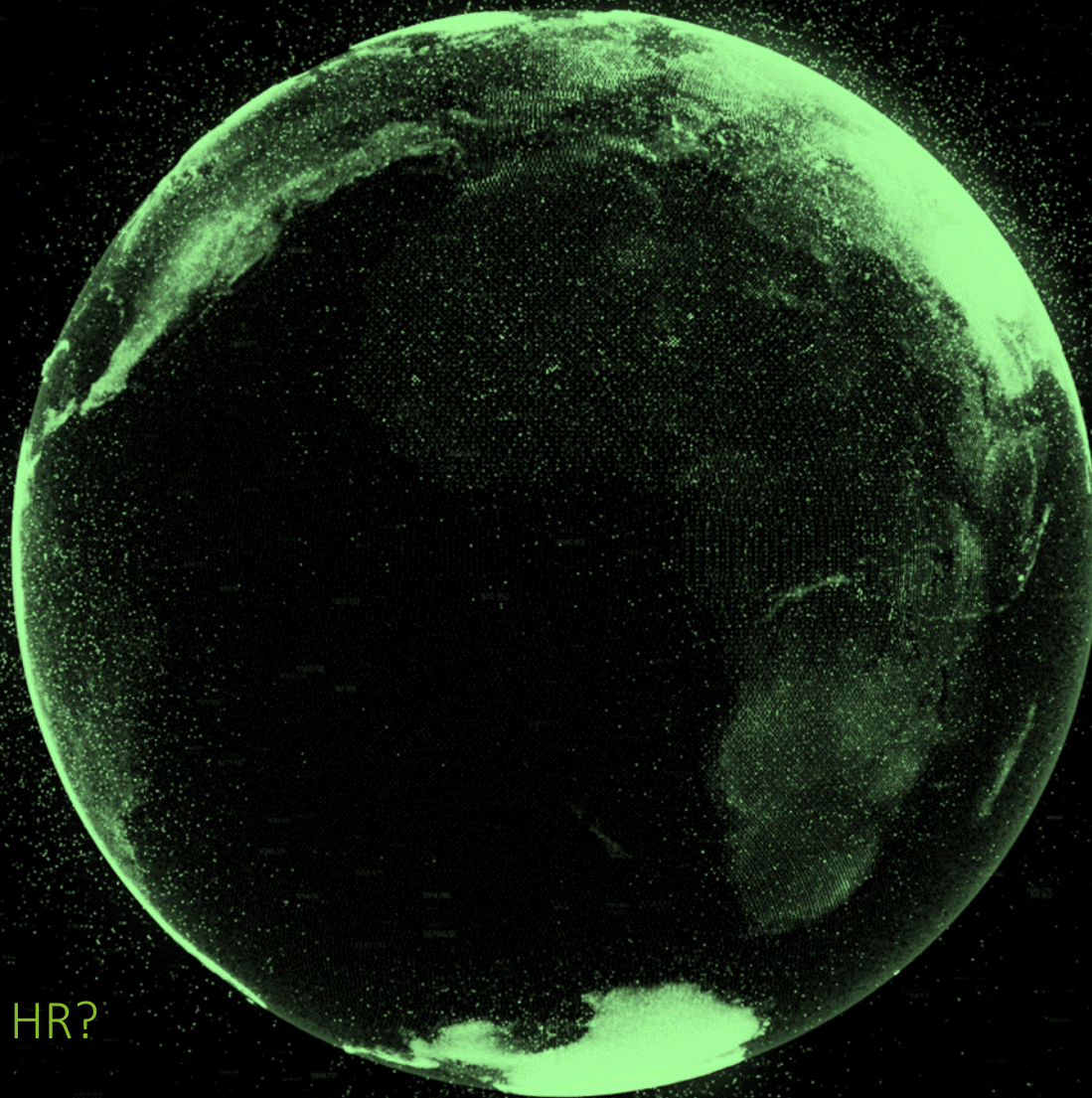


Deloitte.



