

Italian background and case studies

First European Event

Frankfurt 11 June 2024

DUE DILIGENCE

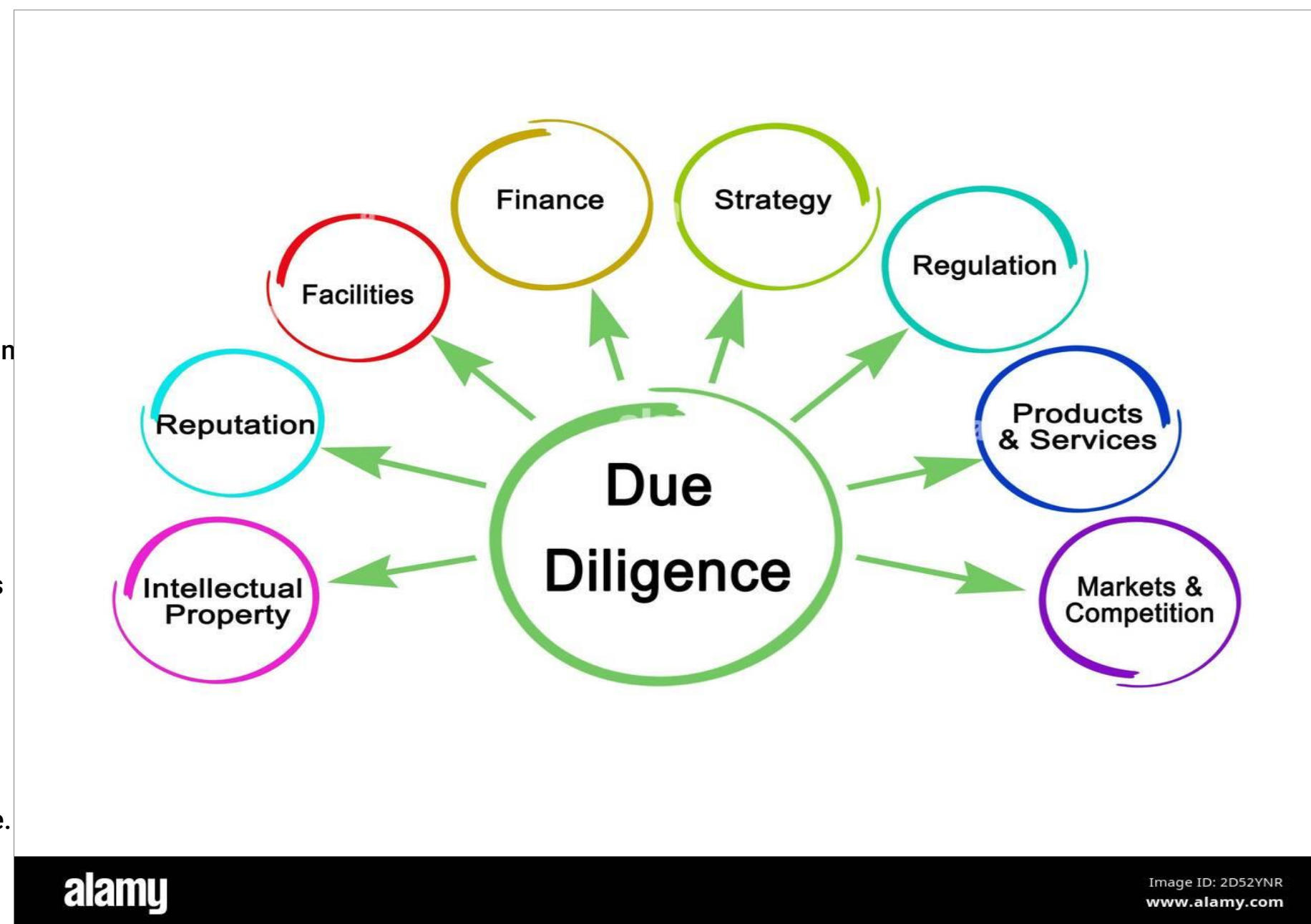
May 2024, Italy has been aligning its corporate regulations to comply with new EU-wide requirements. The CSDDD mandates that large companies the respect of human rights and environmental impacts.

