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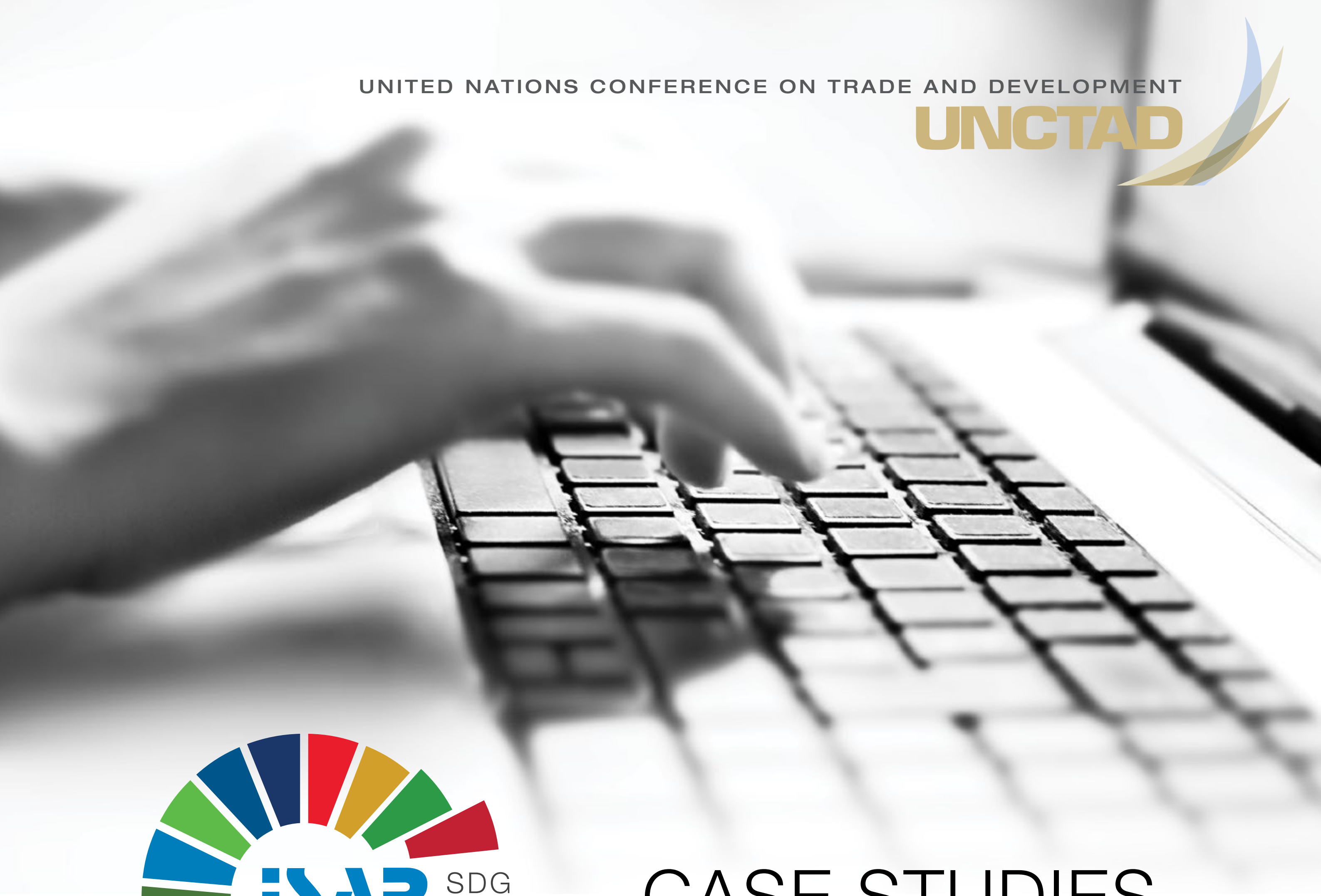

ISAR SDG Reporting

CASE STUDIES

Practical Implementation of Core Indicators for Sustainable Development Reporting

VOLUME 3

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NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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INTRODUCTION

The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) is the United Nations focal point on accounting and corporate governance matters. The United Nations Conference on Trade and Development (UNCTAD) serves as ISAR's secretariat, providing substantive and administrative inputs to its activities.

UNCTAD-ISAR assists member States in their efforts towards implementation of international standards, codes and best practices to promote harmonization and improvement of quality of enterprise reporting to facilitate financial stability, international and domestic investment, and social and economic progress. It achieves these objectives by contributing towards global efforts aimed at promoting reliable and comparable financial and non-financial reporting by enterprises around the world.

In 2015, Member States of the United Nations adopted the 2030 Agenda for Sustainable Development, containing 17 Sustainable Development Goals (SDGs) and 169 targets. One or more custodian agencies are responsible for the development of metadata guidance on the measurement methodology and data collection for each indicator.

Sustainable Development Goal 12 – Ensure sustainable consumption and production patterns – in its target 12.6 explicitly encourages companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycles. Indicator 12.6.1 requires data on the number of companies publishing sustainability reports. UNCTAD and the United Nations Environment Programme are co-custodians of this indicator.

Several other SDG indicators refer to data already being provided by many enterprises in their reports, such as on the use of energy and water, carbon dioxide emissions, waste generation and recycling, and to human resource management, gender equality and community development, among others. As a primary data source of information on company performance, enterprise reporting can enrich and enhance SDG monitoring mechanisms by providing stakeholders such as Governments and capital providers with the means to assess the economic, environmental and social impacts of companies on sustainable development.

Relevant data on companies' contribution towards the SDGs are critical for assessing the progress of SDG implementation, enhancing the SDG-oriented corporate governance mechanisms, decision-making by investors and other key stakeholders, as well as promoting behavioural change at the enterprise level. The SDG agenda requires comparable and reliable data reflecting companies' performance towards targets and indicators agreed by Member States of the United Nations. This in turn gives a new impetus towards aligning the harmonization of sustainability reporting with the SDG monitoring framework.

Responding to this demand, through a series of elaborations at several ISAR sessions and discussions with a consultative group of experts between 2016 and 2018, a limited number of core SDG indicators were identified based on key reporting principles, selection criteria, main reporting frameworks, and company reporting practices. These core indicators are intended as a starting or entry point in relation to sustainability and SDG reporting by enterprises. The core indicators would represent the minimum disclosures by companies to allow Governments to evaluate private sector contribution to the implementation of the SDGs. However, it is not intended that these indicators preclude companies from providing more information in a qualitative or quantitative form. While the core indicators do not cover all SDG macro-level indicators, they represent a selected number of company indicators that have been considered indispensable to assess the economic, environmental, social and governance impacts of companies' activities.

UNCTAD has developed the *Guidance on Core Indicators for Entity Reporting on Contribution towards Implementation of the Sustainable Development Goals* (GCI),[1] which was launched at the thirty-fifth session

[1] UNCTAD, 2019, *Guidance on Core Indicators for Entity Reporting on Contribution towards Implementation of the Sustainable Development Goals* (United Nations publication, Sales No. E.19.II.D.11, New York and Geneva).

of ISAR. The objective of this guidance is to provide practical information on how these indicators could be measured in a consistent manner and in alignment with countries' needs on monitoring the attainment of the SDG agenda. It is intended to serve as a tool to assist Governments to assess the private sector contribution to the SDG implementation and to enable them to report on SDG indicator 12.6.1. It also intends to assist entities to provide baseline data on sustainability issues in a consistent and comparable manner that would meet the common needs of many different stakeholders of the SDG agenda. The GCI facilitates capacity-building in sustainability reporting in member States at the country and company level as part of ongoing UNCTAD projects in this area; it will be updated as needed based on the results of its practical application.

To validate the applicability of the core indicators, the suggested measurement methodology and the availability of the required underlying accounting data, UNCTAD has conducted several case studies on companies of different sizes, representing different regions and industries. In addition, an overview of the implementation of the GCI in several companies was conducted in Egypt and the United States of America. The case studies were presented and discussed at the annual sessions of ISAR. The results of the case studies showed that all companies were able to provide data on most of the core indicators; however, the results also highlighted a number of challenges faced by companies in this area, in particular the need to build technical capacity for implementation. In response to this need and to facilitate application of the GCI, UNCTAD has developed a *Core SDG Indicators for Entity Reporting Training Manual* (GCI Training Manual) on its implementation.[2]

UNCTAD is publishing this compendium of case studies with a view to facilitating the sharing of good practices for the implementation of the GCI among member States. The present publication is the third volume. It contains case studies on two Italian companies – Dellas Spa and Beautyprof Spa, Sensation Profumerie – in two respective chapters. Additional case studies may be published in the future.

[2] *Core SDG Indicators for Entity Reporting Training Manual,* https://isar.unctad.org/wp-content/uploads/2020/01/Consolidated-Training-Manual-20-Dec-2019Final.pdf.

CASE STUDIES OF TWO SMALL AND MEDIUM-SIZED COMPANIES IN ITALY

Executive summary

This report provides insights on the feasibility of the application of UNCTAD's Guidance on Core Indicators for Entity Reporting on Contribution towards Implementation of the Sustainable Development Goals (GCI) in two companies in Italy. It offers evidence on the practical implementation of the GCI and discusses challenges in reporting these indicators. The case studies were prepared using the companies' information from 2018. The findings show that these companies were or will soon be able to report most of the 33 core indicators, as summarized in the following table:

	Economic (8 indicators)		Environmental (11 indicators)		Social (7 indicators)		Institutional (7 indicators)	
	Dellas	Beautyprof	Dellas	Beautyprof	Dellas	Beautyprof	Dellas	Beautyprof
Disclosed	7	6	3	0	3	4	4	1
Qualitative information provided and/or quantitative expected in future IRs	1	2	2	4	4	3	1	4
No data available	0	0	6	7	0	0	2	2

Both companies fall within the small and medium-sized enterprise (SME) category. The two SMEs use Global Reporting Initiative (GRI) standards and produce an integrated annual report (IR). However, Dellas Spa started preparing IRs in 2011, while Beautyprof issued its first IR in 2018. In addition, the existence of certain local regulations or practices in Europe and Italy stimulate and/or facilitate voluntary sustainability disclosure practices. For instance, collective agreements are a standard practice in Italy. Moreover, the European Directive on Non-financial Disclosure (Directive 2014/95/EU),[3] even though it is not applicable to these SMEs, promotes a sustainability reporting culture.

