

COSMIC project

COSMIC - CSROriented
Supply - chain Management
to Improve Competitiveness

*Report concerning the results
of the experimentations of
COSMIC Project*

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INTRODUCTION

This is the final report of the COSMIC project and contains the results of the experimental task of the project. Based on results emerged in the analytical and research phases, we identified potential actions that could be adopted by SMEs operating in the *fashion* sector. These action could increase competitiveness in firms. In addition, it could help firms to overcome and remove, directly or indirectly, barriers and constrains that were previously identified.

This report has two main targets:

- 1) identification, for each relevant competitive factor, of policies and initiatives aiming at increasing the competitiveness of enterprises operating in the textile, clothing and leather sectors adopting CSR - related tools
- 2) description of the actions that were selected and experimented in the COSMIC project in the three countries (Italy, France and Spain) in order to evaluate the level of change in competitiveness of the socially responsible enterprises.

In respect to the first target, the potential actions are detailed in the following table, divided into four competitive factors (Public policy, Credit and insurance system, Supply-side and innovative processes, Demand side). In particular, for each factor, we've identified the following information:

- *Description*: short description of activities aiming at rewarding the socially responsible SMEs
- *Stakeholder*: identification of subjects involved in living a competitive advantage to socially responsible SMEs
- *CSR topics*: detail of the CSR - related tool(s)
- *Competitive advantage*: taking into consideration the benefits connected with the adoption of the CSR-related tool(s)

We identified 76 potential actions, divided into the four competitive factors as follows:

- 25 actions in the field of public policies
- 16 initiatives in the field of credit and insurance
- 25 actions related to supply-side e innovation processes
- 10 initiatives related to demand - side

Amongst these initiatives, seven were directly experimented in the COSMIC project in the three countries. In particular:

- two initiatives in the field of public policies, both in Italy
- two initiatives in the field of credit and insurance, one in Italy and one in France
- two initiatives related to supply-side e innovation processes, one in Italy and one in Spain
- one initiative related to demand - side, in Italy

Each initiative is described further detailing related *CSR topics* and *competitive advantages* for SMEs; outputs and documents produced in the experimentations are included in the annexes.

POTENTIAL INITIATIVES AND EFFECTS ON COMPETITIVENESS

DESCRIPTION	STAKEHOLDER	CSR TOPICS	COMPETITIVE ADVANTAGE
Public policy			
Technical support in maintaining social (ethical and safety) and environmental certifications	- Local authorities	Environmental- related CSR Management systems	- Economic saving - Increase of innovation
Permanent table of negotiation amongst social representatives (trade associations, trade unions, local authorities, local environmental associations, etc.)	- Local authorities - Local communities - Other enterprises in the supply-chain - Trade associations and trade unions	Community-related CSR Marketplace CSR	-Increase of corporate reputation
Preferential access of socially responsible enterprises to public funds for technological investments	- Local authorities - Control authorities	Environmental- related CSR Workplace CSR	- Increase of innovation - Cost efficiency
Rewarding systems in tenders and public biddings for socially responsible enterprises (green and ethic public procurement)	- Local authorities	Marketplace CSR	- Customer perspective: growth of market shares
Direct financial support to cover costs that are necessary to maintain high levels of environmental, social and safety performances	- Local and national authorities	Workplace CSR Environmental- related CSR	- Increase of financial solidity - Economic saving
Special provisions in the field of environmental permitting for certified (EMAS and ISO14001) enterprises, such as: - opportunity of a special "single" permit (concerning industrial effluents, wastes, air pollutions, ...) - extension of terms of permissions to manage their environmental issues	- Local and national authorities	Environmental- related CSR Management systems	- Cost efficiency - Economic saving
Tax breaks for enterprises implementing formalized CSR – related tools (in particular: EMAS, ISO14001, OHSAS18001, SA8000 certifications)	- Local and national authorities	Management systems Accountability	- Economic saving