WHY DOES ESG MATTER FOR HR?

April 2022



**MAKING AN
IMPACT THAT
MATTERS**

since 1845

HR Innovators Community – April 2022

Agenda

<i>Topic</i>	<i>Content</i>	<i>Person responsible</i>	<i>Timing</i>
Opening and Welcoming	<ul style="list-style-type: none">• Participants welcoming	Monica Maggio	09:15 – 09:25
Why does ESG matter for HR?	<ul style="list-style-type: none">• The Sustainable Company• ESG Definition• Sustainability Report: what is it?• Why a company should be interested in ESG?• ESG Market hot priorities	Livio Livi Sabino Pisano Carmine Perna	09:25 – 10:00
Brainstorming	<ul style="list-style-type: none">• Plenary De-briefing	All	10:00 – 10:35
Closing	<ul style="list-style-type: none">• Wrap-up• Next Steps	Giulia Gentili	10:35 – 10:45

“WHY DOES ESG MATTER FOR HR?”



The Sustainable Company

The Sustainable Company is commonly called “**social enterprise**”: an organization whose **mission combines revenue growth and profit-making** with the need to respect and support its environment and stakeholder network. A company can define itself as a social enterprise when it respects sustainability principles and uses its profits also **to become sustainable in the long-term**.

50 percent of respondents in this year’s Deloitte Global Human Capital Trends survey, which polled nearly 9,000 business and HR leaders in 119 countries, categorized their **organization’s purpose** as broadening extensively to include **all stakeholders**, including the **communities** they serve and **society at large**.

THIS IS DIRECTLY
LINKED TO A SHIFT IN
HOW SOCIETY LOOKS AT
COMPANIES NOWADAYS

“Society is demanding that companies, both public and private, serve a **social purpose**.”
- Blackrock CEO

At the World Economic Forum, **purpose and ethics** were central themes on the agenda.

“The public now puts **more trust in corporations than the government** and expects them to make decisions based on shared values. Employees want to work for a company that acts on those values. Between the widespread movement for **stake-holder capitalism and ESG investing**, **company leaders can’t just consider profits anymore; business decisions carry a moral weight**”
- Bloomberg

ESG Definition

From a market perspective, evolving towards an ESG-oriented company means addressing several key needs across each ESG pillar



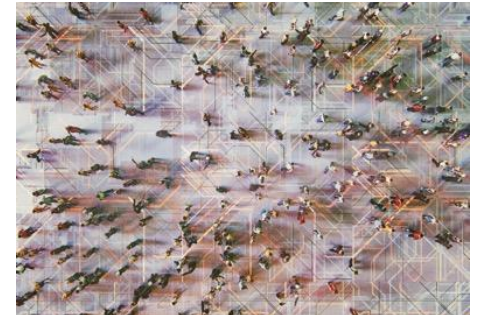
Environmental

- Climate & Decarbonization
- Circular Economy
- Sustainable Finance
- Sustainable Supply Chain
- ESG Reporting



Social

- Diversity, Equity, & Inclusion
- Social Impact/Community Support & Involvement
- Privacy & Security
- Employee Opportunity & Development
- Workforce Transformation
- Labor Standards



Governance

- Ethical Conduct
- Fiduciary Responsibility
- Reporting Transparency
- Corporate Governance & Board Composition
- Leadership & Board Accountability



Note: the above are representative, not exhaustive ESG issues

Sustainability Report: what is it?

The sustainability report looks at a company in a more comprehensive way than the annual report, not just from a financial point of view, but also at its impact on the local area, the environment and the social aspect.

1) **Stakeholder mapping:** identify key figures to assess which stakeholders should be involved in assessing the materiality aspects to be reported.

2) **Internal materiality analysis,** which consists of examining the sustainability aspects by involving the highest representative(s) of the activity in question

3) **External materiality analysis,** a step that is developed through questionnaires and interviews of key stakeholders with the aim of arriving at an assessment regarding the relevance of sustainability aspects.