Both SMEs were able to report on most of the economic indicators and expect to be able to report all of them in future IRs. The most challenging indicators to measure were the environmental ones. This has also been the case for bigger companies in other GCI case studies. These indicators are not reported because the companies do not have the practice in place or because data are not tracked. For instance, this is the case for the following indicators:

- B.1.1. Water recycling and reuse: the companies did not recycle or reuse water during the period.
- B.4.1. Ozone-depleting substances and chemicals: the companies do not track this area.

Additionally, in one of the two companies (Beautyprof), the institutional indicators area is hardly covered: given that the founder and president of the board of directors holds 100% of the shares, the company has a simple governance structure. A similar situation might be applicable to other SMEs where some corporate governance structures are quite simple or not in place and thus, corporate governance indicators might not be fully reportable. However, corporate governance is

[3] See https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/non-financial-reporting_en.

important not only for reporting purposes but also for internal risk management and efficient management in general. Moreover, Beautyprof expects to be able to report the majority of the institutional indicators in future IRs.

Both companies are planning to improve coverage in future IRs. As shown in the table above, they are already providing qualitative information on certain indicators, and they are planning to start disclosing quantitative information on these and additional ones in the future. These include, for example, B.2.3. Hazardous waste, and D.1.5. Compensation: total compensation per board member.

To sum up, several GCI indicators are already used or can be easily calculated in line with the GCI approach. The GCI Training Manual could be a useful resource to guide the companies in improving the coverage of the non-financial areas for forthcoming reporting periods.

1. Dellas Spa

1.1 About the company

Dellas is an industrial group based in Verona that produces diamond tools for cutting and processing marble, granite, engineered stone and ceramic. The range of products covers all stone working processes from quarrying to final finishing.

The global market of diamond tools is estimated to be approximately €700 million. Dellas is among the five main international players, which have together a market share of about 15%.

Company's mission/vision[4]

As declared by the company, its mission is to work in close contact with customers that process marble, granite, and stone, designing, building and offering them high quality solutions. The company guarantees tool customization, speed, after sales service, constant quality standards and territorial presence.

The company aims to achieve the maximum commitment and involvement from employees, and to operate with respect for people and in compliance with the laws, guaranteeing safety and integrity to employees, customers, suppliers and all stakeholders.

Countries of operation

Dellas is present, with its products, in all the main stone extraction markets. Brazil, China, India, Iran, Italy and Turkey account for 70% of total extraction. In all these markets Dellas has either its own branch or its own dealer ensuring high quality service.

Currently the Dellas Group is made up of six companies in Brazil, China, Ethiopia, Italy, Spain and Turkey.[5]

Company and segment turnover and total assets

In 2018 the consolidated revenues were €18 million, with €27 million of total assets.[6]

Principal shareholders

Dellas is a privately held family company. It is owned by the Ferrari family for 65.70%: Isidoro Ferrari, founder and Honorary Chair, holds 14.87% of the shares; 13.31% are held by his wife; and children Daniele and Elisa Ferrari, respectively the current CEO and Vice-Chair and Marketing, Communications and Human Resources Manager of the company, each hold 18.76% of the shares. The remaining shares are held by other individual members.

Employee breakdown[7]

In 2018 there were 134 employees. The breakdown by branch and business area, and by gender and age range, is shown in Tables 1–3.

Relevant facts and figures

- 45 years of history
- 671 customers worldwide
- 3,130 stones analysed to guarantee tool customization
- 541 CO_2 equivalents saved (tons) in the energy efficiency of production plants

4 The description of the mission is taken from page 11 of the Dellas IR of 2018.

5 The indicators presented in the present report are calculated at the legal entity level and then consolidated at the group level. The indicators on suppliers, community contributions, intellectual capital, water use and waste management (pages 37, 38 and 50 of the IR 2018) are referred to Italy only, as they are not available for the controlled entities.

6 See the European Union definition of SME at https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en.

7 This is an indicator that is also covered by the GCI.

TABLE 1
Breakdown by branch and business area

	Administration Staff	Managerial Area	Production Service Area	Sales Area	Technical Area	Total 2018	Total 2017	Total 2016
Italy - Lugo	9	1	61	13	9	**93**	**92**	**96**
China - Suzhou	1	1	12		1	**15**	**15**	**14**
China - Xiamen				1		**1**	**1**	**1**
Turkey - Denizli			7	1		**8**	**8**	**8**
Turkey - Istanbul	5	1		1		**7**	**3**	**3**
Ethiopia - Addis Abeba	1	1	6			**8**	**1**	**1**
Spain - Pontevedra			2			**2**	**2**	**1**
Total	**16**	**4**	**88**	**16**	**10**	**134**	**122**	**124**

Source: Dellas IR 2018

TABLE 2
Breakdown by gender

	Administration area staff	Managerial Area	Production Service Area	Sales Area	Technical Area	Total 2018	Total 2017	Year 2016
Female	8	1	18	4	1	32	30	31
Male	8	3	70	12	9	102	92	93
Total	**16**	**4**	**88**	**16**	**10**	**134**	**122**	**124**

Source: Dellas IR 2018

TABLE 3
Breakdown by age ranges

	Administration area staff	Managerial Area	Production Service Area	Sales Area	Technical Area	Total l
< 25 years	1		8			9
26-30 years	1		2		2	5
31-35 years	2		4	3		9
36-40 years	3		7	5		16
41-45 years	2	1	13	3	2	21
46-50 years	4	1	22	2	2	30
51-55 years	3		19	2	2	26
> 56 years		2	13	1	2	18
Total	**16**	**4**	**88**	**16**	**10**	**134**

Source: Dellas IR 2018

1.2 Approach to sustainability

Company's motivation on sustainability

Dellas believes that when a company is healthy and prioritizes sustainable development, all the surrounding economic and social environment benefits. The company's ability to operate and last over time is linked to the prospects of adequately rewarding all stakeholders. Dellas' board also recognizes the reputational advantages with customers, vendors, partners, employees and community.

The monitoring of non-financial key performance indicators and integrated reporting are among the provisions that Dellas has put in place to oversee strategic risks.[8]

Sustainability is part of Dellas' strategic risk management. The risks of competition, social trends (possibly having an impact on, for example, customer satisfaction) and capital availability are included in this class. The main actions of the company have been on the one hand to set up a short- and medium-term planning strategy, and on the other a process of investor relations as an overall description of the company, which goes beyond the numbers of the statutory financial statements and gives a clear picture of the company's future capacity to create sustainable and lasting value with the result of producing key performance indicators that allow the evolution of the business to be measured in terms of its relationship with clients, suppliers, employees and the community.

The elements that make up the responsible business processes are supported by three main pillars, namely, economic, social and environmental, and it is upon these that the idea of sustainable development is established. The economic pillar includes first and foremost Dellas' customers and suppliers, as well as shareholders, lenders and public administration. The social pillar has an internal dimension, represented by human resources, and an external dimension, that is, the community. Finally, the environmental pillar refers to the impact of the company on environmental and natural resources, mainly aimed at an efficient policy of saving energy and of careful management of production waste and scrap.

8 See https://www.dellas.it/annual-reports.

Integration of sustainability into the company's business model

This process is favoured by the preparation of an annual IR that measures the current situation and sets the objectives for the following years, with reference to the six capitals of the International Integrated Reporting Framework.

On the basis of the indicators used, Dellas' board periodically checks the achievement of objectives that are related to:

(a) Financial capital

The analysis of the relationships between Dellas and its stakeholders is enriched through the consideration of added value, a quantity that derives from a process of reclassification of the income statement and that allows for a reinterpretation in social terms of traditional cost accounting.

(b) Manufactured capital

New investments have been made to bring innovative machinery to the headquarters in Italy, which were necessary to be increasingly competitive. While "core" production remains localized in Italy, the foreign branches have the purpose of serving and developing the relevant local markets and represent a stable commercial-productive presence, in addition to the assistance network for the local market in which they are located.

(c) Social and relationship capital

Towards customers: in order to guarantee a competitive advantage towards the Asian competitors and, therefore, a good customer retention, other than supplying a qualitatively excellent product, the company has distinguished itself for a prompt aftersales service with the customer and a high level of service in terms of delivery reliability.

Towards suppliers: the high average suppliers' seniority is a signal of the good quality of the relationship and a high level of partnership.

(d) Intellectual capital

Thanks to an intense R&D activity, Dellas has developed original technological solutions. The customers particularly appreciate the industrial research projects and experimental development in order to design and develop innovative high-performance tools, also with little or no cobalt content.

(e) Human capital

Dellas has always considered the hiring of employees as a strategic moment. For this reason, recruitment policies have undertaken new guidelines, aimed at refining the choice of candidates and consequently, to ensure the success of each placement.

Protection of health and safety in the workplace is also a high priority for the company's management. Handling fine metal powders that are potentially carcinogenic is the main risk the employees are subject to. The continuous improvement of the company has led to the introduction of further plant and procedural changes.

(f) Natural capital

Dellas considers the environment as a fundamental stakeholder. Because of this conviction, each year the company puts into effect a series of strategies and actions aimed at minimizing its own impact on the environmental and geographical areas, mainly by way of:

- An efficient policy aimed at overall improvement and saving energy;
- Careful management and differentiation of production waste and scrap.

Company's existing reporting framework

Dellas IR 2018 is based on the International Integrated Reporting Framework's principles issued by the International Integrated Reporting Council (IIRC).[9] It represents the management report and the consolidated financial statements at 31 December 2018. Dellas' approach is to report in the same document both financial and non-financial results in order to achieve an overall narration on the company performance and to explain its prospective capacity to create sustainable and ongoing value. Dellas has adopted the GRI Standards[10] in accordance with the "core option".[11] The company uses the Italian Accounting Standards issued by the Organismo Italiano Contabilità, the Italian accounting body, to prepare its financial statements. The Directive 2014/95/EU, which introduced new obligations at European level for certain companies and large-sized corporate groups to disclose their non-financial information and diversity policies, does not apply to Dellas.

With the 2011 report, the company made its first structured communication of corporate social responsibility, pursuant to the first guidelines of the European Commission; this document went well beyond the minimal requirements imposed by the civil law.

With the 2013 edition, keeping in mind the principles outlined in the International Integrated Reporting Framework, Dellas started highlighting the integration between the economic, social and environmental dimensions by inserting specific references and links between the various sections of the report concerning these aspects.

In 2014, the company introduced the international standard GRI version 4.0 (2013). This innovation has allowed Dellas to identify and report new and more specific indicators that are relevant for issues concerning governance, as well as the social and environmental performance of the company.

In the 2015 edition, the company introduced the six capitals framework as suggested by the Integrated Reporting Framework and a specific section to describe the business model strictly connected with the concept of value creation.