Adoption of EMAS Environmental Statement and other EMAS/ISO14001 environmental indicators in the procedures foreseen by IPPC regulation for obtaining the integrated environmental permission.	- Local and national authorities - Control authorities	Management systems Accountability	- Cost efficiency - Economic saving
Reduction of water softening and disposal of waste materials costs to enterprises implementing EMAS/ISO14001 Environmental Management Systems	- Local and national authorities - Local environmental operators	Management systems Environmental- related CSR	- Economic saving - Cost efficiency
Tax credits for new employment in favor of enterprises with SA8000 or OHSAS18001 certifications	- Government institutions - Control authorities - Workers	Management systems Workplace CSR	- Economic saving
Tax credits for certified enterprises proportionally based on their investments foreseen in their Environmental and/or Safety Programs of improvement	- Government institutions - Control authorities - Workers	Management systems	- Economic saving
Special systems of simplification for fidejussions to ISO14001/EMAS/OHSAS18001 certified enterprises	- Government institutions	Management systems	- Economic saving
Reduction , of administrative environmental permits costs foreseen for issue and extensions for EMAS/ISO14001 certified enterprises	- Local and national authorities	Management systems Environmental- related CSR	- Economic saving
Reduction , of costs foreseen for legislative controls and audits in the environmental and safety fields for EMAS/ISO14001/OHSAS18001/SA8000 certified enterprises	- Local and national authorities - Control authorities - Workers	Management systems Environmental- related CSR Workplace CSR	- Economic saving
Reduction of urbanization charges related to the extension of productive plants in favor of EMAS/ISO14001 and SA8000 certified enterprises	- Local and national authorities	Management systems Workplace CSR	- Economic saving
Reduction of cleaning charges in hydraulic systems for ISO14001/EMAS certified enterprises	- Local and national authorities - Control authorities	Management systems	- Economic saving
Extension of adaptation terms to new environmental provisions promoted by local authorities for ISO14001/EMAS certified enterprises,	- Local authorities - Control authorities	Management systems Environmental- related CSR	- Cost efficiency - Economic saving
Simplification of bureaucratic procedures foreseen in the permit to possession/use of hazardous substances for ISO14001/EMAS certified enterprises,	- Local and national authorities	Management systems	- Cost efficiency
Preferential qualification of ISO14001/ EMAS/ OHSAS18001/ SA8000 certified enterprises when participating at public authorities tendering processes	- Local and national authorities	Management systems Environmental- related CSR	- Customer perspective: growth of market shares

Preferential qualification of ISO14001/EMAS certified enterprises in the territorial allocation processes defined by Local Authorities in their territorial planning activities	- Local authorities - Other local enterprises	Management systems Environmental- related CSR	- Cost efficiency
Dismissal for EMAS registered enterprises from the application of Environmental Impact Assessment procedures of substantial modification of productive plants	- Local and national authorities	Management systems	- Cost efficiency - Economic saving - Increase of innovation
Simplification for EMAS/ISO14001 certified enterprises, of bureaucratic procedures of Environmental Impact Assessment for new plants installation	-Local and national authorities	Management systems	- Cost efficiency - Economic saving - Increase of innovation
Simplification of planning controls for EMAS/ISO14001 (in the environmental field) and OHSAS18001 (in the safety field) certified enterprises; that entails in: - reduction of number of planned controls in respect to those foreseen for non certified enterprises - adoptability of the Management System's documentation as evidence of conformity to legislation	- Local authorities - Control authorities	Management systems Environmental- related CSR Workplace CSR	- Cost efficiency -Increase of corporate reputation
Organization of territorial services aiming at: - supporting the local enterprises into the identification of the legal applicable requirements - supporting the local enterprises into the adoption of effective managerial tools to guarantee the conformity to legal requirements Field of application: environmental, safety and labor legislations	- Local authorities	Management systems Accountability Marketplace CSR Community- related CSR	- Cost efficiency -Increase of corporate reputation
Discount in accident insurance policies premiums	- Social security institutions	Management systems Workplace CSR	- Cost efficiency - Economic saving

