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The Economy for the Common Good: a systemic approach to measure
sustainability

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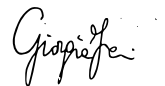
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To all the people I met
and to those who will come into my life,
Thank you for teaching me something
I did not know before.
I hope you all see the light
and find the courage to change your mind,
when necessary.

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Abstract

This master's dissertation delves into the concept of the "Common Good" and its crucial relevance within the context of sustainability. The study introduces the "Economy for the Common Good" (ECG) as a novel framework which enhances this concept in the sustainability reporting, extending its applicability to corporations, municipalities, families, educational institutions, and individuals, fostering a collective movement towards sustainability. Economic discourse has traditionally prioritized profit maximization, an unsustainable model due to finite natural resources. This study advocates for a paradigm shift where financial statements are complemented by Sustainability Reports, enabling stakeholders to consider both environmental and economic impacts in their decision-making, starting from the social dimension to contribute to the preservation of the Common Good. The dissertation explores the contrast between the Economy of Sustainability and the Economy of the Common Good, highlighting the latter as effective in embracing socio-ecological aspects. It engages companies, municipalities, schools, families, and individuals, fostering their ability to contribute to environmental preservation. Drawing on the author's experience with the Italian movement Economy for the Common Good, this research aims to demonstrate that the ECG economic model can act as a catalyst for societal change towards a more conscientious society, aligning with the objectives of Agenda 2030. The core focus lies in elucidating the advantages of this economic model and emphasizing the significant potential of polycentric and local governance. Awareness of the tools provided by the ECG is deemed essential, especially in light of recent EU directives.

In conclusion, this research covers a range of scales, from the national to the local level, with a particular emphasis on Italy. The author's internship experience with the Italian movement provides valuable insights and the practical case study of a company adopting this transformative economic approach.

Extended Summary in Italian

Questo lavoro approfondisce il concetto di Bene Comune, una nozione di fondamentale importanza che richiede attenzione, in particolare nel contesto della sostenibilità. Per comprendere appieno questo concetto, diventa essenziale introdurre il movimento dell'Economia per il Bene Comune (EBC), un nuovo approccio per quantificare ed enfatizzare l'idea intangibile del bene comune, che offre un modello di bilancio di sostenibilità per le aziende. Questo quadro è applicabile non solo alle imprese, ma anche ai comuni, alle istituzioni educative, alle famiglie e ai singoli individui, contribuendo a promuovere la sostenibilità come azione collettiva. Tradizionalmente, il discorso economico si è concentrato sulla misurazione e sulla massimizzazione dei profitti, un approccio insostenibile nel lungo termine a causa della natura finita delle risorse naturali. Recentemente, è avvenuta una svolta di paradigma, sostenuta dalle direttive NFRD (2014/95/UE) e CSRD (2022/2464/UE): dal 5 gennaio 2023, data in cui la più recente direttiva è entrata in vigore, aziende con determinate caratteristiche strutturali e operative devono affiancare ai loro bilancio finanziario un Bilancio di Sostenibilità. In questo nuovo contesto, oltre alle imprese, grazie al movimento EBC anche altre entità, come comuni, famiglie e cittadini, possono valutare le proprie scelte misurando il loro impatto sociale, ambientale ed economico, affermando qual è il loro contributo al Bene Comune. Inoltre, questa ricerca intende affrontare la dicotomia tra Economia della Sostenibilità ed Economia del Bene Comune. Entrambi i modelli rappresentano passi significativi verso la sostenibilità, principalmente per la quantificazione dell'impatto ambientale delle imprese. Tuttavia, questo studio sostiene che l'Economia del Bene Comune, allineata ad un approccio sistemico, risulti il più comprensivo, includendo aspetti socio-ecologici, dalla dignità umana alla democrazia, trasparenza e co-gestione ambientale. Coinvolgendo non solo le imprese, ma anche comuni, scuole, famiglie e individui, questo modello consente alle diverse parti interessate di contribuire in modo coeso alla conservazione dell'ambiente e di pratiche sostenibili sia a livello sociale che economico.

Infine, basandosi sull'esperienza diretta acquisita durante uno stage con il movimento italiano dell'Economia per il Bene Comune, questa ricerca mira a dimostrare come questa economia trasformativa possa fungere da catalizzatore per il cambiamento verso una società più coscienziosa, promuovendo progressivamente gli obiettivi dell'Agenda 2030. Dunque, il focus principale di questo lavoro ruota intorno allo studio dei vantaggi di questa economia,

che si concentra sul concetto del Bene Comune. Inoltre, lo studio esplora come le famiglie possano contribuire al Bene Comune utilizzando matrici e manuali personalizzati.

La consapevolezza degli strumenti forniti dall'Economia per il Bene Comune, tra cui la matrice unica e il bilancio del bene comune, è essenziale, specialmente alla luce delle recenti direttive dell'Unione Europea. Mentre queste direttive si applicavano inizialmente alle grandi aziende di interesse pubblico, le attività dell'ECG si allineano senza soluzione di continuità con le loro disposizioni.

In conclusione, questa ricerca abbraccia varie scale, da nazionale a locale, riflettendo sulla natura dell'Economia per il Bene Comune. In particolare, l'interesse si focalizza in Italia, dove si è svolta l'esperienza di stage con la federazione italiana del movimento. Lo stesso vale per il caso di studio presentato, che tratta di un'azienda italiana associata e bilanciata con EBC.

List of Abbreviations

BE = Blue Economy	KPIs = Key Performance Indicators
CC = Creative Commons	MEA = Millennium Ecosystem Assessment
CDP = Carbon Disclosure Project	NFRD = Non-financial Reporting Directive
CPRs = Common Pool Resources	NGOs = Non Governmental Organisations
CRS = Corporate Social Responsibility	OECD = Organisation for Economic Cooperation and Development
CSRD = Corporate Sustainability Reporting Directive	PE = Political Ecology
CGBS = Common Good Balance Sheet	PES = Payment for Ecosystems Services
CGM = Common Good Matrix	SASB = Sustainability Accounting Standards Board
ECG = Economy for the Common Good	SB = Benefit Society
ESG = Environmental, Social and Governance	SDGs = Sustainable Development Goals
EESC = European Economic and Social Committee	SES = Socio-ecological Systems
EU = European Union	SI = Social Innovation
GE = Green Economy	SME = Small and medium-sized enterprises
GRI = Global Reporting Initiative	TCFD = Task Force for Climate-Related Financial Disclosures
IAD = Institutional Analysis and Development	UN = United Nations
IIRC = International Integrated Reporting Council	UNRISD = United Nations Research Institute for Social Development
ILO = International Labour Organisation	WFF = Women For Freedom
ISO = International Organisation for Standardisation	

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Introduction

In recent decades, the growing awareness of environmental degradation, social inequality, and economic instability has underscored the critical importance of sustainability. Sustainability, as a concept, envisions a world where human activities harmoniously coexist with nature and society, preserving the ability of future generations to meet their needs¹. It encompasses three interconnected pillars: environmental, social, and economic. Measuring sustainability in all these pillars has become an indispensable tool for policymakers, businesses, and individuals to create a more resilient and equitable world.

The challenge in measuring sustainability lies in the complexity and interdependence of its components². Effective methods must go beyond simple quantitative assessments and embrace a systemic approach that considers ecological, social, and economic factors. Fortunately, advances in data collection, technology, and interdisciplinary collaboration have given rise to a diverse range of methodologies tailored to evaluate sustainability comprehensively.

In this exploration, I aim to introduce a concept that may not be revolutionary but demands the utmost attention: the “Common Good”. In order to truly understand its significance and its alignment with sustainability, we must explore a “novel” approach to gauge the common good, often intangible yet significantly impactful. This approach, adopted by entities such as corporations, municipalities, families, schools, and individuals, finds expression through the “Economy for the Common Good” movement³. Traditionally, when considering the economy, the focus rests on measuring and maximizing the profit. However, from a sustainable standpoint, this approach proves untenable in the long term, given the finite nature of natural resources. A transformative shift has become necessary, starting from corporations, to adopt an alternative measurement paradigm. Apart from financial statements that encapsulate economic activities, a Sustainability Report should also be prepared, revealing the company’s commitment not only to the preservation of the environment but also to the greater “Common Good”.

¹ Brundtland GH., Khalid M., Agnelli S et al. (1987), *Report of the world commission on environment and development: our common future*, New York.

² Holling C. S. (2001), *Understanding the Complexity of Economic, Ecological, and Social Systems*, Ecosystems, 4: 390-405.

³ Cfr. Economy for the Common Good. URL: <https://www.ecogood.org/>.

Nonetheless, the responsibility extends beyond corporations. Cities, families, and individual citizens have a role to play by thoughtfully evaluating choices in their daily life, considering the delicate balance between the environment and the economy. Their actions, both large and small, contribute to the collective preservation of the “Common Good”.

In this work, I will delve into the intricacies of this progressive approach, illuminating its potential for fostering sustainable practices at all levels of society. By embracing this conscientious perspective and adopting new measurement methodologies, we can pave the way towards a future where the well-being of the planet and its inhabitants remains at the forefront.

In this context, Elinor Ostrom, an American political economist, focused her research on understanding how communities can effectively manage and govern shared resources without the need for top-down regulation or privatization. Ostrom’s work challenged the conventional wisdom that common-pool resources⁴, such as forests, fisheries, and irrigation systems, would inevitably suffer from overuse and depletion due to the “tragedy of the commons”⁵. Instead, she identified various design principles and institutional arrangements that enable communities to sustainably manage their shared resources over the long term. Her findings emphasized the importance of local knowledge, cooperation, and collective decision-making in creating successful and resilient governance systems. By studying real-world examples of successful resource management by communities around the world, Ostrom’s work shed light on how the “Common Good” can be effectively pursued and protected through collaborative efforts and participatory governance.

Besides participatory governance, Ostrom’s theory envisages a more comprehensive approach towards sustainability: according to her, people have to think in a systematic way in order to overcome the depletion of common resources.

“Systemic approaches follow the resurgence of growth in systems thinking in the 1980s to identify particular features of systems (such as system elements, drivers, levels) as targets for focused change, typically modulated by policy, while recognizing the significant uncertainty, propensity for non-linear response and inherent complexity of system interactions. On the one hand, perspectives from social-ecological systems thinking (developed from ecology), highlight the interplay of innovation, learning, and adaptability in creating system properties

⁴ Ostrom E. (2015), *Governing the Commons. The Evolution of Institutions for Collective Action*, Cambridge, Cambridge University Press.

⁵ Hardin G. *The Tragedy of the Commons*, Science, p.1243-1248, DOI: 10.1126/science.

such as resilience, acknowledging the potential for dynamic change across scales. [...] On the other hand, socio-technical systems approaches focus on different system components such as technology, infrastructure, financial rules, industry and distribution networks markets and user practices, regulations and policies”⁶.

As a consequence, in the systemic approach towards sustainability, there is a multidimensional and integrated way of looking at (sustainability) transformation and change on different scales and thinking to the system as a whole⁷: to really comprehend this, a strong interconnectedness and relationships among different disciplines, at different scales, sectors and different system elements must be considered⁸.

According to these approaches, in this thesis the aim is to identify which is the best economic model able to measure the impact of companies, cities, institutions and citizens activities. Following the content of Agenda 2030, regulations were introduced to limit the impact of human activities, which threaten the natural resources and the living conditions of future generations. This is the reason why I want to prove that the Economy for the Common Good (ECG) model is the most complete and coherent when evaluating companies’ activities impact: ECG represents an economic model that prioritizes the Common Good, instead of profit maximization, aiming to achieve a high quality of life for all individuals while ensuring the health and sustainability of the planet. Central to this approach is the belief that businesses guided by strong principles are conscious of and dedicated to the following⁹:

- Respect for Human Dignity: in ECG vision, human dignity means that every human being is valuable, unique and worthy of protection, irrespective of origin, age, gender or any other characteristics. Humans and all living things have the right to exist, and are entitled to respect, appreciation and attention. They are more important than property and assets. People are at the center of all things. Human dignity is inviolable and independent of the value of human labor;
- Promotion of Solidarity and Social Justice: solidarity and social justice are closely related values, based on a common foundation of empathy, appreciation, compassion

⁶ Scoones I. et al. (2020), *Transformations to sustainability: combining structural, systemic and enabling approaches*, Current Opinion in Environmental Sustainability, 42:65-75.

⁷ Ibidem.

⁸ Berkes F., Colding J., Folke C. (2003), *Navigating social-ecological systems. Building Resilience for Complexity and Change*, Cambridge, Cambridge University Press, p. 1-20.

⁹ ECG values. URL: <https://www.ecogood.org/apply-ecg/common-good-matrix/>.

and equality of opportunities. The aim of both values is to reduce unfairness, to share responsibility and to establish a more equal balance between the strong and the weak. In particular, social justice aims to achieve a fair distribution of goods, resources, power, opportunities and obligations. It is accomplished through social mechanisms, such as a just organization of society, economy and the state. Ideally, these should be regulated, i.e. brought under the control of law. This means that many courses of action that aim to establish justice are not entirely voluntary;

- **Emphasis on Environmental Sustainability:** ecology deals with the interactions between organisms and their environment, which at the same time represents the basis of their existence. Human activity threatens this. Companies are, therefore, strongly encouraged to contribute to sustainable development: i.e. the sustainability of products and services can only be assessed by evaluating the whole life cycle of the product or service in question. This describes the stages a product goes through from acquiring or producing raw materials and includes its development, manufacture or processing by the company, its delivery, its use by the customer and finally, the disposal of the product. The life cycle of a service can be described in a similar way. In many situations environmental sustainability can be improved through targeted investments and it is often associated with social change;
- **Valuing Transparency and Co-Determination:** transparency is a prerequisite for stakeholders to be able to participate in decision-making: it means the disclosure of all information relevant to the common good, in particular critical data such as the minutes of executive committee meetings, salaries, internal cost accounting, and recruitment and dismissal procedures. Co-determination involves the participation of each stakeholder in the decision-making process, especially if the outcomes affect them directly. They should have the status of active participants and be as closely involved as possible. There are different levels of engagement and consultation, ranging from the power of veto to collective and consensual decision-making.

Being so value-driven, businesses gain a competitive advantage in the evolving economic landscape.

In its brief chronicle¹⁰, Economy for the Common Good has achieved remarkable consideration not only at local and regional scale, but also at the European Union level.

The Common Good Balance Sheet created by ECG serves as an instrument that fosters a value-driven and principled economy: its ramifications and imports transcend mere legal obligations, thereby safeguarding the utmost standards for the future.

In this perspective, to reach my thesis objective, the work will be structured as follows:

In the first chapter I will introduce the concept of Common Good, presenting its roots and the consideration it gained until now. In order to provide a clear-cut explanation, I will also talk about the Public Good, enlightening its features and the differences with Common Good, by making a comparison. Secondly, the different sustainability approaches will be addressed: among socio-centered, socio-political, economic and systemic approaches, which is the most suitable to and aligned with the aim of preserving common good? As this occasion presents a transformative economic model, in the third chapter I will tackle the differences between the economy of sustainability and the economy for the common good: theories have been made to pursue sustainability in economics, but are their models complete? Do they consider all sustainable spheres to save the common good? In the last chapter, drawing on the experiential knowledge gained during my internship with the Italian movement “Economy for the Common Good”, I aim to substantiate the potential of this transformative economy, catalyzed through the collective engagement of enterprises, educational institutions, municipalities, families, and individuals. I contend that such an economy can serve as a catalyst for fostering a more conscientious society, progressively attaining the objectives outlined in Agenda 2030¹¹. To conclude, the nucleus of this study will elucidate the merits inherent to this economy, shedding light on the notion of the “Common Good”: a case study of a company will be provided to exemplify how ECG works. Moreover, I intend to showcase how families, in particular, can contribute significantly by utilizing the dedicated matrix and handbook tailored for their involvement. Recognizing the significance of the distinct matrix and Sustainability Report provided by “Economy for the Common Good”, I posit that they serve as a starting point, especially in the light of the recent EU directive¹².

¹⁰ The Movement of ECG was founded in 2010.

¹¹ Agenda 2030. URL: <https://unric.org/it/agenda-2030/>.

¹² Corporate Sustainability Reporting. URL: https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en.

1. The “Common Good”: a multifaceted concept within today’s science

The concept of the Common Good refers to the collective well-being and benefit of all members of a community or society. It emphasizes the idea that certain goods, resources, and values should be shared and enjoyed by everyone, promoting fairness, equity, and the overall welfare of the community. The Common Good is a foundational principle in various philosophical, ethical, and political theories. It has deep roots in ancient and classical philosophy, with thinkers like Aristotle¹³ and Plato¹⁴ discussing its importance in creating just and harmonious societies. In modern times, the idea of the Common Good has been incorporated into different social and political frameworks. For example, in political theory, it is often seen as a crucial objective of government and public policy, in which decisions and actions should aim to benefit the whole society, not just certain individuals or groups. It plays a pivotal role in debates about distributive justice, resource allocation, and social welfare. The Common Good is closely related to values such as solidarity, cooperation, social justice, and environmental sustainability: it acknowledges that individuals’ well-being is interconnected with the well-being of others and the health of the environment¹⁵.

In the context of economics, the Economy for the Common Good (ECG) is a model that seeks to prioritize ethical and sustainable practices over profit in businesses and economic activities. The ECG model assesses and rewards companies based on their contributions to the Common Good, such as social and environmental responsibility, transparency, and employee welfare.

Overall, the concept of the Common Good embodies the idea that societies thrive when they prioritize the well-being of all their members, fostering a sense of interconnectedness and shared responsibility for the greater good¹⁶. In the following section I will explore more deeply the concept according to different perspectives.

In a philosophical-religious context, the concept of the Common Good is expressed in *Summa Theologiae*¹⁷, written between 1265 and 1274 by Thomas Aquinas: regarding the essence of

¹³ Aristotle, *Etica Nicomachea*, Libro V.

¹⁴ Plato, *La Repubblica*, Libro IV.

¹⁵ Berkes F., Colding J., Folke C. (2003), *Navigating social-ecological systems. Building Resilience for Complexity and Change*, Cambridge, Cambridge University Press, p. 1-20.

¹⁶ Cfr. Botturi, F. (2013), *PER UNA REVISIONE DELL’IDEA DI BENE COMUNE POLITICO*, *Archivio Di Filosofia*, 81(3), p. 71-76.

¹⁷ San Tommaso d’Aquino, *Summa Theologiae*, Sez. II, Parte II, Quaestio 47, art. 10.

the law, he affirmed that it is “nothing but a dictate of reason, for the common good, promulgated by the one in charge of the community”¹⁸. As a consequence, the theologian considered the law created with the function of administering the common good, asserting that it is also the “common end”. In the same work, he explains that since the law is established primarily for the sake of the common good, any other precept regarding a particular matter does not have the character of law unless it relates to the common good.

More generally, in philosophy this concept refers to the well-being and flourishing of a community or society as a whole. It suggests that decisions, actions, and policies should be directed towards promoting the welfare and betterment of everyone, rather than just catering to individual interests. On the whole, the common good involves principles which aim to the overall enhancement of the quality of life for all members of a community.

As far as regards the well-being of society, also in political philosophy discussions around the common good often revolve around the role of government and social institutions in ensuring the welfare of citizens. Philosophers like Plato, Aristotle, and Thomas Aquinas, as just mentioned, have contributed to the development of this concept by emphasizing the importance of virtue, ethics, and moral principles in achieving the common good. Collective well-being is also present in political science, which refers to common good as “commons”: these are resources that serve the needs of multiple individuals, i.e. ecosystems services, they pose challenges in terms of exclusion as the utilization of these resources by one party can, in certain circumstances, limit the availability for others to enjoy them fully¹⁹. An exemplary instance of this is the expansion of scientific knowledge - the more it is disseminated, the more it grows. These resources generally lack restrictive access measures and are fundamentally essential for human survival, potentially even flourishing through continued use: in the contemporary context, the discourse surrounding common goods has undergone a compelling evolution, catalyzed by the expansion of both physical and virtual boundaries driven by the forces of globalization. This expansion has engendered concerns that exceed geographical confines, encompassing issues such as the increasingly urgent challenge of global warming, the depletion of irreplaceable ecosystems, and the alarming loss of biodiversity.

¹⁸ Part I, Question 90, Article 4.

¹⁹ Cfr. Scoones I. et al. (2020), op.cit.

On this occasion, I would like to present the multifaceted nature of common good, analyzing its implications and significance across diverse domains. By investigating the historical, philosophical and practical dimensions, this study seeks to elucidate the intricate interplay between common good and the evolving global landscape, trying to identify the best way of measurement of the activities which have an impact on it.

In this complex context, moving forward in time, I would like to briefly mention the contribution provided by Herman Daly: he is an American ecological economist and an important figure in the field of environmental economics and sustainability. Throughout his intellectual journey, Daly did not solely contend with strictly economic matters, the change he aspired to for society was all-encompassing and he did not overlook theoretical aspects like the ethical foundations that should guide human actions. This is the reason why he confronted with intricate issues like the complex political response needed to address global challenges such as the climate crisis: in his book “For the Common Good”, the American ecological economist expressed his concerns about the inherently individualistic nature of the capitalist economic model: according to Daly, the concept of *Homo oeconomicus* hardly reflects the true essence of human beings, wholly ignoring their relational and emotional dimensions. Today’s situation is ambivalent: as Daly himself acknowledged, more attention is being paid to the collective dimension²⁰, which is realized both at the local level, in the quality of life within individual communities, and at the institutional level.

It becomes clear how Common good circulates outside the market sphere, utilizing the channels of the informal economy: acquisition, open collection, sharing, and gift economy. The reason why this happens is that common good can be considered essentially “non-excludable”, meaning that it’s not feasible to impose a price for its use. Additionally, common goods are partially or entirely “rivalrous”, entailing the risk of over-exploitation, stemming from an ineffective distribution of social rights²¹.

While common resources sometimes share similarities with other types of goods, they stand apart both conceptually and in the challenges they pose to their users. Within the theory of commons, a classification of goods is employed, organized into four categories by

²⁰ This topic is well addressed in Boucher S., Hallin C. A., Paulson L. (2023), *The Routledge Handbook of Collective Intelligence for Democracy and Governance*, Routledge, London.

²¹ Cfr. Treccani, Beni Pubblici e Beni Comuni. URL: <https://www.diritto.it/beni-pubblici-e-beni-comuni/>.

intersecting two variables that focus on establishing the relationship between the good and its users:

- The difficulty of excluding an individual from utilizing the good (excludability).
- Whether its consumption by one actor diminishes the consumption possibilities of others (subtractability)²².

Considering these two points, introducing Garret Hardin's theory becomes a necessity: Hardin was an American ecologist who in 1968 published *Tragedy of the Commons*²³. According to Hardin, users of a common resource are trapped in a dilemma between individual interest and collective utility, a balance that can only be sustained in situations marked by population scarcity. Nevertheless, technical solutions, such as increasing the productivity of vital plant species like wheat for human and animal consumption, can not resolve this dilemma; they would essentially amount to postponing the problem. As a consequence, Hardin contends that the ultimate resolution lies in the intervention of an external authority, typically the state, which enforces "coercion" as a system to avert the "tragedy": this solution is decidedly statist and counter to the principles of the free market. In this approach, in the crafting of political and legislative remedies, the safeguarding of the collective interest and well-being takes precedence over the protection of individual freedom and individual rights, including the right to property. This theory occupies a significant place in the domain of environmental and resource economics and elucidates the intricate dynamics of shared resource management within collective settings; it explores the potential dilemma that emerges when resources of common ownership are accessed by individuals or groups without regulatory constraints. This conceptual framework underscores the propensity for individual actors to prioritize their immediate self-interest, often leading to the depletion or deterioration of the communal resource over time²⁴.

