



# How ETIMOS Foundation supports the ten principles of the UN Global Compact

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## President's Statement

September 26<sup>th</sup>, 2019  
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H.E. António Guterres  
Secretary-General  
United Nations  
New York, NY 10017  
USA

Dear Mr. Secretary General,

Etimos Foundation renews hereby its commitment to the support of the ten principles of the UN Global Compact, with special focus on human rights, labour and environment safeguard. Our efforts in advancing these principles within our sphere of influence go further, as this document describes.

Etimos Foundation is a proud founding member of the UN Global Compact community. The perfect alignment to the ten principles of our mission, "Improving people's lives", ensures that every action and programme undertaken by Etimos Foundation is coherent to the Global Compact objectives and contributes to human rights and fair trade promotion, together with the reduction of human ecological footprint.



Furthermore, Etimos has decided to engage locally, joining the Italian Global Compact Network Foundation, as a founding member, since April 2016.

All this considered, we are honoured to confirm our engagement in the activities of the UN Global Compact.

Sincerely yours,

Marco Santori  
- President of the Board -



## Foreword

Social business and development finance are at the core of Etimos Foundation's activities since its birth in 1989. Its first focus has been saving cooperatives, fair trade and ethical finance, highlighting the role of **fair trade** as a connecting bridge between consumers and producers worldwide.

**Financial inclusion** helps boosting local development by reducing the decline and the impoverishment, also within the wealthiest societies. In the effort of giving a chance to Italian micro-enterprises and families previously excluded from the traditional banking system, a specialized financial social enterprise has been funded in 2009 to promote microfinance in Italy. Since its birth, more than € 40M have been provided.

In 30 years of activity, Etimos Foundation has gone beyond one hundred million euros investments in four continents. It has supported over 250 among microfinance institutions, producer organizations, social enterprises and communities around Africa, Asia, Latin America and Europe.

Etimos Foundation has also joined other networks that promote sustainable development and impact investments: the *European Federation of Ethical and Alternative Banks* (FEBEA), and the “*Social Impact Agenda – Italy*” as a founding member, and the Italian Microfinance Network (RITMI).





## Etimos' activities in relation to human rights

Starting from its own mission, Etimos Foundation guarantees full compliance to the two first principles of the UN Global Compact, affirming the importance of the human rights' protection in business activities, and fighting human rights abuses. Etimos' commitment stems from solidarity, as not limited just to fight inequalities, but to remove their causes.

Specifically, financial instruments, investments and credits are used to promote a development model that reduces distances, appreciates the differences, and gives priority to the dignity of the persons, guaranteeing human rights enjoyment.

More than 150 organizations are part of the wide Etimos' community and represent its value and the starting point of all project activities. A deep knowledge of the environment and a consolidate relationship with local implementing partners allow the promotion of a culture focused on the importance of **sustainable business**, pursuing the respect of human rights as a fundamental condition.

Through the concrete support of its local members, Etimos devotes constant attention to the most vulnerable groups, particularly women, children, indigenous peoples, and migrant workers. Microfinance aims at the financial inclusion of people excluded from the traditional economic system, thus women and vulnerable categories are often targets of projects and social investments.

To describe how Etimos Foundation concretely pursues these objectives, a few projects will be cited as examples.



## Etimos' activities in relation to the environment

*"Businesses should support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility and encourage the development and diffusion of environmentally friendly technologies."*

In accordance with the UN Global Compact principles, Etimos directs careful attention to the environment, modelling its actions in the fields of **environmental friendly business practices** promotion.

Currently, Etimos is leading a **SWITCH Africa Green** action called **"Green to Grow - A Revenue Generation Approach for SCP Dissemination in Kenya"**, which pursues the objective of reducing the environmental footprint of Kenyan MSMEs in agribusiness, while strengthening their ability to compete in local and international markets. The mango, coffee and dairy sectors are targeted.

Thanks to numerous training sessions, entrepreneurs are learning how to develop environmental friendly technologies (Principle 9 of the Global Compact) by adopting sustainable consumption and production (SCP) practices and technologies. With regard to Principle 6 of the Global Compact, the action tackles gender-bias ensuring that 50% of the selected entrepreneurs are women. Coaching sessions focus on the development of sustainable business management skills. To guarantee long-term sustainability of this process, a green financial instrument will be built, to facilitate access to investments by green entrepreneurs.