4) **The definition of the indicators dashboard** moving on to the implementation of the "indicators dashboard".

5) **Data collection,** a very delicate process that involves all parties involved, each of whom must develop through numerical data information that comes from their own field of experience.

6) **The drafting of the document, the processing of data and text.** The extrapolated numerical data are translated into a document that will be readable by third parties, through a precise and fluent vocabulary.

WHO SHOULD DO IT?

Companies in the **banking-insurance** sector, or listed companies or issuers of large bonds (500+ employees, 40+ million turnover, etc.).

It is **voluntary** for the remaining group of companies.

*“ Il Bilancio Sociale è l'esito di un processo con cui l'amministrazione rende conto delle **scelte**, delle **attività**, dei **risultati** e dell'**impiego di risorse** in un dato periodo, in modo da consentire ai cittadini e ai diversi interlocutori di conoscere e formulare un proprio giudizio su come l'amministrazione interpreta e realizza la sua missione istituzionale e il suo mandato. ”*

(Definizione del ministero italiano)

Why a company should be interested in ESG?

The time is now, and companies must act on the ESG imperative to create value and stakeholders are expecting organizations to both accelerate ESG activities and be resilient to its implications.

The ESG Imperative

Shifting expectations around the role of business in society are compelling companies to embrace ESG and **create value for all stakeholders**.

92% of S&P 500 Index Companies published **sustainability reports** in 2020

86% of employees expect their CEOs to **publicly speak out** on important social issues

7 in 10 people globally support organizing **consumer boycotts** against irresponsible companies

Companies that **truly embed ESG** in their business can experience **5-7%** **higher returns** from the market than non-ESG driven companies

The ESG Value*



Sales and Innovation

53% of surveyed CXOs reported **new revenue streams** from socially conscious offerings



Operational Efficiency

64% of companies with product sustainability achieved **lower logistics and supply chain costs**



EBITDA valuations

ESG focused brands had, on average, **4x higher EBITDA valuations**



Capital Access and Valuation

78% of people would **prefer to work for an ESG-driven company**



Brand and Reputation

Brands with ESG focus were **6x more likely to be protected** in the face of negative publicity



