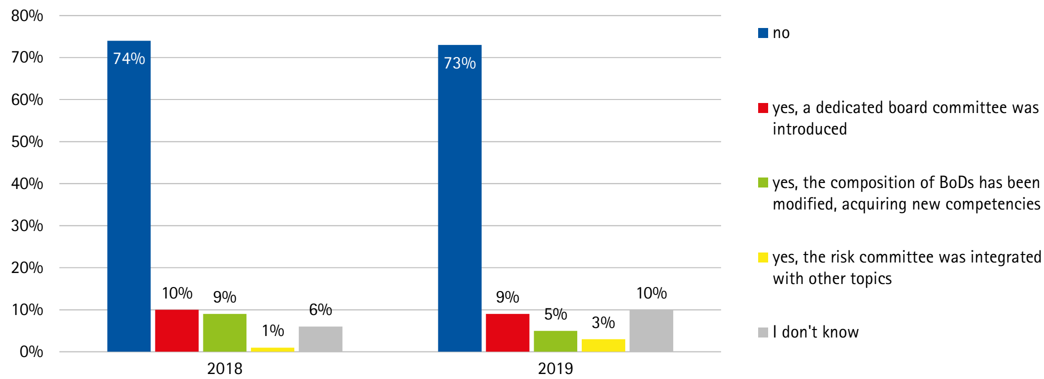


Figure refers to respondents answers to the question reported in the title.

Inductions sessions to elaborate long-term value creation strategies are mainly discussed at the strategic planning stage and within board committees. Induction sessions and dedicated off-site sessions have significantly decreased with respect to 2018.

Fig. 3.15 – Induction sessions about long-term business sustainability and board supervision of the Decree

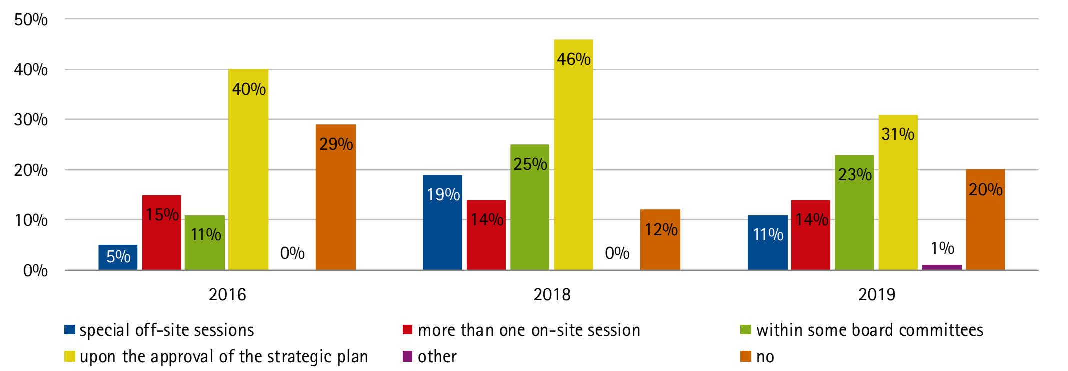


Figure refers to respondents answers to the following questions: 'Does the board spend specific sessions to the process of developing the corporate vision to ensure long-term business sustainability?', asked in 2016 and 2018, and 'In the last year, has the board of directors dedicated one or more sessions specifically to the process of elaboration of the company vision to ensure the board supervision of all the areas of Decree within the business model and strategies?', asked in 2019.

The proportion of respondents deeming as 'lagging' the role of the BoDs in long-term strategic planning has risen over time. In most cases, the board simply approves what is suggested by the top management. Consistently, all sort of 'leading' behaviours have significantly decreased.