For the 2016 report, to better represent the human, intellectual and relationship capitals, Dellas further explored various aspects suggested by the World Intellectual Capital/Assets Initiative's Intangibles Reporting Framework.

Finally, in 2017 the company focused on explaining its performance by capital category and on defining improvement objectives based on the outlook.

1.3 Core indicators: Measurement and reporting

Accounting and reporting on core indicators ("AS IS" or "TO BE")

In this section, with reference to the UNCTAD GCI, the suggested core indicators will be highlighted as "AS IS" or "TO BE" based on current implementation at Dellas. For each indicator that is currently calculated

[9] For the Integrated Reporting Framework and other information on integrated reporting, see https://integratedreporting.org/.

[10] The GRI standards can be found at https://www.globalreporting.org/standards.

[11] The "core option" refers to the fact that for each identified material aspect, the organization should disclose the generic disclosures management approach (DMA) and at least one indicator. This is different from the "comprehensive option" according to which, for each identified material aspect, the organization should disclose the generic DMA and all indicators related to the material aspect.

and used by Dellas ("AS IS"), a page reference of the current Dellas Integrated Annual Report 2018 is provided where the indicator is disclosed and explained. All figures are expressed in euros. When the indicator is flagged as "TO BE", additional information is provided on when and how the specific indicator is going to be adopted.

1.3.1 Accounting and reporting on core indicators

A. Economic area[12]

A.1 Revenue and/or (net) value added

A.1.1 Revenue (AS IS)

Revenues are defined according to Italian Generally Accepted Accounting Principles (GAAP) as total net sales, calculated by subtracting refunds, discounts and bonuses from gross sales of products and services. Revenues are derived from public consolidated financial statements.

Total Revenue:
17,450,504 (page 29)

A.1.2 Gross value added (AS IS)

Gross value added is calculated starting from revenue and then deducting the costs of bought-in materials, goods and services. All the data for this calculation are derived from public consolidated financial statements.

Gross value added:
1,871,841 (page 30)

A.1.3 Net value added (AS IS)

Net value added is calculated starting from revenue and then deducting the costs of bought-in materials, goods and services and depreciation of tangible assets. All the data for this calculation are derived from the consolidated financial statements.

Net value added:
(1,802,519) - 503,349 in the adjusted version (page 30)

Both the gross and net value added are calculated drawing on GRI 201 (G4-EC1 Economic value generated and distributed directly) and on the standards for the preparation of the financial statements established in 2001 by Gruppo di Sudio per il Bilancio Sociale (GBS).[13] Adjusted means normalized for extraordinary and non-recurring events. The calculation is shown in Table 4.

A.2 Payments to the Government

A.2.1 Taxes and other payments to the Government (AS IS)

This is the total amount of taxes paid and payable (encompassing not only income taxes, but also other levies and taxes, such as property taxes or value added taxes) plus related penalties paid, plus all royalties, licence fees, and other payments to the Government for a given period. The company illustrates how added value, understood as gross global added value, is distributed among internal and external stakeholders, using the 2016–2018 three-year period as reference. All the data for this calculation are derived from public consolidated financial statements. Table 5 shows the distribution of value added and includes a line on taxes and other payments to the Government in part (b).

Taxes and other payments to the Government:
172,522 (page 31)

A.3 New investment/expenditures

A.3.1 Green investment (TO BE)

For the time being, green investments are reported only in a narrative way. For example, on page 49 of the IR the company explains that:

> No direct investments have been made in renewable energy production plants, but measures have been taken to reduce energy consumption and consequently the $C0_2$ equivalent (which precisely measures the global warming potential of greenhouse gases, or their heating potential). The measures adopted include, in particular: the improvement in terms of energy efficiency of air compressors present in various production plants;…

The company is working on the quantification of green investments for the IR for 2019. It is reconstructing the total amount of expenditures for those investments

[12] All figures are expressed in euros.

[13] GBS (Study Group for Establishing the Social Reporting Standards) was set up in 1998 by bodies, associations, universities, companies and certification bodies in order to support the dissemination of financial statements (http://www.gruppobilanciosociale.org/the-g-b-s-association/about-us/?lang=en).

TABLE 4
Gross and net value added

DETERMINATION OF THE CONSOLIDATED ADDED VALUE	2018	2017	2016
A) Value of production	16,406,144	17,560,609	18,852,994
B) Intermediate costs of production	14,491,849	12,820,172	12,515,871
TYPICAL GROSS ADDED VALUE	**1,914,295**	**4,740,437**	**6,337,123**
C) Accessory and contingent components	42,454	21,226	11,650
GROSS GLOBAL ADDED VALUE	**1,871,841**	**4,719,211**	**6,325,472**
GROSS GLOBAL ADDED VALUE Adjusted	**4,177,709**		
Amortisation/Depreciation and provisions for operations	3,674,360	1,802,467	1,723,161
NET GLOBAL ADDED VALUE	**(1,802,519)**	**2,916,744**	**4,602,311**
NET GLOBAL ADDED VALUE Adjusted	**503,349**		

Source: Dellas IR 2018

during the reporting period starting from the specific general ledger accounts and from the public consolidated financial statements data. The company is in the process of retrieving the data needed to calculate this indicator in line with the GCI. The indicator will be reported in future IRs.

A.3.2 Community investment (AS IS)

This indicator includes the total amount of charitable and voluntary donations and investments of funds in the broader community as reported in the general ledger accounts.

Community investment:
23,712 (page 31)

To calculate this indicator in line with the GCI the company's yearly revenues are used in the following way:

23,712/17,450,504 = 0.14%

A.3.3 Total expenditures on research and development (AS IS)

This indicator is calculated by summing up all the expenditures on R&D reported in the general ledger accounts and public consolidated financial statements. The company also records the number of R&D hours in total and split among the different R&D projects. In addition, R&D expenditures are reported by project and also calculated as a percentage of revenues (see Figure 1 and Table 6).

Total expenditures on research and development:
1,060,287 (pages 38 and 39)

To calculate this indicator in line with the GCI, the yearly revenues are used in the following way:

1,060,287/17,450,504 = 6.1%

A.4 Local supplier and purchasing programmes

A.4.1 Percentage of local procurement (AS IS)

This indicator quantifies the proportion of procurement spending, based on invoices, at local suppliers, expressed in terms of percentage.

The company traces the percentage of suppliers:

- From the same region;
- From the closest region;
- From the rest of Italy;
- From Europe;
- From the rest of the world.

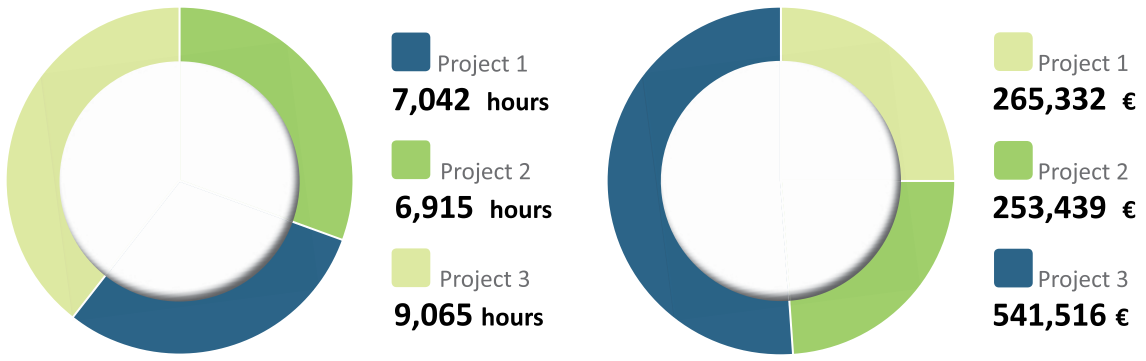
The data are derived from the general ledger accounts (see Table 7).

TABLE 5
Distribution of added value, including information on indicators A.2.1 – Taxes and other payments to the government; A.3.2 – Community investment; and C.2.3 – Employee wages and benefits

DISTRIBUTION OF ADDED VALUE	2018	2017	2016
A) Staff remuneration	**4,763,115**	**4,412,602**	**4,673,660**
Remuneration of employees	4,357,582	4,198,602	4,413,772
Directors and Board of Statutory Auditors	405,533	214,000	259,888
B) Remuneration of the Public Administration	**(229,259)**	**(268,245)**	**25,568**
Direct and indirect taxes	(172,522)	(207,718)	90,194
(-) Contributions for the financial year	56,737	60,527	64,626
C) Remuneration of Loan Capital	**252,176**	**241,389**	**284,990**
Charges for short and medium-long term capital	252,176	241,389	284,990
D) Remuneration of Shareholders		**(14,648)**	**(28,639)**
Dividends distributed to the Shareholders of the Holding			
Profits/Loss for Minority interests		(14,648)	(28,639)
E) Remuneration to the Enterprise Agency	**(2,937,903)**	**323,940**	**1,345,030**
Provision for Shareholders’ Equity Reserves	(6,549,617)	(1,595,160)	(305,758)
Amortisations/Depreciations	3,674,360	1,687,849	1,723,161
(Profits) and losses on currency exchange	(62,646)	231,251	(72,373)
F) Remuneration to the Local Community	**23,712**	**24,173**	**24,863**
Donations to Entities and Membership fees	23,712	24,173	24,863
GROSS GLOBAL ADDED VALUE	**1,871,841**	**4,719,211**	**6,325,472**

Source: Dellas IR 2018

FIGURE 1
Total expenditures on R&D (2018): (a) distribution of R&D hours; (b) distribution of costs



Source: Dallas IR 2018

TABLE 6
Total expenditures on R&D

Year	Number of Hours	Total costs (€)	% Sales Costs
2018	23,022	1,060,287	6.1
2017	18,858	954,954	5.6
2016	16,525	1,201,302	6.5

Source: Dallas IR 2018

TABLE 7
Percentage of local procurement

Country	2018	2017	2016
Veneto	12%	14%	15%
Lombardy	23%	27%	25%
Italy (except for Veneto and Lombardy)	24%	18%	14%
Europe	18%	16%	13%
Other parts of the world	23%	25%	33%

Source: Dallas IR 2018

The calculation is in line with GRI 204, G4-EC9 Percentage of expenditure on local suppliers.

Percentage of local procurement:
59% of supplies from companies in Italy (page 36)

The company does not also report this indicator in absolute terms as suggested by the GCI. It could provide the amount but it chose to disclose the percentages as, in its view, it gives a clearer indication on this aspect.