Key provisions of the CSDDD include:

1. **Scope and Application:** The directive applies to EU companies with over 1,000 employees and a net worldwide turnover of at least EUR 450 million, as well as non-EU companies generating the same turnover within the EU.
2. **Due Diligence Requirements:** Companies must identify, prevent, mitigate, and remediate adverse impacts on human rights and the environment.
3. **Implementation Timeline:** The largest companies will need to comply with the directive within three years, while smaller companies will have up to five years to implement these requirements.
4. **Sector-Specific Considerations:** While the initial scope excludes high-risk sectors, the directive includes provisions for a review to potentially include these sectors in the future. This indicates a possibility of more stringent regulations for specific industries depending on the outcomes of future assessments.
5. **Liability and Enforcement:** Companies can be held liable for failing to comply with the directive, and member states are responsible for determining the penalties for non-compliance.

The directive emphasizes the need for public transparency and accountability.

These developments represent significant steps towards enhancing corporate accountability and sustainability within Italy and across the EU.



National context

Corporate sustainability regulatory frameworks in the country have evolved significantly over recent years, aligning with both national and European Union (EU) directives.

The primary focus is on environmental, social, and governance (ESG) criteria, aiming to ensure that companies operate sustainably and ethically.





National Context

*1- EU Directives and Regulations: Italy adheres to several EU directives and regulations which heavily influence its national laws on corporate sustainability. These include:

- Non-Financial Reporting Directive (NFRD)
- Corporate Sustainability Reporting Directive (CSRD)
- EU Taxonomy Regulation.
- Sustainable Finance Disclosure Regulation (SFDR).

*2- National Legislation: Italy has integrated EU directives into its national legislation while also implementing its own regulations:

- Legislative Decree 254/2016: Transposes the NFRD into Italian law.
- National Energy and Climate Plan (NECP): Aligns with EU goals, focusing on reducing greenhouse gas emissions and improving energy efficiency.
- Circular Economy Package: Encourages sustainable production and consumption patterns, promoting recycling and waste reduction.

*3- Corporate Governance Codes: Italy's corporate governance codes incorporate sustainability principles, emphasizing the role of boards in overseeing ESG issues. The Italian Corporate Governance Code for listed companies, updated periodically, includes guidelines on sustainability, diversity, and transparency.

*4- Voluntary Standards and Certifications: Many Italian companies adopt international sustainability standards and certifications, such as:

- Global Reporting Initiative (GRI): Provides a framework for a sustainable report

*5- Financial Market Regulations: The Italian Stock Exchange (Borsa Italiana) encourages listed companies to adhere to sustainability practices, and the introduction of ESG indices (such as FTSE Italia ESG Index) promotes responsible investing.

*6- Public and Private Initiatives: Various public and private initiatives support corporate sustainability in Italy:

- Sustainable Development Foundation: Promotes sustainable development through research and advocacy.
- Green Bonds: Issued by both public and private entities to fund environmentally sustainable projects.

These frameworks and regulations ensure that Italian companies increasingly integrate sustainability into their core operations, aligning with broader European and global sustainability goals.





Social dialogue

Parliament considers **social dialogue** to be a fundamental element belonging to the traditions of the Member States. Its Committee on Employment and Social Affairs has often invited the social partners at European level to express their opinion.

The Treaty of Lisbon introduced the right of Parliament to be informed about the implementation of collective agreements concluded at Union level (Article 155 TFEU) and the Commission's initiatives to encourage cooperation between Member States (Article 156 TFEU).

In its resolution of 13 March 2014 on the employment and social aspects of the role and activities of the Troika and again in its resolution of 15 February 2017 on the governance of the single market in the context of the 2017 European Semester, Parliament called for strengthening the role of the social partners in the new process of economic governance.



Social dialogue

Likewise, in its resolution of 19 April 2018 on the proposal for a Council decision on guidelines for the employment policies of the Member States, Parliament called on the Commission and the Member States to step up concrete support for an authentic social dialogue, which goes beyond simple consultation. On 16 April 2019, in its resolution on the directive on transparent and predictable working conditions and in its resolution on the proposal for a regulation establishing a European Labor Authority, Parliament reiterated once again that the autonomy of the social partners, their ability to act as representatives of workers and employers and the diversity of national industrial relations systems should always be respected. The fundamental role of the social partners and social dialogue was also recalled by Parliament in its resolution of 16 December 2021 on democracy at the workplace. In this resolution, Parliament calls on the Commission and the Member States, together with the social partners, to strive to achieve a collective bargaining coverage rate of 90% by 2030.



DEFEN-CE project

Thanks to the DEFEN-CE project (**Social dialogue in defense of vulnerable groups in post covid-19 labor markets**), it was possible to carry out an analysis on the role of social dialogue in the implementation of policies and instruments in favor of vulnerable groups.