Credit and insurance system

Grants or subsidized credits for enterprises adopting CSR – related tools	- Credit institutions	Environmental- related CSR Workplace CSR Management systems	- Cost efficiency - Increase of financial solidity
Offer of lower interest rates for enterprises with certified Management Systems or adopting formalized social and environmental accountability systems, than ordinary market rates.	- Credit institutions - Control authorities	Management systems Accountability	- Increase of financial solidity
Discount of insurance premiums for ISO14001/EMAS, SA8000, OHSAS18001 certified enterprises or those adopting social and environmental accountability systems (example: lower premiums for environmental indemnity insurance)	- Insurance institutions	Management systems Accountability	- Cost efficiency - Economic saving
Offer of financial packages oriented to satisfy in detail enterprises adopting CSR – related tools	- Credit institutions	Management systems	- Increase of financial solidity - Increase of innovation
Longer pay-back terms for loans to ISO14001/EMAS, SA8000, OHSAS18001 certified enterprises or SMEs adopting social and/or environmental accountability systems	- Credit institutions	Marketplace CSR Management systems Accountability	- Increase of financial solidity
Implementation of financial rating systems which indicates excellence enterprises in CSR matters	- Credit institutions - Social rating institutions	Marketplace CSR Accountability	-Increase of corporate reputation
Cooperation amongst credit and insurance institutions, CSR oriented enterprises and local communities at territorial level (local networking)	- Credit institutions - Insurance institutions - Local communities - Local Authorities	Community-related CSR Marketplace CSR	-Increase of corporate reputation -Cost efficiency
Diffusion and promotion amongst credit and insurance institutions of information about ethical, environmental and social matters	- Credit institutions - Insurance institutions - Trade associations - Trade unions	Marketplace CSR Workplace CSR	-Increase of corporate reputation -Cost efficiency
Adoption of insurance risk assessment criteria based on CSR performances (ethics, environment, safety)	- Insurance institutions	Marketplace CSR Accountability	- Cost efficiency - Increase of innovation
Implementation of credit rating systems aiming at rewarding enterprises with EMAS/ISO14001 certified processes or Ecolabel certified products	- Credit institutions	Management systems Marketplace CSR	- Economic saving - Increase of innovation - Increase of financial solidity

Implementation of credit rating systems aiming at rewarding enterprises adopting ethic codes or conduct codes involving the whole supply – chain	- Credit institutions - Other enterprises in the supply - chain	Accountability	- Increase of corporate reputation - Economic saving - Increase of financial solidity
Implementation of credit rating systems aiming at rewarding enterprises adopting formalized social and environmental reporting systems	- Credit institutions	Accountability	- Increase of corporate reputation - Economic saving - Increase of financial solidity
Orientation of investments bank to subjects excellent in the CSR matters	- Credit institutions - Other enterprises	Marketplace CSR	- Increase of financial solidity - Cost efficiency
Promotion of Socially responsible investment funds	- Credit institutions	Marketplace CSR	- Customer perspective: growth of market shares
Identification of opportunities of adoption of funds by enterprises with high levels of social and environmental performances (example: possibility of using the funds contextually with the stipulation of the contract)	- Credit institutions	Accountability Management systems	- Increase of financial solidity - Increase of innovation
Definition of favorable conditions when negotiating conditions of funding for enterprises demonstrating high levels of social and environmental performances (example: possibility of extension of terms)	- Credit institutions	Accountability Management systems	- Increase of financial solidity - Increase of innovation

Supply side and Innovative processes

Development of CSR-related tools and their diffusion to enterprises at territorial and/or sectorial level (sectorial ethic codes, territorial reports, operative guidelines), in advice to tools developed by each enterprise	- Local authorities - Trade Unions - Trade Associations	Accountability Marketplace CSR Management systems	- Cost efficiency - Increase of corporate reputation
Cooperation in designing and production of sustainable products (ecologic, fair trade, etc.)	- Consumers - Enterprises of the supply-chain	Marketplace CSR Environmental- related CSR	- Cost efficiency - Customer perspective: growth of market shares
Implementation of rating systems for suppliers based on social and environmental criteria	- Enterprises of the supply-chain	Marketplace CSR Management system	- Cost efficiency
Promotion of "take back" systems (package return to the suppliers)	- Enterprises of the supply-chain	Marketplace CSR Environmental- related CSR	- Cost efficiency
Promotion of "reverse logistic" system (logistics optimization systems)	- Enterprises of the supply-chain	Marketplace CSR Environmental- related CSR	- Cost efficiency