B. Environmental area

B.1 Sustainable use of water

B.1.1 Water recycling and reuse (TO BE)

It is not possible to calculate this indicator at the moment as the company does not recycle any water. The water use by the company is small.

B.1.2 Water use efficiency (AS IS)

The company calculates water use in the reporting period as well as change of water use between two reporting periods (where water use is defined as water withdrawal plus total water received from third party). The data are derived from invoices of the public service provided by the municipal aqueduct and internal measurements of the company.

Water use efficiency:
7,658 m^3 (page 50)

To standardize water use by using net value added the calculation is as follows:

$$7{,}658/503{,}349 = 0.015 \text{ m}^3 \text{ per €}$$

And the change would be:

$$7{,}658/503{,}349 - 2{,}988/2{,}916{,}744 =$$
$$0.015 - 0.001 = + 0.014 \text{ m}^3 \text{ per €}$$

B.1.3 Water stress (TO BE)

At the moment no data are available. To calculate this indicator it would be necessary to monitor in detail the water management process and appoint someone responsible for collecting the data.

B.2 Waste management

B.2.1 Reduction of waste generation (AS IS)

This indicator is calculated as the amount of waste produced (in kg) each year. In particular, the company implements waste separation at all operating sites, separating hazardous and non-hazardous waste and manages waste in line with current legislation, implementing a series of company procedures aimed at promoting the differentiation of waste.

The number of kg produced are calculated for each type of waste according to GRI 301, G4-EN23 Total weight of waste per type and disposal method. The data are derived from the internal measurements of the company and from the certificates delivered by external waste companies (Table 8).

Reduction of waste generation:
160,640 kg produced waste (page 50)

The company does not standardize waste generated by using net value added and does not calculate the change in time. However, given that the company calculates net value added it would be possible to calculate this indicator in line with the GCI, in the following way:

$$160{,}640/503{,}349 - 150{,}661/2{,}916{,}744 =$$
$$0.32 - 0.052 = + 0{,}268 \text{ Kg per €}$$

B.2.2 Waste reused, remanufactured and recycled (TO BE)

At the moment, it is not possible to calculate this indicator as the data are not available. The company plans to draw on internal measurements and certificates delivered by external waste companies to collect the information needed to calculate this indicator. The indicator will be calculated in line with the GCI in future reporting periods.

B.2.3 Hazardous waste (TO BE)

At the present time hazardous waste is reported only in a narrative way. The company is working on the quantification of hazardous waste for future IRs. For example, on page 50 of the 2018 IR, the company specifies the following:

> The Holding Dellas Spa, implements waste separation at all operating sites, separating hazardous and non-hazardous waste. Dellas manages waste in line with current legislation,

TABLE 8
Waste generation

Waste produced (in Kg)	2018	2017	2016
Spent nitric acid	4,360	11,420	3,832
Absorbents and filter materials	675	672	842
Empty spray cans	101	201	180
Paper and cardboard	2,880	6,560	3,600
Consumed waxes and grease	252	810	755
Sludge from sifting and cutting	44,740	29,020	44,640
Mud from breaking in	11,980	7,060	12,080
Iron and steel	15,330	15,160	20,100
Paper packaging containing dangerous substances	752	1,828	976
Wooden packaging	4,560	2,980	5,280
Packaging in mixed materials	11,360	18,020	17,400
Scrap abrasive material	10,340	3,940	5,320
Spent oil	500	1,000	1,100
Plastic waste	8,870	7,270	8,340
Aqueous waste solution	24,460	24,540	23,740
Aqueous washing solutions	19,480	20,180	18,740
Total	**160,640**	**150,661**	**166,925**

Source: Dellas IR 2018

implementing a series of company procedures aimed at promoting the differentiation of waste. All hazardous and non-hazardous waste is assigned according to the provisions of the Consolidated Environmental Law (Ref.: Italian Legislative Decree 152 of 03/04/2006 and subsequent amendments and supplements).

The company is reconstructing the data to calculate this indicator as the total amount of hazardous waste, in absolute terms, as well as proportion of hazardous waste treated, given total waste reported. The company plans to use its internal measurements and certificates delivered by external waste companies.

B.3 Greenhouse gas emissions

B.3.1 Greenhouse gas emissions (scope 1) (TO BE)

At the present time the required data are not available. To measure this indicator a specific tracking process will be needed. The company has committed to calculate this indicator for future IRs.

B.3.2 Greenhouse gas emissions (scope 2) (TO BE)

Currently, it is not possible to calculate this indicator as the required data are not available. A specific tracking process for this core indicator will be needed. The company has committed to calculate this indicator for future IRs.

B.4 Ozone-depleting substances and chemicals

B.4.1 Ozone-depleting substances and chemicals (TO BE)

At the present time this indicator is not calculated and disclosed. Dellas productive process does not generate many ozone-depleting substances and chemicals. This indicator may be included in future reports.

B.5 Energy consumption

B.5.1 Renewable energy (TO BE)

For the time being, renewable energy is reported only in a narrative way. On page 49 of its IR 2018, the company states the following:

> No direct investments have been made in renewable energy production plants, but measures have been taken to reduce energy consumption and consequently the $C0_2$ Equivalent (which precisely measures the Global Warming Potential of greenhouse gases, or their heating potential).

The company plans to include an indicator in future IRs calculated in line with the definition given in the GCI (where renewable energy consumption would be calculated as a percentage of total energy consumption in the reporting period). The company is collecting the necessary information from the provider's reports and from the internal measurements of the company.

B.5.2 Energy efficiency (AS IS)

This indicator is calculated as saved energy consumption in terms of CO_2 with reference to specific saving projects. A measurement of the improvement of the energy efficiency is given in terms of CO_2 equivalent, which precisely measures the global warming potential of greenhouse gases, or their heating potential. The measurement of the indicator started with an internal energy audit and now there is a dedicated workgroup. This indicator is calculated in line with GRI 302, G4-EN6 Reduction of energy consumption. Underlying data are derived from invoices of the public service provider and from internal measurements of the company.

In particular, the company measures the improvement of the energy efficiency given by the consumption of electrical energy, in terms of kWh and CO_2 equivalent (Table 9).

To calculate this indicator in line with the GCI, the conversion of kWh into megajoules (MJ) is as follows:

2,773,590 kWh = 9,984,924 MJ

In order to normalize data on energy consumption and to be consistent with the way the other environmental indicators are calculated, the number of MJ of energy is divided by the amount of net value added:

9,984,924/503,349 = 19.84 MJ per €

Another fundamental variable in the context of energy efficiency comes from the consumption of diesel fuel in order to heat work environments. Diesel fuel is purchased in minimum quantities as a reserve in the event of interruption of the heating system with recovery of the thermal energy from the sintering and welding plant. The measure thus shows that the latter mentioned plant, during 2018, guaranteed 90% of the effective consumption requested for heating. In absence of this thermal recovery, the company would have had to purchase the combustible for quantities equal to 10 times the present quantities (Table 10).

Energy efficiency:
540.73 CO_2 equivalent saved (tons) (page 49)

To calculate this indicator in line with the GCI, the conversion of diesel fuel (litres) into MJ[14] is done in the following way:

23,000 * 36 = 828,000 MJ

And the consumption in MJ is divided by net value added:

828,000/503,349 = 1.64 MJ per €

So, in total, the indicator is equal to 19.84 + 1.64 = 21.48 MJ per €.

C. Social area

C.1 Gender equality

C.1.1 Proportion of women in managerial positions (AS IS)

This indicator is calculated as the number of women in managerial positions divided by the total number of employees. The data are taken from payroll databases (Table 11).

Proportion of women in managerial positions:
1 out of 4 (page 45)

The indicator is calculated in line with the GCI, in the following way: given that the number of employees at 31/12/2018 is 134, the proportion is:

1/134 = 0.0075

[14] https://www.engineeringtoolbox.com/fuels-higher-calorific-values-d_169.html.

TABLE 9
Percentage of local procurement

	kWh	CO_2 Equivalent (ton)	Change %
2018	2,773,590	221,63	(84%)
2017	3,048,962	1,388.87	(1%)
2016	3,069,378	1,398.17	(6%)

Source: Dellas IR 2018

TABLE 10
Fuel consumption

	Actual consumption (Lt)	Actual consumption in CO2 Eq. (ton)	Theoretic consumption without heat recovery in CO2 Eq. (ton)	CO2 Eq. Saved (ton)
2018	23,000	60.08	600.81	540.73
2017	15,000	39.18	391.83	352.65
2016	28,000	73.14	731.42	724.11

Source: Dellas IR 2018

TABLE 11
Proportion of women

Female Employees

Female employees cover 24% of the workforce: this percentage increases up to 50% in the administrative and staff area and to 25% in the sales area. (▶ TABLE 29).

	Administration area staff	Managerial Area	Production Service Area	Sales Area	Technical Area	Total 2018	Total 2017	Year 2016
Female	8	1	18	4	1	32	30	31
Male	8	3	70	12	9	102	92	93
Total	**16**	**4**	**88**	**16**	**10**	**134**	**122**	**124**

Source: Dellas IR 2018

C.2 Human capital

C.2.1 Average hours of training per year per employee (TO BE)

At the present time the average amount of training hours per employee per year is reported only in a narrative way (page 47, IR 2018). The company is working on the quantification of this aspect for future IRs. It is reconstructing the data to calculate this indicator, possibly broken down by employee category. The company plans to use its internal measurement systems.

C.2.2 Expenditure on employee training per year per employee (TO BE)

For the time being the expenditure on employee training per year per employee is reported only in a narrative way. The company is working on the quantification of this aspect for future IRs. It is reconstructing the data to calculate this indicator, possibly broken down by employee category. The company plans to use the general ledger accounts and its internal measurements.

C.2.3 Employee wages and benefits as a proportion of revenue, with breakdown by employment type and gender (TO BE)

At the moment the company reports total staff remuneration. The company is working on the quantification of this area for future IRs. It is reconstructing the data to calculate this indicator as total costs of employee workforce (wages and benefits) divided by the total revenue in that reporting period (possibly broken down by employee category). The company plans to use the general ledger accounts and its internal measurements.

The GCI calculates this indicator as a proportion of the revenues:

4,763,115/17,450,504 = 27.30%

C.3 Employee health and safety

C.3.1 Expenditures on employee health and safety as a proportion of revenue (TO BE)

For the time being, the activities to protect employees' health and safety are reported only in a narrative way. The company is working on the quantification of this aspect for future IRs. It is reconstructing the data to calculate this indicator, possibly broken down by employee category. The company plans to use the general ledger accounts and its internal measurements.