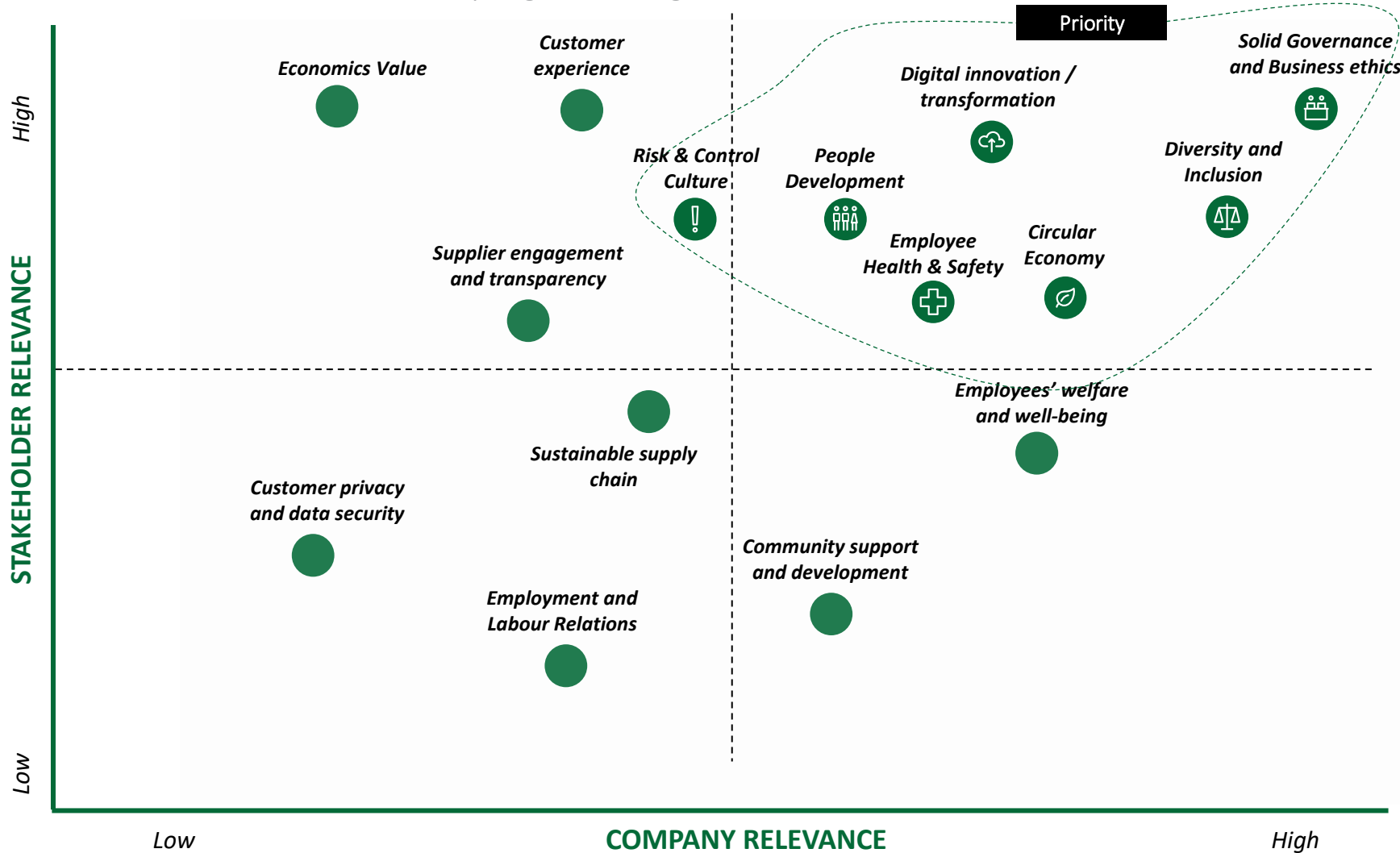
Risk Mitigation

15% of companies would be **unprofitable** if accounting for the environmental damage they caused

*Source: Deloitte Global ESG Program Team Survey; Deloitte Center for Climate & Sustainability

ESG Market hot priorities 1/3

Starting from the analysis of the main market needs, the ESG top priorities have been identified, in order to highlight the must-dos that are re-shaping CXOs' agenda



Key Highlights

- According to our research, we have highlighted **7 main topics** identified as the «hot priorities» across all the selected companies' agendas, placed in the upper-right quadrant
- Several hot priorities are **people-centered**, thus showing that the **three ESG Pillars are interconnected by Human Capital**, which plays a pivotal role in enabling ESG strategies that are sustainable in the longer term
- **People are the strongest enablers of ESG strategy**, and thus a **key force for change**, also considering those priorities which are not strictly people-related

ESG Market hot priorities 2/3

The priorities identified in the major players' non-financial statements are addressed through a series of people-oriented initiatives illustrated in the strategic plans.



People Development & Employee Experience

- Reskilling & upskilling initiatives focused on hot trends, digital skills and soft skills ✓
- Learning Platforms ✓
- ESG Performance Management & MBO Model
- Organizational Culture & Climate Assessment
- Talent acquisition Programs ✓
- Knowledge Management Communities ✓
- ...



Employee Health & Safety

- H&S Policies update
- H&S Training
- H&S Governance (e.g. committees, ...) ✓
- Cultural change
- Welfare & Wellbeing ✓
- Data driven H&S Performance Evaluation
- ...



Risk & Control Culture

- Internal Regulatory Framework update
- Monitoring and control of Solvency II quantifiable risks
- Verification of adequacy of Solvency II technical reserve calculation
- Privacy Risk Management
- ESG Risks Dashboard & KPIs
- Cyber Security ✓
- ...