Implementation of "short supply - chain" systems by local supplying	- Local enterprises of the supply-chain	Marketplace CSR Environmental- related CSR	- Cost efficiency -Increase of corporate reputation
Cooperation agreements for purchasing secondary raw materials	- Enterprises of the supply-chain	Marketplace CSR Environmental- related CSR	- Cost efficiency
Implementation of rating systems for transport enterprises selection based on environmental criteria	- Enterprises of the supply-chain	Environmental- related CSR Marketplace CSR	- Cost efficiency
Introduction of environmental, ethical or safety contractual rules for transportation services	- Enterprises of the supply-chain	Environmental- related CSR Workplace CSR	- Cost efficiency
Cooperation agreements amongst different enterprises for a sustainable and integrated management of suppliers at local level	- Local enterprises of the supply-chain	Environmental- related CSR Marketplace CSR	- Cost efficiency
Definition of safety and environmental binding rules for contractors operating on site, and adoption of monitoring systems	- Enterprises of the supply-chain - Workers	Workplace CSR	- Cost efficiency
Definition of safety and environmental performance targets and penalty clauses for contractors operating on site of	- Enterprises of the supply-chain - Workers	Workplace CSR	- Cost efficiency
Environmental, social and safety audits from clients and retailers at suppliers, in order to verify their conformity with specific legislative requirements, voluntary standards or procedures.	- Enterprises of the supply-chain	Marketplace CSR Environmental- related CSR Workplace CSR	- Cost efficiency
Advice to SMEs adoption of formalized CSR – related tools by territorial approaches involving local intermediate institutions (cluster approach to CSR)	- Local authorities - Local trade associations - Local trade unions - Local enterprises of the supply-chain	Accountability Management systems	- Cost efficiency -Increase of corporate reputation
Selection of suppliers according to "compliance" to the adopted HSE Integrated Policy	- Enterprises of the supply-chain	Marketplace CSR Management systems	- Cost efficiency
Promotion of initiatives with workers aiming at diffusing environmental or health adequate behaviors in the working environment (examples: informative booklets about domestic recyclable-waste collection, newsletters about health hazards connected with smoking or drinking, instructions and recommendations concerning good practices of domestic energy saving, etc.)	- Workers - Local communities	Community - related CSR	-Increase of corporate reputation -Improvement of productivity of human resources

Agreements with employees for the acquisition of products with low environmental impact (example: energy saving lamps)	- Workers	Workplace CSR Environmental- related CSR	- Improvement of productivity of human resources
Agreements with public transport companies which stimulates the use of public transportation by employees	- Workers	Workplace CSR Environmental- related CSR	- Improvement of productivity of human resources
Implementation of mobility management measures by enterprises, such as: - car sharing, car pooling; - additional benefits (free of charges car maintenance; free of charge bikes).	- Workers	Workplace CSR Environmental- related CSR	- Improvement of productivity of human resources
Implementation of Life Cycle Assessments, in conformity with ISO14040 standard	- Enterprises of the supply-chain - Consumers	Marketplace CSR Environmental- related CSR	- Increase of innovation - Cost efficiency
Cooperation initiatives along the supply chain for the implementation of technological solutions with low safety risks or low environmental impact	- Enterprises of the supply-chain	Marketplace CSR Environmental- related CSR Workplace CSR	- Increase of innovation - Cost efficiency -Increase of corporate reputation
Cooperation initiatives with waste disposal enterprises for production of products that can be disassembled at the end of life cycle.	- Enterprises of the supply-chain	Marketplace CSR Environmental- related CSR	- Increase of innovation - Cost efficiency
Adoption of sustainable criteria in the policies of selection of financial investments (decision of investments on the basis of sustainability indices: Dow Jones Sustainability Index, FTSE4Good, Ethibel Sustainability Index, etc.)	- Banks and credit institutions	Marketplace CSR Accountability	-Increase of financial solidity -Increase of corporate reputation
Implementation of instructive pre and post lauream stages about environmental and health protection	- Local Communities - Workers	Community-related CSR Workplace CSR	- Improvement of productivity of human resources

Demand side

Implementation of co-marketing initiatives oriented to appreciate the socio - environmental performances by enterprises operating in the same supply-chain	- Consumers - Enterprises of the supply-chain - Other local enterprises	Marketplace CSR	-Increase of corporate reputation -Cost efficiency -Customer perspective: growth of market shares
Initiatives promoted by retailers of consumers communication about relevance of ethical, fair-trade and/or ecological products	- Consumers - Retailers	Marketplace CSR Community-related CSR	-Customer perspective: growth of market shares

Periodical surveys promoted by retailers oriented to test the opinion of consumers about CSR strategies promoted by SMEs	- Consumers	Marketplace CSR Community-related CSR	-Customer perspective: growth of market shares
Education on sustainability to citizens-consumers (ex: cultural training initiatives in schools) organized in cooperation between producers and retailers	- Consumers - Local communities	Marketplace CSR Community-related CSR	-Customer perspective: growth of market shares
Promotion and discounted prices from retailers for ecological/organic products (advertising campaigns, promotional offers, special discounts, etc.)	- Consumers	Marketplace CSR Environmental- related CSR	-Customer perspective: growth of market shares
Promotion and discounted prices from retailers for ethic (ex: fair-trade) products (advertising campaigns, promotional offers, special discounts, etc.)	- Consumers	Marketplace CSR Environmental- related CSR Workplace CSR	-Customer perspective: growth of market shares
Subsidized price policies by retailers for sustainable and ethical products	- Consumers	Marketplace CSR Environmental- related CSR Workplace CSR	-Customer perspective: growth of market shares
Ethical and sustainable selection of consumables used internally in the stores and supermarkets (for example: certified dresses used by employees, certified tissue papers, etc.)	- Employees	Marketplace CSR Workplace CSR	-Customer perspective: growth of market share
Promotion and information initiatives from retailers and producers about the correct use of products (examples: information campaigns about environmental compatibility of products, informative booklets, handbooks for the use of the products, information on packaging, etc.)	- Consumers	Marketplace CSR	-Customer perspective: growth of market shares
Participation to international campaigns and networks aiming at promoting the ethical and environmental features of productions	- Local communities - Local and National authorities	Community-related CSR	-Customer perspective: growth of market shares - Cost efficiency