C.3.2 Frequency and incident rates of occupational injuries (AS IS)

The company calculates two indicators:

- Frequency index (number of accidents/hours worked) * 1,000
- Severity index (days absence due to injury/hours worked) * 1,000

The data are taken directly from the payroll databases (Table 12).

Frequency index of occupational injuries:
0.0111 (page 48)

C.4 Coverage by collective agreements

C.4.1 Percentage of employees covered by collective agreements (AS IS)

This indicator is calculated according to GRI 102 as G4-11 The percentage of total employees covered by collective bargaining agreements (that is, the number of employees covered by collective agreements to total employees). The data are taken from the payroll databases.

Percentage of employees covered by collective agreements:
100% (page 46; equalling 134 total employees of which 125 permanent contract, 8 fixed term, 1 other type)

D. Institutional area

D.1 Corporate governance disclosure

D.1.1 Number of board meetings and attendance rate (AS IS)

The company calculates this indicator as: number of board meetings during the reporting period and number of board members who participate at each board meeting during the reporting period divided by the total number of directors sitting on the board multiplied by the number of board meetings during the reporting period. The information needed to calculate this indicator is taken from the minutes of the board of directors (Table 13).

Number of board meetings:
4 (page 20)

Attendance rate:
75% (page 20)

D.1.2 Number and percentage of women board members (AS IS)

This indicator is calculated as female board members to total board members and the underlying information is taken from the minutes of the board of directors' meetings.

Number and percentage of women board members:
3 women corresponding to 50%

TABLE 12
Frequency and incident rates of occupational injuries

Year	No. of accidents	Total days of absence	Hours not worked	Frequency index (No. of accidents/hours worked)* 1000	Severity index (days absence injury/hours worked)* 1000
2018	3	62	496	0.0111	**0.2295**
2017	3	47	376	0.0124	**0.1942**
2016	2	20	160	0.0081	**0.0806**

Source: Dallas IR 2018

TABLE 13
Breakdown of composition and analysis of board of directors' meetings; it includes information on indicators D.1.1 Number of board meetings; D.1.2 Number of and percentage of women board members; D.1.3 Board members by age range; D.1.4 Number of audit committee meetings and attendance rate

	2018	2017	2016
BOD Members	6	7	7
% women	50 %	42.8 %	42.8 %
Age of members			
Under 30			
Between 30 and 40	2	3	3
Between 41 and 50	2	1	1
Over 50	2	3	3
Percentage of protected persons			
Number of meetings held	4	6	7
Rate of participation of BOD members	75%	83%	99%

Source: Dallas IR 2018

D.1.3 Board members by age range (AS IS)

This indicator is calculated by keeping track of the number of board members by age range. The data are derived from the minutes of the board of directors.

Board members by age range:
2 members for each age range 30–40, 41–50 and >50

D.1.4 Number of meetings of audit committee and attendance rate (AS IS)

This indicator is calculated as: the number of board meetings during the reporting period and the number of audit committee members who participate at each audit committee meeting during the reporting period divided by the total number of members sitting on the audit committee multiplied by the number of audit committee meetings during the reporting period. This indicator is based on the information included in the minutes of the board of directors.

Number of meetings of audit committee:
4

Attendance rate:
75% (page 20)

D.1.5 Compensation: Total compensation per board member (both executive and non-executive directors) (TO BE)

The company plans to disclose this indicator in future IRs. The indicator will calculate the total annual compensation (including base salary and variable compensation) for each executive and non-executive director deriving data from payroll databases. It is in the process of collecting the data needed for this purpose.

D.2 Anti-corruption practices

D.2.1 Amount of fines paid or payable due to settlements (TO BE)

For the time being there are no data or underlying information available to calculate this indicator. A tracking process for this core indicator would be needed.

D.2.2 Average hours of training on anti-corruption issues per year per employee (TO BE)

For the time being, there are no data or underlying information available to calculate this indicator. The company does not have any anti-corruption training in place.

1.3.2 Conclusions and lessons learned from Dellas Spa

A. Economic area: 88% (7 out of 8)

The case shows a very good coverage of the economic area. The company is already making efforts to collect information to calculate the indicator “Green investment” (indicated in yellow in Table 14) according to the GCI for future IRs.

Table 14
Overview of economic area indicators

A. Economic area	AS IS	How it is calculated	Sources of data	Alignment with GCI
A.1 Revenue and/or (net) value added				
A.1.1 Revenue	✔	According to Italian GAAP, revenue is total net sales, calculated by subtracting refunds, discounts and bonuses from gross sales of products and services	Public consolidated financial statements	
A.1.2 Value added	✔	Revenue minus costs of bought-in materials, goods and services (gross added value)	Public consolidated financial statements	
A.1.3 Net value added	✔	Revenue minus costs of bought-in materials, goods and services and minus depreciation on tangible assets (net value added)	Public consolidated financial statements	
A.2 Payments to the Government				
A.2.1 Taxes and other payments to the Government	✔	Total amount of taxes paid and payable (encompassing not only income taxes, but also other levies and taxes, such as property taxes or value added taxes) plus related penalties paid, plus all royalties, licence fees, and other payments to Government for a given period	Public consolidated financial statements	
A.3 New investment/expenditures				
A.3.1 Green investment	✗			The company is in the process of retrieving the data needed to calculate this indicator in line with the GCI from general ledger accounts and public consolidated financial statements

A.3.2 Community investment	✔	Total amount of charitable/voluntary donations and investments of funds in the broader community	General ledger accounts	
A.3.3 Total expenditures on research and development	✔	Total amount of expenditures on R&D	General ledger accounts and public consolidated financial statements	
A.4 Local supplier/purchasing programmes				
A.4.1 Percentage of local procurement	✔	Proportion of procurement, based on invoices, spending at local suppliers as a percentage	General ledger accounts	

B. Environmental area: 27% (3 out of 11)

The coverage of the environmental area is limited. Environmental indicators seem more challenging to calculate especially due to a lack of specific data collection processes in some areas (for example, emissions and waste) and therefore a subsequent gap in terms of data availability. The company is already making some efforts to collect data regarding two additional indicators (in yellow in Table 15) and to calculate them according to the GCI for future IRs. Accordingly, the coverage should soon become 5/11 (46%).

Table 15
Overview of environmental area indicators

B. Environmental area	AS IS	How it is calculated	Sources of data	Alignment with GCI
B.1 Sustainable use of water				
B.1.1 Water recycling and reuse	✘			
B.1.2 Water use efficiency	✔	Water use in the reporting period as well as change of water use between two reporting periods in absolute amount (where water use is defined as water withdrawal plus total water received from third party)	Invoices of the public service provided by the municipal aqueduct and internal measurements of the company	Although the company is not using the GCI definition, it is possible to calculate this indicator in line with GCI
B.1.3 Water stress	✘			
B.2 Waste management				
B.2.1 Reduction of waste generation	✔	Change in the entity's waste generation in terms of change and in absolute amount	Internal measurements of the company and certificates delivered by external waste company	Although the company is not using the GCI definition, it is possible to calculate this indicator in line with GCI
B.2.2 Waste reused, remanufactured and recycled	✘			

B.2.3 Hazardous waste	✗			The company is in the process of retrieving the data needed to calculate this indicator in line with the GCI from internal measurements of the company and certificates delivered by external waste company
B.3 Greenhouse gas emissions				
B.3.1 Greenhouse gas emissions (scope 1)	✗			
B.3.1 Greenhouse gas emissions (scope 2)	✗			
B.4 Ozone-depleting substances and chemicals				
B.4.1 Ozone-depleting substances and chemicals	✗			
B.5 Energy consumption				
B.5.1 Renewable energy	✗			The company plans to include an indicator in future IRs calculated in line with the definition given in the GCI. It is collecting the necessary information from the provider's reports and from the internal measurements of the company
B.5.2 Energy efficiency	✓	Saved energy consumption in terms of CO_2 in reference to specific saving projects	Invoices of the public service provider and internal measurements of the company	Although the company is not using the GCI definition, it is possible to calculate this indicator in line with GCI

C. Social area: 43% (3 out of 7)

The case shows a medium coverage of the social area. The company is already making efforts to collect information to calculate the indicators that are not provided according to the GCI for future IRs. Thus, the coverage should be 100% in the near future (Table 16).

Table 16
Overview of social area indicators

C. Social area	AS IS	How it is calculated	Sources of data	Alignment with GCI
C.1 Gender equality				
C.1.1 Proportion of women in managerial positions	✔	Number of women in managerial positions to total number of employees (in terms of headcount)	Payroll databases	Although the company is not using the GCI definition, it is possible to calculate this indicator in line with GCI
C.2 Human capital				
C.2.1 Average hours of training per year per employee	✘			The company plans to include an indicator in future IRs calculated in line with the definition given in the GCI. It is collecting the necessary information from the internal measurement systems
C.2.2 Expenditure on employee training per year per employee	✘			The company plans to include an indicator in future IRs calculated in line with the definition given in the GCI. The company plans to use the general ledger accounts and its internal measurements
C.2.3 Employee wages and benefits as a proportion of revenue, with breakdown by employment type and gender	✘			The company plans to include an indicator in future IRs calculated in line with the definition given in the GCI. The company plans to use the general ledger accounts and its internal measurements
C.3 Employee health and safety				
C.3.1 Expenditures on employee health and safety as a proportion of revenue	✘			The company plans to include an indicator in future IRs calculated in line with the definition given in the GCI. It is reconstructing the data to calculate this indicator, possibly broken down by employee category. The company plans to use the general ledger accounts and its internal measurements
C.3.2 Frequency/ incident rates of occupational injuries	✔	Frequency rates: number of new injury cases divided by total number of hours worked by employees in the reporting period; incident rates: total number of lost days expressed in terms of number of hours divided by total number of hours worked by employees in the reporting period	Payroll databases	
C.4 Coverage by collective agreements				
C.4.1 Percentage of employees covered by collective agreements	✔	Number of employees covered by collective agreements to total employees	Payroll databases	

D. Institutional area: 57% (4 out of 7)

The case shows a good coverage of the institutional area. The company is already making efforts to collect information to calculate one additional indicator according to the GCI for future IRs (D.1.5 Compensation: total compensation per board member). Therefore, the coverage should improve to 71% in future IRs (Table 17).