Within the realm of this theory, the central concern revolves around the susceptibility of shared resources to what can be termed as "over-exploitative deterioration": this phenomenon is driven by the inherent conflict between individual incentives and the collective need for

²² Caringella F. (2020), *Manuale di diritto amministrativo*, XIII Ed.

²³ Hardin G. (1968), *The Tragedy of the Commons The population problem has no technical solution; it requires a fundamental extension in morality*, *Science*, New Series, Vol. 162, No. 3859.

²⁴ Nixon R. (2012), *Neoliberalism, Genre, and "The Tragedy of the Commons"*, *PMLA*, 127(3), 593-599. <http://www.jstor.org/stable/41616851>.

sustainable resource maintenance. The *Tragedy of the Commons* highlights the challenge of harmonizing short-term individual gain with the long-term health of the resource and its broader environmental implications. This theory assumes an even more pertinent role in contemporary environmental discourse, where the pressures of population growth, increased consumption, and environmental degradation have amplified the repercussions of unchecked resource usage. Within this context, the *Tragedy of the Commons* serves as a compelling rationale for the implementation of effective governance mechanisms, regulations, and management strategies. Its essence lies in the imperative to strike a balance between individual liberties and collective responsibilities in the pursuit of enduring resource viability. In a time when the preservation of shared resources has become an urgent global priority, understanding the nuances and implications of the Tragedy of the Commons takes on heightened significance. By unraveling the intricate dynamics of resource management through the lens of the Tragedy of the Commons, this study contributes to the discourse on sustainable resource governance and the imperative of fostering collaborative approaches for the well-being of both present and future generations.

However, the notion that a singular path exists for resolving the challenges presented by common goods, as Hardin's hypothesis, has been challenged by Elinor Ostrom and her collaborators during the 1980s, notably through the publication of *Governing the Commons*. Within her work, she observed that both authoritative-centralized management of common goods and their privatization, while applicable in certain contexts, do not constitute definitive solutions and are not immune to significant issues themselves. By delving into empirical cases, Ostrom's study reveals that real individuals are not irreversibly confined to the problems of collective action associated with communal resource exploitation. She particularly discusses the notion that universally applicable models exist: there is no "one size fits all". If anything, in many instances individual communities appear to have been able to avoid unproductive conflicts and reach agreements for sustainable utilization of common resources over time. This accomplishment is achieved through the endogenous development of institutions dedicated to their management.

1.1 Does the Common Good exist?

According to the many definitions and explanations provided to present the concept of common good, what can we answer at the questions: does the common good exist? Is it acknowledged and considered when taking decisions in the economic, juridical and everyday context? Since the ancient times the common good is a concept mentioned by philosophers: “the first occurrence of the expression *common good* is the context of a philosophical argumentation is likely to be found in Plato’s *Gorgias*, where the discovering of truth is so called in contrast to the private pursuing of the victory”²⁵. In Plato’s work the meaning of common good does not correspond to the literal one but to the “good” obtained by the individuals which is identified politically with the interest of the community.

Also Aristotle discusses in his works on ethics and politics²⁶ that the common good is the ultimate goal of a political community. According to his view, individuals should work towards the common good of the society as a whole rather than pursuing their own individual interests.

Subsequently, as mentioned above, Thomas Aquinas²⁷ argued that the common good is the aim of human law and laws should promote the wellbeing of the entire community. Again, advancing in time, the collective dimension was favored also by John Locke²⁸: I chose to mention Locke as he, despite emphasizing the protection of individual rights, also acknowledged the importance of the common good. The philosopher sustained that the legitimate political authority should preserve and promote the wellbeing of the society as a whole. In a similar way, Immanuel Kant²⁹ stated that the “good” is the ultimate goal should be comprehended as an integrating perspective of all kinds of goods and understood as a practical “guiding idea”. The good-purpose presents itself as an idea that unifies a multitude of goods in the perspective of realizing the good life, and as such, enables moral agents to develop guidance in practice³⁰.

²⁵ Salmeri G. (2016), *BENE COMUNE, FILOSOFIA E PROPRIETÀ INTELLETTUALE*, Archivio Di Filosofia, 84(1/2), 107-119. <https://www.jstor.org/stable/26572143>.

²⁶ Cfr. Aristotle, *Etica Nicomachea*, Libro V.

²⁷ Cfr. Tommaso d’Aquino, *Summa Theologiae*, Sez. II, Parte II, Quaestio 47, art. 10.

²⁸ Cfr. Locke J. (1689), *Two Treatises of Government*, A New Edition, Corrected. In Ten Volumes. Vol. V. London: Printed for Thomas Tegg; W. Sharpe and Son; G. Offor; G. and J. Robinson; J. Evans and Co.: Also R. Griffin and Co. Glasgow; and J. Gunning, Dublin. 1823.

²⁹ Cfr. Kant I. (1785), *Groundwork for the Metaphysics of Morals* and *Critique of Practical Reason* (1788), published online by Cambridge University Press in 2012.

³⁰ Ivaldo M. (2016), *BENE, BENE COMUNE, GIUSTIZIA*, Archivio di Filosofia, Vol. 84, No. 1/2, Published by: Accademia Editoriale, p. 269-279, <https://www.jstor.org/stable/26572156>.

According to Kant's perspective, the good is considered as a multitude of different ones with the aim of developing guidance in practice thanks to the moral agents which contribute to the accomplishment of the common good. This is the reason why I decided to present Kant's position: it is aligned to the purpose of the common good of ECG, which comprehends all its aspects to better address sustainability in all its spheres.

Another philosopher, who came right after Kant's, is John Stuart Mill: in his utilitarian philosophy³¹, he supports the principle of the greatest happiness for the greatest number, so that he also inherently considers the wellbeing of the collective as the common good, as the other authors mentioned until now.

However, what links all these philosophers and academics for proving the existence of the common good? It may be the fact that all of them consider it as the final end of a community, a state of collective well-being to be pursued and maintained. At the same time, focusing on the ecological pillar, the common good is what permits our survival as humans depend on natural finite resources.

Moving now to the present, in contemporary political philosophy the concept of the common good remains relevant: thinkers like John Rawls and Martha Nussbaum³², two influential philosophers known for their work in political philosophy, ethics, and theories of justice, discuss justice, fairness, and the well-being of society as integral aspects of the common good. These are just a few examples as the concept of the common good has been explored by numerous other philosophers across different philosophical traditions. It is important to note that interpretations of the concept can vary, but it generally refers to the overall well-being and flourishing of a community or society as a whole. This is what is pursued by the aforementioned Movement of Economy for the Common Good: companies and other entities aim to the preservation and enhancement of human and environmental well-being instead of the mere accumulation of capital. More recently, a huge contribution concerning the management was provided by theories of Hardin and Omstrom: they widened the reasoning on the common good and the individual relationship. The core tragic dilemma presented in Hardin's allegory has been extensively explored in relation to various resources and initial studies primarily centered on common-pool resources like pastures. "The tragedy

³¹ Cfr. Mill J. S. (2019), *Utilitarianism - The Philosophy of the Greatest Happiness Principle: What Is Utilitarianism (General Remarks)*, Madison & Adams Press.

³² Nussbaum M. C. (1999), *Conversing with the Tradition: John Rawls and the History of Ethics*, *Ethics*, 109(2), 424-430. <https://doi.org/10.1086/233901>.

of the commons develops in this way. Picture a pasture open to all. It is to be expected that each herdsman will try to keep as many cattle as possible on the commons. [...] Finally, however, comes the day of reckoning, that is, the day when the long-desired goal of social stability becomes a reality. At this point, the inherent logic of the common remorselessly generates tragedy”³³. With this example, Hardin explained that until phenomena like wars, poaching and disease maintained the numbers of consumers (both humans and animals) below the carrying capacity of the land, everything was “under control”. Later came the tragedy.

This viewpoint often leads to the belief that the only solutions involve governmental interventions through mandates or property rights enforcement. This bias, however, tends to underestimate the viability and effectiveness of community-based commons governance for managing these resources. In this respect, Elinor Ostrom did a step forward by finding a solution for the governance of the commons: in her article *Collective Action and the Evolution of Social Norms* (2000), she discusses the concepts of collective action and the evolution of social norms, highlighting their significance in understanding societal dynamics. Collective action involves coordinated efforts by a group to achieve common goals, addressing challenges like public goods provision and free rider problems. The evolution of social norms involves the emergence of unwritten behavioral rules within societies, shaped by factors like cultural context and reinforcement. These norms evolve through mechanisms such as social learning and sanctions, influencing cooperation and behavior. The interplay between collective action and evolving norms is essential, as successful cooperation can establish new norms, while changing norms impact collective actions. To sum up, Ostrom enlightens the crucial role played by contextual factors in comprehending both the initial emergence and the enduring viability of collective action, as well as the difficulties faced by self-established systems over time³⁴.

Reverting to the initial query, affirming that the common good exists has strong and historical foundations: what about our value system to consider it? Ostrom anticipated the need of a way of measurement and the necessity of a comprehensive approach towards the government of the commons. Perhaps, we need a new system of values to face the revolution towards

³³ Hardin G. (1968), *The Tragedy of the Commons* *The population problem has no technical solution; it requires a fundamental extension in morality*, Science, New Series, Vol. 162, No. 3859, p. 1243-1248.

³⁴ Ostrom E. (2000), *Collective Action and the Evolution of Social Norms*, Journal of Economic Perspectives, Volume 14, Number 3, p. 153-154.

sustainability and the future perspective in order to reduce human impact on the planet and guarantee a good condition of living for future generations³⁵.

1.2 Public Good versus Common Good: how do they differ?

The common good is a multifaceted concept, as I tried to present above, and something that may help to distinguish concretely its definition in a legal context is the comparison with Public Good. Which are their differences? Does one exclude the other? In a juridical perspective, the distinction is very clear. In order to provide a general understanding with their essential components, the juridical regime, which the two goods respond to, should be identified³⁶. The juridical definition of public good is: “The public good has two characteristics: non-rivalry and non-excludability. The first indicates the circumstance in which the use of an asset by an agent does not affect the ability of a third party to fully enjoy it. The second, on the other hand, represents the impossibility of excluding third parties from the consumption of a given good. It is, therefore, a pure public good, for example, a coastal lighthouse or national defense. If the scope of the benefit spreads its effect to the entire planet, we speak of global public goods: the discovery of a cure, financial, or climate stability represent an example. At the antipodes of public goods are pure private goods, rival and excludable by their nature: rival because consumption by one subject makes the good unavailable to a second potential consumer; excludable because their use can be limited, for example, through the price mechanism, or by law. Reality offers a much wider spectrum of goods that are placed in an intermediate position between these two extremes, depending on the intensity and proportion with which the two variables of rivalry and excludability are present. Excludability and non-rivalry characterize club goods³⁷ or local public goods, for instance in the case of particular services offered by a municipality exclusively to its own citizens. On the other hand, common goods are characterized by non-excludability and rivalry, such as, for example, a pasture”³⁸. Another important aspect concerning the Public Good is the fact that, in their presence, a market failure is observed. Specifically, the price

³⁵ Brundtland GH., Khalid M., Agnelli S et al. (1987), *Report of the world commission on environment and development: our common future*, New York.

³⁶ Beni Pubblici e Beni Comuni. URL: <https://www.diritto.it/beni-pubblici-e-beni-comuni/>.

³⁷ Club goods. URL: <https://www.treccani.it/enciclopedia/club-goods/>.

³⁸ Bene Pubblico. URL: https://www.treccani.it/enciclopedia/bene-pubblico_%28Dizionario-di-Economia-e-Finanza%29/.

mechanism proves inadequate in establishing proper incentives, both for achieving an optimal level of public goods and for securing their financial support. The development of these goods yields benefits not solely to their creators but also extends to the community at large, which can avail them without restraint. In essence, if each individual can fully access and utilize a public good without depleting its availability (non-rivalrous) and without facing obstacles (non-excludable), the inclination leans towards exploiting goods crafted by third parties, as opposed to expanding personal resources on their generation.

Collaborative tactics might incentivize the community to synchronize efforts in realizing the public good. Economic agents could thereby pool their costs and partake in the residual benefits. Nevertheless, the presence of free-rider individuals even in this cooperative framework prompts individuals to forsake a communal strategy, opting instead for a self-serving route marked by opportunism. This shift aims to enable the enjoyment of the public good devoid of the burdens associated with its production costs.

Encompassing these features, it may be easier to enlighten differences or similarities with the Common Good. In the realm of current socio-political theories, a lexicon has emerged encompassing the concept of common goods. The term “public goods” is employed to signify goods which hold an origin beyond codified laws and have been systematically shaped by scholarly discourse. In this trajectory, an innovative conceptualization of the public good has been introduced, one that diverges structurally from the conventional interpretation³⁹.

The foundational premise here stems from the recognition of the existence of specific goods bearing an existential significance: such goods confer utility upon individuals, conceived as integral members of a collective entity, in a manner that transcends pecuniary considerations. This pertains to a heterogeneous spectrum of assets, encompassing natural resources (as exemplified by the aforementioned fishing valleys), socio-cultural treasures (including historical, artistic, or archaeological marvels), and intangible entities (such as the virtual expanse of cyberspace)⁴⁰.

The common thread binding these diverse entities is their status as collectively owned resources, widely distributed across the entire community, thereby entitling each individual to unfettered access. This collective ownership arises from the realization that these common

³⁹ Beni Pubblici e Beni Comuni. URL: <https://www.diritto.it/beni-pubblici-e-beni-comuni/>.

⁴⁰ Levitt T. (1981), *Marketing Intangible Products and Product Intangibles*, Harvard Business Review. URL: <https://hbr.org/1981/05/marketing-intangible-products-and-product-intangibles>.

goods stand as essential requisites for individuals, pivotal instruments facilitating the realization of non-material interests intrinsic to human beings. The distinctive characteristic of common goods resides in their scarcity, as evinced by the critical global challenge of water scarcity. This scarcity impels the imperative for comprehensive regulation, a dual-faceted endeavor. On one hand, the objective is to ensure unimpeded accessibility and utilization for the broader community, and on the other, it seeks to limit excessive utilization and the consequential degradation of the resources. Consequently, the exercise of regulatory authority by public entities becomes indispensable, serving to safeguard both the integrity of these shared goods and the interests of the collective populace. From this perspective, the public character inherent to the ownership of common goods becomes evident, to be understood in a strictly objective and utilitarian context. A distinction emerges, demanding a separation between formal ownership, vested primarily within the purview of the State, driven by pragmatic considerations enabling universal access and engagement with the common good and substantive ownership, inherently entrusted to the collective body. In this discourse, it is not unwarranted to draw an analogy between common goods and public goods, albeit mindful of their distinct ontological characteristics. Consequently, in matters concerning the preservation and safeguarding of these goods, a reasonable extension would be the analogical application of the provisions delineated in Article 823 of the Civil Code⁴¹. The advent of common goods has engendered a fresh perspective on the notion of public ownership: this reimagined understanding of public ownership is characterized by its fluidity and responsiveness to an evolving legal sensibility. Such a perspective augments the defense of non-pecuniary interests, aligning harmoniously with a constitutional interpretation rooted in the principles enshrined within Article 2 and Article 42 of the Constitution.

To sum up, as written above, the term public good is used to denote a good that is non-rivalrous and, in essence, non-excludable in its distribution among individuals or groups. It signifies a collective good accessible to multiple individuals or groups. On the other hand, the term ‘total good’ refers to a general utilitarian good that maximizes particular preferences. The notion of “common goods” represents goods that are collectively held, highlighting the aspect of sharedness. The common thread among these categories of goods is their identification with the interactions primarily between individuals and objects, and only tangentially among individuals. The classical concept of the common good, particularly the

⁴¹ Codice Civile Italiano. URL: <https://www.gazzettaufficiale.it/dettaglio/codici/codiceCivile>.

interpretation that emphasizes the personal nature of goods as relationships primarily between individuals and mediated by things, can be seen as the quintessence of this. The common good, from a classical standpoint, is a good that is relational in nature; it transcends being merely a state or consumable good and instead is a construct in which relationships play a constitutive role. On the one hand, all of this signifies that the question of the common good holds contemporary relevance as a theoretical and practical necessity in interpreting and governing economic, social, and political affairs. On the other hand, it is a complex subject that has a history of prolonged intellectual vacancy. This situation is not due to occasional circumstances but rather a result of a certain profound modern shift in anthropological and political sensibilities⁴². The modern notion of the common good faces challenges in understanding the complexities of economic and political processes within the context of globalization: a theory of the common good necessitates a change in paradigm, focusing on building from concrete shared experiences rather than a theoretical foundation. This involves recognizing the inherently relational nature of communication and cooperation.

“From a formal standpoint the common good is a unified purpose, from a material standpoint, it is diverse and therefore requires careful articulation and realization. The substantive complexity of the common good clearly shows that it cannot be reduced to a mere moral category, as it unavoidably encompasses goods of a strictly political nature (such as peace), goods of an economic nature (welfare), and also those of an ethical nature (well-being). As a result, the intricate unity of the common good is inherently open to the historical dimension, since the generality of the necessary elements for coexistence demands an ongoing interpretation in relation to their contextual translation”⁴³.

In conclusion, common goods are rivalrous and non-excludable resources. This means that they are available to multiple users, but one person diminishes the availability for others (rivalrous), and it is difficult or costly to prevent anyone from using them (non-excludable). Whereas public goods are non-rivalrous and non-excludable resources. They are characterized by the fact that people do not diminish their availability to others (non-rivalrous), and it is nearly impossible to exclude anyone from using them (non-excludable). This happens because public goods, such as national defense and clean air, are often provided by governments.

⁴² Botturi, F. (2013), *PER UNA REVISIONE DELL'IDEA DI BENE COMUNE POLITICO*, Archivio Di Filosofia, 81(3), p. 71-76. <http://www.jstor.org/stable/24488778>.

⁴³ Ibidem

Having enlightened that key distinction lies in rivalry and excludability, it becomes clear how this difference has important implications for resource management and the role of government in providing and protecting certain goods and services. In the following section, I would like to introduce an economic model which aims to measure the contribution different stakeholders can provide, focusing on companies and organisations, to preserve the common good.

1.3 How to measure the common good? The Economy for the Common Good to overcome the tragedy

Christian Felber is an Austrian writer and historian who mainly works in the social and economic field and he is widely acknowledged for his pioneering work in the realm of alternative economic models; in particular, for his advocacy for a more sustainable and ethically-driven approach to economics. His chief contribution lies in the formulation of the “Economy for the Common Good” (ECG) model, which endeavors to reorient economic principles away from the exclusive pursuit of profit towards the overarching objective of enhancing the common good and societal well-being. Through his extensive writings, most notably the book “Change Everything: Creating an Economy for the Common Good”⁴⁴, Felber investigates if businesses can have as a final end human dignity, justice, sustainability and democracy instead of only profit and endless growth. The author affirms that an alternative economic model, which is untainted by the greed and crises of current financial systems, is possible.

ECG is not only a model of a transformative economy for people and planet: firstly, it is an international movement whose inception can be traced back to Austria, Bavaria, and South Tyrol on October 6th, in 2010. It expanded its reach across numerous European countries and presently, it boasts active groups in Africa, Latin America, North America, and Asia. As of 2021, this movement comprises over 11,000 supporters, 180 local chapters, and 35 associations. Consequently, the Economy for the Common Good (ECG) stands as a formidable global social movement that harmoniously embodies the three facets of sustainability - social, economic, and ecological. In alignment with the 17 Sustainable

⁴⁴ Cfr. Felber C. (2015), *Change Everything: Creating an Economy for the Common Good*, Zed Books.

Development Goals outlined in Agenda 2030, all its endeavors and undertakings are structured to reflect a systemic perspective.

Moreover, the ECG is a voluntary association founded upon the bedrock principles of the common good, cooperation, and community. Beyond these core values, it actively champions the enhancement of human dignity, solidarity, social justice, ecological sustainability, transparency, and co-determination through democratic participation, as elaborated upon below. The nomenclature of the association derives from the German term “Gemeinwohl-Ökonomie”, coined by Christian Felber.

The structural framework of this global movement aligns with the principles of Local Development, wherein it is organized into Local Chapters and Hubs. Hubs serve as enduring workgroups with specialized focuses. Annually, representatives from these groups convene at the Delegates Assembly to collectively define movement-wide regulations and policies. This body functions as the governing entity of the movement, making decisions of paramount significance. Membership within ECG Associations, as well as support through donations, is open to individuals, companies, communities, non-profit organizations, and educational institutions.

The International Federation plays a pivotal role as an overarching association, effectively coordinating the expanding network of National ECG Associations. These national entities, including Austria, Germany, Spain, the UK, Sweden, the Netherlands, Switzerland, Italy, and Chile, collectively ensure the financial and legal support for the ECG strategy, solidifying its global impact.

However, how does ECG move towards a more sustainable future? According to the co-founder of the movement, companies should do a “Common Good Balance Sheet” which in a sustainable perspective is much more important than a financial balance sheet and which is created by the homonymous movement. “To some extent, the Common Good Balance Sheet has already taken Corporate Social Responsibility (CSR) to a further level. This is partly because it has been so comprehensively designed, but also because it is the only assessment tool that allows consumers and other stakeholders to evaluate a businesses contribution to society and the environment. Given that the Common Good Balance Sheet is already meeting tomorrow’s requirements today, it sets an example for the future. By identifying the advantages this creates for society as a whole, ECG pioneers have become the

driving force for socio-political developments and future economic policy”⁴⁵. The CG (Common Good) Balance Sheet is based on a matrix: the Common Good Matrix serves as a framework for the advancement and appraisal of both entrepreneurial and philanthropic endeavors.

COMMON GOOD MATRIX 5.0

VALUE				
STAKEHOLDER	HUMAN DIGNITY	SOLIDARITY AND SOCIAL JUSTICE	ENVIRONMENTAL SUSTAINABILITY	TRANSPARENCY AND CO-DETERMINATION
A: SUPPLIERS	A1 Human dignity in the supply chain	A2 Solidarity and social justice in the supply chain	A3 Environmental sustainability in the supply chain	A4 Transparency and co-determination in the supply chain
B: OWNERS, EQUITY- AND FINANCIAL SERVICE PROVIDERS	B1 Ethical position in relation to financial resources	B2 Social position in relation to financial resources	B3 Use of funds in relation to social and environmental impacts	B4 Ownership and co-determination
C: EMPLOYEES, INCLUDING CO-WORKING EMPLOYERS	C1 Human dignity in the workplace and working environment	C2 Self-determined working arrangements	C3 Environmentally-friendly behaviour of staff	C4 Co-determination and transparency within the organisation
D: CUSTOMERS AND OTHER COMPANIES	D1 Ethical customer relations	D2 Cooperation and solidarity with other companies	D3 Impact on the environment of the use and disposal of products and services	D4 Customer participation and product transparency
E: SOCIAL ENVIRONMENT	E1 Purpose of products and services and their effects on society	E2 Contribution to the community	E3 Reduction of environmental impact	E4 Social co-determination and transparency

Table 1: Common Good Matrix version 5.0. URL: <https://www.ecogood.org/apply-ecg/common-good-matrix/>

The table above includes all the indicators of the ECG economic model, which is structured according to the 20 cells that derive from the intersection of values and stakeholders.