PUBLIC POLICIES: DRAFTING OF A NATIONAL BILL PROPOSAL IN ITALY

Reference area of the activity: Public policies experimentation

CSR topics: Management system; Accountability; Marketplace CSR

Competitive advantage: Economic saving; Improve of innovation; Cost efficiency

The initiative aimed at contributing on the definition of an Italian bill, for the promotion and development of Corporate Social Responsibility. This proposal has been submitted in the first instance on 29th April 2008, with the following provisory title: *Provisions on the promotion and development of corporate social responsibility*. This bill includes representatives of both political majority and opposition among its signatories.

Based on the experience gained within the COSMIC Project, regarding SMEs in textile sector, the Sant'Anna School has been involved in providing some suggestions on this bill proposal. The bill declared aim are:

- implementation of EU guidelines on CSR, based on the appeal of the European Council in Lisbon in March 2000, and European Commission's Green Paper on Corporate Social Responsibility
- promotion of CSR tools and ethical behavior amongst Italian companies, in particular SMEs.

The contributions, in the definition of the bill by the Sant'Anna School, were:

- establishment of a detailed regulatory framework and identification of key experiences gained in recent years on CSR
- extension of the concept of CSR, into sophisticated management tools (management systems) or broader international initiatives (eg: UN - Global Compact), rather identification of social and environmental performance
- strength the links between CSR and competitiveness: from this point of view a number of hints (cf. Art. 7) about administrative simplification and tax incentives for socially responsible enterprises were provided. These indications, contained in the article 7, should serve as reference for a specific and detailed Government act on the subject.
- more emphasis on the promotion of territorial approaches to CSR (in particular at cluster level), and on the controls on supply chains at international level (green and ethic supply-chain management).

The process of the bill can be followed on the Italian Parliament website. The act in question is Act No. 59 at the Chamber of Deputies, on behalf of *REALACCI and MARTELLA*: "*Provisions on the promotion and development of corporate social responsibility*."

The link is <http://nuovo.camera.it/126?Pdl=59>.

PUBLIC POLICIES: COOPERATION IN THE REGIONAL PRODIGA PROGRAMME

Activity reference area: Public policies

CSR reference area: Management system, Environmental - related CSR

Competitive advantage for the company: Economic saving

Activities in this initiative have the final objective of preparing and sharing a document containing lines of action to develop and to foster (in terms of competitiveness) the implementation of certified Environmental Management Systems amongst SMEs.

The initiative was promoted in collaboration with the Tuscany Region, which started up a round table on simplifying legislation and control, in the regional program "Prodiga".

Partners involved in this action are: Tuscany Region, API (a SMEs trade association), National Confederation of Artisans and SMEs, Tuscany Artisan Confederation, Tuscany Industry Confederation, Cooperative Alliance, Cooperative Confederation, Autonomous Confederation Artisan Union, Regional Association of public service enterprises, Regional Agency for the Environmental Protection of the Tuscany, Union of Italian Provinces of Tuscany.

As first activity, a review of the forms of simplification and facilities existing or proven in the past at a national and community level was carried out. The follow reference classes was used: the extent of the simplifications, simplifications in the authorization renewal, request information rationalization, tax relief, expense reduction, financial guarantees reduction, other forms of deregulation or facilitation.

The review draft is the output of this phase; it was done by the Sant'Anna School and presented to the Tuscany Region on 27th of November 2009: "*Rassegna e ricostruzione storica delle iniziative di semplificazione e agevolazione a favore delle imprese Emas ed Iso 14001*" (Annex: *Rassegna iniziative semplificazione*)

The second step is the verification of effectiveness of the measures collected in the review using suitable indicators. In this phase, some indicators were identified for the success and the diffusion of the forms of simplification evaluation. On one hand, the real contribution for the growth of the certification and registration rate was estimated; on the other hand, the rating by the operators. The activity is already ongoing, and the results of this phase will be useful to provide an indication about the perceived efficiency of the identified simplification forms.