First of all, the research framework was explained and the concept of vulnerability was presented which guided the researchers in identifying vulnerable groups and mapping the policies adopted by governments to limit the negative impacts generated by the outbreak of the **pandemic**.

Starting from a mixed research approach, based on the joint use of qualitative and quantitative investigation techniques, it was possible to find that the **pandemic** acted as a catalyst which tested the effectiveness and pervasive capacity of social dialogue in addressing far-reaching socio-economic challenges.



Health and Safety Protocol

In Italy there has been a phase of interaction between the social partners and government institutions based mainly on dialogue, discussion, consultation and sharing of information, which highlighted a leading role on the part of the Government which has maintained significant control over the political process.

The culmination of the agreement was reached with the signing of the **Health and Safety Protocol of 14 March 2020**, by **CGIL, CISL, UIL, representatives of employers and government**, in which the social partners expressed their shared desire to adopt a cooperative system, collaborative and non-conflictual approach in the complex management of returning to the workplace safely and for maximum protection of workers' health. Furthermore, in Italy, an important role has emerged for collective bargaining which has not limited itself to implementing the legislator's referrals but has reacted actively and autonomously to deal with the emergency and equitably distribute the available resources. Think in this case of the role of bilateral funds and the services provided by bilateral solidarity funds.



Social economy organisations

Thanks to the signing of the "Protocol for industrial relations in the cooperative enterprise system", since 1990 both **cooperatives** and some **social economy organizations** in Italy have had their own specific industrial relations and social policies.

This is due to the fact that the **cooperative** model provides that member workers participate in the cooperative's share capital and are also holders of association rights.

This is a meeting point between work, participation and the market.

No less important is the large presence of cooperative business federations in Italy which play a fundamental role in representing the interests of associated cooperatives, supporting favorable policies, providing support and facilitating collaboration within the cooperative sector.



Social economy organisations

The Italian government, together with **cooperatives** and **sector organizations**, effectively promotes the development of the social economy in various sectors, recognizing its contribution to the economic and social well-being of the country.

Some organizations participate effectively in social dialogue to ensure that the interests of member organizations are guaranteed.

Legacoop, **AGCI** and **Confcooperative** are important Federations that represent cooperatives in sectors such as agriculture, services, healthcare, production, construction, distribution, social cooperatives, etc.

In 2018 the protocol was relaunched with an inter-confederal agreement on the guidelines for the reform of industrial relations between **AGCI**, **Confcooperative**, **Legacoop** and **CIL**, **CISL** and **UIL**: the "Inter-confederal agreement on the guidelines for the reform of industrial relations"

The objective was to strengthen relations between cooperatives and unions, but also aimed at resuming economic growth.



Social Economy organisations

The protocol enhances the role that the cooperative movement has played over the years, especially those of crisis, promoting work buyouts, engaging in the fight against false cooperatives and contractual dumping.

The agreement is divided into a series of chapters, each one is dedicated to a specific theme:

*1- Attention to its legal nature and to the mutualistic connotation of the cooperative enterprise;

*2- The participation of worker members in the share capital and through participation rights;

*3- The common objective of finding effective solutions to contribute to the growth of productivity and wages through general protections and working agreements;

*4- Continuous training, in the awareness that the competitiveness of the production system and cooperative enterprises is increasingly based on the wealth of knowledge and skills of the workers;

*5- Health and safety at work, the parties must build an authentic safety culture focused on the person, promoting the culture of prevention;

*6- The agreement provides for the possibility of launching, also through the use of bilateral sector bodies, strategies and agreements with subjects belonging to the cooperative world as well as with the public administration, aimed at improving the scope of activity to promote the well-being of workers, improving both productivity and working conditions.



Cooperatives

Organizations have their own specific social dialogue and collective bargaining process. This means that the collective agreement for the agricultural sector does not apply to **cooperatives** working in the agricultural sector, because they have a single collective agreement for the **agricultural cooperative sector**, the "National Collective Labor Agreement for employees of agricultural cooperatives and consortia" .

Social dialogue for the social economy follows the same rules for all productive sectors, but there is an additional focus on ensuring social dialogue within social economy organisations, in order to represent everyone's interests workers. Reference also goes to the promotion of education and training to develop the abilities of members and employees to participate effectively in social dialogue and the promotion of cooperative principles.

The current legislation recognizes two types of social cooperatives, those that manage services in the socio-health and educational sectors and those that have the purpose of recovery, professional rehabilitation and social and work reintegration.