Table 17
Overview of institutional area indicators

B. Institutional area	AS IS	How it is calculated	Sources of data	Alignment with GCI
D.1 Corporate governance disclosure				
D.1.1 Number of board meetings and attendance rate	✔	Number of board meetings during the reporting period and number of board members who participate at each board meeting during the reporting period divided by the total number of directors sitting on the board multiplied by the number of board meetings during the reporting period	Minutes of the board of directors	
D.1.2 Number and percentage of women board members	✔	Female board members to total board members	Minutes of the board of directors	
D.1.3 Board members by age range	✔	Number of board members by age range	Minutes of the board of directors	
D.1.4 Number of meetings of audit committee and attendance rate	✔	Number of board meetings during the reporting period and number of audit committee members who participate at each audit committee meeting during the reporting period divided by the total number of members sitting on the audit committee multiplied by the number of audit committee meetings during the reporting period	Minutes of the board of directors	
D.1.5 Compensation: total compensation per board member (both executive and non-executive directors)	✗			The company plans to include an indicator in future IRs calculated in line with the definition given in the GCI. It is reconstructing the data to calculate this indicator from payroll
D.2 Anti-corruption practices				
D.2.1 Amount of fines paid or payable due to settlements	✗			
D.2.2 Average hours of training on anti-corruption issues per year per employee	✗			

Table 18
Overview of GCI indicators

	Economic	Environmental	Social	Institutional
Disclosed	7	3	3	4
Qualitative information provided and/or quantitative expected in forthcoming reports	1	2	4	1
No data available	0	6	0	2

The SME analysed in this case study is quite advanced in the degree of maturity on the management of non-financial information. Certain existing regulations or practices in Europe and Italy can explain the voluntary disclosure of the company in the sustainability area. For instance, collective agreements are a standard practice in Italy. The European Directive on Non-financial Disclosure is not applicable to Dellas but it promotes a sustainability reporting culture and if the company continues growing it could fall within the group of companies required to report.

The company uses the GRI and integrated reporting frameworks, so many of the GCI indicators are already used or can be easily calculated in line with the GCI approach. When the indicators are not provided (which is especially the case for the environmental ones) it is because the company is not collecting the data required for their calculation. The GCI Training Manual could be a very useful resource to guide the company especially in two respects: how to implement new processes to track and collect the data needed and how to calculate indicators in line with SDG monitoring needs.

The findings summarized in Table 18 show that the company was able to fully disclose 17 out of the 33 indicators.

The company is already disclosing most of the economic indicators and also about half of the social and institutional ones. The most challenging indicators, as in other case studies, are the environmental ones. In some cases, the company is already providing qualitative information and it is planning to start disclosing quantitative information in its future IRs. In other cases, there were no data available to measure the indicators, this corresponded to the majority of the environmental ones.

2. Beautyprof Spa, Sensation Profumerie

2.1 About the company

Beautyprof, with 23 years of history, works in the wholesale and retail of beauty products: perfumery, personal care and hygiene.

On the wholesale side, the company ensures periodic visits to customers by their agents, speed in processing the order and delivery of the goods, constant quality standards in commercial relations, and adequate aftersales service.

On the retail side, with the Sensation Profumerie network of perfumeries, it guarantees competence, professionalism and maximum assistance in purchasing combined with beauty tips.

The company has consolidated relationships with the most important multinationals in the sector, it collaborates with high profile technological partners and it exploits the strategic alliances of the consortiums to which it belongs.

The Italian beauty products market is estimated to be approximately €1,000 million. The company is among the six main regional distribution channels, which have together a market share of about 25%. The rest of market is occupied by national distribution channels.[15]

Company's mission/vision[16]

As declared by the company, its mission is to be a leader in the cosmetics and perfumery sector, offering

[15] Source: Pambianco research, December 2018.

[16] The description of the mission is taken from page 10 of the Beautyprof's IR of 2018.

a wide assortment of customer-oriented quality products and services.

The company is inspired by values such as respect and attention to the customer, fairness in relationships, continuous training and the enhancement of staff, and development of professionalism through the involvement of all collaborators in the company's business, with the aim of developing a sense of belonging and common identity.

Countries of operation

Beautyprof is present, through different distribution channels, in the south of Italy. It has 13 retail stores in Calabria and 1 in Puglia; it has 7 wholesale agents representing the company in Calabria and Sicily; its e-commerce activities include 16,481 catalogue references authorized by the most prestigious brands.

Company and segment turnover and total assets

In 2018 the consolidated revenues were €22 million; earnings before interest, taxes, depreciation and amortization were €1.4 million; with €18 million of total assets.

Principal shareholders

Beautyprof is a privately owned sole-shareholder company. It is 100% owned by Domenico Novembre, founder and president of the board.

Employee breakdown[17]

There are a total of 116 employees of which 96 female and 20 male.

The company as 58 employees between 26 and 40 years, 48 over 40 years and 10 less than 26 years old.

Beautyprof consists of 90% blue collars and 10% white collars.

Relevant facts and figures

- 23 years of history
- 14 stores
- 38,325 loyal customers
- 16,481 e-commerce catalogue references

[17] This is an indicator that is also covered by the GCI.

2.2 Approach to sustainability

Company's concept of sustainability

"Be fair, be human, be innovative" is the mantra indicated on the cover of the Beautyprof IR 2018. The company states that it upholds the values of ethics, legality and fairness and that it aims to generate well-being for all stakeholders by placing people and respect for their dignity at the centre of its actions and decisions.

The workforce, understood as a "community", is considered as an essential resource for the development of the business. Training is ongoing to increase staff skills and the principle of equal opportunities is guaranteed. The second-level company contract,[18] stipulated since 2013 in Beautyprof, provides incentive systems and promotes welfare and work-life balance policies for all employees. In order to respond to the expectations of the various stakeholders, the company also constantly invests in innovative solutions and new technologies to improve operational efficiency and provide high-quality standard services. It is important to mention that Beautyprof is located in an area – Calabria – that is not one of the easiest to operate in. Yet Beautyprof has managed to combine growth, economic sustainability and social responsibility, laying the foundations for developments beyond regional borders. This has been mainly achieved by putting people at the centre of the company's activities.

Integration of sustainability into the company's business model

The company has integrated sustainability into its business model, especially as regards the approach to the employees and the surrounding community.

This integration was favoured by the preparation of an IR that measures the actual performance of the company along different financial and non-financial dimensions and sets the objectives for the following years with reference to the six capitals of the IIRC International Integrated Reporting Framework.

[18] Beautyprof applies a national collective bargaining agreement, which is mandatory. Then, voluntarily, the company applies a second-level contract that provides rewards and welfare services, based on productivity, to employees.

On the basis of the indicators used, Beautyprof board decided to check periodically the achievement of objectives that are related to:

(a) Financial capital

The ability to produce positive results and generate related financial resources are the basic elements that characterize the continuity of each company. In the current economic context, it means being competitive, creating value in a long-term perspective, ensuring the correct remuneration of the production factors and responding to the expectations of the stakeholders.

(b) Manufactured capital

To stay competitive, Beautyprof needs to sense and respond to the evolution of the external environment, by identifying and satisfying new styles of consumption and retain an increasingly demanding clientele. For these reasons, the company implements a continuous investment policy aimed at strengthening the distribution channels and improving the underlying management processes.

(c) Social and relationship capital

Customer orientation is one of the strengths of Beautyprof's business model. Great attention is paid to the provision of high-quality services and to the continuous improvement of the customer experience. In the supplier selection policies, the company attaches great importance to the criteria of quality, reliability, respect for issues with social and environmental impact, and compliance with the laws. Beautyprof supports local social, cultural, religious, recreational and sporting initiatives. To spread the culture of sustainability, in 2018 it sponsored several events related to the SDGs of the United Nations 2030 Agenda for Sustainable Development.[19]

(d) Intellectual capital

Innovation accompanies the growth of Beautyprof and has always been part of its strategic vision and has allowed the company to differentiate itself from competitors. The company has an advanced IT infrastructure concerning logistic processes and product restocking, including a B2B platform and a B2C e-commerce.

(e) Human capital

The company guarantees the principle of equal opportunities by not hindering hiring or collaborative relationships for reasons related to gender, religion and personal beliefs, race and ethnic origin, disability, age, sexual or political orientation. The remuneration paid respects gender equality. The company applies a second-level company contract that provides for the payment of a bonus, consisting of a component linked to absenteeism and a component linked to productivity. Furthermore, training activities are planned for sales staff to increase their skills.

(f) Natural capital

Beautyprof has implemented a policy to rationalize energy consumption by equipping stores with LED lighting technology. The ongoing renovation or modernization projects also foresee the installation of LED devices for all company premises. To reduce cardboard waste, the company has also set up shop windows using permanent structures.

Company's existing reporting framework

For the first time, in 2018 Beautyprof decided to prepare an IR as the main tool for reporting its activities and strategies, results and impacts, with the aim of communicating the creation of value in the medium to long term.

Beautyprof's IR fully adopts and complies with the following guidelines and standards:

- International Integrated Reporting Framework, issued in December 2013 by IIRC;
- GRI Sustainability Reporting Standards published in 2016 by GRI, option in accordance with the "core option";
- SDGs of the United Nations 2030 Agenda;
- Accounting standards issued by the Italian accounting body, Organismo Italiano Contabilità.

The report follows the IIRC for the concepts of value creation, connectivity and "integrated thinking", the GRI for economic-socio-environmental indicators and the SDGs for sustainability issues.

[19] In order to spread the culture of sustainability, the company sponsored the event "Sustainable Future Goal: intangible assets and new models of economic and social development". In the conference organized by the Italian Professional Association of Management Consultants as part of the Sustainable Development Festival promoted by ASvis (the Italian alliance for sustainable development), the president of the company participated as a speaker to talk about the contribution of Beautyprof to the achievement of the SDGs.

2.3 Core indicators: Measurement and reporting

Accounting and reporting on core indicators (AS IS or TO BE)

As for part 1 of the present publication presenting an analysis of the company Dellas, in this section, with reference to the UNCTAD GCI, the suggested core indicators will be highlighted as "AS IS" or "TO BE" based on current implementation at Beautyprof. For each indicator that is currently calculated and used by Beautyprof ("AS IS"), a page reference of the current IR is provided where the indicator is disclosed and explained. All figures are expressed in euros. When the indicator is flagged as "TO BE", additional information is provided on when and how the specific indicator is going to be adopted.

2.3.1 Accounting and reporting on core indicators

A. Economic area[20]

A.1 Revenue and/or (net) value added

A.1.1 Revenue (AS IS)

Revenues are defined according to the Italian GAAP as total net sales, calculated by subtracting refunds, discounts and bonuses from gross sales of products and services. Revenues are derived from public consolidated financial statements.