It provides an evaluation of their impact on the common good, assigning scores accordingly. The columns in this matrix represent values that foster prosperous relationships and a high quality of life. On the other hand, the rows correspond to the five primary stakeholder groups with whom an organization interacts most frequently. Within the intersections where values and stakeholder groups intersect, there emerge 20 common good themes⁴⁶ that comprehensively depict and assess an organization’s role in promoting the common good. The columns represent the following values⁴⁷:

1. Human dignity
2. Solidarity and Social justice

⁴⁵ Economy for the Common Good. URL: <https://www.ecogood.org/what-is-ecg/political-impact-and-initiatives/>.

⁴⁶ Ibidem.

⁴⁷ Cfr. The introduction for values explanation.

3. Environmental sustainability
4. Transparency and co-determination.

Where suppliers as the rows include the stakeholders of the company considered:

1. Suppliers
2. Owners and financial partners
3. Employees, including co-working employers
4. Customers and other companies
5. Social environment.

The objective of this evaluation is to illuminate the influence of corporate activities on the common good. During this assessment, the organization gauges its standing on a spectrum, contingent on the level of development of each value within the organization. Consequently, the report-generation process encourages the organization's advancement in a value-centric manner.

Not only companies work with this model of transformative economy, but also municipalities and cities can use it to work for sustainable global development. Yet, few administrations have found a way to systematically assess and improve their own sustainability performance. The ECG model can offer new paths by offering easy principles and tools for cities and municipalities.

Educational institutions can also reflect and evaluate their contribution to the common good, for example by asking questions like: What is the quality of employment? How much energy is consumed in school operations and with which energy sources? What co-determination opportunities are there for parents and students? The individual steps for creating a Common Good Balance Sheet for educational institutions are the same as those for companies. A report can be produced with or without consultation or as a part of a peer group. This report is then externally audited and published as a balance sheet. The documentation on creating the balance sheet is the same as for companies but also covers specific points.

Finally, the CGBS (Common Good Balance Sheet) represents a tangible tool available to families and individual citizens, with the following purposes:

1. To assess their contribution to the common good within the context of relationships with five categories of stakeholders, namely suppliers, financiers, the family nucleus,

neighbors and the social context, the environment, and future generations. This evaluation entails an examination of the quality of the application of the five core values in their interactions with all these stakeholder groups;

2. To guide them through a journey of reflection and continuous improvement, empowering them to become bearers of well-being and positive impact through their daily choices and actions.

The Common Good Balance Manual for Families and Citizens is the tool designed to guide individuals and families in developing their own balance sheet and self-assessing their actual contribution to the common good.

The Manual comprises:

- Comprehensive descriptions of each theme and aspect
- Guiding questions to initiate individual or family reflections
- Levels for self-assessment
- Examples of choices and actions for the benefit of the common good.

As for all the entities listed above the CGBS is based on a matrix that used to be constituted by 25 themes, which derive from the interaction of five categories of stakeholders and five important values for the relationships with all the partners. Nonetheless, in the recent period, in Italy, the ECG movement has started a plan to renovate the matrix and the relative manual in order to make them more user friendly and easy to manage. I personally participated in the project as I did my curricular internship with the Italian organization, which assigned to me the role of assisting the manager of the “Sviluppo e aggiornamento della matrice e del manuale per persone e famiglie” project.

Now, I will not go deeper into my internship experience as I will dedicate more space later to this topic.

In its relatively brief existence, the Economy for the Common Good has achieved notable advancements at the local and regional levels of governance. It has even gained recognition within the European Union (EU).

The Common Good Balance Sheet serves as an instrument that champions a values-oriented, ethical economic framework. Its impact and significance transcend mere legal requirements, aiming to establish the highest possible standards for the future. An increasing number of

consumers are seeking fairer and more sustainable products and services. The EU, in conjunction with governments and political entities across Europe, has acknowledged ECG as an effective mechanism for enhancing transparency for consumers, regulatory bodies, and various other stakeholders.

The global movement has a clear and comprehensive vision reported in their website: ECG vision revolves around achieving a state of well-being within a global economy that aligns with ethical values. For all facets of society, the Economy for the Common Good contributes to fostering a culture of flourishing in a peaceful and sustainable civilization. This Common Good society is characterized by harmonious human coexistence, a profound sense of trust and mutual appreciation, strong social cohesion, manageable organizational structures, and unwavering commitment to fundamental rights. Paired with a sovereign democracy, the Common Good society provides citizens with the ideal framework to:

- Foster interactions marked by tolerance and mutual respect for diversity in lifestyles and perspectives
- Define personal values, establish individual goals, nurture their identities, and unleash their full potential
- Encourage the evolution of talents and skills, empowering individuals to make meaningful and cooperative contributions to the Common Good
- Actively engage in political processes, enabling them to participate in democratic decision-making and thus have a hand in shaping their own future.

In this paradigm, the economy serves the Common Good rather than simply pursuing the accumulation of wealth. Disparities in income, wealth, and power are minimized, ensuring that current and future generations have equal opportunities. Sustainable consumption of natural resources operates within the regenerative capacity of natural ecosystems and planetary boundaries. Innovative and creative business activities yield solutions that benefit the Common Good and manifest within organizations of reasonable sizes. Companies collaborate intelligently, contributing to the development of resilient structures. Common Good Balance Sheets serve as indicators of the extent to which these entities contribute to the general welfare and environmental sustainability. Taxation, tariffs, loans, public procurement, and business development are all oriented toward strengthening the Common Good.

Consequently, socially responsible and sustainable companies gain a competitive edge in the market.

Within a Common Good economy, dignified living is attainable for all individuals: meaningful work takes place in various arenas, including private enterprises, publicly-owned organizations, cooperatives, the commons, households, and volunteer services. Time and space are allocated generously for family, children, friends, and the elderly, as well as for leisure, cultural pursuits, and personal development. Fostering positive and meaningful relationships and fostering a sense of community are the priority.

In this vision, agriculture cultivates diverse cultural landscapes while preserving the natural foundation of life; it promotes soil fertility and biodiversity, with animals being respected rather than reduced to mere sources of food. Sustainably sourced fish are readily available locally, and water bodies are clean, suitable for bathing, and possess drinking water quality. Rural towns thrive, and cities become greener, offering a high quality of life.

Nations attain balanced trade relationships within an ethical global trade framework. A global court oversees human rights, merger control, financial oversight, and taxation. Capital transfers are linked to international tax cooperation. The use of physical force is the exclusive domain of a reformed and democratized United Nations⁴⁸, effectively bringing an end to the era of warfare.

Freedom takes on a deeper dimension, with individuals not only shaping their personal lives but also collectively designing economic, financial, and commercial systems. Inner personal development receives equal emphasis alongside the external environment. People are liberated from the unhealthy compulsion for constant consumption, capital accumulation, and economic growth. Our relationship with the planet becomes healthy, mirroring the Earth's state of well-being⁴⁹.

⁴⁸ United Nations. URL: <https://www.un.org/en/>.

⁴⁹ Cfr. ECG vision. URL: <https://www.ecogood.org/what-is-ecg/vision-and-values/>.

2. How to address the Sustainable Development challenge? A taxonomy of sustainability approaches

As explored in the previous chapter, sustainability represents a fundamental concept that transcends mere environmental considerations: it encloses a multifaceted meaning aimed at ensuring the continued prosperity and well-being of our planet and its inhabitants for generations to come. In a world confronted by complex and interrelated challenges, sustainability stands as a guiding principle that seeks to reach a harmonious balance between economic growth, environmental preservation, and social equity.

Therefore, at its core, sustainability encompasses a commitment to be responsible for the Earth's finite resources, recognizing the intrinsic value of biodiversity, ecosystems, and the natural world. Nonetheless, it is a philosophy that extends beyond the ecological domain, acknowledging the interconnectedness of environmental health with economic stability and social justice⁵⁰.

The different approaches towards sustainability encompass a range of disciplines, including environmental science, economics, ethics, and policy development, all contributing to a collective effort to address the pressing challenges of the present. As we embark on this exploration of sustainability and its approaches, it is necessary to recognize that the choices we make today will have far-reaching and long-term consequences of our activities' impact. Increasing our knowledge of sustainability may help to proceed towards the aim of this thesis, that is proving that the ECG model has the most efficient and innovative logic to control the impact of companies activities (but not only) on the common good. This is the reason why I will now encompass all the approaches related to the different aspects of sustainability and aligned to the SDGs.

⁵⁰ Cfr. Berkes F., Colding J., Folke C. (2003), *Navigating social-ecological systems. Building Resilience for Complexity and Change*, Cambridge, Cambridge University Press, p. 1-20.

2.1 Socio - centred approaches

Three pillars build the concept of sustainability: economic, ecological and social. The social one is the so-called “Great Forgotten”. Why? The beginning of the story is dated in the 1980s and 90s, when the rivalry between strong and weak sustainability became the dominant frame: Pelenc’s article⁵¹ is very significant as it summarises the different approaches adopted by scholars towards sustainability. The brief explores the fundamental debate in sustainable development between adopting a “weak” or “strong” conception of sustainability.

Weak sustainability asserts that natural and manufactured capital are essentially substitutable, and there are no essential differences in the well-being they generate. It focuses on maintaining or increasing the total value of capital, often emphasising monetary compensations for environmental degradation. In contrast, strong sustainability argues for severely limiting the substitutability of natural capital. It recognizes critical elements of natural capital that are irreplaceable for human well-being. These elements are often referred to as “critical natural capital”. Critical natural capital consists of ecosystem services that are indispensable for human existence and well-being: these can not be fully substituted by manufactured capital, examples include clean air and clean water.

Strong sustainability acknowledges that certain human actions can have irreversible consequences, such as species extinction or ecosystem destruction but of extreme importance is identifying critical natural capital. However, this is complex and multidimensional, considering ecological, social, ethical, and economic aspects. Implementing strong sustainability demands a trans-disciplinary approach that combines natural and social sciences. It involves a broad societal debate and stakeholder participation in defining critical natural capital⁵².

Adopting a strong sustainability perspective, emphasizing the conservation of critical natural capital to ensure intergenerational justice and a sustainable future is needed to reach the goals of Agenda 2030. According to this, what is more important is the need for a trans-disciplinary approach and societal engagement in defining and preserving critical natural capital. As a result, the “social pillar”, or social dimension, is necessary to comprehensively achieve the goal of sustainable development: this pillar represents a crucial component for the overall well-being of society and focuses on improving people’s living conditions, promoting social

⁵¹ Pelenc J., Ballet J., Dedeurwaerdere D. (2015), *Weak Sustainability versus Strong Sustainability*, GSDR, p. 1-4.

⁵² Ibidem.

justice⁵³, reducing inequalities and ensuring that all members of society have access to essential opportunities and services. The United Nations Sustainable Development Goals⁵⁴ (SDGs) include social objectives that range from eradicating poverty to ensuring access to quality education, promoting health, reducing gender inequalities: these examples of social goals are interconnected with the other two pillars of sustainable development.

However, as mentioned above, the social dimension was not considered until the last decades of the century and as the debate was centered on economics, technology and environmental protection, social scientists were involved later. Frequently, the social dimension is discussed in a limited manner, centering on issues related to resource access and distribution. However, when viewed from a strong sustainability standpoint, it also involves examining how societies collectively coordinate their efforts to achieve sustainable development and identifying those accountable for guiding this process. As a consequence, equity, justice, and solidarity are not the only values to be considered: it is also necessary to focus on the role of individuals and groups, on the institutions that impact them and how these are produced.

The concept of governance is central in this discourse: this term includes a plurality of actors, both formal and informal, involved in decision-making and implementation as well as institutional structures that define the range of action. As a result, also institutional and individual actors outside the political arena influence the pattern of life of territories and their sustainability⁵⁵. Furthermore, this innovative way of government responds to the socio-economic and environmental challenges which are increasingly characterized by global-local interdependencies⁵⁶.

State (public sector), market (private sector) and the third sector (civil society, NGOs, communities) are together parts of hybrid and multi-scalar modes of governance with mixed mechanisms.

To conclude, what is “social” about sustainability? Its embeddedness in the dynamic structures of social relations⁵⁷. In this regard, a mention has to be done to the concept of “Social Innovation” (SI): SI refers to the development and implementation of new ideas,

⁵³ Park C. (2007), *A Dictionary of Environment and Conservation*, Oxford University Press.

⁵⁴ Sustainable Goals. URL: <https://www.undp.org/>.

⁵⁵ Kooiman J. (2003), *Governing as Governance*, Sage Publications, New York.

⁵⁶ Kjaer A. M. (2004), *Old Brooms Can Sweep Too! An Overview of Rulers and Public Sector Reforms in Uganda, Tanzania and Kenya*, *The Journal of Modern African Studies*, 42(3), p. 389-413, <http://www.jstor.org/stable/3876338>.

⁵⁷ Lie J. (1991), *Embedding Polanyi's Market Society*, *Sociological Perspectives*, 34(2), 219-235. <https://doi.org/10.2307/1388992>.

concepts, strategies, or solutions aimed at addressing social challenges and improving the well-being of individuals and communities. These innovations often involve creative approaches to solving complex societal problems, such as poverty, inequality, healthcare access, education, and environmental sustainability. Social innovation can take various forms, including new technologies, business models, policies, and community-driven initiatives, all with the goal of creating positive social impact. It is characterized by three core features:

- Satisfaction of needs: it happens when new ways of governance lead to reach the well-being of a community;
- Reconfigured social relations: “SI is very strongly a matter of process innovation of changes and the dynamics of social relations including power relations. Therefore, SI is about social inclusion and about countering or overcoming conservative forces that are eager to strengthen or preserve social exclusion situations”⁵⁸;
- Empowerment or political mobilization: this point is linked to the previous one as after a reconfiguration of social relations it is very likely that some social groups emerge to express themselves and their needs .

In this context, local knowledge is applied to face local challenges and “deliver sustainability benefits where top-down measures struggle”⁵⁹. In addition to this, community knowledge and new governance relationships enhance environmental citizenship rights: to reach this aim, institutional support and coherent policies to favor community participation.

To conclude, social innovation is part of this approach and it works more efficiently than social entrepreneurship as it focuses on activities that go beyond the merely economic: SI recognizes economics as a functional dimension to reach a greater end. This last point testimonies the necessity of interconnectedness and integrative perspective of the approaches towards sustainability, as it starts to think about the three different dimensions as interdependent components.

⁵⁸ Moulaert F., MacCallum D. and Hillier J. (2013), *Social innovation: intuition, precept, concept, theory and practice*, in Moulaert et al., *The international Handbook on Social Innovation: Collective Action, Social Learning and Transdisciplinary Research*. Cheltenham: Edward Elgar, p. 13-24.

⁵⁹ Seyfang G. & Smith A. (2007), *Grassroots innovations for sustainable development: Towards a new research and policy agenda*, *Environmental Politics*, 16:4, 584-603, DOI: 10.1080/09644010701419121.

2.2 Socio - political approaches

Among the four approaches, the one closer to the social dimension is socio-political. When talking of socio - political approaches towards sustainability, political ecology (PE) is the subject that includes all its features. Political ecology is an interdisciplinary field of study that examines the relationships between political, economic, and social factors on one hand, and environmental issues and ecological processes on the other. It seeks to understand how political and economic systems influence the way societies interact with and impact the environment. Moreover, in PE scholars analyze the distribution of resources, access to and control over natural resources, environmental policies, and how power dynamics shape environmental outcomes. Overall, complex interactions between human societies and the environment are studied, and then how these interactions are influenced by political, economic, and social factors.

In the realm of formal research and criticism within the field of political ecology, an incisive critique has emerged directed at prevailing explanations for environmental governance and transformation: it is against mainstream narratives that often attribute environmental issues solely to factors such as population growth and a perceived lack of technological capacity to address environmental deterioration⁶⁰. Instead, this critical perspective emphasizes several key dimensions in understanding the dynamics of environmental control and changes and it underscores the significance of international trade, asserting that the global exchange of goods and resources plays a pivotal role in shaping environmental outcomes. Furthermore, it highlights the potent influence of power dynamics, illuminating how unequal power relations can impact environmental policies and resource distribution⁶¹. At its core, political ecology's argument contends with the preeminence of market-driven approaches in environmental governance. It posits that when market mechanisms take precedence in regulating environmental affairs, they tend to perpetuate social inequalities. This is a key point in this research as the common good is in danger.

⁶⁰ Cfr. Robbins P. (2012), *Political Ecology: A Critical Introduction* (2nd ed). New York, NY: John Wiley & Sons, Ltd.

⁶¹ Cfr. Blaikie P. (2008), *Epilogue: Towards a future for political ecology that works*, *Geoforum*, 39(2), 765-772; Bryant R. L. & Bailey S. (1997), *Third world political ecology*, Psychology Press.

This critical perspective on environmental politics engages with the condition and transformation of social and environmental systems and it does so while recognizing the fundamental importance of power dynamics in shaping these changes.

In this field of study, core concerns and critical questions revolve around issues related to access and control over natural resources. This dimension of the field underscores the socio-political struggles that surround the ability to access and derive benefits from these resources; the main elements concerned, which I will briefly list here, are:

- **Access Defined:** access, as conceptualized in political ecology, pertains to the capability of individuals and groups to derive advantages from natural resources. It delves into the dynamics of who can tap into these resources and to what extent;
- **Actors and Power Dynamics:** central to this discourse is an examination of the various actors involved in resource access and their intricate power relationships. These actors encompass states, multilateral institutions, transnational corporations, local businesses, environmental non-governmental organizations, and social movements⁶². Political ecology examines how these entities influence and manipulate resource access;
- **Inequality in Resource Access:** a critical facet of this concern is the recognition of unequal resource access and the disproportionate distribution of benefits. This inequity often results in the disadvantage of vulnerable and marginalized groups within society⁶³. Political ecology investigates how these disparities come into being and persist.

An example concerns women and land rights: an illustrative case within this domain is the examination of women's land rights, a subfield known as feminist political ecology. This inquiry focuses on how gender dynamics intersect with issues of land tenure and access⁶⁴. It reveals how unequal gender relations can further exacerbate disparities in resource access and benefit distribution.

Access and control over natural resources constitute a pivotal and contentious aspect of political ecology. Power, viewed through relational lenses, is a central concern, encompassing

⁶² Bryant R. L. & Bailey S. (1997).

⁶³ Peet et al. (2011), op. cit.

⁶⁴ Saturnino M. Borras Jr., Ruth Hall, Scoones I., White B. & Wolford W. (2011), *Towards a better understanding of global land grabbing: an editorial introduction*, Journal of Peasant Studies, 38:2, p. 209-216.

the abilities of individuals, structural influences like capitalism, and the shaping of thought in environmental matters. Within environmental conflicts and governance, key concerns emerge, including the role of economic and political resources, ownership and access to environmental assets, and the influence wielded over institutions and information dissemination. It critically questions dominant narratives of environmental change while exploring alternatives and adaptive actions in the face of mismanagement and exploitation. In essence, PE offers a multifaceted perspective on how power and inequality shape our relationship with the environment and the pursuit of sustainable societies.

As far as it concerns PE, governance of protected areas for nature conservation is an issue to consider: very important here is the presence of local communities who are involved in and participate in the management of protected areas where they used to live. Another topic which is included in PE is land grabbing: escalating scarcities, resulting from the enclosures and takeover of resources by state authorities, private corporations, or societal elites, intensify conflicts among various groups. Likewise, environmental issues take on a societal dimension when these groups gain control over communal resources, disadvantageous to others by manipulating management interventions facilitated by development authorities, government agents, or private enterprises. This phenomenon underscores the intricate relationship between environmental conflict and social exclusion⁶⁵.

However, some questions emerge: is this approach comprehensive in addressing the issue? Does it engage sufficiently with material aspects? Is ecology adequately explored?

2.3 Economic approaches: is payment an efficient method for environmental governance and nature conservation?

Biodiversity loss, conservation and environmental governance are at the center of policies today in most countries⁶⁶. They have often been a source of conflict and difficult to be managed by different actors, with their interests and development alternatives: nature and environment are seen, perceived, appreciated, and framed differently by different people and contexts. Nature is contested, with varying understandings and representations. As a result, there are different approaches and choices in addressing the various challenges that arise. Among these, there are market-based mechanisms, including the payment for ecosystem

⁶⁵ Robbins P. (2012), op. cit.

⁶⁶ On this occasion, the European scale is considered.

services (PES)⁶⁷. Environmental governance entails the incorporation of a broader spectrum of strategies, mechanisms, and participants, which may encompass market-oriented approaches. This marks a contentious shift from conventional government-centric approaches to a more collaborative and multifaceted model. In this paradigm, market forces are harnessed to promote sustainability, particularly in areas such as conservation. However, these initiatives often require concurrent public regulations to ensure their effectiveness. This approach aligns with the concept of weak sustainability and underscores the growing significance of the interplay between conservation efforts and the challenges posed by climate change: in this context, the concept of ecosystem services arises, benefits that people obtain from ecosystems⁶⁸.

The Millennium Ecosystem Assessment (MEA) identified four main categories:

- Provisioning services: they are the direct benefits humans obtain from ecosystems, including food (e.g., crops, seafood), water (e.g., freshwater supply), and fiber (e.g., wood for construction and paper);
- Regulating services: these services involve the regulation of natural processes and include controlling floods (e.g., wetlands absorb excess water), managing disease (e.g., natural predators help control pest populations), waste decomposition (e.g., decomposition of organic matter), and water quality regulation (e.g., wetlands and forests filter pollutants from water);
- Supporting services: these services are fundamental to the functioning of ecosystems but may not have direct economic value. They include soil formation (e.g., through weathering and decomposition), photosynthesis (the process by which plants convert sunlight into energy), and nutrient cycling (e.g., the recycling of essential nutrients in ecosystems);
- Cultural services: they are non-material benefits that people obtain from ecosystems. They include cultural and recreational experiences, such as spiritual and aesthetic values, tourism, and opportunities for outdoor activities.

Humans are dependent on these services but most of them have traditionally been “free of charge” as they have not been incorporated into markets and thus they have usually been

⁶⁷ Muradian R. et al. (2013), *Payments for ecosystem services and the fatal attraction of win-win solutions*, Conservation Letters 00, Copyright and Photocopying: Wiley Periodicals, Inc. 1, p- 1-6.