Pension funds

A new emerging tool for social dialogue in social economy organizations was found to be bilateral pension funds in the social economy.

Pension funds respond to the specific needs and interests of workers in this sector and contribute to social dialogue in various ways. They are designed to give additional pension benefits to workers in the social economy sector, including employees of **cooperatives**. Their structure involves the representation of employers and workers, in fact they are often negotiated between the representatives of the employers and those of the workers.

These negotiations can be customized to meet the specific needs of workers in the social economy sector. Their negotiation and creation requires consensus between employer and employee representatives.

Pension funds demonstrate a commitment to the well-being of their employees and align themselves with the values of the sector.

An example of pension funds for the complementary welfare of workers in the social economy is the "**Cooperative Previdenza**", made up of **AGCI**, **Confcooperative**, **Legacoop** and **CGIL, CISL, UIL**.

Italian Case Studies



Financial sector:

Federcasse, short term for Federazione Italiana delle Banche di Credito Cooperativo - Casse Rurali ed Artigiane, is the national association of BCC-CRs.

1.440.433

1.440.433

Employees

(approximately 36,000 including associated and system companies)



Soci (+2,6 %)





1. BCC

Description of BCC

The term '**Cooperative Credit**' refers to the organisational and value system related to an original component of the Italian banking industry, the one represented by the 220 Cooperative Credit Banks (BCC), Rural Banks and Raiffeisen Banks (Alto Adige), which have been widespread throughout Italy for over 135 years (the first Rural Bank was founded in Italy in 1883 in Loreggia, near Padua, by Leone Wollemborg). BCCs, as they are concisely defined, are cooperative, local and mutual banks.



1. BCC investments represent:

- 23.4 % of total lending to craft businesses;
- 23.7 % of the total disbursed to tourism-related activities;
- 23.3% of total loans disbursed to agriculture;
- 14.9% of the total disbursed to the construction and real estate sector;
- 11.4 % of loans disbursed to commerce;

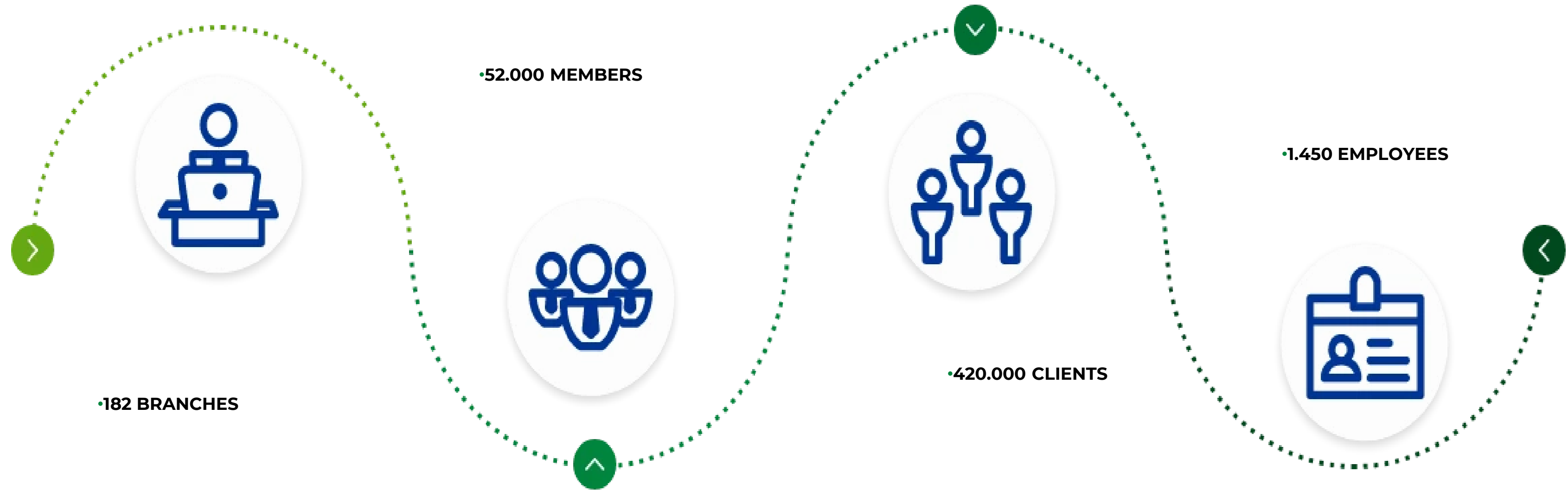
In terms of types of enterprises

- 26.5 % of loans to enterprises with 6-20 employees (smaller enterprises)
- 19.1% of the total disbursed to producer households (micro-enterprises)
- 9.9 % of the total disbursed by the banking industry to households;
- 15.5 % of total lending to non-profit institutions (Third Sector);