The third phase is about the definition of the proposals and its spread amongst the project partners. That phase started with an analysis of the legal framework and with the identification of the possible simplification, to predispose a first brief proposal classified in accordance with the results of the first project phase. The proposals were shared among the *Prodiga* committee. The activities of this phase are still on-going.

The work program will continue after the Cosmic project conclusion. The members of the *Prodiga committee* will identify four or five measures among the proposed and will promote an operative direct experimentation with a group of enterprises (involving at least one enterprise from *fashion* sector). The execution of the experimental cases will provide signposts for an effective review of the proposals.

Annexes

- *Programma lavoro Prodiga*
- *Rassegna iniziative semplificazione.*
- *Convocazione CTC marzo 2010.*
- *Slides CTC 24/03/2010*

CREDIT SIDE: PROMOTION OF INITIATIVES AMONGST CREDIT INSTITUTIONS

Reference area: Credit side experimentation

CSR topics: Management system; Accountability

Competitive Advantage: Improve of financial solidity, Economic saving

On credit side, the developed activities involved Italy and France. The goal is to sensitize the major Italian and French banking groups with respect to:

- possible integration of socio-environmental performance indexes into the procedures for assessing creditworthiness
- development of specific investment packages for companies in the textile, clothing and leather sectors that reward ethical control in the supply chain.

The initiative consisted in drafting and sending a description for policy-makers and credit risk managers of major banking groups in France and Italy.

The activity was developed in collaboration with the Centre for Research and Consulting Ltd. AVANZI in Milan, the rating social company VIGEO in Paris and ABI - Italian Banking Association. The contents of the document have been defined and shared with AVANZI; VIGEO and ABI contributed to send the document to their affiliates, respectively in France and Italy.

The document initiative has been structured as follows:

- brief description of the COSMIC project and relevance of the document within the European Commission programme
- brief description of the characteristics of fashion sector, highlighting the importance of ethical aspects (e.g. environmental issues associated with some phases of textile and tanning processing, or ethical issues in terms of Human Rights protection in textile and clothing supply chains, in particular for productions carried out in non-EU countries)
- highlight the importance of creditworthiness assessment process to take into consideration elements of reliability beyond economic-financial framework; it has been emphasized that environmentally virtuous firms provide greater assurance for not incurring in penalties from public authorities. This guarantees ethical control of the production process (e.g. ethical certification) and limits the risks of rupture in the supply-chain
- finally, guidelines for the integration of risk assessment and social - environmental factors described above were draft. It was also suggested that an ad hoc investment package for socially and environmentally virtuous SMEs in the fashion sector should be created.

The document was written in two languages: Italian and French (see attached " *Information Banques France e Informativa Banche Italia* "). The document was sent to 43 Italian banking groups and 13 French ones. Contact details of the Scuola Superiore Sant'Anna and AVANZI were provided in case further information was needed.

Annexes

- *Information Banques France*
- *Informativa Banche Italia*

SUPPLY SIDE: PROMOTION OF THE EMAS APO IN THE EMPOLI CLUSTER

Activity reference area: Supply Side

CSR reference area: Management system; environmental-related CSR.

Competitive advantage for companies: Cost efficiency; Increase of innovation; Increase of reputation

The initiative aim is to implement the 'cluster approach' in the clothing cluster of Empoli. The main target is that of obtaining the Italian EMAS certificate for clusters ("EMAS APO").

The industrial district was approved by the Regional Decision 68/2000 "*Individuazione dei distretti industriali e dei sistemi produttivi locali manifatturieri*". The cluster is composed by the following municipalities: Capraia & Limite, Castelfiorentino, Cerreto Guidi, Certaldo, Gambassi Terme, Montaione, Montelupo Fiorentino, Montespertoli, Vinci and Empoli. Its development started thanks to two particular products: raincoats and leather clothes.

The main instrument, adopted to carry out the initiative, was the institution of the Promotion Committee. Its role was that of coordinating planned activities to obtain the EMAS certification.

The initiative involves public and private actors in the constitution of the Promotion Committee: they are ASEV (local agency for territorial development), Circondario Empolese Valdelsa (union of the overmentioned municipalities), local trade association (Confindustria, CNA and Confartigianato), local trade unions (CGIL and CISL).