The **post-emergency microfinance** and climate change prevention and mitigation are another scope of action. Millions of people around the world experience climate change impacts, which have effects on health, agriculture, water resources and natural areas. In every part of the globe, this can be associated to the increase of the weather-related mortality, infectious diseases, and respiratory illnesses caused by poor air quality.

It has become clear that in developing countries and among the poorest people effects of climate change are more suffered than in the rest of the world. Vulnerability to calamities is closely related to poverty, as the poor are less able to react. Natural disasters represent violent shocks in the areas where they occur: they actually paralyze local economy at various levels, preventing the circulation of money. In Etimos' post-emergency experiences, once the first critical phase of the emergency is completed, it is crucial to start restoring the liquidity into the system, supporting the lending capability of local financial institutions, which in turn provide the necessary support to recover to a large number of small and micro-enterprises.



**Climate change-related activities** also represent one of the most important topics of Etimos' action. In line with its mission, Etimos Foundation is operating in Asia, especially in Sri Lanka (where the activities started in response to the Tsunami in 2004), and in the Philippines, one of the countries mostly hit by natural calamities.

Etimos started to work in the Philippines in 2014, through the economic support to the microfinance sector, after that typhoon Haiyan hit the country in November 2013, devastating the main central islands and killing over 6.000 people.

**LIFE** (*Livelihood Intervention Through Financing and Entrepreneurship*) has been a large post-emergency programme on which Etimos Foundation has worked in partnership with local organizations. It aimed at restarting and diversifying the livelihood activities for the most affected population, mainly micro-entrepreneurs operating in the small manufacturing and trading sectors, sticking to Principle 1 of the Global Compact.

Starting from the post-emergency intervention, Etimos is proposing to educational institutions, governmental institutions and micro-enterprises a "*green path*", with the scope of mainstreaming the environmental protection and conservation. The main purpose is raising the awareness into the communities on: a) the importance of preserving and taking care of the environment, b) the climate change phenomena and c) the best practices to mitigate its impact in the lives of the people and their economic activities.

Etimos has been operating also in Italy for years through a participation in *Alce Nero*, an organic food company, gathering more than a thousand organic farmers, beekeepers and producers who have, since the 1970s, striven to produce healthy, bio, and quality food, the product of an agriculture that respects the land. Etimos supports the vision behind the group and it is supporting *Alce Nero* as a founding member.

### **Etimos' activities in relation to labour**

The UN Global Compact states the duty of the elimination of all forms of forced and compulsory labour in the business' activity, the effective abolition of child labour and the elimination of discrimination in respect of employment and occupation. Etimos Foundation promote these conditions within each of its members and partners, even in the most remote areas of the globe.

The microenterprise sector is frequently affected by labour deregulation, since the majority of the micro-businesses are run in a familiar and informal way. On the other



side, in developing countries it is typical of big corporations to bring profits to the detriment of underpaid manpower, working in poor conditions, ruthlessly exploited to sink production costs.

To fight illegal and child labour, Etimos Foundation collaborates with the CSR departments of some Italian firms, to promote the sustainable development approach within their international operations; Etimos Foundation partnered with Marie Tecnimont, an Italian energy and engineering company, in a project based in Cameroon, to improve the life conditions of the local smallholders, through the support to their rural business activities, with a revolving microcredit fund.

With the aim of improving the access to entrepreneurial paths among migrants willing to start a business initiative in the countries of origin, Etimos started in 2016 **MigraVenture**, an innovative programme led in partnership with the International Organization for Migration (IOM) and funded by the Italian Ministry of Foreign Affairs and International Cooperation. The programme focuses on Africa and represents a true challenge in the long term perspective of *“doing sustainable business together”*. The project adopts the principles of sustainable business described in the Italian Cooperation Law, and defined by the European Union development cooperation policies.

About 90 entrepreneurs have been given the opportunity of attending professionalizing training sessions and receiving customized coaching. 10 business plans have shown good level of sustainability and 5 have already received investment from Etimos Foundation, in the form of patient capital.

The objective of the **B.I.T.E.** (Building Integration Through Entrepreneurship) project is to contribute to the **social and economic integration in EU countries** of newly arrived migrants from Sub-Saharan Africa, by accompanying them in the creation of small businesses that have a positive and environmental impact in their countries of residence (Italy, Greece and Sweden), through a tailored acceleration process. While migrant entrepreneurship in Europe is growing, Sub-Saharan entrepreneurship is not significantly leading this trend. Etimos is implementing training sessions for 30 start-upper. The course is held during the weekends and aims at developing managerial skills of participants focusing on **sustainable business practices**. Start-up services are also provided by B.I.T.E., in line with Principle 6 of the Global Compact. This encourages and supports a climate of tolerance and fosters equal access for migrants to opportunities for occupational development. Further objectives include encouraging partnerships and networks among EU MSMEs and the African markets, while strengthening trade across the two continents.