In particular the interviews will be made with BCC ROME:

Some dates:



2. COOP. ALLEANZA 3.0

Consumer and production sector

Coop Alleanza 3.0 is the largest co-operative in Italy and one of the largest in Europe, with 2.7 million members, more than 400 sales outlets in 12 regions, 22,000 employees, a turnover of almost EUR 5 billion and assets of EUR 2.2 billion.

Coop Alleanza 3.0 | Emilia-Romagna, Friuli-Venezia Giulia, Veneto, Lombardia, Marche, Abruzzo, Puglia, Basilicata



2. COOP ALLEANZA 3.0

Coop Alleanza 3.0 is the largest cooperative in our country (Italy) and is part of the *Coop System*, which brings together 77 consumer cooperatives (source: Coop Italia).

With almost 350 shops and almost 18,000 workers, it is present from north to south in nine regions:

1. Friuli Venezia Giulia; 2. Veneto; 3. Lombardy; 4. Emilia-Romagna; 5. Marche; 6. Abruzzo; 7. Puglia; 8. Basilicata; 9. Lazio.



2. COOP ITALIA

Coop Italia is the *National Consortium of Consumer Cooperatives*. On behalf of its member Cooperatives, it develops marketing and communication policies and strategies, manages negotiations and purchases with suppliers, and develops Coop-branded products guaranteeing innovation and controlling their quality and safety.



3. COVALPA

Agriculture Sector



It was 1989 when *seven agricultural cooperatives* joined the Marsicana Association of Potato Producers and, with the aim of offering genuine and 100% Italian frozen foods to the general public, they created the company.

Today Covalpa Abruzzo boasts 150 producer members, grouped into 2 cooperatives, located in the Fucino plain in Abruzzo.

Thanks to the commitment made every day by certified farmers, quality vegetables are grown and harvested, carefully selected and processed in our factory.

Data of COVALPA

Sustainable Agriculture: We know enough that agriculture is one of the most important activities for man and is the sector that more than any other is subjected to the great challenge of our times: **guaranteeing nourishment for a continuously growing population.**

Covalpa Abruzzo has the legal nature of an "agricultural cooperative society" and is an "association of agricultural producers". It has more than 500 members, 100 horticultural producer members and 400 potato producer members, and its objective is the union between technological and industrial innovation as well as the quality and safety of the agri-food product.

The mission is linked to the desire to promote values oriented towards the consumer's lifestyle, the needs for quality and food safety, the search for a healthy lifestyle and the rediscovery of the Italian spirit and sustainability of food production.

The industrial complex is located on an area of 110,000 m², in the center of **Fucino** (AQUILA), in the province of Aquila, a preserved territory rich in National Parks and Nature Reserves.



COVALPA ABRUZZO CERTIFICATIONS

https://covalpabruzzo.it/new/wp-content/uploads/2022/09/Attestato-Due-Diligence-ESG_A_S.S.NE-CO.VAL_PA.pdf



4. FILENI

Agricultural Sector

The Fileni Group is a major player in the domestic poultry and rabbit sector. Founded in 1965 by Giovanni Fileni, the Group is headquartered in Cingoli, in the province of Macerata, and in 2022 recorded a turnover of over 622 million Euro in 2023. With the Fileni, Fileni BIO and Club dei Galli brands, widely present in the large-scale retail, Normal Trade and Ho.re.ca channels, the company is today a point of reference for Italian consumers.



Data of FILENI and CARNJ

- The processing company with the largest employment impact in the **Fileni** chain is committed to implementing a plan to transform contracts from seasonal to permanent over the *three-year period 2024-2026*;
- The centrality of issues such as **health and safety** in the workplace was reaffirmed by Carnj's commitment to 'continue the programme to improve the working environment, including through safety input from workers' representatives, who are granted an additional eight hours of leave per year'.
- Another innovation is the establishment of the **Solidarity Hour Bank**, which will allow employees to voluntarily give up hours to colleagues in need. In this case Carnj will pay an additional 50% of the hours donated by colleagues to the individual employee as solidarity.



THE END



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