⁶⁸ Fletcher R., Büscher B. (2017), *The PES Conceit: Revisiting the Relationship between Payments for Environmental Services and Neoliberal Conservation*, Ecological Economics 132, p. 224-231.

neglected in economic decisions and tend to be invisible in decision-making. The goal of PES is to acknowledge such benefits and make them valuable, in favor of conservation efforts: payments can be in various forms, including cash, subsidies, or other incentives; PES programs are designed to create economic incentives for individuals or communities to engage in environmentally friendly practices and land management. These initiatives aim to strike a balance between conservation goals and economic interests, encouraging sustainable resource management while safeguarding critical ecosystem functions. PES has gained traction as a tool for addressing environmental challenges, such as deforestation, water pollution, and habitat degradation, by aligning economic incentives with conservation objectives. Nonetheless, the shift in conservation paradigms, particularly in the 1990s, was characterized by the adoption of anthropocentric and utilitarian values, encapsulated in a straightforward message that resonated with various stakeholders, emphasizing the connection between ecosystem services (ES) and human well-being (HW). This shift triggered both political and analytical synergies. On the one hand, it brought together the principles of neoclassical economics, which viewed environmental degradation as a consequence of market failure. On the other hand, it led to the development of methods for economic valuation of the environment: this combined approach aimed to bridge the gap between academic research and policy agendas, facilitating a more comprehensive understanding of environmental conservation and its economic dimensions⁶⁹.

In this framework, references to the weak and strong sustainability discourse must be done. The concept of weak and strong sustainability represents two distinct philosophical approaches that have significant implications for environmental policy and economic development. Weak sustainability believes in almost perfect substitutability between different forms of capital, particularly natural and human-made capital: this approach promotes the idea that market mechanisms can serve as effective drivers of change, driving economic growth while apparently accommodating environmental concerns. It places a considerable amount of faith in the potential of science and technology to mitigate environmental challenges and allows for the belief that economic development can be achieved by better integrating these concerns into the existing economic framework.

⁶⁹ Castree N. (2010), *Neoliberalism and the Biophysical Environment I: What 'Neoliberalism' is, and What Difference Nature Makes to it*, Geography Compass 4/12, 1725-1733.

In contrast to this, strong sustainability approaches take a more cautious and critical stance as they challenge the notion that human-made capital can fully substitute for natural capital, especially in the long term. Strong sustainability proponents reject the idea that the growth of human capital can adequately counterbalance the depletion of natural capital. Instead, they advocate for the separate maintenance and management of these different forms of capital. As a result, this approach underscores the intrinsic value of natural ecosystems and emphasizes their unique contributions to human well-being, which cannot be replicated or substituted through human-made alternatives. These two sustainability perspectives reflect a fundamental debate about the relationship between economic development and environmental conservation: while weak sustainability leads to integrate environmental concerns within existing economic paradigms, strong sustainability advocates for a more profound reevaluation of our economic and environmental priorities, prioritizing the preservation of natural capital as essential for the long-term well-being of both humanity and the planet⁷⁰.

Going back to the wider scheme of hybrid modes of governance with mixed mechanisms, it may be easier to understand that when considering only the market sphere and economy centered approaches, we are in the field of weak sustainability as there is a commodification of nature and of the environment. To conclude, ecosystem services that are often expressed in the language of economics, essentially revolve around benefits that nature provides to humanity. These benefits can take many forms, from clean water and fertile soil to carbon sequestration and biodiversity preservation. To encourage the responsible management of land and resources, incentives are often extended to various stakeholders, including farmers, landowners, and indigenous groups, in exchange for their efforts in delivering specific ecological services. This approach is encapsulated in the concept of Payment for Ecosystem Services (PES), which seeks to establish a transparent system for compensating individuals or groups who voluntarily contribute to environmental preservation. It is a framework that, in theory, is hailed as the most effective and cost-efficient means of safeguarding the environment and nature. However, the question remains: does PES truly live up to these expectations? In recent years, market-based mechanisms like PES have gained prominence as a seemingly universal solution for addressing a wide range of environmental challenges. This

⁷⁰ Daly H., John Cobb, Jr. (1994), *For The Common Good: Redirecting the Economy toward Community, the Environment, and a Sustainable Future*, Beacon Press.

approach aligns with economic principles, emphasizing the importance of free and open trade, the centrality of markets, and advocating for a limited role for government intervention. However, the applicability of market-based mechanisms as a one-size-fits-all solution is not possible: the environmental landscape is diverse and multifaceted, and the effectiveness of PES programs can vary significantly depending on the context, the specific ecosystem service in question, and the local social dynamics. Basically, while economics can provide valuable frameworks for understanding and valuing ecosystem services, the real-world application of PES and similar mechanisms requires a nuanced and context-specific approach.

As explained in this paragraph, there are both advantages and disadvantages in PES and market-based approach.

Supporters of this approach argue that it offers several advantages: they contend that by commodifying nature and embracing neoliberal governance, it can stimulate economic growth and development. Moreover, proponents argue that such measures can enhance conditions for redistributing wealth and power from affluent nations to those less privileged. This, in turn, can contribute to a more equitable global landscape. Additionally, some see it as a means to promote a utilitarian sustainability approach, emphasizing efficiency and resource allocation.

Nonetheless, critics express reservations about this approach as they are concerned that the commodification of nature and its integration into neoliberal governance may undermine more enduring and intrinsic values associated with caring for the environment. This viewpoint suggests that the profit-oriented nature of market-driven sustainability efforts might not fully align with the systemic and enduring preservation of ecosystems. Critics also argue that this agenda is deeply flawed in its core principles, potentially leading to unintended negative consequences for both the environment and society. In summary, the mobilization of market forces for sustainability is a subject of considerable debate, with proponents highlighting potential economic benefits and equitable outcomes, while critics raise concerns about the compatibility of market-driven approaches with the broader and more enduring values associated with environmental conservation.

In the complex terrain of environmental conservation within an anthropocentric framework, one of the fundamental aspects that demand our attention is the concept of well-being. This extends beyond mere economic factors and dives deep into the realms of diversity and power relations. Here, the pressing question emerges: how do we truly address issues of justice and

redistribution within this framework? Furthermore, when we attempt to map ecosystem services (ES), a host of controversies arise and dilemmas become particularly pronounced when we delve into the realm of Cultural Ecosystem Services, where the intangible cultural and social benefits of nature can be challenging to quantify and manage. Valuation of nature, and the reduction of its worth to a single economic value, remains a contentious issue. While economic valuation can provide a useful framework, it can also be reductionist, failing to capture the full breadth of nature's worth⁷¹.

In my opinion, the main controversy to consider about PES mechanisms is the conflict with local cultural practices, that is part of the social pillar.

The notion of selling nature to save it presents a paradox that has garnered significant attention in recent years, as highlighted by McAfee⁷²: it raises fundamental questions about the role of capitalism in the ongoing ecological crises we face today. At its core, this paradox emerges when conservation efforts transform into for-profit businesses: commodification of nature involves turning environmental assets and resources into exchange values, that are commodities that can be bought and sold. Putting price tags on nature has the potential to diminish the intrinsic values of goods and services that the natural world provides, reducing them to mere economic considerations. The question arises: does this approach truly make sense, and is it the most efficient way to conserve our planet's invaluable ecosystems and biodiversity? There is a need for careful consideration of the consequences of such market-driven conservation efforts. Furthermore, the role of the state in this process of commodifying nature is a pivotal aspect. Governments play a significant role in shaping policies and regulations that either encourage or curtail the market-driven approach to conservation and balancing the imperatives of economic growth with environmental preservation remains a complex challenge that requires thoughtful governance and deliberation. The paradox of selling nature to save it underscores the intricate interplay between capitalism, conservation, and the state. It forces us to reflect on the long-term implications of commodifying nature and the need for a comprehensive and sustainable approach to safeguard the plane's natural resources.

⁷¹ Hausknot D., Grima N., Singh S. J. (2017), *The political dimensions of Payments for Ecosystem Services (PES): Cascade or stairway?*, Journal of Ecological Economics, Volume 131, p. 109-118.

⁷² McAfee K. (1999), *Selling Nature to Save It? Biodiversity and the Rise of Green Developmentalism*, Environment and Planning D: Society and Space, 17 (2), 133-154, <https://doi.org/10.1068/d170133>.

In this framework, three fundamental principles come to the fore, each bearing immense significance in the pursuit of justice and equity⁷³.

The first principle revolves around the distribution of goods and bads: it underscores the critical need to examine how resources are allocated within society; the second principle pertains to participation, focusing on the procedural aspects of decision-making: in a market-led governance system, understanding how decisions are made becomes paramount. Ensuring that the decision-making processes are equitable, transparent, and inclusive is a core tenet of procedural justice.

The third principle, recognition, delves into the complex terrain of acknowledging people's distinct identities and histories: this principle recognizes the profound impact of cultural recognition on social and environmental justice, as it helps break down barriers and fosters a more inclusive and equitable society.

I dedicated more space to this approach as it is very wide and characterized by a multitude of advantages and disadvantages concurrently. Furthermore, it serves as a bridge to the last approach as, in the realm of environmental conservation, there are critical voices that challenge the prevailing neoliberal approach, which heavily relies on market-based solutions to tackle environmental issues. These perspectives shed light on potential drawbacks associated with this approach, emphasizing several key elements.

One significant aspect is privatization: neoliberal conservation often involves the privatization of resources, entailing the assignment of clear property rights to entities that were once owned by the state, undefined, or managed collectively by communities.

Marketization is another critical element. This process introduces market mechanisms to assign prices, aiming to facilitate exchanges and promote a market-driven approach to environmental management.

Neoliberal conservation calls for deregulation, advocating for a reduction in state intervention within markets and a minimization of government interference in environmental conservation activities.

⁷³ Schlosberg D. (2004), *Reconceiving Environmental Justice: Global Movements And Political Theories*, *Environmental Politics*, 13:3, p. 517-540.

However, this approach also leads to new forms of state involvement, reregulation⁷⁴. In this situation, the state's role transforms into one that supports free markets by implementing regulations that enable markets to operate with minimal interference.

The restructuring of the public sector is yet another consequence. As neoliberal conservation advances, the remaining public sector may undergo significant restructuring to operate more akin to private, for-profit businesses, blurring the lines between public and private interests⁷⁵.

In response to reduced state intervention, indirect mechanisms come into play to fill the void left by the previous interventionist state. This may involve the encouragement of non-governmental organizations (NGOs) or other institutions to provide services that were once guaranteed by the state⁷⁶.

These critical perspectives on neoliberal conservation governance highlight the importance of comprehensively understanding the implications of such approaches in the broader context of conservation and sustainability.

2.4 Systemic approaches: “The whole is greater than the sum of its parts”

What has emerged by the presentation of the three approaches towards sustainability is that a transformation is currently happening: humans and their underlying social and political processes are the drivers of this transformation towards sustainability⁷⁷. According to Scoones, Sterling et al., there are different types of transformation: structural, enabling and systemic.

Structural transformation signifies a profound shift in the foundational elements of politics, economy, and society. This dimension emphasizes the alteration of underlying ideologies, which act as guiding principles for decision-making. Key moments, often arising from crises or revolutions, play a pivotal role in triggering structural transformation; such events disrupt the existing status quo, prompting a reevaluation of established structures. As a consequence, new alternatives are pursued, and new paradigms and models better aligned with evolving societal values and needs will be created. This kind of transformation is somehow what is

⁷⁴ Cebenoyan A. S., Cooperman E. S., & Register C. A. (1995), *Deregulation, Reregulation, Equity Ownership, and S&L Risk-Taking*, Financial Management, 24(3), p. 63-76.

⁷⁵ Fletcher R., Büscher B. (2017), *The PES Conceit: Revisiting the Relationship between Payments for Environmental Services and Neoliberal Conservation*, Ecological Economics 132, p. 224-231.

⁷⁶ Igoe J., Brockington D. (2016), *Neoliberal conservation*, The Environment in Anthropology, 324.

⁷⁷ Scoones I. et al. (2020), op. cit.

happening in these times as a reevaluation of measuring and assessing companies impact has been addressed⁷⁸.

Secondly, there is enabling transformation that shifts the focus to human agency, highlighting the deliberate exercise of individual and collective will. It empowers individuals, especially those who have been excluded or marginalized within existing systems⁷⁹.

The emphasis in enabling transformation is on the process itself, rather than solely on the outcome. This approach recognizes that the journey toward change is as significant as the destination and promotes inclusivity and participation. Enabling transformation acknowledges various forms of power, including structural forces and collective action, and leverages these dynamics to facilitate positive change⁸⁰.

Finally, systemic transformation offers a comprehensive perspective on change, with a particular focus on sustainability, but above all it acknowledges the interconnectedness of various scales of transformation. As sustainability is a central theme within systemic transformation, spanning economic, environmental, and social dimensions, the final goal of the “revolution” in fact is to create enduring systems that balance human needs with ecological limits.

This dimension views transformation as a comprehensive and integrated process, recognizing that changes in one aspect of a system can have far-reaching effects; it encourages a collaborative and sustained approach to addressing complex challenges.

In summary, these three dimensions of transformation - structural, enabling, and systemic - provide a complete framework for understanding and driving change. It is true that each dimension contributes unique perspectives and strategies, highlighting the complexity and richness of the transformational journey, but again if a comprehensive one is to be identified, that one is the systemic.

In this paragraph I will focus on systemic approaches towards sustainability, which include a variety of characteristics already encompassed in the previous explanation. In the quest for a deeper understanding of complex systems and dynamic processes, there is an increasing

⁷⁸ Cfr. European Union, Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (Corporate Sustainability Reporting Directive).

⁷⁹ This is a key aspect mentioned also above when talking of SI in a socio-centered approach.

⁸⁰ Cfr. Moulaert F., MacCallum D. and Hillier J. (2013), *Social innovation: intuition, precept, concept, theory and practice*, in Moulaert et al., *The international Handbook on Social Innovation: Collective Action, Social Learning and Transdisciplinary Research*. Cheltenham: Edward Elgar, p. 13-24.

recognition of the profound importance of wholeness, connectedness, context, and feedback mechanisms. These elements underpin the intricacies of interdependent systems and guide our approach to comprehending and effecting change across various domains. By acknowledging these interdependencies, we gain insights into how changes in one facet can reverberate throughout the entire system: instead of isolated interventions, the focus is on specific system features as strategic entry points for change. These features act as critical junctures that, when modified, have the potential to cascade transformational effects across the system. Finally, central to this approach is an appreciation of feedback loops, which manifest as the result of any behavior: these loops can either reinforce (positive feedback) or modify (negative feedback) subsequent behavior.

In essence, this systemic perspective seeks to transcend reductionist thinking and linear approaches by delving into the intricacies of interconnected systems. Complexity theory shatters the linear view of cause and effect and it reminds us that the real world is rarely governed by simple, one-to-one relationships. In essence, complexity theory reminds us that “the whole is greater than the sum of its parts”.

It urges us to embrace the inherent richness of complex systems, where diversity, interactions, and emergent phenomena give rise to novel and unexpected outcomes. As we navigate an increasingly interconnected and complex world, understanding and appreciating these principles of complexity theory become indispensable. This is the core of the present and future revolution but returning back to the theory of Garrett Hardin to close the loop, until now individuals were the agents of the depletion of shared resources, acting independently and rationally according to each one’s self-interest, despite their understanding that depleting the common resource is contrary to the group’s long - term best interests. “Ruin is the destination toward which all men rush, each pursuing his own best interest in a society that believes in the freedom of the commons”⁸¹. As a result, a lot of conflicts over resources between individual interests and the common good emerge, resulting from free access and unrestricted demand for a finite natural resource. Again, it happens that while benefits of exploitation go to individuals, each of whom is motivated to maximize their use of the resource, the costs of exploitation are distributed among all who share the resource. This phenomenon is unsustainable in all its dimensions: in systemic approaches, which are the solutions identified? In the middle of the twentieth century, Albert W. Tucker formulated the

⁸¹ Hardin G. (1968), op. cit.

“Prisoners’ dilemma”⁸², which when applied offer two options: the *Pareto optimum* and the *Nash equilibrium*. In the context of the forests, an example of common pool resources, when considering the allocation of labor, the two concepts come into play: Pareto Optimum represents the optimal strategy from a collective perspective: it is a scenario where no one can be made better off without making someone else worse off. In forest work, achieving a Pareto optimum means finding a balance where the allocation of one month of work is the most efficient and mutually beneficial for everyone involved. In contrast, the Nash equilibrium pertains to the expected outcome of strategic interactions between individual players: it is a situation where no player has an incentive to change their strategy, given the strategies of others. Reaching a Nash equilibrium implies that each worker, based on their individual decisions, has settled into a state where no one benefits from altering their approach. Both concepts highlight the complexity of decision-making within a group: while the Pareto optimum seeks the best collective outcome, the Nash equilibrium deals with the strategic interplay of individual choices. In the forest, as in many other situations, achieving a balance between these two dynamics becomes essential for efficient and harmonious resource management. When talking of solutions, in *Moving beyond panaceas: a multi-tiered diagnostic approach for social-ecological analysis*⁸³, Ostrom and Cox proposed a comprehensive approach to address complex social-ecological challenges: it critiques the tendency to oversimplify solutions, referred to as “panaceas” and it emphasizes the need for a more nuanced and diagnostic approach. The authors of the idea that simple, one-size-fits-all solutions are inadequate for tackling complex issues like environmental conservation: it argues for a multi-tiered diagnostic approach that considers the diversity of institutions globally and their impact on human behavior and outcomes. To navigate this complexity, the paper highlights the use of meta-theoretical tools like the Institutional Analysis and Development (IAD) framework and the Social-Ecological Systems (SES) framework. These frameworks provide a common language that transcends disciplinary boundaries and enables scholars to analyze how various factors interact within complex systems. In conclusion, adopting a diagnostic approach to better understand complex social-ecological systems

⁸² Gowda M.V. (1996), *Teaching the prisoners’ dilemma*, Journal of Policy Analysis and Management, 15(4), p. 646-653.

⁸³ Ostrom E., Cox M. (2010), *Moving beyond panaceas: a multi-tiered diagnostic approach for social-ecological analysis*, Workshop in Political Theory and Policy Analysis, Indiana University, Bloomington, IN 47408, USA, p. 1-13.

facilitates more informed policy recommendations and a deeper understanding of the intricate dynamics at play in addressing pressing environmental challenges.

Within this intricate landscape, communities play a pivotal role as their involvement extends beyond mere resource utilization to encompass management and preservation, underpinning sustainable governance: community-based approaches empower local populations to take ownership of their environmental assets, fostering responsibility and a deeper connection to their ecosystems; however, achieving legitimacy and fairness necessitates ongoing dialogue and adaptation. In the intricate realm of natural resource governance, moving beyond abstract ideals to acknowledge local dynamics, adaptive rule development, and perceptions of legitimacy and equity is essential: this approach leads to more sustainable and responsive governance structures that harmonize with both the natural environment and the communities that rely on it. To sum up, communication between resource users is one of the main keys to overcome the tragedy: users can self organize and design institutions to overcome exploitation. According to Ostrom, this is a reaction to top-down, coercive policies, which caused devolution of governance: the power shifts to community, with its local knowledge, participation of its citizens. Besides being ecological, it is also a human-centered development.

Incorporating all elements encompassed until now, it is evident the need of embeddedness of institutions in broader ecology with insight both from socio-ecological systems (SEs) theory and political ecology, environmental justice and critical institutionalism. Focusing on SEs, Anderies⁸⁴ defined them as “social systems in which some of the interdependent relationships among humans are mediated through interactions with biophysical and non-human biological units”. Human-nature interactions are complex as they are constituted by diverse ecological systems as well diverse human systems and with the increasing loss of natural resources there is need for integrated approaches. The current problem is, as Ostrom reminds, social and natural sciences have developed separately and “finding ways to sustainably govern and manage these systems has become even more difficult”⁸⁵.

⁸⁴ Anderies J. M., Janssen, M. A. & Ostrom, E. (2004), *A Framework to Analyze the Robustness of Social-ecological Systems from an Institutional Perspective*, Ecology and Society.

⁸⁵ Ostrom E., Cox M. (2010), *Moving beyond panaceas: a multi-tiered diagnostic approach for social-ecological analysis*, Workshop in Political Theory and Policy Analysis, Indiana University, Bloomington, IN 47408, USA, p. 1-13.

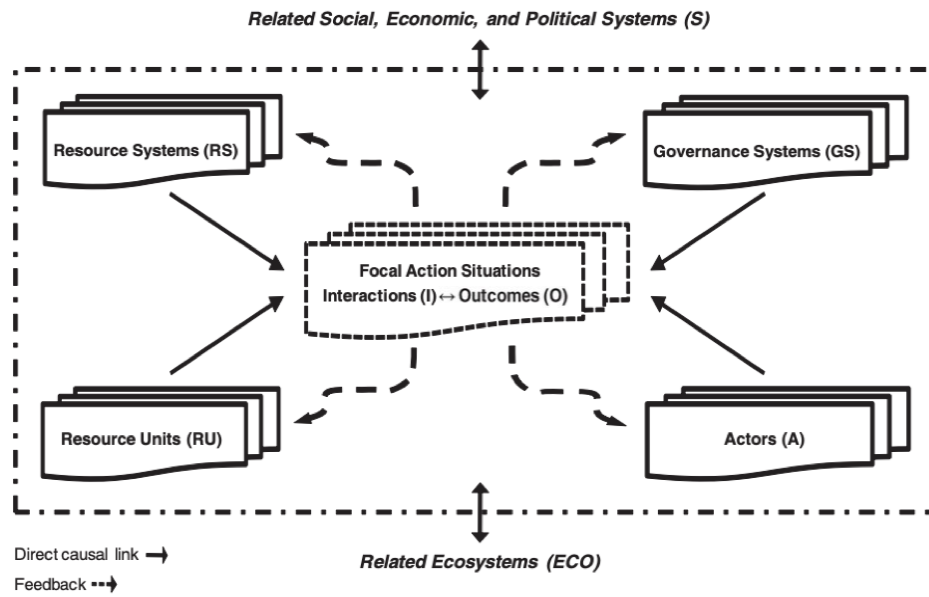


Figure 1: Revised SES framework combining the IAD and SES frameworks (Source: McGinnis 2010)

Figure 1 is very representative as it resumes in one scheme how the complex systems work⁸⁶. In principle, according to Ostrom's multilevel framework, each SES has four interlinked "components":

1. A resource system
2. The resource units
3. The users of that system or actors
4. The governance system

A concrete example to contextualize this framework can be represented by the market of lobsters:

1. The resource system is represented by the fostering of lobsters
2. The resource units are the lobsters
3. In this case, users of this system are all the relevant stakeholders who benefit from the use of those resources (breeders, companies that sell the lobsters, consumers)
4. The governance system includes both government and non-government organizations which set policies to manage the system considered.

⁸⁶ Ibidem.

All these components are relatively separable but interact to produce outcomes at the SES level, which in turn affect these subsystems and their components, as well other larger or smaller SESs.

In this scheme, diagnostic capacity is the starting point for context-specific solutions and policy recommendations: specificity is required because of multi-tiered analysis and complexity of relationships through feedback loops.

As a result, in complex adaptive systems, the whole is not only greater but also more complex than its individual parts.