Total revenue:
22,105,184 (page 44)

A.1.2 Value added (AS IS)

Value added is calculated starting from revenue and then deducting the costs of bought-in materials, goods and services. All the data for this calculation are derived from public consolidated financial statements.

Gross value added:
3,977,689 (page 44)

A.1.3 Net value added (AS IS)

The company does not explicitly disclose the net value added but it can be easily calculated by subtracting from gross value added the amount of depreciation for tangible assets.

Net value added:
3,977,689 (gross value added) - 156.396 (depreciation for tangible assets) (page 72)

A.2 Payments to the Government

A.2.1 Taxes and other payments to the Government (AS IS)

This is the total amount of taxes paid and payable (encompassing not only income taxes but also other levies and taxes, such as property taxes or value added taxes) plus related penalties paid, plus all royalties, licence fees, and other payments to Government for a given period. The company illustrates how added value, understood as gross global added value, is distributed among internal and external stakeholders, using the 2016–2018 three-year period as reference. All the data for this calculation are derived from public consolidated financial statements.

Taxes and other payments to the Government:
370,624 (page 44)

A.3 New investment/expenditures

A.3.1 Green investment (TO BE)

For the time being, green investments are reported only in a narrative way. For example, on page 54 of the IR the company explains that (translated from Italian):

> Beautyprof has implemented a policy to rationalize the energy consumption by equipping various buildings with lighting technology fixtures LED. Ongoing renovation or modernization projects are including the installation of LED devices for all company offices that are currently lacking this technology…

The company is working on the quantification of green investments for future IRs. It is reconstructing the total amount of expenditures for those investments during the reporting period starting from the specific general ledger accounts and from the public consolidated financial statements data. The company is in the process of retrieving the data needed to calculate this indicator in line with the GCI and intends to include the indicator in future IRs.

[20] All figures are expressed in euros.

A.3.2 Community investment (AS IS)

This indicator includes the total amount of charitable and voluntary donations and investments of funds in the broader community as reported in the general ledger accounts.

Community investment:
38,222 (page 49)

As a percentage of revenue community investment amounts to 0.17%.

38,222/22,105,184 = 0.17%

A.3.3 Total expenditures on research and development (AS IS)

This indicator is calculated by summing up all the expenditures on R&D reported in the general ledger accounts and public consolidated financial statements. The company also records the number of R&D hours in total and split among the different R&D projects. In addition, R&D expenditures are reported by project and also calculated as a percentage of revenues.

Total expenditures on research and development:
276,638 (page 46)

As a percentage of revenue, expenditures on R&D amount to 1.3%.

276,638/22,105,184 = 1.3%

A.4 Local supplier and purchasing programmes

A.4.1 Percentage of local procurement (TO BE)

The company is in the process of retrieving the data needed to calculate this indicator in line with the GCI from general ledger accounts and supplier invoices. It is planning to include this indicator in future IRs.

B. Environmental area

B.1 Sustainable use of water

B.1.1 Water recycling and reuse (TO BE)

At the moment, Beautyprof does not recycle water at all. Water use by the company is very small.

B.1.2 Water use efficiency (TO BE)

At the moment, it is not possible to calculate this indicator as there are no data available. The company does not have a tracking process for this core indicator since water use is very small. In fact, the company buys finished products from vendors, coordinates the supply chain and sells the products in stores, and so water use is very low. It could be possible to calculate this indicator starting from the invoices of the public service provided by the municipal aqueduct.

B.1.3 Water stress (TO BE)

At the moment, it is not possible to calculate this indicator as the data are not available. A tracking process for this core indicator would be needed.

B.2 Waste management

B.2.1 Reduction of waste generation (AS IS)

At the present time waste generation is reported only in a narrative way (see citation below under B.2.2, from page 54). The company plans to include an indicator in future IRs calculated in line with the definition given in the GCI. It is collecting the necessary information from the internal measurement systems and from the certificates delivered by the external waste company.

B.2.2 Waste reused, remanufactured and recycled (TO BE)

At the present time waste generation is reported only in a narrative way (see citation following, from page 54). The company plans to include an indicator in future IRs calculated in line with the definition given in the GCI. It is collecting the necessary information from the internal measurement systems and from the certificates delivered by the external waste company.

Citation from page 54 of the company's IR 2018 (translated from Italian):

> WASTE GENERATION AND MANAGEMENT: For direct deliveries of goods from warehouses to points of sale, the Company has been using tanks made of reusable materials for several years, which make it possible to reduce the consumption of cardboard boxes. To reduce cardboard waste, the company has also set up shop windows using permanent structures. It also carries out separate collection in the locations where the municipalities provide this service. In addition, it has the following contracts in place with two specialized companies: 1) Collection and recovery of special non-hazardous waste; 2) Collection, transport and disposal of used toners.

B.2.3 Hazardous waste (TO BE)

It is not possible at present to calculate this indicator. Beautyprof's waste is not of a hazardous type and it is managed through the municipal waste transfer.

B.3 Greenhouse gas emissions

B.3.1 Greenhouse gas emissions (scope 1) (TO BE)

At the present time it is not possible to calculate this indicator as the required data are not available. A specific tracking process for this core indicator will be needed. Beautyprof is planning to report this indicator in future IRs. It could report greenhouse gas emissions for deliveries of goods from warehouses to points of sale.

B.3.2 Greenhouse gas emissions (scope 2) (TO BE)

At the present time it is not possible to calculate this indicator as the required data are not available. A specific tracking process for this core indicator will be needed.

B.4 Ozone-depleting substances and chemicals

B.4.1 Ozone-depleting substances and chemicals (TO BE)

At the present time it is not possible to calculate this indicator as the required data are not available. Beautyprof productive process does not produce many ozone-depleting substances and chemicals.

B.5 Energy consumption

B.5.1 Renewable energy (TO BE)

At the present time renewable energy is reported only in a narrative way (see below, extract from page 54 of IR 2018). The company plans to include an indicator in future IRs calculated in line with the definition given in the GCI (where renewable energy consumption would be calculated as a percentage of total energy consumption in the reporting period). It is collecting the necessary information from the provider's reports and from the internal measurements of the company.

B.5.2 Energy efficiency (TO BE)

At the present time renewable energy is reported only in a narrative way. On page 54 of its IR it explains (translated from Italian):

> Beautyprof has implemented a policy to rationalize the energy consumption by equipping various buildings with lighting technology fixtures LED. Ongoing renovation or modernization projects are including the installation of LED devices for all company offices that are currently lacking this technology….

The company plans to include an indicator in future IRs calculated in line with the GCI. It is collecting the necessary information from the provider's reports and from the internal measurements of the company.

C. Social area

C.1 Gender equality

C.1.1 Proportion of women in managerial positions (AS IS)

This indicator is presented in absolute amount (in terms of headcount). The data are taken from payroll databases.

Proportion of women in managerial positions:
1 out of 2 (page 19)

To calculate this indicator in line with the GCI, given that the number of employees at 31/12/2018 is 116, the proportion is:

$$1/116 = 0.0086$$

C.2 Human capital

C.2.1 Average hours of training per year per employee (AS IS)

This indicator is presented in absolute amount (in terms of number of hours of training per year). The data are taken from internal measurement systems of the company.

Average hours of training per year:
1,780 (page 53)

To calculate this indicator in line with the GCI, given that the number of employees at 31/12/2018 is 116, the proportion is:

1,780/116 = 15,34 hours per year per employee

C.2.2 Expenditure on employee training per year per employee (TO BE)

For the time being the expenditure on employee training per year per employee is reported only in a narrative way. On page 55 of the IR 2018 the company states (translated from Italian):

> Training is the best investment an organization can make. Beautyprof will continue to implement training policies aimed at increasing the professional background of each collaborator. Sales staff training activities are planned for 2019 with the aim of making the in-store service even more professional. In addition, resources will be allocated to staff reskilling, in particular for the use of new technologies with a view to digitizing processes and support ongoing innovation projects.

The company is working on the quantification of this aspect for the future. It is reconstructing the data to calculate this indicator, possibly broken down by employee category. The company plans to use the general ledger accounts and its internal measurements.

C.2.3 Employee wages and benefits as a proportion of revenue, with breakdown by employment type and gender (TO BE)

At the moment the company reports total staff remuneration as illustrated in Table 19 (for 2018 it is €2,671,086 as indicated on page 72 of the IR of that year).

On page 54, it also reports the amount of bonuses paid in a year in absolute terms and in percentage of the base salary.

Table 19
Bonuses and percentage on base salaries

Personnel costs	2018	2017
Salaries and wages	1 933 839	1 868 310
Social contribution	590 090	563 422
Employees' leaving indemnity	143 736	138 401
Other costs	3 421	6 085
Total costs	2 671 086	2 576 218

Source: Beautyprof IR 2018

The company is working on the quantification of this area for future IRs. It is reconstructing the data to calculate this indicator as total costs of employee workforce (wages and benefits) divided by the total revenue in that reporting period, possibly broken down by employee category. The company plans to use the general ledger accounts and its internal measurements.

C.3 Employee health and safety

C.3.1 Expenditures on employee health and safety as a proportion of revenue (TO BE)

For the time being, the activities to protect employees' health and safety are reported only in a narrative way. On page 53, the company explains (translated from Italian):

> HEALTH AND SAFETY PROTECTION: The company is very observant of the issue of security on the workplace. It appointed an R.S.P.P. [responsabile servizio prevenzione e protezione] which monitors the health and safety of employees and regularly holds training courses, information and updating. Workers undergo medical examinations periodically as required by law. Within each site, there are one or more people in charge of first aid and fire-fighting.

The company is working on the quantification of this aspect for forthcoming IRs. It is reconstructing the data to calculate this indicator, possibly broken down by employee category. The company plans to use the general ledger accounts and its internal measurements.

C.3.2 Frequency and incident rates of occupational injuries (AS IS)

The company calculates and reports this indicator. The data are taken directly from the payroll databases.

Frequency index of occupational injuries:
0 (page 41)

C.4 Coverage by collective agreements

C.4.1 Percentage of employees covered by collective agreements (AS IS)

This indicator is calculated according to GRI 102 as G4-11 The percentage of total employees covered by collective bargaining agreements (that is, number of employees covered by collective agreements to total employees). The data are taken from the payroll databases. Collective agreements are a standard practice in Italy.

Percentage of employees covered by collective agreements: 100%, (page 52; 116 total employees of which 100 permanent contract, 11 fixed term (only for December 2018), 5 other (internships))

D. Institutional area

D.1 Corporate governance disclosure

D.1.1 Number of board meetings and attendance rate (TO BE)

The company is working on the quantification of this area for future IRs. It plans to include an indicator calculated in line with the definition given in the GCI. The company is going to use the minutes of the board meetings.