ESG Market hot priorities 3/3

The priorities identified in the major players' non-financial statements are addressed through a series of people-oriented initiatives illustrated in the strategic plans



Digital Innovation / Transformation

- **Digital Academy**, also focused on Social Impact
- **Open Innovation** (e.g. Innovation hub; Innovation partnership; ...) ✓
- ...



Diversity & Inclusion

- **Diverse Talent Acquisition**
- **D&I Awareness**
- **D&I Governance** ✓
- **D&I policies**
- **Female Talent Valorization & Development**
- ...



Solid Governance and Business ethics

- **Governance & Committee Model update**
- **Code of Conduct update**
- **ESG Role Model** (e.g. CSO; CRO; ...)
- **Sustainable Supply Chain**
- ...



Circular Economy/ Environmental Impact

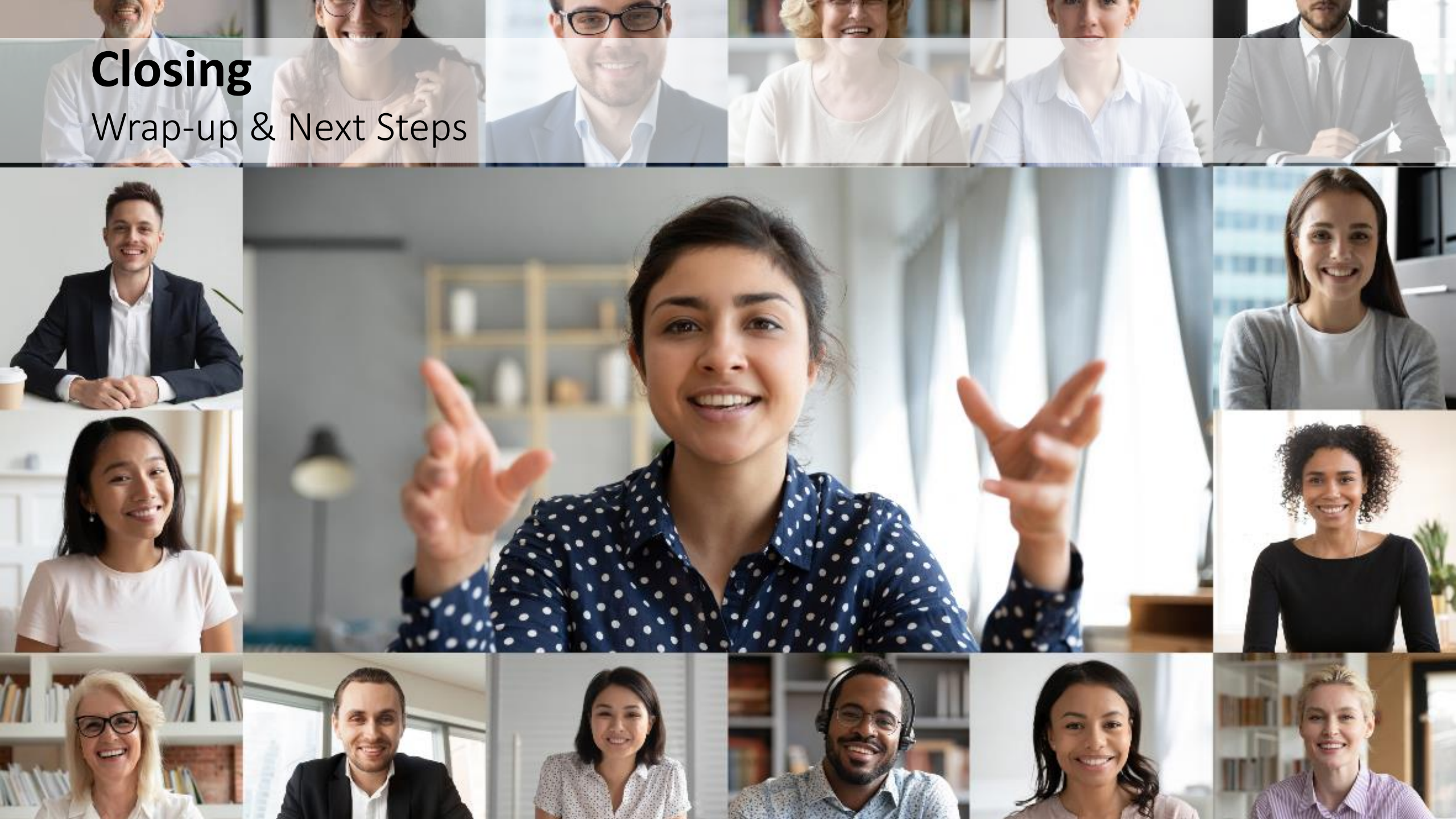
- **Environmentally focused Employee Policies** ✓
- **Workplace redesign**
- **Communication & awareness campaigns**
- ...