Since 2017, Etimos is partner in the **PAISIM** project in the regions of Saint Louis, Louga and Thiès in Senegal, to contribute to reduce poverty and remove irregular migration causes by supporting local rural economy. 210 rural cooperatives are provided with technical assistance and guidance. The training sessions cover the topics of agriculture techniques, business management, risk management and marketing. Cooperatives are also supported through the implementation of a dedicated microfinance pilot fund. An online portal to issue information about micro-enterprises to social investors is also developed, to facilitate transparency in the communication process between investors and potential investees.

A new programme based in **Mindanao, Philippines**, has started in 2018 to provide **technical assistance**, support and training to the Department of Agrarian Reform of the Republic of the Philippines (DAR) in the topic of innovative financial products to serve rural businesses. The capacity of the DAR officers is enhanced, to guarantee the long-term sustainability of the programme. Etimos is also assisting the local partner MFI (Micro Finance Institution) to deliver appropriate training tools to the 35 selected ARBOs (Agriculture Reform Beneficiaries Organizations) i.e. rural cooperatives. Those cooperatives have been chosen on the basis of their ability to adopt new methodologies and processes in rural businesses. Training on leadership, strategy, management, finance and reporting is fundamental to reinforce local sustainable entrepreneurship.

The project aims at strengthening the role of MFIs in **promoting climate change mitigating measures**. MFIs can, for instance: provide lending facilities to enable their clients to buy clean energy products, finance recycling and production of recycled products, support reforestation programs by providing incentives to clients that are tree planters, and support low-carbon agriculture. Six financial pilot projects are underway to test, innovate and improve local financial services.

## **Monitoring performance and impact**

Etimos Foundation has been part of the Italian Advisory Board at the **Social Impact Investment Taskforce**, established in 2013 at the G8 Social Impact Investment Forum in London. The aim of the Taskforce was to galvanise the development of an effective global social impact investment market, and to question about the need of an **objective measurement of the impact created in the communities** by the social investors.



For this purpose, Etimos has launched a research path that is enclosed under the definition of "responsible microfinance". The aim is to monitor the initiatives that are working in line with the original social role of microfinance, as a tool addressed to assist the most vulnerable part of the population.

We can mention as an example the research related to "**Microcredit for Abruzzo**". This project aimed at upholding the economy of the Italian region, which has been severely hit by the earthquake. It has undergone a precise assessment of the social impact that has been generated. The methodology chose is the SROI, i.e. the **Social Return on Investments**, one of the most widespread impact assessment tools. The methodology implies the monetarization of intangible aspects and considers, along with micro-enterprises performance, social aspects, such as the wellbeing of victims and their increase in self-confidence and trust propensity. In order to do so, some indicators to quantify the impact have been chosen, for instance money saved on psychological assistance. Having considered external influences and attributions, the social return on investments amounts to €3.9. This means that each euro donated and invested has produced a positive effect (to the benefit of various stakeholders) that can be quantified in at least €3,9.



## Local engagement

Etimos has engaged locally, in line with the UN Global Compact advice, by joining the Italian Global Compact Network Foundation, as a founding member, since April 2016. We took part to the 2016 **Italian Business and SDG's Annual Forum** in Venice and to the **2018 edition in Matera**, both of them promoted by the Italian Global Compact Network Foundation.

In the 2016 edition the **Italian common strategy to promote the SDGs** has been discussed and synergies between companies and the civil society were identified as drivers for the economic and financial growth. Consistently, the focus of the 2018 edition were new business models to pursue Agenda 2030 and some examples of collaborations between enterprises and local communities have been analysed.



## Outlooks and further engagements

Etimos Foundation always tries to look further. Whereas the scope of its work grows and new challenges come, we chose to remain consistent to our mission, “improve people’s life”. Sticking to our principles while working hard to promote advanced social and environmental policies for micro-enterprises in the South of the World means setting ourselves as an example for the implementation of such policies within the walls of our Foundation.

To determine the next steps to be made, we undertook a self-assessment of the current state of human rights respect and gender equality related to our employees and the environmental policies of the processes inside our offices.

### *Employee policies and wellbeing*

Etimos upholds the elimination of discrimination in employment (Principle 6 of the Global Compact) starting from its own employees.