D.1.2 Number and percentage of women board members (AS IS)

This indicator is calculated as female board members to total board members and the underlying information is taken from the minutes of the Board of Directors' meetings.

Number and percentage of women board members:
1 woman corresponding to 50% (page 19)

D.1.3 Board members by age range (TO BE)

The company is working on the quantification of this area for forthcoming IRs. It plans to include an indicator calculated in line with the definition given in the GCI. The company will use the minutes of the board meetings.

D.1.4 Number of meetings of audit committee and attendance rate (TO BE)

The company is working on the quantification of this area for forthcoming IRs. It plans to include an indicator calculated in line with the definition given in the GCI. The company will use the minutes of the board meetings.

D.1.5 Compensation: Total compensation per board member (both executive and non-executive directors) (TO BE)

The company is working on the quantification of this area for forthcoming IRs. It plans to include an indicator calculated in line with the definition given in the GCI. The company will use the minutes of the board meetings.

D.2 Anti-corruption practices

D.2.1 Amount of fines paid or payable due to settlements (TO BE)

For the time being there are no data available to calculate this indicator. The company does not participate in tenders and public contracts and it received no fines in 2018 and 2019.

D.2.2 Average hours of training on anti-corruption issues per year per employee (TO BE)

The company does not have any anti-corruption training in place.

2.3.2 Conclusions and lessons learned from Beautyprof Spa, Sensation Profumerie

A. Economic area: 75% (6 out of 8)

The case shows a good coverage of the economic area. The company is already making efforts to collect information to calculate the two indicators that are missing (indicated in yellow in Table 20) according to the GCI for future IRs.

Table 20
Overview of economic area indicators

A. Economic area	AS IS	How it is calculated	Sources of data	Alignment with GCI
A.1 Revenue and/or (net) value added				
A.1.1 Revenue	✔	According to Italian GAAP, revenue is total net sales, calculated by subtracting refunds, discounts and bonuses from gross sales of products and services	Financial statements	
A.1.2 Value added	✔	Revenue minus costs of bought-in materials, goods and services (gross added value)	Financial statements	
A.1.3 Net value added	✔	Revenue minus costs of bought-in materials, goods and services and minus depreciation on tangible assets (net value added)	Financial statements	
A.2 Payments to the Government				
A.2.1 Taxes and other payments to the Government	✔	Total amount of taxes paid and payable (encompassing not only income taxes, but also other levies and taxes, such as property taxes or value added taxes) plus related penalties paid, plus all royalties, licence fees, and other payments to Government for a given period	Financial statements	
A.3 New investment/expenditures				
A.3.1 Green investment	✕			The company is in the process of retrieving the data needed to calculate this indicator in line with the GCI from general ledger accounts and public consolidated financial statements. To do for future IRs
A.3.2 Community investment	✔	Total amount of charitable/voluntary donations and investments of funds in the broader community	General ledger accounts	
A.3.3 Total expenditures on research and development	✔	Total amount of expenditures on e-commerce investments	General ledger accounts and financial statements	
A.4 Local supplier/purchasing programmes				
A.4.1 Percentage of local procurement	✕			The company is in the process of retrieving the data needed to calculate this indicator in line with the GCI from General Ledger accounts and supplier invoices. To do for future IRs

B. Environmental area: 0% (0 out of 11)

The environmental area is not covered. Environmental indicators are more challenging to calculate for this company, which lacks specific data collection processes in this area and therefore experiences a subsequent gap in terms of data availability. The company is already making some efforts to collect data regarding four indicators (indicated in yellow in Table 21) and to calculate them according to the GCI in the future. Accordingly, the coverage should soon become 4/11 (36%).

Table 21
Overview of environmental area indicators

B. Environmental area	AS IS	How it is calculated	Sources of data	Alignment with GCI
B.1 Sustainable use of water				
B.1.1 Water recycling and reuse	×			
B.1.2 Water use efficiency	×			
B.1.3 Water stress	×			
B.2 Waste management				
B.2.1 Reduction of waste generation	×			The company is in the process of retrieving the data needed to calculate this indicator in line with the GCI from internal measurements of the company and certificates delivered by an external waste company
B.2.2 Waste reused, remanufactured and recycled	×			The company is in the process of retrieving the data needed to calculate this indicator in line with the GCI from internal measurements of the company and certificates delivered by an external waste company
B.2.3 Hazardous waste	×			
B.3 Greenhouse gas emissions				
B.3.1 Greenhouse gas emissions (scope 1)	×			
B.3.1 Greenhouse gas emissions (scope 2)	×			
B.4 Ozone-depleting substances and chemicals				
B.4.1 Ozone-depleting substances and chemicals	×			

B.5 Energy consumption				
B.5.1 Renewable energy	✗			The company plans to include an indicator in future IRs calculated in line with the definition given in the GCI. It is collecting the necessary information from the provider's reports and from the internal measurements of the company
B.5.2 Energy efficiency	✗			The company plans to include an indicator in future IRs calculated in line with the definition given in the GCI. The company is collecting the necessary information from the provider's reports and from the internal measurements of the company

C. Social area: 57% (4 out of 7)

The case shows a good coverage of the social area. The company is already making efforts to collect information to calculate the indicators that are not provided according to the GCI for future IRs. Thus, the coverage should be 100% soon (Table 22).

Table 22
Overview of social area indicators

C. Social area	AS IS	How it is calculated	Sources of data	Alignment with GCI
C.1 Gender equality				
C.1.1 Proportion of women in managerial positions	✓	Number of women in managerial positions to total number of employees (in terms of headcount)	Payroll databases	Although the company is not using the GCI definition, it is possible to calculate this indicator in line with GCI
C.2 Human capital				
C.2.1 Average hours of training per year per employee	✓	Total number of hours of training per year	Internal measurements of the Company	
C.2.2 Expenditure on employee training per year per employee	✗			The company plans to include an indicator in future IRs calculated in line with the definition given in the GCI. The company plans to use the general ledger accounts and its internal measurements

C.2.3 Employee wages and benefits as a proportion of revenue, with breakdown by employment type and gender	×			The company plans to include an indicator in future IRs calculated in line with the definition given in the GCI. The company plans to use the general ledger accounts and its internal measurements
C.3 Employee health and safety				
C.3.1 Expenditures on employee health and safety as a proportion of revenue	×			The company plans to include an indicator in future IRs calculated in line with the definition given in the GCI. It is reconstructing the data to calculate this indicator, possibly broken down by employee category. The company plans to use the general ledger accounts and its internal measurements
C.3.2 Frequency/ incident rates of occupational injuries	✓	Frequency rates: number of new injury cases divided by total number of hours worked by employees in the reporting period; incident rates: total number of lost days expressed in terms of number of hours divided by total number of hours worked by employees in the reporting period	Payroll databases	
C.4 Coverage by collective agreements				
C.4.1 Percentage of employees covered by collective agreements	✓	Number of employees covered by collective agreements to total employees	Payroll databases	

D. Institutional area: 14% (1 out of 7)

The case shows a very limited coverage of the institutional area. The company is already making efforts to collect information to calculate four additional indicators (indicated in yellow in Table 23) and to calculate them according to the GCI for future IRs. Therefore, the coverage should soon become 5/7 (71%).

Table 23
Overview of institutional area indicators

D. Institutional area	AS IS	How it is calculated	Sources of data	Alignment with GCI
D.1 Corporate governance disclosure				
D.1.1 Number of board meetings and attendance rate	✗			The company plans to include an indicator in future IRs calculated in line with the definition given in the GCI. The company plans to use the minutes of the board
D.1.2 Number and percentage of women board members	✓	Female board members to total board members	Minutes of the board of directors	
D.1.3 Board members by age range	✗			The company plans to include an indicator in future IRs calculated in line with the definition given in the GCI. The company plans to use the minutes of the board
D.1.4 Number of meetings of audit committee and attendance rate	✗			The company plans to include an indicator in future IRs calculated in line with the definition given in the GCI. The company plans to use the minutes of the board
D.1.5 Compensation: total compensation per board member (both executive and non-executive directors)	✗			The company plans to include an indicator in future IRs calculated in line with the definition given in the GCI. It is reconstructing the data to calculate this indicator from payrolls
D.2 Anti-corruption practices				
D.2.1 Amount of fines paid or payable due to settlements	✗			
D.2.2 Average hours of training on anti-corruption issues per year per employee	✗			

The company included in this case study has been using the GRI and International Integrated Reporting frameworks for the first time to prepare its reports in 2018. Several GCI indicators are already used or can be easily calculated in line with the GCI approach. When the indicators are not provided (which is the case especially for the environmental and the institutional ones) it is because the company is not collecting the data required for their calculation. The GCI Training Manual could be a very useful resource to guide the company especially given that it is focusing a lot of effort in producing information that can be relevant for a broad range of stakeholders. As declared in the IR 2018, the company also aims at providing indicators in line with SDGs monitoring needs, in particular SDGs 3, 5, 8, 9 and 11. The GCI Training Manual could help in achieving this goal.

The findings show that the company was able to fully disclose 11 out of the 33 indicators (Table 24). Nevertheless, the company is planning to improve coverage in future reports. The company is already providing qualitative information for some indicators, and it is planning to start disclosing quantitative information for 13 additional core SDG indicators. Accordingly, the company should soon be able to provide 24 out of 33 indicators according to the GCI.

The company is already disclosing most of the economic indicators and also about half of the social ones. The most challenging indicators, as in other case studies, are the environmental ones. The company lacks data collection processes to measure environmental indicators, but it is making efforts to start reporting on waste and energy indicators in future IRs. The owner of the company has focused his attention specifically on social aspects rather than environmental ones, which he considers less relevant for company, given the business in which it operates and its business model. In addition, some issues covered by the social indicators, such as collective agreements, are a standard practice in Italy.

Concerning the institutional indicators, the company is currently disclosing only one out of seven indicators but it expects to be able to disclose five in the near future. In the particular case of Beautyprof, the founder and president of the board of directors holds 100% of the shares and the company has a simple governance structure. A similar situation might be applicable to other SMEs where some corporate governance structures are simple or not present at the moment and thus, corporate governance indicators might not be fully reportable. However, corporate governance is important not only for reporting purposes but also for internal risk management and efficient management in general.

Table 24
Overview of GCI indicators

	Economic	Environmental	Social	Institutional
Disclosed	6	0	4	1
Qualitative information provided and/or quantitative expected in future IRs	2	4	3	4
No data available	0	7	0	2

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