The Empoli cluster initiatives started with a previous project, co-financed by the European Commission, "Cooperate" (www.cooperateproject.ssup.it). That project promoted the initiatives for the diffusion of CSR tools amongst clusters of SMEs. Today the same members of the Cooperate working group, implemented the Promotion Committee for EMAS cluster certification, focusing the attention to resolution of environmental problems.

Four meetings were organized since November: the first was for the initiative presentation. The following two meetings were between institutions representatives, that were members of the Promotion Committee. The last meeting involved also companies interested in the initiatives that will be promoted in the cluster.

The certification process started with the signature of a voluntary agreement "*Accordo volontario per l'applicazione di Emas al distretto empolese dell'abbigliamento e per l'ottenimento e il mantenimento dell'attestato per ambiti produttivi omogenei*" (Annex: *Accordo volontario Empoli*); this document represents the constitutive act of the Promotion Committee.

The involved parties should support proposed activities providing information and data about the territory environmental conditions, and promote the initiatives for environmental management improvement at local level. The Promotion Committee has to foster environmental certification diffusion amongst the cluster enterprises, promoting the simplified procedures for their own EMAS/ISO14001 certification. The Promotion Committee regulation was draft for the completion of the voluntary agreement (Annex: *Regolamento Comitato Promotore*).

The initiatives will continue after the end of the Cosmic project for the conclusion of all the actions required to obtain the EMAS certification at cluster level (which must be audited by an external auditor).

Annexes

- *Accordo volontario Empoli*
- *Regolamento Comitato Promotore.*

SUPPLY SIDE: IMPLEMENTATION OF THE RESPONSE CSR: I3 MODEL IN SPAIN

Activity reference area: supply side

CSR reference area: Management Systems, Marketplace CSR, Community - related CSR

Competitive advantage for companies: Improvement of innovation, Improvement of productivity of human resources

The *RESPONSE CSR: I3* model is a management system which aims at generating innovation through CSR. The method was developed by the University of Girona in a previous EC co-financed project (*Response project:* <http://www3.udg.edu/cid/response>) and implemented into two Spanish firms. It is a self-assessment model which allows companies to create one snapshot of their current strategies and assess future opportunities.

The analysis could be performed by the company alone but as long as it is a continuous assessment tool it is preferable to work with an external expert. The self-assessment is a process that must be carried out in six main steps. As it may interfere with everyday work, it should not be longer than three months. The process follows a cycle tread, hence it should be repeated on a regular basis.

The six steps to be implemented are the following:

STEP 1: commitment of the manager of CSR. This is a key aspect. Management should commit to CSR. Innovation and CSR management starts with management's belief that innovation is strategic for the company. In this sense, management should spread its message throughout the company by setting attractive objectives and by providing sufficient resources. The two organizations involved in the experience (Cetemsa and Oroel) were very interested in the project. *Cetemsa* is a research centre operating in the field of fashion with a well defined innovation process. On the other hand, *Oroel* is a manufacturing company that needs innovation with more informal procedures.

STEP 2: establishing a working team. The second step consists in visiting companies and create the working team. The first meeting is structured to provide a common background to participants. In this meeting a short presentation of key terms such as Innovation, CSR and the *RESPONSE* model are presented. The team is formed by the general manager and the director of innovation. One or two members of the Centre CID attended the following meetings.

STEP 3, understanding the organization. Before continuing with the analysis, the current situation of the organization must be established. Boundaries should be drawn in terms of core competencies, main competitors, drivers and motivation towards CSR and innovation. In addition, barriers that have prevented the adoption of related practices should also be established. In the initiative implementation we used the original *RESPONSE* questionnaires as a guide to an open interview.

STEP 4, filling the questionnaire. Once a clear idea about companies was designed, a mental map of the company (neuronal model) to start the *RESPONSE CSR:I3* questionnaire was made.

STEP 5, filling the model. Using the collected information an analysis of the company with a brief resume of the actual situation of the company was developed, and the model fully filled.

STEP 6, analyzing the results. In a second meeting results and the analysis were presented. As result a detail of potential improvement opportunities and risks was obtained.

The first round of the model finishes at that point and the company must decide to go forward with actions or not. A recommendation is that of repeating it on a yearly basis.

As a result of initiatives, both *Cetemsa* and *Oerel* provided positive outcomes.

Cetemsa (see the annex *Cetemsa case study*), on the one hand, had implemented CSR initiatives throughout its process. It placed the concept in its corporate mission. Employees are the most important resource for *Cetemsa*. They had been giving significant attention and resources to empower workforce, stimulate their creative thinking, offering places and ways to express new ideas and solutions. They expect that employees can continuously contribute to innovation. *Cetemsa* attempts to align strategic and social aspects in its business, in which CSR plays a support role offering a set of tools to search for economic value.