Brainstorming Session

Closing

Wrap-up & Next Steps



HRIC Event Calendar 2022

January				
Mo	Tu	We	Th	Fr
27	28	29	30	31
3	4	5	6	7
10	11	12	13	14
17	18	19	20	21
24	25	26	27	28

February				
Mo	Tu	We	Th	Fr
31	1	2	3	4
7	8	9	10	11
14	15	16	17	18
21	22	23	24	25
28	1	2	3	4

March				
Mo	Tu	We	Th	Fr
28	1	2	3	4
7	8	9	10	11
14	15	16	17	18
21	22	23	24	25
28	29	30	31	1

April				
Mo	Tu	We	Th	Fr
28	29	30	31	1
4	5	6	7	8
11	12	13	14	15
18	19	20	21	22
25	26	27	28	29

May				
Mo	Tu	We	Th	Fr
25	26	27	28	29
2	3	4	5	6
9	10	11	12	13
16	17	18	19	20
23	24	25	26	27
30	31	1	2	3

June				
Mo	Tu	We	Th	Fr
30	31	1	2	3
6	7	8	9	10
13	14	15	16	17
20	21	22	23	24
27	28	29	30	1

July				
Mo	Tu	We	Th	Fr
27	28	29	30	1
4	5	6	7	8
11	12	13	14	15
18	19	20	21	22
25	26	27	28	29

September				
Mo	Tu	We	Th	Fr
29	30	31	1	2
5	6	7	8	9
12	13	14	15	16
19	20	21	22	23
26	27	28	29	30

October				
Mo	Tu	We	Th	Fr
26	27	28	29	30
3	4	5	6	7
10	11	12	13	14
17	18	19	20	21
24	25	26	27	28
31	1	2	3	4

November				
Mo	Tu	We	Th	Fr
31	1	2	3	4
7	8	9	10	11
14	15	16	17	18
21	22	23	24	25
28	29	30	1	2

December				
Mo	Tu	We	Th	Fr
28	29	30	1	2
5	6	7	8	9
12	13	14	15	16
19	20	21	22	23
26	27	28	29	30