Nevertheless, socio-ecological systems are not exempt from criticism and one of the main critiques is the under or insufficient analysis of governance, of its socio-political character. Above all, a deep analysis of what a community is and the identification of its responsibilities must be done as there is limited consideration of power dynamics and hierarchies⁸⁷. Therefore, what is a community? Using, a broad definition, community can be considered as a unitary spatial unit with common interests and shared views: there is an assumption of “commonness”⁸⁸ and the awareness of the need for conserving natural resources⁸⁹. Traditional resource management institutions internally derive in a community, which is interconnected with the state⁹⁰, relationships represent complex individual identities and are embedded in networks, often transnational⁹¹. As a consequence, more generally speaking, institutions are not apolitical as they are not only embedded in national and supranational power structures, but also in complex local power structures with their respective political structure and orientation. Focusing on the last one, there is an interaction between (externally) implemented policies and power relations at the local level, scientifically called devolution. However, it is not easy to identify all the analyses necessary to approve this new form of governance: it is important to incorporate social analysis, beyond ‘technical fixes’ as beyond the state there are political relations interwoven in the social fabric of society. The role of power, culture, inequalities in adaptive systems must be deeply analyzed in order to reach and

⁸⁷ Holling C. S. (2001), *Understanding the Complexity of Economic, Ecological, and Social Systems*, Ecosystems.

⁸⁸ Brockington D., Duffy R., Goes J. (2008), *Nature Unbound Conservation, Capitalism and the Future of Protected Areas*, Routledge.

⁸⁹ Agrawal A. (2003), *SUSTAINABLE GOVERNANCE OF COMMON-POOL RESOURCES: Context, Methods, and Politics*, Annual Rev. Anthropol, 32:243-62.

⁹⁰ Lund C. (2006), *Twilight Institutions: Public Authority and Local Politics in Africa*, Development and Change, International Institute of Social Studies, The Hague.

⁹¹ Hall K., Cleaver F., Franks T. et al. (2014), *Capturing Critical Institutionalism: A Synthesis of Key Themes and Debates*, Eur J Dev Res 26, 71-86.

maintain resilience. “The concept of resilience is a promising tool for analyzing adaptive change towards sustainability because it provides a way for analyzing how to maintain stability in the face of change. A resilient socio-ecological system, which can buffer a great deal of change and or disturbance, is synonymous with ecological, economic and social sustainability. One with low resilience has limited sustainability; it may not survive for a long time without flipping into another domain of attraction”⁹². In SEs “resilience determines the persistence of relationships within a system and is a measure of the ability of these systems to absorb changes of state variables, driving variables, and parameters, and still persist”⁹³. The capacity to absorb shocks is economic, social, ecological, that are sustainability pillars. Nonetheless, there is the risk of lack of consideration of the knowledge of all people involved in the interlinked political relationships, from local indigenous communities to the state⁹⁴. In conclusion, as Scoones, Sterling and other authors⁹⁵ underline, complementary lenses and dialogue between different approaches are necessary to achieve sustainability transformations and complementary includes:

- Transdisciplinarity and co-construction, that means taking diverse knowledge seriously, ranging from different subjects and levels of institutions;
- Deliberation and participation, that is considering plural pathways in governance;
- Context and perspective in politics.

At this point, it is time to consider all information provided in a greater framework: the next passage consists in referring to all things said when evaluating the best and most suitable method of common good and sustainability management approach in an economic context. As there are many ways to evaluate the impact that companies but also other entities have on the social and ecological environment, in the following chapters I would like to focus on the method that includes all features of SEs, like the systemic approach does.

⁹² Berkes F., Colding J., Folke C. (2003), *Navigating social-ecological systems. Building Resilience for Complexity and Change*, Cambridge University Press, p. 1-20.

⁹³ Holling C. S. (1973), *Resilience and Stability of Ecological Systems*, Annual Review of Ecology and Systematics, 4, 1-23.

⁹⁴ Amo-Agyemang C. (2021), *Unmasking resilience as governmentality: towards an Afrocentric epistemology*. Int Polit 58, 679-703.

⁹⁵ Scoones I. et al. (2020), op. cit.

3. From Economy of sustainability to Economy for the Common Good

In order not to misunderstand the topic of this study, some questions to elucidate the aim of this dissertation must be done: how is possible to measure the impact of companies in the market and possibly other entities to pursue a sustainable development? How can we contribute to sustainability in all its spheres and to the preservation of the common good? According to which approach should people act if the main goal is to consider sustainability in its completeness?

In the following chapters, I want to investigate from a socio-ecological perspective which is the best economic model to measure and improve the impact of economic activities.

In the field of real economy, the focus is on the tangible, productive, and non-financial sector of an economy. It includes the actual production of goods and services, the exchange of these products, and the creation of value through various economic activities. It encompasses industries such as manufacturing, agriculture, construction, healthcare, education, and services that provide tangible products and services. According to systemic approach, this economy does not “think in systems”⁹⁶. Whereas, the so-called Economy of sustainability does, as it conducts economic activities and manages resources in a way that ensures long-term ecological, social, and economic well-being. As it was presented in the last section of the previous chapter and also by Daniel Kim, “Systems attempt to maintain stability through feedback”⁹⁷. Therefore, the economy of sustainability represents a shift away from purely profit-driven economic models toward a more systemic and responsible approach as it seeks to balance economic growth with ecological and social well-being to create a more resilient and equitable economic system that can thrive over the long term. Before moving forward, at this point I would like to make a clarification, as it often happens to confuse the term “systemic” with the “holistic”. This concept challenges reductionist or atomistic views, the so-called monism⁹⁸, which suggest that complex systems can be fully understood by breaking them down into their individual components and analyzing these parts separately. In this regard, Bertrand Russell was known for his analytical philosophy, which often advocated for the reductionist approach. He believed in the importance of logic and rigorous analysis to understand complex ideas. In contrast, holism asserts that certain phenomena cannot be

⁹⁶ Kim D. (1999), *Introduction to systems thinking*. Massachusetts, Pegasus Communications.

⁹⁷ Ibidem.

⁹⁸ Cfr. Bostock D. (2012), *Russell’s Logical Atomism*, Oxford University Press.

adequately understood by isolating their individual components. Instead, it argues that these phenomena should be studied as integrated wholes, taking into account their interdependencies, context, and emergent properties. Therefore, holism and systemic thinking are related concepts that both emphasize the interconnectedness of elements within a system, but they have distinct focuses and implications: holism separate individual components to better understand the complexity, whereas systemic thinking considers the whole system but places a strong emphasis on understanding the relationships and interactions among the components, it acknowledges that these interactions can be complex and nonlinear. In addition to this, when talking of interconnectedness, holism suggests that the relationships and interactions among the components are essential for understanding the systems' behavior; while systemic thinking emphasizes the importance of identifying feedback loops, causal relationships, and dependencies among the components of a system. This often involves modeling and analyzing the dynamic behavior of systems over time. It aims to understand how changes in one part of the system can affect other parts and the overall system behavior. Above all, in this context, the most important difference to enlighten is the fact that systemic thinking is often used as a problem-solving approach, especially in complex situations: it helps identify root causes of issues and assess the impact of interventions on the entire system. In summary, both holism and systemic thinking recognize the importance of considering the whole and the interconnectedness of elements within a system. However, holism tends to focus on the system as a whole entity with emergent properties, while systemic thinking places a strong emphasis on analyzing the dynamic relationships and behaviors within the system, often for the purpose of problem-solving and decision-making.

As on this occasion the research aims to identify the most coherent and comprehensive method of assessment for companies sustainability, to better conduct this analysis I followed the systemic thinking approach because it goes deeply in the understanding of interconnectedness. In the economy of sustainability, recognizing and embracing interconnectedness is essential for making informed decisions that balance economic prosperity with environmental preservation and social well-being. It underscores the need for systemic and integrated approaches that consider the complex relationships between economic systems, ecosystems, and societies.

Does the Economy for the Common Good align to these principles? What is more innovative in its model? In the next sections I am going to go deeper into its structure and characteristics.

3.1 Does ECG adapt to current times?

The global movement Economy for the Common Good was established with the purpose of providing a more systemic economic model: “There is a growing insight in the scientific community that most of the burning problems of our times can not be resolved with the existing economic models”⁹⁹. Actually, models like Blue Economy (BE), Green Economy (GE) or degrowth approach mainly focus on one core value: for instance, BE is a global economic model dedicated to create a sustainable ecosystem by transforming previously wasted substances into profitable goods. It represents an evolution of the green economy: while the green economy aims to reduce CO2 emissions to an acceptable level, the blue economy aims for zero CO2 emissions. To achieve the goal of sustainable growth, the blue economy relies on innovation, understood as change generated by the sharing of knowledge. In particular, “Blue thinking” embraces sustainability and environmental responsibility to adapt to climate and economic changes. However, what about people and society?

Contrary to other economic models, the Economy for the Common Good works as a bridge towards a more ethical market economy, whose goal is not the increase of monetary capital, but a good life for all. In this context, human dignity, solidarity and social justice, environmental sustainability and democracy are the guiding values that make the social pillar “live again”, as it is often forgotten. These value are included in The Common Good Matrix¹⁰⁰ (CGM), which shows how these values can be lived in everyday business life: the innovative aspect of the CGM is that it is continually being developed and decided upon democratically. Once companies decide to adopt the matrix to do their Balance Sheet, they are recognized and supported by consumers, cooperation partners and common good-oriented sponsors; consequently, as compensation for their above-average performance, ECG companies are likely to receive legal advantages in taxes, loans and public contracts as well as in international trade. In this perspective, business profits serve to strengthen the companies, generate income and provide for long-term financial security of the owners and employees, but not to increase the assets of external investors. Therefore, the owners are

⁹⁹ Felber C. et al. (2023), *Beyond Growth? Alternative Models for Economic Development*, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Bonn.

¹⁰⁰ Cfr. section 3.2.

given the freedom to develop common good-oriented business practices, free from pressure to achieve the highest possible return on investment. However, what is more innovative is that the drive for economic growth decreases: opportunities for a fulfilled life become more available while preserving the planet's natural resources and chances for equal participation of all in economic and political life are increased, as the ECG model is based on human values and not only on the logic of profit. Furthermore, according to ECG, the political aspect is fundamental because all ideas for a sustainable economic order should be developed in democratic processes, decided by people as sovereign and anchored in national constitutions.

All in all, according to the Economy for the Common Good, companies' success is no longer assessed based on financial profit but rather on indicators that measure a company's contribution to the well-being of society and the environment. The authors of the framework aim to diminish the importance of profit maximization as they argue that the economic activity of a company should be more focused on meeting needs and creating value. As a result, the common good balance sheet intends to provide indicators capable of measuring not only the utility and well-being generated by the company through its economic activity but also the methods through which it conducts its activities. According to the balance sheet, the value of the company lies in the respect it has for a general set of values that transcends financial capacity. A proactive pursuit of positive objectives and values will be awarded a high score, while passive or even harmful behaviors will be given a lower or negative score. These are qualitative values, and their definition is preceded by an assessment of the consistency of the values, which have to be considered valid or not. The drawback is that the arbitrary nature is inevitable, and it is the reason why over ten years, five different matrices have been proposed, each suggesting different approaches based on accumulated experience. Nonetheless, the modifications done over the years helped the Common Good Balance Sheet (CGBS) to be more updated and aligned to the present time and policies. Briefly, I will provide an overview of the changes which CGBS has undergone until now. The first version of the Common Good Balance Sheet was conceived in 2008 and completed in August 2010, when the matrix was presented in collaboration with about a dozen of entrepreneurial entities affiliated with ATTAC¹⁰¹, an international organization that seeks to develop social, ecological, and democratic solutions to address global issues, in contrast to the neoliberal

¹⁰¹ Association for the Taxation of Financial Transactions and for Citizens' Action.

approach¹⁰². In the first version, the balance sheet's concept was already developed following the same structure as the current model: a table with “basic values” on the horizontal axis, considered indispensable objectives for a company adopting the Common Good Balance Sheet. Whereas, the vertical axis represents stakeholders who have an active or passive influence on these values. Fifty indicators were defined to be placed in the intersections, each representing a different approach that each stakeholder develops toward the values on the horizontal axis. Although with significant differences, this model was maintained in all subsequent approaches. In January 2011, the second version of the balance sheet was proposed. By that time, the number of companies interested in the project had risen to 150, with 70 of them adopting version 2.0 of the balance sheet. However there was an excessive number of indicators to consider, which convinced pioneering companies to reduce the number of evaluation criteria from 50 to 18. This led to the creation of version 3.0 of the balance sheet on June 30th of the same year. In 2012, Christian Felber gave a presentation at the Festival of Economics¹⁰³ in Trent, Italy, introducing the Italian edition of his book *The Economy of the Common Good. An Economic Model with a Future*. The presentation garnered some interest, and procedures began for the establishment of an EBC federation in Italy. The federation was officially established in 2013, and starting from the fourth version, the balance sheet was implemented for the first time by Italian companies. The current (and latest) version 5.0 follows the same structure as the fourth one but with an important difference in the indicators: the matrix grid associates each stakeholder of the company with a macrotheme, which represents a set of values that the company must refer to its behaviors towards each stakeholder. There are now four reference macro themes and five stakeholders: this establishes a direct correspondence between stakeholders, macro themes, and indicators¹⁰⁴.

To sum up, the economic model proposed by ECG has changed over time to adapt to changes and the evolving context, being recognized at the European level: in 2015 the European Economic and Social Committee (EESC) approved an opinion on the Economy for the Common Good with an 86% majority during its plenary session. This vote outcome also conveyed a clear message to the European Commission: within the context of the renewed

¹⁰² ATTAC. URL:

https://en.wikipedia.org/wiki/Association_for_the_Taxation_of_Financial_Transactions_and_for_Citizens%27_Action.

¹⁰³ Translation from the original “Festival dell’economia”, Trento. URL: <https://www.festivaleconomia.it/it>.

¹⁰⁴ Cfr. Figure 1.

non-financial reporting strategy, companies that can demonstrate higher ethical performance should be incentivized. In response to a request from the European Commission, the EESC provided an explanatory opinion on New Sustainable Economic Models in 2017. This opinion mentioned the ECG twice and referred back to the 2015 opinion.

Exactly in 2017 the turning point happened: in accordance with the EU Non-Financial Reporting Directive (2014/95/EU)¹⁰⁵ large scale companies are now required to disclose non-financial information. The objective of this directive is to increase the transparency of an organization's business activities, and the impact they have, especially with regard to environmental, social and employee-related matters. It is hoped that the benefits of non-financial reporting, mandatory for large scale organizations, will have a positive impact on small and medium-sized enterprises as well. The directive requires European Union Member States to transpose the rules into their national legislation. In preparation for this, the Common Good Economy presented its Common Good Balance Sheet to the federal legislature of Austria and Germany as an example of effective reporting¹⁰⁶.

As it was founded in 2010, ECG movement was quite innovative because it was able to foresee the necessity to transform the economy in order to move forward a sustainable future. The only difference is the size of organizations as ECG allows also small and medium companies to write sustainability reports.

Therefore, the “revolution” started and ECG was ready: in 2017, the association's model was recognized not only at European level, but also globally when the United Nations Development Programme invited the Economy for the Common Good for the first time to present its concept. In 2019, the ECG model is mentioned in an UNRISD¹⁰⁷ Working Paper “Sustainable Development Impact Indicators for Social and Solidarity Economy”.

In addition to this, going back to a national level, political decisions and legislation in support of ECG can already be found in several countries¹⁰⁸. Precisely, Christian Felber was invited in 2016 to the German Bundestag as an expert on the European Union's Non-Financial

¹⁰⁵ EU Non-Financial Reporting Directive (2014/95/EU). URL:

<https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32014L0095&from=EN>.

¹⁰⁶ Cfr. ECG official website. URL: <https://www.ecogood.org/what-is-ecg/political-impact-and-initiatives/>.

¹⁰⁷ United Nations Research Institute for Social Development. URL: <https://www.unrisd.org/en>.

¹⁰⁸ Cfr. ECG official website. URL: <https://www.ecogood.org/what-is-ecg/political-impact-and-initiatives/>.

Reporting Directive. In 2019, the first motion in a national parliament was submitted by the German Green Party to the Bundestag in Berlin.

All things considered, the ECG transformative model has been able to improve, adapt but also to anticipate EU directives, being ready to be adopted by companies. Indeed, more recently, European Union amended and updated the NFRD (Non-Financial Reporting Directive) with CSRD (Corporate Sustainability Reporting Directive)¹⁰⁹, by expanding the scope of covered companies, but also by broadening the reporting requirements to include environmental considerations. More precisely, the directive says: “In its communication of 11 December 2019 entitled ‘The European Green Deal’ (the ‘Green Deal’), the European Commission made a commitment to review the provisions concerning non-financial reporting of Directive 2013/34/EU of the European Parliament and of the Council¹¹⁰. [...] The Green Deal aims to decouple economic growth from resource use, and ensure that all regions and Union citizens participate in a socially just transition to a sustainable economic system whereby no person and no place is left behind. It will contribute to the objective of building an economy that works for the people, strengthening the Union’s social market economy, helping to ensure that it is ready for the future and that it delivers stability, jobs, growth and sustainable investment. These goals are especially important considering the socio-economic damage caused by the COVID-19 pandemic and the need for a sustainable, inclusive and fair recovery”¹¹¹. In the text just reported above, the social dimension is mentioned as a field, whose wellb-eing must be improved together with economic growth and environment protection. As a consequence, the Common Good Balance Sheet suits perfectly to the recent European directives.

When talking about the adaptability of the Economy for the Common Good model, another recent official document should be taken into consideration: The Encyclical Letter “*Laudato si*”, which was written by Pope Francis during his third year of pontificate and published in

¹⁰⁹ Corporate Sustainability Reporting, DIRECTIVE (EU) 2022/2464 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 14 December 2022, it will be applied from January the 1st 2024. URL: <https://eur-lex.europa.eu/eli/dir/2022/2464/oj>.

¹¹⁰ Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC.

¹¹¹ Cfr. Note 110.

2015. An encyclical is a public letter from the Pope that addresses and elaborates on a topic, often in the context of current events.

Its content is worthy to be mentioned as it expresses the needs of the present period and even if in a religious context, the text deals with a very current topic. In his letter, which addresses the cure of the so-called “Common home”, which is nothing else than the planet and its common resources, the Pope discusses the communion between humans and environment. Every damage against the environment harms also the people. In this document all the three pillars of sustainability are taken into consideration, especially the social dimension. The interconnection between the Earth’s environmental crisis and humanity’s social crisis is defined by Pope Francis “integral ecology”¹¹²: to be truly comprehensive, ecology should consider both “human and social dimensions” not separately but in their interaction with the environment. Exactly, the chapter 4 of the encyclical is divided into five sections that are very representative and aligned to the issues tackled by ECG movement:

1. Environmental, economic and social ecology
2. Cultural ecology
3. Ecology of everyday life
4. The principle of common good
5. Justice for future generations.

All the paragraphs in the chapter delve into themes also expressed in ECG vision, but more generally into all dimensions of sustainability with reference to Brundtland Report. Furthermore, in “integral ecology” it is argued that humans are part of a broader world and that we must consider “comprehensive solutions that consider the interactions of natural systems with each other and with social systems” (LS 139). In other words, a systemic approach is suggested also in the Encyclical: the study of ecosystems is well-known in ecological science, integral ecology expands this paradigm by considering the ethical and spiritual dimensions of the relationship between humans and the natural world, drawing on culture, family, community, virtues and respect for the common good. Going more deeply in its content, *Laudato si’* begins with listing all environmental problems faced today from pollution to biodiversity loss and global inequality. Subsequently, it explores societal attitudes and ideologies that have caused environmental problems: these include the reckless use of technology, the tendency to manipulate and control nature, a view of humans as a species

¹¹² Title of Chapter 4 of the Encyclical.

separate from the environment, and limited economic theories. As aforementioned, the separation of the social sphere from the economic and environmental ones was overcome by the strong-weak sustainability discourse. Reminding the two approaches, also the Encyclical supports a strong sustainability approach: the natural capital is not substitutable but affected by human activities which require international political agreements and regulations.

In this section, without claiming to be exhaustive, I presented two important and different institutions that gathered in their documents issues encompassed also by the Economy for the Common Good. To conclude, it is possible to deduce that in all its dimensions ECG encompasses very current themes, providing a useful tool ready to be used to move toward a more sustainable way of living.


3.2 The matrix of the Common good for Companies and organizations: a systemic approach


Once understood the vision and the mission of the movement, to arrive at the core of ECG it is essential to explain more deeply the matrix and its indicators, which the Common Good Balance Sheet is based on. The Common Good Matrix 5.0 is an open-source tool for transformation: being the matrix created by different partners and addressed to different companies and organizations, ECG movement decided to publish and share this tool through the license of Creative Commons (CC)¹¹³. Creative Commons is a non profit organization that helps to overcome legal obstacles to the sharing of knowledge and creativity. The licenses it provides are contracts through which the copyright holder grants permission to a general public of indefinite subjects to use the work. The licensor does not transfer their rights but allows third parties to enjoy them under certain conditions. Even though created by a third party (i.e., the non-profit organization of the same name) Creative Commons licenses become effective when the work is used according to the terms set by the specific license chosen by the copyright holder. Among the different types of licenses provided by CC, the Common Good Matrix was published with “Attribution-ShareAlike 4.0 International” license. In this way, the matrix can be used under the following terms: this license enables reusers to distribute, remix, adapt, and build upon the material in any medium or format, so long as attribution is given to the creator. The license allows for commercial use. If users remix,

¹¹³ Creative Commons. URL: <https://creativecommons.org/>.

adapt, or build upon the material, they must license the modified material under identical terms.

To sum up, CC BY-SA includes the following elements:

BY  : Credit must be given to the creator

SA  : Adaptations must be shared under the same terms¹¹⁴.

Before going deeper in the matrix presentation, I wanted to specify how it was published as, in my opinion, the choice of CC was very innovative and coherent with ECG purpose: collaboration is an intrinsic feature of the licenses provided; all kinds of licenses provided by Creative Commons encourage collaboration and sharing of creative works. They promote accessibility and favor the availability of a wide range of educational and cultural resources that might otherwise be restricted by traditional copyright. Above all, CC licenses align with the principles of commons-based peer production, which is a collaborative model where people work together to create and share resources collectively. This is the reason why I wanted to underline the nature of this publishing method, because of the cooperation underneath it that will be found also before the publication of every Common Good Balance Sheet.

¹¹⁴ CC BY-SA. URL: <https://creativecommons.org/licenses/by-sa/4.0/deed.en>.