In order to spot and solve critical issues to enhance our policies, we undertook an anonymous survey among our employees to determine the level of job satisfaction. With regard to employees’ wellbeing, the survey covered these fields: a) work-life balance, b) company climate and relationships, c) remunerations and benefits and life-long learning.

The results are encouraging: all employees feel aligned with the organization’s values and think projects are consistent with Etimos’ mission and vision; 85.7% of employees feel part of the organization; many enjoy flexible working hours and more than 80% say that its workload is suitable or quite suitable to its position.

On the other hand, employees have expressed the aspiration to set deadlines that are more consistent to the workload they deal with. Having considered that some employees have proposed to undertake target-oriented work, **Etimos undertakes to better organize deadlines and to explore the possibility of offering teleworking and/or smart-working.**

All employees declare they are willing to growth professionally in the foundation, though 83.3% perceive they do not have many chances to do it.



**Etimos undertakes to foster self-initiative and to deepen the dialogue** in order to spot the **employees' skills and aspirations** that are yet not known. Harness of untapped skills will be beneficial for both employees and employers: the former would feel more motivated and empowered at work, whereas the latter would benefit from the increase in efficiency of the organization. As a further confirmation of this chance, most of the employees declare they would like to join lifelong learning initiatives such as conventions, workshops, update training, language courses and masters. The survey has also outlined that there is space for improvement in the **communication processes** among the various departments of the foundation to enrich reciprocal understanding and achieve improved transparency.

### ***Gender equality***

Whereas in our Italian team 60% of people are women, women representation in the most apical roles could be improved: in the Board of Directors, three out of ten people are women. In the Board of Executive Directors, two out of five people are women. Consistently with these observations, the perception of 42.9% of employees is that women do not have the same opportunities that men have and that women are not equally represented in the board of directors.

Etimos undertakes to take the necessary steps to make sure that female access to apical positions is not discouraged in any involuntary way.

### ***Corporate environmental policies***

A few relevant policies have already been implemented:

- Business travels by flight have been cut to lessen greenhouse gases emission caused by airplanes. As an alternative, when possible, video-calls are widely used;
- Walls are insulated to boost energy efficiency;
- Trash is sorted in Etimos offices;
- Natural light use is improved thanks both to a glass curtain wall substituting external walls and glass partition walls;
- Incandescent bulbs in offices have been changed to fluorescent bulbs, whereas bulbs in the toilets are low-consumption;
- Rainwater is used to flush toilets;
- Hand toilet paper is recycled;



- The water dispenser filters tap water;
- The coffee machine has been switched from plastic to paper compostable cups and wood little spoons;
- Most business lunches are offered in a restaurant in the nearby that uses only organic and fair trade products, which are bought from local farmers.

To go further, Etimos Foundation is pinpointing **higher standards** to lighten its ecological footprint. Employees have also been involved in the process of gathering new ideas, with the additional aim of enhancing their awareness on the topic and subsequently their engagement and motivation to accomplish the objectives.

As a starting point, the following objectives will be pursued:

### **1. Switch to green energy, lessen energy consumption**

- Reduce heating during the cold seasons;
- Electricity
  - Activate solar panels (already installed on the roof)
  - Switch to a provider that produces energy only from renewable sources;
  - Replace neon lights with led lights.

### **2. Reduce waste**

- Plastic usage will be reduced almost to zero;
- No more highlighters pens will be bought;
- Paper usage will be reduced using digitalized documents instead of printed documents.

### **3. Promote fair trade and green procurement**

- Purchasing choices will be based on traceability or on certifications of fair trade origin;
- Etimos will buy flight tickets exclusively from companies that guarantee fair working conditions to crews;
- Procurement of paper will be based on legally and sustainably harvested virgin fibre;
- Catering procurement will mainly include food with a percentage of products originating from organic and integrated production and with packaging reduced to a minimum;



- Etimos Foundation has just registered to TenP, the Sustainable Supply Chain Self-Assessment Platform. We aim at evaluating soon our sustainability strategies and performances with this tool offered by the UN Global Compact.

#### **4. Promote green mobility**

- Employees have been questioned on how they reach the office: almost 60% of them go to work by car. The Executive committee has been asked to consider the promotion of a plan (e.g. a bike-to-work scheme) to change employees' behaviour and make them using green transportation means.

#### **5. Reduce water usage**

- Install low-flow faucet aerators.

We consider these to be necessary steps to apply Aristotle's principles: ***"to do good in this world, you have to do it well."***