Legend

- HRIC Event
- Speaker Corner
- Semi Annual Event
- Annual Event

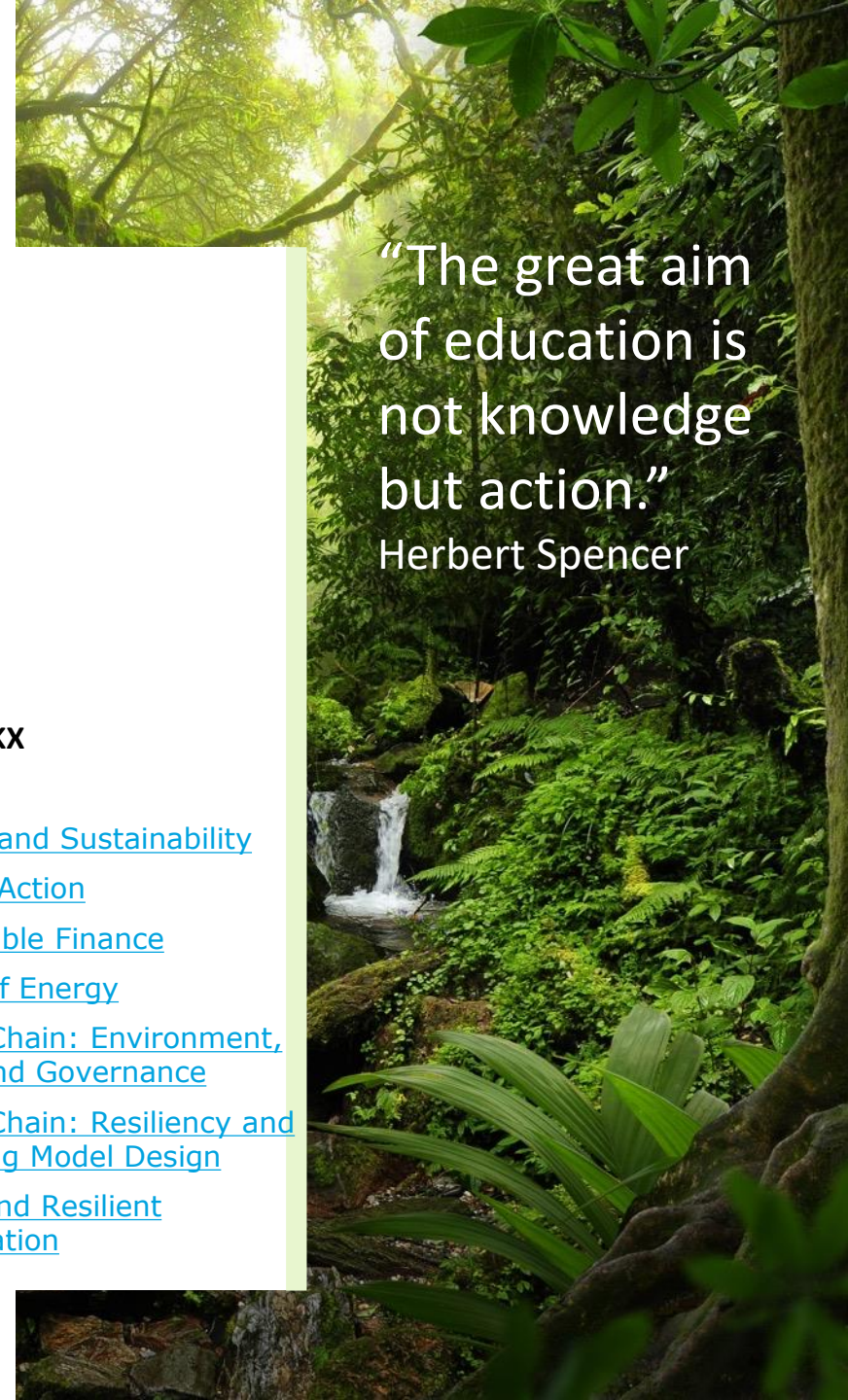


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Focus on: Deloitte Center for Climate & Sustainability - Eminences



“The great aim of education is not knowledge but action.”
Herbert Spencer

Social



[Social purpose and value creation](#)



[Driving corporate growth through social impact](#)



[Incorporating ESG measures into executive compensation plans](#)



[The future of the Chief Sustainability Officer](#)



[Measuring the business value of corporate social impact](#)

Climate



[Leading in a low carbon future](#)



[Marine plastic pollution: The hefty cost of doing nothing](#)



[Climate Change 101 for business leaders](#)

ESG reporting



[#DeloitteESGnow Enhancing Trust in ESG Disclosures Heads Up | Volume 27, Issue 20](#)



[#DeloitteESGnow Sustainability disclosure goes mainstream](#)

Quals and KX Collections

- [Climate and Sustainability](#)
- [Climate Action](#)
- [Sustainable Finance](#)
- [Future of Energy](#)
- [Supply Chain: Environment, Social and Governance](#)
- [Supply Chain: Resiliency and Operating Model Design](#)
- [Thrive and Resilient Organization](#)