MATRICE DEL BENE COMUNE 5.0

VALORE	DIGNITÀ UMANA	SOLIDARIETÀ E GIUSTIZIA SOCIALE	SOSTENIBILITÀ AMBIENTALE	TRASPARENZA E CONDIVISIONE DELLE DECISIONI
PORTATORE D'INTERESSE				
A: FORNITORI	A1 Condizioni di lavoro dignitose lungo la filiera A1.1 Condizioni di lavoro e impatto sociale lungo la filiera A1.2 Violazione della dignità umana lungo la filiera (NEG)	A2 Solidarietà e giustizia sociale lungo la filiera A2.1 Relazioni commerciali eque nei confronti dei fornitori diretti A2.2 Influenza positiva su solidarietà, equità e giustizia sociale lungo l'intera filiera A2.3 Abuso del potere di mercato nei confronti dei fornitori (NEG)	A3 Sostenibilità ambientale lungo la filiera A3.1 Impatti ambientali lungo la filiera A3.2 Impatti ambientali eccessivi lungo la filiera (NEG)	A4 Trasparenza e condivisione delle decisioni lungo la filiera A4.1 Trasparenza verso i fornitori e diritto ad essere coinvolti A4.2 Influenza positiva sulla trasparenza e la condivisione delle decisioni lungo l'intera filiera
B: PROPRIETARI E PARTNER FINANZIARI	B1 Finanziamento etico dell'impresa B1.1 Autonomia finanziaria attraverso l'autofinanziamento B1.2 Fonti di finanziamento esterne orientate al bene comune B1.3 Approccio etico dei finanziatori esterni	B2 Approccio equo e solidale all'utilizzo degli utili B2.1 Impiego degli utili solidale e orientato al bene comune B2.2 Distribuzione iniqua degli utili (NEG)	B3 Investimenti socio-ambientali e impiego degli utili B3.1 Qualità ambientale degli investimenti B3.2 Investimenti orientati al bene comune B3.3 Dipendenza da risorse con impatto ambientale rilevante (NEG)	B4 Proprietà e condivisione delle decisioni B4.1 Struttura della proprietà orientata al bene comune B4.2 Scalata ostile (NEG)
C: LAVORATORI	C1 La dignità umana sul luogo di lavoro C1.1 Cultura organizzativa orientata ai lavoratori C1.2 Promozione della salute e sicurezza sul luogo di lavoro C1.3 Pari opportunità e diversità C1.4 Condizioni di lavoro inadeguate (NEG)	C2 Welfare aziendale, retribuzione e organizzazione del lavoro C2.1 Strutturazione della retribuzione C2.2 Organizzazione dell'orario di lavoro C2.3 Organizzazione del rapporto di lavoro e conciliazione vita-lavoro C2.4 Contratti di lavoro ingiusti (NEG)	C3 Promozione di una cultura e di un comportamento ecosostenibile dei lavoratori C3.1 Alimentazione in orario di lavoro C3.2 Mobilità verso il luogo di lavoro C3.3 Cultura organizzativa basata sulla consapevolezza di un approccio ecologico C3.4 Sprechi e pratiche dannose per l'ambiente (NEG)	C4 Condivisione delle decisioni e trasparenza nell'organizzazione C4.1 Trasparenza nell'organizzazione C4.2 Legittimazione del management C4.3 Coinvolgimento dei lavoratori C4.4 Impedimento della rappresentanza sindacale (NEG)
D: CLIENTI E CONCORRENTI	D1 Relazioni etiche con i clienti D1.1 Relazioni etiche con i clienti D1.2 Assenza di barriere D1.3 Attività di marketing e comunicazione non etiche (NEG)	D2 Cooperazione e solidarietà con i concorrenti D2.1 Cooperazione con i concorrenti D2.2 Solidarietà con i concorrenti D2.3 Abuso di posizione dominante sul mercato nei confronti dei concorrenti (NEG)	D3 Impatto ambientale dell'utilizzo e del fine vita di prodotti e servizi D3.1 Rapporto costi/ benefici ambientali di prodotti e servizi (efficienza e circolarità) D3.2 Utilizzo moderato di prodotti e servizi (sufficienza) D3.3 Accettazione intenzionale di un impatto ambientale eccessivo (NEG)	D4 Partecipazione dei clienti e trasparenza dei prodotti D4.1 Partecipazione dei clienti, co-progettazione dei prodotti e servizi e ricerche di mercato D4.2 Trasparenza dei prodotti e servizi D4.3 Assenza di indicazioni sulle sostanze pericolose (NEG)
E: CONTESTO SOCIALE	E1 Senso e impatto dei prodotti e servizi sulla società E1.1 Prodotti e servizi soddisfano i bisogni umani fondamentali e contribuiscono ad una buona vita E1.2 Impatto dei prodotti e servizi sulla società E1.3 Prodotti e servizi non etici (NEG)	E2 Contributo dell'organizzazione alla collettività E2.1 Imposte e oneri sociali E2.2 Contributi volontari a favore della collettività E2.3 Evasione ed elusione fiscale (NEG) E2.4 Mancata prevenzione della corruzione (NEG)	E3 Riduzione dell'impatto ambientale E3.1 Impatti assoluti e strategie di gestione E3.2 Impatti relativi E3.3 Violazioni dei requisiti ambientali e impatto ambientale elevato (NEG)	E4 Trasparenza e coinvolgimento degli stakeholder E4.1 Trasparenza E4.2 Coinvolgimento del contesto sociale E4.3 Mancanza di trasparenza e informazioni deliberatamente errate (NEG)

Descrizioni dettagliate degli indicatori si trovano nel "Manuale del bilancio del bene comune" presente sul sito www.economia-del-bene-comune.it



Table 2: same matrix of Figure 1, but in Italian and enriched with all the subsections of every theme. URL: https://www.economia-del-bene-comune.it/wp-content/uploads/2020/02/MatriceEBC_5_0_IT_02.pdf

As I mentioned in the previous chapters, the CGM is built on 4 main value systems that guide companies in the writing of their report. Then, 5 groups of stakeholders refer to every value and the product of every intersection (4 macro themes with 5 stakeholder) is constituted by 20 indicators which evaluate how the stakeholders approach every macro theme.

In accordance with the corporate policies, an evaluation level will be attributed to every theme (or indicator) depending on the actions and activities made by the company.

To begin with, there are five score levels:

1. Baseline (0): the organization respects the current regulations in force;
2. Getting started (1): the theme is examined and strategies or possible improvements are identified;
3. Advanced (2-3): first measures and experimentations are realized on one (or more) theme;
4. Experienced (4-6): first measures and studies on one (or more) theme became steady policies and actions, which are systematically adopted by the company;

5. Exemplary (7-10): one (or more) theme is the core identity and strategy of the company and it is dealt in a creative and innovative way.

The overall score derives from a weighted sum of the different scores according to factors like:

- The company dimensions: the number of employees;
- The financial flows with the different stakeholders (suppliers, investors, employees);
- Social risks in the origin countries of the raw materials;
- Sector and ecological / social risks related to it.

Already from the matrix score and its factors, it is possible to observe the systematic approach that measures the impact of a company on the common good, which includes interconnected systems as the last of the bullet points shows. Furthermore, as I anticipated before with CC, also the valuation follows an innovative process: first of all, the organization self-assesses, that is an internal audit which assigns a score to every theme. In addition to this, there are two external audits. The first is a peer assessment in which companies that chose to do the CGBS evaluate each other; whereas the second audit involves experts and consultants of the movement of ECG. In particular, the peer evaluation is a useful moment as different organizations (usually not more than four companies that have a maximum of 30 employees) rate each other with the supervision and chairing of ECG consultants. This is the reason why it can be considered a bottom-up process because the score is not assigned by experts from the top but a meeting is realized between organizations, members of the movement, which agree on a score after an exchange of experiences, visions with respective values. Nonetheless, procedures of control are often objects of critiques as there must be someone in charge of approving the Common Good Balance Sheet. According to Felber, the setting of the report is valid enough to guarantee advanced forms of self-control on the part of those who adopt it, as it is the same corporate perspective that shifts from a profit maximization goal to one of common good maximization¹¹⁵. For space and theme reasons, I will not go deeper in the auditing explanation¹¹⁶. Above, I wanted to provide a general framework to understand how the matrix works and consequently how the balance sheet is evaluated according to its indicators.

¹¹⁵ Felber C. (2012), *L'economia del bene comune. Un modello economico che ha futuro*, Tecniche Nuove.

¹¹⁶ Cfr. guidelines for ECG auditing. URL: <https://www.economia-del-bene-comune.it/wp-content/uploads/2021/08/audit-linee-guida-internazionale.pdf>.

During this procedure of non-financial reporting, the matrix works as a guide, a reference of all important themes that must be considered to improve towards sustainability: analyzing organizations' business through the themes of the matrix allows a systemic evaluation of the creation of environmental, social, and economic values in the organization.

The output of the matrix fulfillment is a narrative report and a valuation certificate of the company contribution to the common good (a total score that goes from 0 to 1000, which includes both the score for every value and stakeholder). In order to better guarantee the most positive impact as possible to the common good, the matrix structure was studied to allow for some flexibility so that organizations can contribute to the ongoing development of the matrix. In this way, it encourages organizations to find means and ways to live the values of the common good. To do this, it is important to ask for each theme how to best maximize value X in relation to stakeholder Y. The Matrix provides concrete guidance for consensus-based decision-making but offers only implementation examples such as "systemic consensus". This approach allows companies room for creativity and innovation, while EBC auditors have flexibility in the validation and verification process¹¹⁷.

In the introduction I provided a brief explanation of the four values that are at the core of the ECG model and that drive the decisions of the organization which is a member of the movement. Can those values be the drivers for a shift from the Economy of sustainability to a more comprehensive Economy for the Common Good?

Human dignity, Solidarity and Social Justice, Environmental Sustainability, Transparency and Co-determination, when intersecting with the five stakeholder categories, maximize the contribution that each theme can provide to the Common Good. By doing so, the strategies adopted by the organization promote one or more Sustainable Development Goals of Agenda 2030¹¹⁸, as shown in Table 3.

¹¹⁷ In chapter 4, a case study will be presented.

¹¹⁸ Cfr. Kasper M., Hofielen G. (2023), *Businesses act for the Common Good and the SDGs*, Humanistic Management Practices gGmbH, gwoe.17plus.org.



Table 3: From ECG official website. URL: <https://www.ecogood.org/apply-ecg/sustainable-development-goals/>

A study conducted by the University of Bremen, Germany, demonstrates that the ECG model and its assessment tool, the Common Good Balance Sheet (CGBS), provide an ambitious approach to implement the SDGs and support strategic business management thanks to its matrix themes that encompass at least one SDG each¹¹⁹. ECG matrix makes organizations follow a ‘do-good’ approach, which requires an active and comprehensive examination of all the SDGs. “Companies who follow this approach apply their resources, expertise and innovative capabilities towards supporting the SDGs and are clearly acknowledging the development goals. In addition, they become transparent with regard to their business activities by accounting for their social, economic and ecological impact”¹²⁰. In the guidelines provided by Kasper and Hofielen¹²¹, the authors affirm that “The holistic corporate view of the CGBS corresponds very well with the interdependent character of the SDGs. It shows companies to what extent negative social, economic and environmental impacts can be reduced or positive impacts can be improved”. In this quotation I would only correct the term “holistic”, as I already explained at the beginning of chapter 3; apart from that, it is correct to

¹¹⁹ Giesenbauer B., Müller-Christ G. (2018), *Die Sustainable Development Goals für und durch KMU Ein Leitfaden für kleine und mittlere Unternehmen*, Fachgebiet Nachhaltiges Management, Universität Bremen.

¹²⁰ Kasper M., Hofielen G. (2023), op.cit.

¹²¹ Ibidem.

say that in the Common Good Balance Sheet it is possible to measure and compare the impact through the monitoring of the different themes, over the years. At least one SDG is addressed within each Common Good theme, and in principle several SDGs tend to be addressed, as shown in table 3. The corporate practices in the Common Good themes A1 “Human dignity in the supply chain“, B3 “Use of funds in relation to the environment“ and E3 “Reduction of environmental impact“ make a particularly significant contribution to the implementation of the SDGs (nine SDGs are addressed). A strong contribution in these three themes firstly improves the social and environmental sustainability of the economy in the Global North and requires steps toward sufficiency, secondly as a consequence it improves the standard of living in the Global South, and thirdly it correlates with the protection of the planetary boundaries that mark the ecological foundations for human life on our planet. The following outline shows the extent to which a range of topics from the CGBS can promote one or more of the SDGs, when the corresponding ECG activities are fulfilled¹²².

As a whole thesis would be necessary to explain every theme of the matrix associated with the SDGs and having already presented the categories of the matrix, I will now focus on the three themes I mentioned above to provide an example (A1, B3, E3).

In the first place, there is the theme A1: Human dignity in the supply chain. It derives from the intersection of the value of human dignity and suppliers: all goods and services purchased by a company have an associated impact on society, which can be either positive or negative. Among these, one of the most important is the working conditions of all employees in the supply chain and companies are responsible for the well-being of all people, including its suppliers and subcontractors. According to this theme, an ECG company purchases goods and services that are provided under ethical and fair conditions. In addition to this, it is alert to risks in the supply chain where the violation of human dignity is a common occurrence. Besides that, it also actively promotes behavior in the supply chain that respects human dignity in order to have a wider positive impact on this aspect¹²³. Ensuring dignity in the supply chain means also ensuring human needs and rights are guaranteed and protected. As a consequence, A1 covers all the SDGs that tackles human dignity in all its facets: SDG 1, 2, 4, 5, 6, 8. Also B3 theme, “use of funds in relation to social and environmental impacts” tackles many SDGs in its strategy. The move towards an environmentally sustainable society

¹²² Ibidem.

¹²³ Cfr. Workbook FULL balance sheet 5.0 Publisher: The Matrix Development Team. URL: https://www.ecogood.org/wp-content/uploads/2020/04/ecg_full_balance_sheet_workbook.pdf.

requires a review of environmental issues in all investments, in particular the targeted allocation of revenue into highly effective environmental investments. In the case of corporations, investment should be considered across the group, both in socio-environmental projects or financial services. Their impact often applies in both areas, social as well as environmental, and can be considered together. This is the reason why SDG 7, 8, 11, 13, 14, 15 should be addressed by ECG organizations. To conclude, E3 “reduction of environmental impact” is another representative theme: companies can make a substantial contribution to limit excesses against our planet by changing their internal production, manufacturing and operation processes, and thereby reducing their environmental impact. The focus here should be on the internal procedures between taking possession of primary products, and delivery of the final product to the client. Product design can also contribute to reduce this impact¹²⁴.

More precisely, an ECG company should describe the life cycle of its products and services within the company and collect their environmental impact. Generally, it actively addresses the environmental impact of its core activities, reducing any negative environmental impact, and designing its procedures to be resource-efficient, economical and low in harmful substances. To better and wider achieve this goal, the organization shares its knowledge and improvements within the industry and other stakeholders. In this context, goal 7 is covered again, together with 3, 6, 12, 14, 15, 17. As a result, all themes in the CGM (Common Good Matrix) are not only important but necessary, working interdependently, to reach as many Sustainable Development Goals as possible.

In conclusion, considering the alignment of ECG organizations with the SDGs that I tried to illustrate above, it is important to link this discourse with the EU directive in order to really comprehend the reason why the Economy of the Common Good suits perfectly with the European sustainability objective. “The Directive 2014/95/EU represents one of the main innovations introduced by the European Commission to encourage large companies to disclose their contribution to sustainable development. [...] Academics and policymakers agreed on the need to rethink mandatory non- financial reporting to enhance the contribution to the 2030 Agenda. In fact, despite a quantitative increase in the overall number of non financial reports published yearly in Europe, only a limited number of companies explicitly

¹²⁴ Cfr. Full Balance Sheet 5.0. URL: [ecg_full_balance_sheet_workbook.pdf](#).

disclose information about their contribution to the SDGs”¹²⁵. In his work, Pizzi and other authors investigate the inclusion of SDGs in non financial reports of European companies: they based their analysis on a study conducted by Nilsson et al. (2016)¹²⁶. In particular, in their empirical study they affirm that “The comprehension of the interlinkages between SDGs requires a holistic¹²⁷ approach based on the integration of different dimensions within the analysis. [...] The current debate on SDG reporting practices is characterized by an overall lack of empirical insights about the interlinkages between goals (Bebbington & Unerman, 2020)”¹²⁸. This testimony is useful to enhance the fact that the matrix and the model proposed by ECG encompass the Sustainable Development Goals, enlightening the relationship between them and the companies’ actions. This makes it possible to better understand the effort and the impact of the organization that writes a non financial report on the common good.

On the whole, adopting the Common Good Balance Sheet as a model, the narrative translation of the matrix fulfillment, individual organizations can contribute to systematically achieve more goals as possible, maximizing their range of action positive for people and the environment. Precisely, the matrix is a systemic, innovative and always on-going tool improvement that permits to adapt and make the organization more competitive from a common-good (sustainable) point of view.

3.3 Economy for the Common Good: is it only about economics?

The Economy for the Common Good originated from a “necessity”, the necessity to transform the traditional aim and function of the economy to better integrate it with the environmental and social spheres. In the context of non-financial and sustainability reporting, ECG model of balance sheet represents one among many other solutions¹²⁹ to disclose companies’ contribution to sustainable development. The starting point to achieve this goal is

¹²⁵ Pizzi S. et al. (2021), *Voluntary disclosure of Sustainable Development Goals in mandatory non-financial reports: The moderating role of cultural dimension*, Journal of International Financial Management & Accounting published by John Wiley & Sons Ltd.

¹²⁶ Cfr. Nilsson M., Griggs D. & Visbeck M. (2016), *Policy: Map the interactions between Sustainable Development Goals*.

¹²⁷ Cfr. chapter 3. As explained above, in this work the term “holistic” is substituted with “systemic”.

¹²⁸ Pizzi S. et al. (2021), op. cit.

¹²⁹ Other models of non-financial reports are explored in chapter 4.

the financial situation of the organization: in accordance with EU directive 2022/2464¹³⁰ Public interest companies or large corporate groups have to present a non-financial report if they have the following characteristics: a (financial) balance sheet exceeding 20 million euros, or net sales and revenues exceeding 40 million euros and a personnel with more than 500 employees. Besides that, currently also the following entities are obligated to report on non-financial matters:

- Benefit Companies are obligated to publish an annual “Report on the Pursuit of Common Benefit Objectives” (Law 208/2015, sections 376-384, and attachments 4 and 5);
- Third Sector Entities with more than 1 million euros in revenue and all Social Enterprises are required to publish an annual Social Balance Sheet (Legislative Decree 117/2017)¹³¹.

Focusing on certain large companies that aim at the disclosure of non-financial information, “Directive 2014/95/EU introduced a requirement on companies to report information on, as a minimum, environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters”¹³². With regard to those topics, information under the following reporting areas has to be provided: business model, policies, including due diligence processes; the outcome of those policies, risks and risk management and the key performance indicators relevant to the business. Attention must be paid as the economic factor of an organization is relevant to guide it in the procedure of reporting. Therefore, economics and market factors work as a starting point, a reference for the sustainable report as bigger organizations usually have bigger impacts. Despite this, the balance sheet is part of a greater sustainability discourse. How can companies with bigger profit and more employees contribute to the environmental and social well-being? Are they able to maximize the positive impact they can have on people and ecology? The focus is on the broader contribution that organizations can provide to achieve the goals listed in Agenda 2030. Coherently, when examining the name of the report, “many stakeholders consider the term ‘non-financial’ to be

¹³⁰ Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting. URL: <http://data.europa.eu/eli/dir/2022/2464/oj>.

¹³¹ Using Common Good Balance Sheets for non-financial reporting. URL: <https://www.economia-del-bene-comune.it/imprese/>.

¹³² Cfr. note 131.

inaccurate, in particular because it implies that the information in question has no financial relevance. Many organizations, initiatives and practitioners in the field of sustainability reporting refer to ‘sustainability information’. It is therefore preferable to use the term ‘sustainability information’ in place of ‘non-financial information’¹³³.

As regards social sustainability information, the EU directive underlines that “if companies do better sustainability reporting, the ultimate beneficiaries would be individual citizens and savers, including trade unions and workers’ representatives who would be adequately informed and therefore able to better engage in social dialogue”¹³⁴. As a result, all citizens would benefit from a stable, sustainable and inclusive economic system. To realize such benefits, the sustainability information disclosed in the annual reports of organizations first has to reach two primary groups of users. The first group of users consists of investors, who want to better understand the risks and opportunities that sustainability issues pose for their investments and the impacts of those investments on people and the environment. The second group of users consists of civil society actors, including non-governmental organizations and social partners, which wish to better hold undertakings to account for their impacts on people and the environment. Other stakeholders might also make use of sustainability information disclosed in annual reports, in particular to foster comparability across and within market sectors¹³⁵. The increase in demand for sustainability information is also driven by the growth in investment products that explicitly seek to meet certain sustainability standards or achieve certain sustainability objectives and to ensure coherence with the ambition of the Paris Agreement under the United Nations Framework Convention on Climate Change adopted on 12 December 2015 (the ‘Paris Agreement’), the UN Convention on Biological Diversity and Union policies.

Certainly, the COVID-19 pandemic has further accelerated the increase in users’ information needs, in particular as it has exposed the vulnerabilities of workers and undertakings’ value chains and the ECG balance sheet dedicates a lot of space to this, as seen in the previous section. Information on environmental impacts is also relevant in the context of mitigating future pandemics, with human disturbance of ecosystems being increasingly linked to the occurrence and spread of diseases¹³⁶.

¹³³ Ibidem.

¹³⁴ Ibidem.

¹³⁵ Ibidem.

¹³⁶ ECG official website. URL:

https://www.economia-del-bene-comune.it/wp-content/uploads/2020/12/Statement_postCovid19_EBC_IT.pdf.

To begin with the social dimension, when disclosing information on social factors¹³⁷, organizations have to include working conditions, social partner involvement, collective bargaining, equality, non-discrimination, diversity and inclusion, and human rights. Such information should cover the impacts of the companies on people, including workers, and on human health. Sustainability reporting requirements concerning forced labor should not free public authorities of their responsibility to address, through trade policy and diplomatic means, the import of goods produced as a result of human rights abuses, including forced labor. Organizations should also be able to report on possible risks and trends regarding employment and incomes. In addition to this, Member States should ensure that sustainability reporting is carried out in compliance with workers' rights to information and consultation. The management of the company should therefore inform workers' representatives at the appropriate level and discuss with them relevant information and the means of obtaining and verifying sustainability information. This implies the establishment of dialogue and exchange of views between workers' representatives and central management or any other level of management that could be more appropriate, at such times, in such fashion and with such content as would enable workers' representatives to express their opinion. Their opinion should be communicated, where applicable, to the relevant administrative, management or supervisory bodies.

Finally, sustainability reporting standards should also take account of internationally recognised principles and frameworks on responsible business conduct, corporate social responsibility, and sustainable development, including the SDGs, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance for Responsible Business Conduct and related sectoral guidelines, the Global Compact, the International Labour Organization's (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the ISO 26000 standard on social responsibility, and the UN Principles for Responsible Investment. Nonetheless, certain information on intangible resources is intrinsic to sustainability matters, and should therefore be part of sustainability reporting. For example, information about employees' skills, competences, experience, loyalty to the undertaking and motivation for improving processes, goods and services, is sustainability information regarding social matters that could also be considered as information on intangible resources. Likewise,

¹³⁷ Cfr. Regulation (EU) 2019/2088. URL: <http://data.europa.eu/eli/reg/2019/2088/oj>.

information about the quality of the relationships between the company and its stakeholders, including customers, suppliers and communities affected by the activities of the organization, is sustainability information relevant to social or governance matters that could also be considered as information on intangible resources. Such examples illustrate how in some cases it is not possible to distinguish information on intangible resources from information on sustainability matters¹³⁸.

In this section, I reported some extracts of the EU directive 2022/2464, which I found relevant to provide the regulations context of the topic approached in this work. After presenting the proposals towards sustainability (Chapter 2), it should be easier to identify that systematicity is required in order not leave any aspect behind, especially when dealing with the social pillar of sustainability. In this field, the Economy for the Common Good has been innovative and anticipatory as its matrix structure, with its values and stakeholders intersections, encompasses all the dimensions, as reported in Figure 4.