On the other hand, *Oroel* (see the annex *Oroel case study*) has not fully developed a CSR strategy. The CSR activities are based on the personal values of the manager and on the company philosophy and mission. By now it is not a formalized project. The vision of the CSR as a tool that can create value and innovation and foster new CSR activities at *Oroel* are still maturing. They have been very collaborative and they found the vision of CSR from the RESPONSE protocol very enlighten. However, until this moment barriers to fully develop a CSR strategy still exists. The biggest ones had been lack of time and knowledge. Helped by the audit and formative program, *Oroel* had managed to take some improvements in this fields.

Annexes:

- *Cetemsa case study*
- *Oroel case study*

DEMAND SIDE: PROMOTION OF THE ETHICAL TRADEMARK "SOLIDAL"

Activity reference area: market demand side

CSR reference area: marketplace, workplace.

Competitive advantage for companies: Customer perspective; Growth of market shares; Improvement of human resources productivity; Enhance of corporate reputation.

Unicoop Tirreno is a large player of retailing industry. It operates in Tuscany, Latium, Umbria and Campania regions. The Cooperative has an ethical product line, called *Coop – Solidal*, and in its management strategies it decided to re-launch it. The aim of the initiative is to increase awareness of partners and consumers about the importance of products' conscious selection in consumer choices. The activity took place providing training and information activities and promoting a fashion show with products of the *Solidal* brand.

The Livorno's store, in Tuscany, which is one of the largest properties of the group was chosen to promote the initiative. The training activity, addressed at store's employees, was focused on increasing their awareness about the importance of promoting ethical products. Even if ethical products have been traded for a long time, their values aren't adequately promoted. The information, instead, is addressed only to members-consumers of the company. The activity aim was to present the textile ethical product's features both from a quality and from a core value point of view. The performance of the public fashion show was designed as the final event of the training and information course. The event protagonists are voluntary employees and their children.

The collaboration with Unicoop Tirreno started in December 2009, with a preliminary meeting between initiative promoters of the Cooperative and project leaders of Sant'Anna School to reach an agreement about the ways to develop the activity. In this meeting the Cosmic project was described, the activities were agreed, the involved people was established, and the place to launch the initiative was identified. After this meeting, an operative project of the activities was defined and was shared between the parties (annex *Attività Unicoop Tirreno*).

In January and in February the project was presented to managers and to members of Livorno's store. It was chosen to inform the members – consumers about the initiative re-launching the textile product of *Solidal* brand, through the usual information channels of the Cooperative as: "NoiCoop", "Nuovo Consumo", "Prendinota". Moreover, a store communication, a memorandum on the screen of the "Salvatempo" tool and the realization of an informative brochure for the members' area were also made. It was decided that the training initiative should be carried out only for the storeforemen, so that they could convey the information to all store employee.

The training activity took place on the 11th March at Livorno's hypermarket, and 40 foremen took part to the initiative. The project leaders of the Sant'Anna School addressed the issue on the ethics and environmental problems of the textile sector and on its fair trade characteristics. Unicoop Tirreno, instead, discussed on the textile product of the *Solidal* brand, highlighting its merchandise and ethics characteristics. The Cooperative's leaders addressed, in detail, the initiative of the fashion show's organization. The aim of this project is the promotion of the *Solidal* product amongst members – consumers, but also to explain the importance of conscious consumer choice. For the preliminary meeting a paper (see the annex: *Formazione Unicoop*) was drafted. It contained the following themes: the sustainability and the textile sector, the fair trade, the consumer choices, why the *Solidal* brand. Slides were produced summarizing themes treated in the whole paper (see the annex: *Unicoop 03_02_2010*), and they were given to the participants.

For the training initiative, two brochures were made and delivered to foreman: one about the Cosmic project, the textile problems and fair trade characteristics (see the annex: *Commercio Equo-Solidale*); and the second describing in detail the *Solidal* brand, its merchandise, ethics and environmental characteristics (annex: *Solidal, abbigliamento*).

The final fashion show won't realize within the Cosmic project end, but will carry the 13th of May. Before the fashion show, the event will be adequately advertised through the communication channels of Unicoop Tirreno.

Annexes

- *Attività Unicoop Tirreno*
- *Formazione Unicoop*
- *Unicoop 03_02_2010*
- *Commercio Equo-Solidale*
- *Solidal abbigliamento*

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- *VIGEO – CSR rating agency, Paris*

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