Fig. 3.16 – Board of directors supervision of long-term strategies

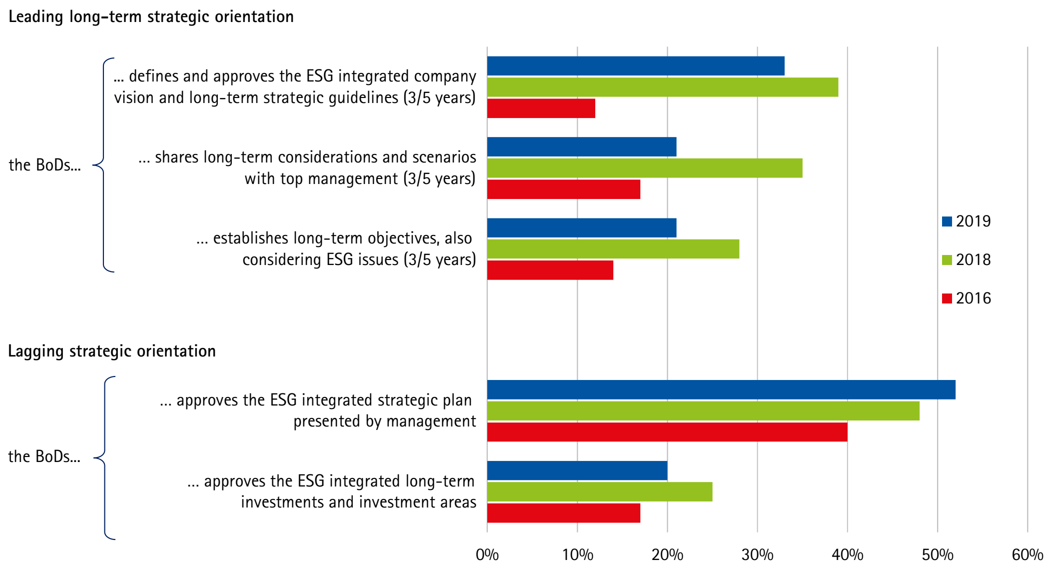


Figure refers to respondents agreement with the reported statements (multiple answers allowed).

Respondents consider to have contributed mainly to in-depth analysis of non-financial information, followed by reputational risk management and gender diversity, while relevant areas in ESG management (e.g. procurement and supply chain, CSR, human rights policy) have rarely been mentioned.

Fig. 3.17 – Areas where the board members contribution is perceived to be more relevant

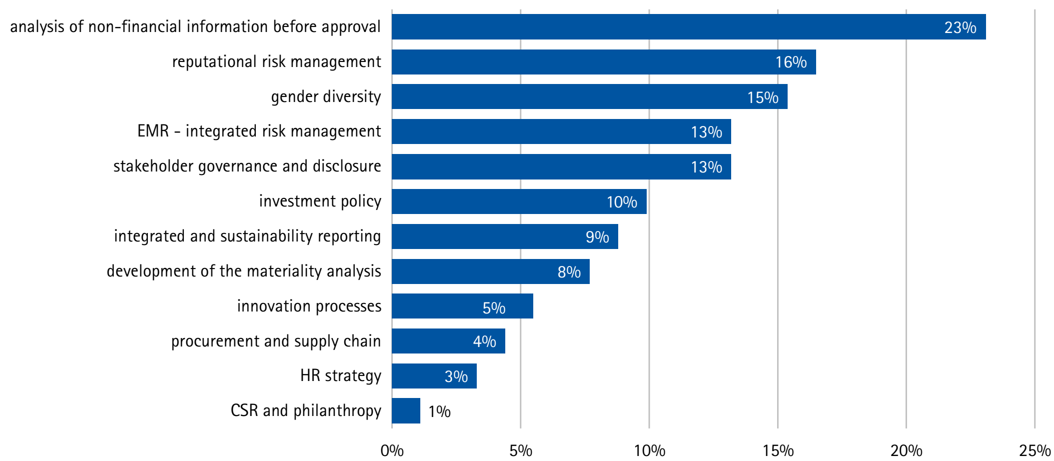


Figure refers to respondents opinion on the reported items (multiple answers allowed).

Independent directors, who more than others should lead the way towards the integration of ESG into strategies and business models, are considered to be less committed in 2019 than they did in 2016.

Fig. 3.18 – Perception and expectations on the independent directors role in ESG integration into long-term strategies

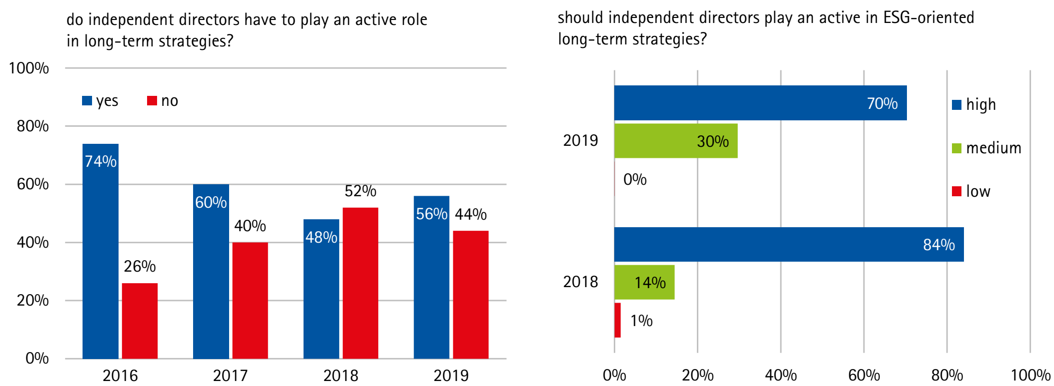


Figure refers to respondents opinion to the questions reported in the sub-titles. Figure on the righ-hand side refers to a 7-point Likert scale ranging from 1 – 'strongly disagree' to 7 – 'strongly agree', where 'high' ranges from 6 to 7, ''medium' ranges from 3 to 5, 'low' ranges from 1 to 2.