D. Lgs. 254/2016	Corrispondenza nella "matrice e nel Bilancio EBC"
Ambientali	A3; B3; C3; D3; E3
Sociali	A1; A2; A4; B1; B2; B4; C1; C2; C4; E1; E2; E4
Personale	C1; C2; C3; C4
Diritti umani	A1; B1; C1; D1; E1
Lotta alla corruzione attiva e passiva	E2; B2; B4

Table 4: Avesani M. (2020), *Comunicazione di informazioni di carattere non finanziario (EX D. LGS. 254/2016) E MATRICE DEL BENE COMUNE*, Federazione per l'Economia del Bene Comune Italia, <https://www.economia-del-bene-comune.it/>

The table above shows the correspondence between the themes tackled in D. Lgs. 254/2016 (environmental, social, personnel, human rights, fight against active and passive corruption) and those in the ECG matrix. It is exemplary as it collects all the issues listed in the EU directive, which was born later than the ECG model.

¹³⁸ Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting.

In addition to this, the ECG movement clarifies the contribution of companies associated with the SDGs adopted by the United Nations¹³⁹. This is neither obvious nor mandatory according to Directive 2022/2464/EU, which does not state that it is compulsory to mention or make references to them in companies' non-financial balance sheets. In this regard, Pizzi's research¹⁴⁰ revealed that "companies operating in institutional contexts characterized by long-term orientation and an adequate degree of balance between indulgence and restraints are more oriented to disclose their contributions to the SDGs". Consequently, it may be useful to consider cultural dimensions in policymaking and standard-setting to encourage large companies to voluntarily disclose their contribution to 2030 Agenda¹⁴¹. In this sense, integrating SDGs into non-financial reports could be a tool to engage more effectively with stakeholders. Furthermore, referencing the SDGs will also represent a way to signal the orientation toward sustainable development "in a competitive environment characterized by the coexistence of socially responsible firms characterized by an intrinsic orientation and firms that publish their non-financial information to comply with regulations"¹⁴². In other words, the study concludes that companies with certain values and influenced by determined cultural factors are more transparent in their non-financial reports. In addition to this, authors state that "even though non-financial reporting will not directly favor the mitigation of negative impacts caused by humans on ecosystems, the development of an accounting culture characterized by a real orientation toward sustainable development could represent a way to engage with stakeholders about the exigence to rethink the global economy"¹⁴³.

If we now move back to the initial question of this section, it should be easier to comprehend that "rethinking the global economy" is a challenge addressed by the Economy for the Common Good movement, too. Nonetheless, its objectives and vision can not be considered merely from an economics perspective, or rather, economics is the means of measurement, of categorizing different organizations in order to let them be as coherent as possible with what they state in their sustainability report. Moreover, as for values and cultural factors that influence companies behavior, it is important to remember that ECG is a global movement, whose main tool is based on 4 fundamental values: once organizations decide to associate to

¹³⁹ Cfr. chapter 3.2.

¹⁴⁰ Pizzi et al., op. cit.

¹⁴¹ Ibidem.

¹⁴² Ibidem.

¹⁴³ Ibidem.

ECG, it can be given for granted that they also embrace the four fundamental values at the core of the innovative economic model. As a matter of fact, the Economy for the Common Good is aware that profit and growth are necessary and desirable for companies' economic sustainability and also for the movement itself; however, it has as its main goal the creation of shared values between stakeholders and a positive impact and contribution to the common good. Its ultimate goal is the achievement of a good quality of life for all living beings and, again, human dignity, solidarity and social justice, environmental sustainability, transparency and co-determination are its fundamental principles.

To conclude, while supporting that ECG is not only about economics, a step back must be done in order to include governance in our discourse. This issue is tackled in Directive (EU) 2022/2464, which amends the Directive of non financial reporting as it “modernizes and strengthens the rules concerning the social and environmental information that companies have to report”¹⁴⁴. In its content, the more recent directive states that users need information about governance factors: “Governance factors that are most relevant to users are listed by authoritative reporting frameworks such as the Global Reporting Initiative and the Task Force on Climate-related Financial Disclosures, as well as by authoritative global frameworks such as the Global Governance Principles of the International Corporate Governance Network and the G20/OECD Principles of Corporate Governance”¹⁴⁵. The directive suggests that information should cover the role of a company's administrative, management and supervisory bodies with regard to sustainability matters, and also the expertise and skills needed to fulfill that role, the aforementioned intangible resources, whether the company has a policy in terms of incentives which are offered to members of those bodies. Finally, information about organizations' corporate culture and approach to business ethics is required to be reported in the sustainability balance sheet: they are recognised elements of authoritative frameworks on corporate governance, such as the Global Governance Principles of the International Corporate Governance Network.

All the aspects mentioned in this paragraph are categorized in the Common Good Matrix, which dedicates a proper space to all the themes listed in the most recent EU directive. In this regard, it is to remember that the model proposed by ECG was available before the new

¹⁴⁴ Corporate Sustainability Reporting. URL:

https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en.

¹⁴⁵ Directive (EU) 2022/2464.

European regulation. Furthermore, since the very beginning it has included in its discourse also small and medium-sized enterprises. Besides this, what is more distinctive for the movement is that it also created a Common Good Matrix and Balance Sheet for municipalities and educational institutions so that they can measure their impact on common good and improve their degree of sustainability. As a result, nothing and nobody is left behind: ECG acts not only systematically but also involves and creates models for other entities, widening the positive impact that can be created.

On the whole, ECG is trying to change our economy aiming to improve the quality of life, maximizing not the profit but the contribution of companies, municipalities and educational institutions to the common and the complex structure of every human society. In its goal, trying to provide a transformative economic model for the future, it deals not only with economics: a better environment, more human interactions in businesses, opportunities for a fulfilled life are unfolded while preserving our natural resources¹⁴⁶.

¹⁴⁶ Theory behind ECG. URL: <https://www.ecogood.org/what-is-ecg/theory-behind-ecg/>.

4. From theory to practices: the sustainability (or non-financial) reporting

In this chapter I will present other models of corporate sustainability reporting, trying to make a comparison with the one offered by the Economy for the Common Good. In addition to this, I will focus on a case study of Benefit Society, operating in the territory where I live, which has written two Common Good Balance Sheets since it became a SB. Furthermore, as ECG also provides models for institutional and educational entities, I would like to present the project I worked for during my internship with the Italian Federation of Economy for the Common Good, which was centered on the renovation of the matrix and the manual for families and individual citizens. More precisely, my internship experience was part of a project started recently by some of the countries where ECG operates; in my opinion, it is a meaningful example to provide, in order to prove how effective is the systemic approach adopted by the movement, which aims to include more sectors as possible to provide a greater contribution to the protection of the common good. As far as this concerns, the project of “Development and Update of the matrix and the manual for people and families”¹⁴⁷ is very interesting from a governance perspective as it aligns with Elinor Ostrom’s theory of self-governance.

Therefore, after presenting the matrix created for families I will focus on local governance as a means of decision-making when dealing with the impact on the common good.

4.1 Which is the best model to adopt for corporate sustainability reporting?

The current emergency scenario calls for an innovative approach and an ecosystem capable of rapidly modifying businesses and societies. Corporate sustainability reporting is the practice of informing stakeholders of a company’s social, environmental, and economic implications¹⁴⁸. However, the discourse must be deepened because CSR can not guide companies alone in their sustainability report. Certainly, it offers details on a company’s plans, initiatives, and success in various areas but it is not sufficient when approaching the topic of this work.

Firstly, there are different sustainability reporting models, some of the most relevant are: GRI (Global Reporting Initiative), CDP (Carbon Disclosure Project) and SASB (Sustainability

¹⁴⁷ Translation provided by me for the Italian: “Sviluppo e aggiornamento della matrice e del manuale per persone e famiglie”. URL: <https://www.economia-del-bene-comune.it/famiglie-e-persone/>.

¹⁴⁸ Clocks Project. Slides from Francesco Castellano for the Summer School organized at Padua University by EIT RAW MATERIALS Academy. URL: <https://clocksproject.eu/circular-summer-school-padova-2023/>.

Accounting Standards Board). The significance and the frequency, which companies attribute to the aforementioned models, are the reason why I chose to present GRI, CDP and SASB models. Nowadays, GRI represents one of the primary reference standards for sustainability reporting. In this context, it must be clarified that “Sustainability and CSR are not synonymous. Multiple terms exist and remain ambiguous. However, if the European Union has replaced non-financial reporting with sustainability reporting, we can deduce that both terms are equivalent. A further step is to disclose them. Sustainability is gaining momentum across Europe, and corporate sustainability reporting is mandatory for large entities. Sustainability is an umbrella term that includes CSR and environmental, social, and governance (ESG) reporting”¹⁴⁹. Before presenting the other models of sustainability reporting, I want to focus on the terminology that concerns this wide topic in order to provide the most complete framework as possible to achieve the objective of this analysis. Recently, in non-financial or sustainability reporting, ESG concept has played a fundamental role: the term stands for Environmental, Social and Governance, which are the three main pillars of sustainable business. In chapter 3, I already tackled these three aspects as they are already enhanced in the model of Economy for the Common Good. Nonetheless, this specific approach from medium to long-term financial management takes into consideration the performance related to the environmental, social, and governance criteria of an organization and it is to be found in the strategy of companies that do sustainability reporting.

Before going deeper in the explanation of the different types of sustainability reporting, I would like to briefly outline the history of ESG.

In 2004, more than 50 CEOs of significant financial institutions were invited to join a collaborative initiative spearheaded by the UN Secretary-General Kofi Annan with the goal of incorporating the ESG framework’s principles into capital markets. In 2005, at the “Who Cares Wins” conference, institutional investors, asset managers, buy-side and sell-side research analysts, international consultants, and governmental organizations came together to discuss the role of ESG factors in asset management and financial research. This is when the acronym ESG was first introduced¹⁵⁰. The level of risk a firm poses can be determined by using ESG criteria, which serve as a kind of social credit score. ESG ratings are frequently

¹⁴⁹ Fonseca A., McAllister M. L., Fitzpatrick P. (2014), *Sustainability reporting among mining corporations: a constructive critique of the GRI approach*, Journal of Cleaner Production. Volume 84, p. 70-83, <https://doi.org/10.1016/j.jclepro.2012.11.050>.

¹⁵⁰ Balzan A. R. (2022), *L'impatto zero non esiste*, ESTE Libri, Milano.

determined using information and measures pertaining to organizations' intangible assets. Therefore, the choice to invest is influenced by companies' principles, such as environmental responsibility and efficient governance, as well as its financial performance.

The three factors that constitute ESG mentioned previously include the following themes, respectively:

- Environmental factors: the need to promote less energy-intensive production processes and lower impact on the environment;
- Social sustainability factors: employment relationships, inclusion, community well-being, soft skills, and respect for human rights
- Governance factors: the respect for diversity policies in the composition of the boards of directors of companies, the presence of independent directors, or the methods of remunerating executives, all of which play a central role in ensuring that social and environmental aspects are considered in the decisions of companies and organizations.

In addition to this, there are key performance indicators worthy to be presented:

ESG	KPI
ESG 1 Energy efficiency	ESG 1-1 Energy consumption, total ESG 1-2 Energy consumption, specific (intensity); Options: per unit of revenue, per employee, per unit of production volume (tons of steel, for example)
ESG 2 GHG emissions	ESG 2-1 GHG emissions, total ESG 2-2 GHG emissions, specific; Options: per unit of revenue, per employee, per unit of production volume (tons of steel, for example)
ESG 3 Staff turnover	ESG 3-1 Percentage of employees leaving p.a./total employees (FTE?)
ESG 4 Training & qualification	ESG 4-1 Percentage of trained employees p.a./total employees (FTE?) ESG 4-2 Average expenses on training per employee p.a.
ESG 5 Maturity of workforce	ESG 5-1 Age structure/distribution (number of employees per age group, 10 year intervals) ESG 5-2 Percentage of workforce to retire in next 5 years
ESG 6 Absenteeism rate	ESG 6-1 Number of mandays lost per employee p.a.
ESG 7 Litigation risks	ESG 7-1 Expenses and fines on filings, law suits related to anti-competitive behavior, anti-trust and monopoly practices ESG 7-2 Reserves on preventive measurements against anti-competitive behaviour, anti-trust and monopoly practices ESG 7-3 (other) litigation payments, total ESG 7-4 (other) litigation payments, reserves
ESG 8 Corruption	ESG 8-1 Percentage of revenues in regions with TI corruption index below 6.0
ESG 9 Revenues from new products	ESG 9-1 Percentage of revenues from products at end of life-cycle ESG 9-2 Percentage of new products or modified products introduced less than 12 months ago

Table 5: KPIs for ESG - European Commission. URL: <https://ec.europa.eu/renditions/native>

Certainly, from a theoretical perspective ECG matrix includes all the Key Performance Indicators listed in the table above. In the following section I am going to illustrate the three major ESG reporting frameworks: GRI, CDP and SASB.

GRI - Global Reporting Initiative

Founded in 1997, the aim of GRI was to create the first accountability mechanism to ensure companies adhere to responsible environmental conduct principles. Later, it was broadened to include social, economic and governance issues. The first version was published in 2000 providing the first global framework for sustainability reporting. The following year, GRI was established as an independent, non-profit institution¹⁵¹.

GRI methodology is based on the principle of environmental materiality¹⁵², which means that organizations should focus on reporting information that is most relevant to their stakeholders focusing on a specific sector. It is based on a modular system of interconnected standards:

- Universal Standards: highest level of transparency for organizational impacts on the economy, environment, and people;
- Sector Standards: are designed to help identify a sector's most significant impacts and reflect stakeholder expectations for sustainability reporting for 40 sectors;
- Topic Standards: they contain disclosures for providing information on topics (e.g., Emissions, Waste)¹⁵³.

What is most important regarding GRI Standards is that they allow an organization to report information in a way that covers all its most significant impacts on the economy, environment and people, or to focus only on specific topics, such as climate change or child labor. Under this approach, the organization reports on all its material topics and related impacts and how it manages them. Therefore, this reporting approach provides a picture of organizations' most significant impacts on the economy, environment, and people. However, if an organization can not fulfill some of the requirements of reporting, in accordance with the GRI Standards it can choose to report only specific information for specific purposes; in that case, it can use selected GRI Standards or parts of their content, and disclose sustainable information with reference to them.

¹⁵¹ Global Reporting. URL: <https://www.globalreporting.org/about-gri/mission-history/>.

¹⁵² Materiality refers to an organization's significant economic, environmental and social impacts, or to issues that substantially influence the assessments and decisions of stakeholders. Primary Audience: Sustainability practitioner community, stakeholders, investors, ESG data providers.

¹⁵³ GRI standards. URL: <https://www.globalreporting.org/standards/>.

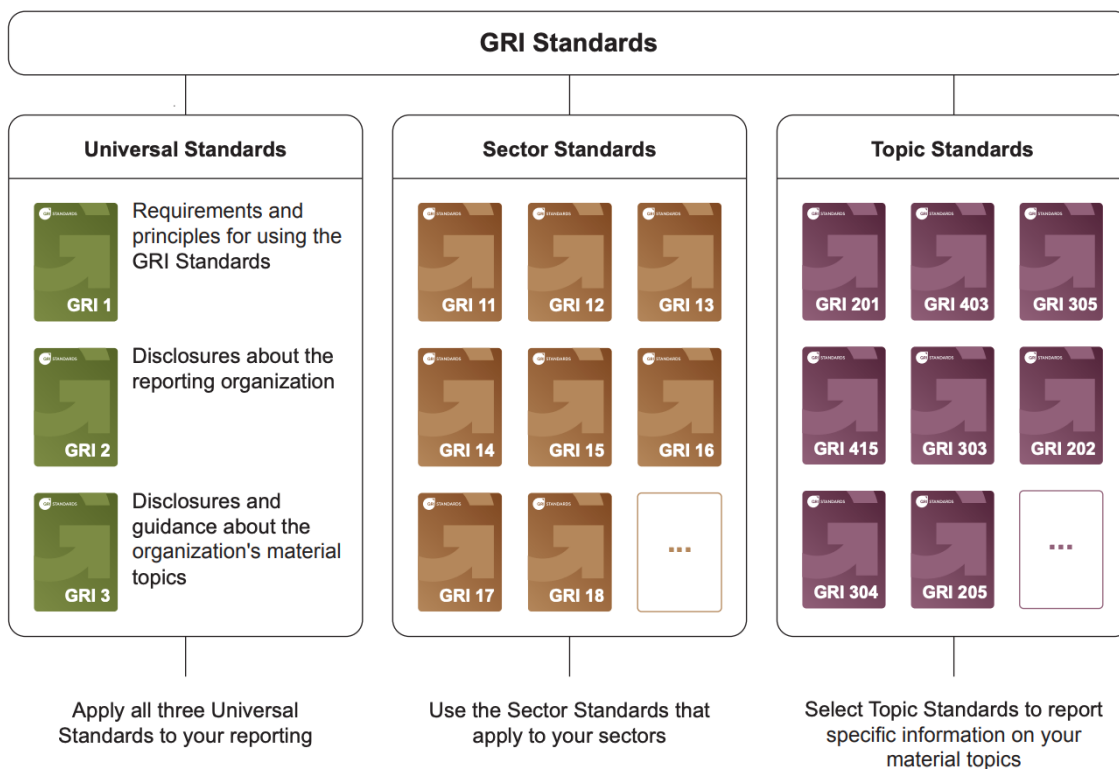


Figure 2: GRI Standards. Source: <https://www.globalreporting.org/standards/>

GRI is globally recognized and very comprehensive as shown in Figure 2, which includes all the Standards an organization can choose to apply. Besides this, it requires companies to explain both the result of their sustainability performance and their management approach together. Nevertheless, as companies can decide the elements to be included in their non-financial disclosure, there is a high variability between organizations that use the same framework. The Standards designed by Global Sustainability Standards Board (GSSB) are “an easy-to-use modular set, delivering an inclusive picture of an organization’s material topics, their related impacts, and how they are managed”¹⁵⁴. However, despite encompassing all the pillars of sustainability, there might be some degree of subjectivity when reporting and, above all, limited companies do an audit. This is a crucial point that increases the bias of

¹⁵⁴ Ibidem.

sustainability reporting of GRI as I explained above for ECG. Exactly, the procedure which organizations undergo once finished their report is very strict and verified by three levels of audit: the internal audit, which corresponds to self-assessment; the second-party external audit, that is a peer-assessment during which companies evaluate each other; the third-party external audit, which requires that the people providing consultancy services are different from those performing the assessment, and that the assessment is independent and not influenced by economic dependencies.

CDP Reporting - formerly Carbon Disclosure Project

CDP is a not-for-profit charity that conducts the global disclosure system not only for investors and companies but also for cities, states and regions to manage their environmental impacts. Each year CDP supports thousands of these entities and institutions to measure and manage their risks and opportunities on climate change, water security and deforestation. It does so at the request of their investors, purchasers and city stakeholders.

In 2000, CDP was established as the “Carbon Disclosure Project”, asking companies to disclose their climate impact. Since then, its scope of environmental disclosure has been broadened to incorporate deforestation and water security¹⁵⁵. In the title of this paragraph I reported “formerly Carbon Disclosure Project” as in 2013, the name was shortened to be able to both preserve the global brand it was known for and address the necessity of understanding wider environmental impact. Each year, CDP assesses companies and cities, scoring them in accordance with their journey from disclosure to environmental leadership using the information provided in their annual reporting process. Their independent scoring methodology measures progress and encourages sustainable actions regarding climate change, forests, and water security. By doing so, it aims to incentivize and guide them on a journey through disclosure towards becoming a leader on environmental transparency and action¹⁵⁶. As far as CDP methodology of scoring is concerned, a questionnaire is sent to participating organizations each year, asking for information about their supply chain, environmental performance, risks, and opportunities. In particular, high impact industries have additional reporting requirements. The scoring system rates organizations on the quality and completeness of their responses from F to A, as well as their progress in reducing carbon

¹⁵⁵ CDP official website. URL: <https://www.cdp.net/en>.

¹⁵⁶ Ibidem.

emissions and managing climate-related risks. More precisely, F (failure to disclose) score is given when a requested company fails to disclose through CDP; whereas to earn an A score (leadership), “organizations must show environmental leadership, disclosing action on climate change, deforestation or water security. They must demonstrate best practice in strategy and action as recognized by frameworks such as the TCFD (Task Force for Climate-Related Financial Disclosures), Accountability Framework and others. As well as having high scores in all other levels, these companies will have to undertake actions such as setting science-based targets, creating a climate transition plan, developing water-related risk assessment strategies, or reporting on deforestation impact for all relevant operations, supply chains and commodities”¹⁵⁷.

CDP’s scoring methodology assesses the level of detail and comprehensiveness of a response, as well as the company’s awareness of environmental issues, its management methods and progress towards environmental stewardship. The scores show where organizations and their stakeholders are on the road towards operating in line with a 1.5-degree¹⁵⁸, deforestation-free and water-secure future. The scoring methodology is fully aligned with TCFD¹⁵⁹ and with major environmental standards, and therefore provides a comparable dataset across the market. The main objective of CDP is motivating governments and companies to disclose their environmental impacts and take action to reduce them; in addition to this, the output that derives from this reporting is used to respond to investors or customer inquiries.

However, according to ESG perspective CDP focuses on the environmental and governance pillars, leaving the social dimension behind.

Overall, this type of reporting provides increased transparency for companies and benchmarking; its main initiative is the promotion of climate action and in accordance with this goal, it is highly recognized. Nonetheless, although it works for environmental transparency and accountability, CDP measures self-reported data, creating bias towards large companies. In addition to this, it is limited in its scope as it does not include people in the reporting: there is no interconnection between the three spheres of sustainability in this model of reporting as it does not encompass how the social dimension is affected by companies. Furthermore, there is no explicit reference to the Sustainable Development Goals listed in Agenda 2030.

¹⁵⁷ CDP scores. URL: <https://www.cdp.net/en/scores/cdp-scores-explained>.

¹⁵⁸ The Intergovernmental Panel on Climate Change (IPCC) official website. URL: <https://www.ipcc.ch/sr15/>.

¹⁵⁹ Task Force for Climate-Related Financial Disclosures (TCFD). URL: <https://www.fsb-tcfd.org/>.

As a result, when compared to Economy for the Common Good, the most striking aspect is the focus of CDP on the environment, which is very comprehensive. Moreover, it provides methods of reporting for other entities (Cities, Governments, States and Regions) like ECG, which makes available models also for municipalities and educational institutions. However, in a systemic approach perspective, the one considered in this study, CDP can not be evaluated as much comprehensive as ECG: while the CDP model of reporting encompasses very carefully all aspects concerning environment protection, it does not leave space for any social insight, both inside the company and in the supply chain.

SASB Reporting - Sustainability Accounting Standards Board

The Sustainability Accounting Standards Board (SASB) is an independent, non-profit organization that sets industry-specific standards for sustainability accounting. Founded in 2011, over the years, SASB has developed industry-specific standards for companies across 77 industries, having a strong focus on financial materiality; its standards enable organizations to provide industry-based disclosures about sustainability-related risks and opportunities that could reasonably be expected to affect the company's cash flows, its access to finance or cost of capital over the short, medium and long term. Most important is the fact that SASB's standards are designed to be flexible and scalable, allowing companies to report on the sustainability factors that are most relevant to their investors and for the ESG agency. In order to simplify the utilization of reporting for global business and investors, in 2020 the International Integrated Reporting Council (IIRC)¹⁶⁰ and the Sustainability Accounting Standards Board (SASB) decided to merge into the Value Reporting Foundation, which was officially formed in June 2021: the result was an easier understanding of the enterprise value. In this new framework, "the Value Reporting Foundation Board of Directors oversaw the strategy, finances and operations of the entire organization, and appointed the members of the SASB Standards Board. The SASB Standards Board was an independent board that was accountable for the due process, outcomes and ratification of the SASB Standard"¹⁶¹. What distinguishes SASB from the previous model of sustainability reporting is the fact that its standards outline all ESG issues most relevant to financial performance in 77 industries. The standards are organized by:

¹⁶⁰ International Integrated Reporting Council (IIRC). URL: <https://www.integratedreporting.org/>.

¹⁶¹ Ibidem.

- sustainability dimensions: broad ESG themes;
- general issue categories: industry-agnostic topics;
- disclosure topics: industry-specific versions of general issue categories;
- accounting metrics: performance measurements for each topic.

As a result, companies more easily navigate the standards and determine which ESG issues are financially material.

		Consumer Goods	Extractives & Minerals Processing								Financials	Food & Beverage	Health Care	Infrastructure
Dimension	General Issue Category ^①	Click to expand	Coal Operations	Construction Materials	Iron & Steel Producers	Metals & Mining	Oil & Gas – Exploration & Production	Oil & Gas – Midstream	Oil & Gas – Refining & Marketing	Oil & Gas – Services	Click to expand	Click to expand	Click to expand	Click to expand
Environment	GHG Emissions													
	Air Quality													
	Energy Management													
	Water & Wastewater Management													
	Waste & Hazardous Materials Management													
Social Capital	Ecological Impacts													
	Human Rights & Community Relations													
	Customer Privacy													
	Data Security													
	Access & Affordability													
Human Capital	Product Quality & Safety													
	Customer Welfare													
	Selling Practices & Product Labeling													
	Labor Practices													
	Employee Health & Safety													
Business Model & Innovation	Employee Engagement, Diversity & Inclusion													
	Product Design & Lifecycle Management													
	Business Model Resilience													
	Supply Chain Management													
	Materials Sourcing & Efficiency													
Leadership & Governance	Physical Impacts of Climate Change													
	Business Ethics													
	Competitive Behavior													
	Management of the Legal & Regulatory Environment													
	Critical Incident Risk Management													
	Systemic Risk Management													

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Table 6: SASB’s Materiality Map. Source: <https://sasb.org/wp-content/uploads/2021/11/MMap-2021.png>

Focusing on the concept of “Materiality”, in the context of sustainability reports, the financial materiality criterion specifically addresses ESG issues that are more likely to have a significant impact on a company’s operational performance or financial well-being, making them of greater importance to investors. In this regard, SASB “advocates the financial materiality of ESG issues, in other words, the potential effects of ESG issues on investment value”¹⁶². The SASB financial materiality framework was created with the aim of helping companies recognize, handle, and convey significant ESG information to their investors in a

¹⁶² Madison N., Schiehl E. (2021), *The Effect of Financial Materiality on ESG Performance Assessment*, Sustainability, 13 (7), 3652, <https://doi.org/10.3390/su13073652>.

consistent, standardized, and trustworthy manner. Furthermore, as industries define their own financially significant concerns, the SASB classification facilitates the comparison of companies operating within the same industry. Going into detail, the SASB framework categorizes ESG issues into five distinct dimensions, which encompass Environment, Social Capital, Human Capital, Business Model and Innovation, Leadership, and Governance, alongside twenty-six general issue categories¹⁶³. What is particularly significant is that SASB pinpoints the issues that carry financial significance for specific sectors and their respective industries by utilising the SASB Materiality Map®. Given that ESG issues, including associated risks and opportunities, often exhibit unique variations depending on specific business models, having industry-specific criteria is crucial for evaluating the financial materiality of environmental and social concerns. This plays a vital role in assessing the ESG performance of companies. Consequently, the SASB mapping offers an independent framework, providing insight into the ESG issues that are more likely to impact a company's financial standing or operational performance within the industry in which the company operates. Table 6 shows the example of Extractives & Minerals Processing Industry: this map serves as an example of likely material sustainability issues at the time of SASB initial analysis but can be subject to change as issues and industries are ever-evolving.

To conclude, SASB provided a huge contribution to sustainability reporting, encompassing all the dimensions of sustainability. However, although it focuses on social and environmental goals, “socially responsible investment is deeply rooted in the financial logic of profit maximisation”¹⁶⁴. Financial materiality of ESG issues is the main criteria considered by investors before they make their investment decisions.

According to this empirical analysis, there are both positive aspects and downsides when considering the SASB model: on the one hand, it is evidence-based and it integrates all ESG aspects, providing a broader overview of organisations' strategies. On the other hand, it is very complex and limited in its scope as companies' financial materiality is the most important aspect, which ESG strategies contribute to. In other words, the logic of profit maximisation emerges as the goal that can be reached through the assessment of ESG performance and its informativeness. In contrast to this, organisations that adopt the Economy for the Common Good model do not have the profit as the main objective, but they

¹⁶³ SASB Standards. URL: <https://sasb.org/standards/>.

¹⁶⁴ Madison N., Schiehl E. (2021), op. cit.

use their earnings as a means to reduce their negative impact on the common good. Besides providing all ESG information relevant for investments, ECG model acts systemically for reaching a 360-degree sustainability. Finally, it is driven by social and environmental values and not by financial aspects.

Final considerations

As anticipated above, this empirical study does not pretend to be without limitations. I chose to report the three models of non-financial reporting that are most used by organisations with the aim to demonstrate that Economy for the Common Good is more comprehensive and innovative for its methodology and purpose: it has many features in common with the models presented as all of them, apart from CDP reporting, include the three dimensions of sustainability. However, what makes ECG unique is the fact that it was born with a different aim that overcomes environmental protection, which still is one of its main goals: ECG wants to “transform” the logic of economics. Aligned with the SDGs, it works for the maximisation of common good, which is declined in all sustainability pillars, starting from the social one: human values are at the core of ECG strategy. Finally, above all, it is important to remember that the profit still plays a fundamental role but it is not the final end: in ECG perspective it becomes a means to improve the impact that organisations have on the environment and on people involved in the company’s activities, including also its network of stakeholders and people involved in its supply chain.

4.2 Case study: STL Srl - A Benefit Society associated to ECG

In this section a case study will be presented. Nevertheless, before starting some clarifications must be done. As mentioned in chapter 3, ECG model can be implemented in three different situations:

1. The Common Good Balance Sheet as a tool used for preparing the Non-Financial Statement (formerly Legislative Decree 254/2016);
2. CGBS as an instrument for the Social Balance Sheet for Third Sector Organizations (formerly DM 186/2019¹⁶⁵);
3. CGBS as annual report on the pursuit of the common benefit as required for Benefit Corporations (formerly Law 208/2015¹⁶⁶).

The case study reported hereby belongs to the third category. STL Srl SB¹⁶⁷ is a family-run company founded in 1966 in Marostica (VI), Italy. It operates in two main areas: design and technology. To begin with design, it offers furnishing solutions for operational and executive offices, reception areas, meetings and recreational areas, hotels and shops. Over the years there has been a great evolution in work environments and equipment, this is the reason why it has enriched its catalogue with a wide range of brands and numerous collaborations with architectural firms and interior design agencies. The proposals include in detail the furniture, lighting, sound-absorbing solutions, plant engineering (including inspectable raised floors), plasterboards, glazed false ceilings and compactable partitions. In addition to this, STL offers advanced technological solutions for small artisans, medium and large enterprises, municipalities, schools, driving schools, travel agencies, banks, hotels, restaurants, shops, bars. The search for latest generation products is constant and essential in the office printing sector (printers, multifunctions, PCs, scanners), document solutions (scans, document archiving), retail (telematic registers, cash management systems) and visual solutions (interactive touch monitors), monitor display and devices for environmental and IT well-being¹⁶⁸. Since its establishment, the company has undergone a continuous development but what distinguished it was its commitment to constantly improve its performance as a

¹⁶⁵ Ministry of Labour and Social Policies (Italy). URL: <https://www.lavoro.gov.it/documenti-e-norme/normative/Documents/2019/DM-04072019-Adozione-linee-guida-redazione-bilancio-sociale-enti-Terzo-settore.pdf>.

¹⁶⁶ Official Journal of the Italian Republic. URL: <https://www.gazzettaufficiale.it/eli/id/2015/12/30/15G00222/sg>.

¹⁶⁷ Italian translation for Benefit Corporation.

¹⁶⁸ STL Srl SB official website. URL: <https://www.stl-srl.it/>.

company: although it is a for profit organisation, it aims to produce a positive impact on the community and the environment, where it operates. It all started with the awareness that businesses are the engine of the community and that the purpose of small, medium, and large companies is not just profit for its own sake. Profit is a necessary resource, a means that can become a generator of ethical and environmental value. Thanks to profit, businesses can empower individuals who live in families and part of communities. STL believes that businesses have a strong connection to the region in which they work: relationships within and outside the company are fundamental for the creation of happy communities through open dialogue and cultural enrichment. This vision that considers organisations as social enterprises, interconnected with their environment and community, derives from the cultural and economics heritage of the Italian entrepreneur Adriano Olivetti. In recent years, STL has focused its strategy on that, realising that the organisation could hold a strong position in the market by bringing together design and technology in the planning and creation of work environments that make people feel better. Its goal is to transform sterile and uncomfortable spaces into beautiful places that promote the well-being of individuals. Therefore, its purpose has guided the company towards the pursuit of the common good, rediscovering its roots as an Olivetti dealer¹⁶⁹. The Olivetti company serves as a specific reference point for STL as it managed to cultivate a culture both within and outside the factory. STL Olivetti heritage has fueled the vision of profit as a tool for creating well-being over the years. This is the background that conducted STL to associate with the movement of the Economy for the Common Good, whose value has become an integral part of STL corporate strategy.

The first edition of Common Good Balance Sheet was written in 2021, assuming 2019/2020 as reference years of reporting. Whereas the second edition was published in 2023, referring to 2021/2022. The turning point happened in December 2021, when STL became a Benefit Corporation and, therefore, obligated to produce an Annual Report on the Common Benefit (Law 208/2015, Article 1, paragraph 282). To comply with this requirement, the Common Good Balance Sheet reporting standard was chosen. It is considered suitable both in terms of alignment with the criteria defined in Attachment 4 (Law 208/2015) on the characteristics of

¹⁶⁹ STL founder was an Olivetti dealer before establishing his own company.

the External Assessment Standard and in terms of the analysis areas as explicitly outlined in Attachment 5 (Law 208/2015)¹⁷⁰.

For both editions of its common good balance sheet, STL used the matrix and manual of the Economy for the Common Good in version 5.0. The company developed the sustainable balance sheet through dialogic meetings guided by an ECG consultant, which continuously involved one of STL's business partners and six collaborators to cover all areas of the company. During these meetings, participants' thoughts on the state of affairs have been collected regarding each theme and aspect of the matrix and their improvement objectives. Furthermore, STL self-assessed according to the evaluation levels proposed by the ECG 5.0 manual for each theme. The score assigned to each aspect is the result of consensus among all participants. The self-assessed scores were validated during the group assessment meeting (peer) held together with three other organisations belonging to the same territory (in this case, Veneto region). This meeting was facilitated by two ECG consultants. Regarding aspects related to suppliers (section A) and considering STL business model based on marketing and support, it soon realised that its interest in improving the overall sustainability is strongly linked to the sustainability choices, policies, and actions of its suppliers. Knowledge is the first step towards improvement, this is the reason why STL continued the process of direct supplier engagement, which was started with the 2021 Balance Sheet by submitting the questionnaire¹⁷¹ sent two years ago. Thanks to the questionnaire, STL was able to gather first hand information about the Corporate Social Responsibility of its suppliers, their level of awareness, knowledge, and practice of the circular economy, and the application of social and environmental criteria in their supplier selection. STL also took the opportunity to receive direct feedback regarding the quality of the collaboration with its suppliers in order to make their business relationship more beneficial for everyone. The following table shows the company's objectives and the themes of the Common Good Matrix they refer to.

In this paragraph I will encompass the most significant actions realised by STL, which not only improved its impact on the common good but also produced it thanks to its profit. Moreover, the systemic approach adopted permitted it to include comprehensively all the pillars of sustainability.

¹⁷⁰ Cfr. Avesani M. et al (2020), *The Common Good Balance Sheet as a tool for the preparation of the annual report concerning the pursuit of the common benefit, as required for Benefit Corporations*, published by Federazione per l'Economia del Bene Comune in Italia, www.economia-del-bene-comune.it.

¹⁷¹ The questionnaire was developed by STL ECG consultant. Cfr. STI Srl SB Common Good Balance Sheet. URL: <https://www.economia-del-bene-comune.it/imprese-buone-pratiche/>.

An Excerpt from STL Annual Report on the Pursuit of Common Good Objectives

COMMON GOOD OBJECTIVE (STL Srl Benefit Corporate Statute)	Ref. EBC MATRIX
Promote the Olivettian culture of beauty and community business through participation and/or organisation of public events for schools, citizens, and the business world	E2.2
Disseminate the community business model, based on interdependence, strengthening of bonds, the creation of social and environmental value, shared well-being, and support for and together with its local community, consisting of other businesses, civil society organisations, public entities, schools, and citizens through cooperation, sharing of knowledge and skills, and making resources, including financial resources, available for community development and enhancement from a social and environmental perspective.	E2.2
Contribute to the well-being of internal staff through the continuous development of an organisational culture based on mutual listening and feedback, shared values, training, co-responsibility, trust, freedom, and good relationships	C1, C2, and C4
Promote lasting human relationships with customers and suppliers based on respect and common values such as human dignity, solidarity, social justice, environmental sustainability, transparency, and dialogue	Suppliers - lasting human relationships A1, A2, A3, A4, D1, D4
Provide customers with transparent and as complete as possible information about products and services to accompany and empower them to make free and informed choices	D1, D3, D4
Choose products and services that are as respectful as possible of the environment and the dignity of individuals and work, and capable of contributing to the psychophysical well-being of people	A1.1, A2.2, A3.1, A4.2

Table 7: The Table shows some of STL's goals and the matrix themes they refer to. STL Srl SB Common Good Balance Sheet. URL: <https://www.economia-del-bene-comune.it/imprese-buone-pratiche/>.

The table above represents a selection of the objectives established by STL strategy and their corresponding themes in the matrix. To begin with E2.2 (Contribution to the Community), STL gave a lot of importance to it, supporting different projects:

- “All-Inclusion”: a project with a local villa owned by the Jesuits, made available to the most needy people by the initiative of Pope Francis. STL participated in its renovation by providing ideas, advice, and support, thus contributing to a community enterprise. The group’s entrepreneurs had the option to offer a financial contribution, and STL donates annually. The project started in 2020 and it will last for a total of 5 years;
- Women For Freedom (WFF): STL continues to support many projects of this non profit association, which helps women and children in need in Italy and other countries. STL participates in various fundraising initiatives by WFF throughout the year. Additionally, STL contributes to the employment of women in need through WFF’s “Energia Donna” project;
- The reforestation program with Print Relief: since 2020 STL adheres to this program initiatives. Every 8,333 pages printed in STL’s offices and by some clients, a tree is planted.
- Finally, one of the business entrepreneurs has actively participated in various initiatives, both as the President of the cultural association Elle22, founded by her and other partners in 2020 to promote Olivettian culture in educational institutions, and as an entrepreneur of STL, voluntarily contributing to the community.

With reference to table 7, as far as C1 (Human dignity in the workplace and working environment), C2 (Self-determined work arrangements), and C4 (Co-determination and transparency within the organisation) are concerned, there are different aspects to consider: STL corporate culture is based on the empowerment of its employees because it believes that people are the “lifeblood that nourishes” and strengthens the organizational environment of the company. The structure adopts a participatory management system in which each member of the company independently and responsibly manages the definition and method of achieving their own goals. Great importance is given to self-management because STL wants every employee to significantly contribute to the improvement of the company, through the freedom to express their unique qualities, skills, and visions. Another interesting practice

regarding employees is the use of tactical meetings, where employees are free to express their opinions, seek help with problems, or simply discuss specific topics that arise on those occasions. This serves to constantly promote self-participatory management. Collaboration and sharing must be nurtured continuously and systematically because STL believes that the work environment influences the transfer of methods, inspiring younger generations and uncovering their talents and potential. In 2022, an ongoing reorganization process began, aimed at clarifying and redefining certain roles and responsibilities within the company.

In addition to this, STL pays a lot of attention to its suppliers and customers: the themes A1, A2, A3, A4 and their sub-themes focus on the relationships between the company and its suppliers. As aforementioned, STL is a company that carefully and sensitively selects various products on the market to provide customers with a wide range of choices for their necessities. However, it does not have the ability to oversee the entire production process of each product, so the company committed itself to raise awareness among its manufacturers and partners about ethical and environmental considerations, valuing and integrating their potential contributions to the common good. This is why the supply chain is a highly relevant topic for STL: the inability to control the global supply chain makes the company more active in the research and in the increase of awareness regarding sustainability among its suppliers. Furthermore, as the company aims at reaching balance in the relationships with all its stakeholders, it favours a constant dialogue and interaction with its suppliers. In this way, it becomes easier to gain insight into market challenges, trends, competition, and prices.

Moving to customers, lasting human relationships are promoted with these stakeholders, too. Customers are considered as collaborators by STL, which continues to maintain the same style and policies towards them. This means creating win-win situations based on respect and trust to strengthen relationships over time. Most important is the theme D4 (Customer participation and product transparency), which in this case study must be considered together with A4 (Transparency and co-determination in the supply chain). Over the past years, inspired by the strategy adopted when STL decided to do its sustainable balance sheet with ECG, an idea was born. Through dialogue, a project was developed, and from the project, a physically sustainable product emerged: Stilfibra® was created with the mission of producing common good, and it is not just a project to manufacture chairs and other items. It originates from the context of the Economy for the Common Good movement, more specifically, the

two sections dedicated to supply chain transparency and co-design of products and services with customers, which have inspired the creation of a new object. The reuse of existing molds provided by a long-standing supplier and the use of biocomposites made from vegetable waste and post-industrial recycled polymers supplied by a customer align with the goal of transparency and sharing decision-making throughout the entire supply chain. The dialogue with the customer for the creation of a better socio-ecological product and the desire to involve suppliers were the driving forces behind the project. Therefore, inspired by ECG, STL realised a product that is materially sustainable, giving new life to waste and beautiful thanks to its design. The systemic approach adopted by ECG model is to be found in the Stilfibra project as it positively impacts both on the environment and on society: from an environmental perspective, a material already existent is reused, avoiding the production of new waste. From a social perspective, STL decides to devolve part of the earnings that derive from Stilfibra to a specific project supported by WFF, “Back to School: a scuola con Chiara”¹⁷². It is an education project that aims to oppose the school dropout of Nepalese girls from marginalized families, in order to prevent early marriages and educate young women about their rights.

On this occasion, for space reasons I am not able to report the information regarding all the themes of STL sustainability report. Nonetheless, in its attempt to define sustainable strategies for every theme, in 2023 STL managed to contribute to 6 Sustainable Development Goals of Agenda 2030 with its products and services, particularly to SDGs 3, 8, 9, 11, 12, 15¹⁷³. All of them are reported in the last edition of its Common Good Balance Sheet.

In order to provide a comprehensive overview of this case study, I would like to show more in detail how companies that write their sustainable balance sheet with ECG are scored, focusing on STL organisation:

- Positive aspects can receive from 0 to 10 points. While there are specific descriptions of the evaluation levels corresponding to each score for each aspect analyzed. (In general, scores and evaluation levels follow the logic described in paragraph 3.2);
- Negative aspects can range from 0 to -200 points. A negative score is assigned if certain illegal practices or severe negative impacts are present in the company. In this

¹⁷² WFF Projects. URL: <https://womenforfreedom.org/scolarizzazione/>.

¹⁷³ SDGs. URL: <https://sdgs.un.org/goals>.

case, a score of 0 means that no critical issues were identified in this area, and therefore no penalties are assigned. The scores of individual aspects are aggregated into a weighted sum that takes into account the size of the organization, the sector, the main countries and sectors of purchase and sale, and some economic indicators. The maximum overall score is 1000 points.

The table below provides a description of the company's sustainability profile and commitment to the common good based on the achieved score.

Score	Level	Description
700-1000	Exemplary	The common good and sustainability are at the core of the company's identity and business strategy, treated in a creative and innovative manner.
400-600	Experienced	The company has translated experiments and initial measures into stable and systematic policies in various areas, beyond legal obligations.
200-300	Advanced	The company has initiated some experiments and adopted initial improvement measures in various areas, beyond legal obligations.
1-100	Getting started	The company is in the phase of analysis and identifying improvement strategies in various areas, beyond legal obligations.
0	Baseline	The company operates in compliance with current regulations.

Table 8: ECG Calculator for companies. URL: <https://www.economia-del-bene-comune.it/impres/>.

In this regard, every company associated with ECG, before the publication of its Common Good Balance Sheet, receives an official certificate. The certificate collects the scores of every theme and the total one, being valid for eventual investments, too. More precisely, it reports the scores first assigned during the self-assessment process and later validated during the peer phase under ECG consultants control. The procedure is very demanding and it requires ECG experts' supervision.

Group evaluation MATRICE 5.0 (Valutazione in gruppo peer)

Organizzazione: STL Srl Società Benefit www.stl-srl.it

Altri partecipanti: Indaco Team, Monteverde Cooperativa Sociale di solidarietà onlus, Fundraiserperpassione Srl Società Benefit

Facilitatori: dott.ssa Maria Fabiana Laruccia per STL Srl SB e Indaco Team - dott.ssa Stella Catto per Monteverde Cooperativa Sociale di Solidarietà onlus e Fundraiserperpassione Srl SB



<p>Il presente documento attesta il risultato e l'avvenuta valutazione reciproca tra un gruppo di organizzazioni, partendo da un'auto-valutazione. Ai fini di questa attestazione non vengono richiesti documenti probanti: le organizzazioni partecipanti alla valutazione di gruppo hanno validato reciprocamente i risultati delle autovalutazioni di ciascuna organizzazione, in un processo di raffronto delle proprie politiche e azioni orientate al Bene Comune. Il facilitatore fa da garante per una valutazione coerente. Si precisa che i risultati della valutazione tra pari possono differire da quelli risultanti da un audit esterno.</p> <p>Per ulteriori informazioni sulla matrice, sui temi ed aspetti e sul sistema audit si consulti: www.febc.eu o www.economia-del-bene-comune.it</p>					<p>Punteggio complessivo group evaluation:</p> <p>311/1000</p> <p>Attestato valido fino al: 01/06/2025</p>
Valore Portatore d'interesse	Dignità umana	Solidarietà & giustizia	Sostenibilità ecologica	Trasparenza & condivisione delle decisioni	Punteggio complessivo per PORTATORE DI INTERESSE
A) Fornitori	A1 La dignità umana lungo la filiera Punteggio 22/72 -> 30%	A2 Solidarietà e giustizia nella filiera Punteggio 33/72 -> 45%	A3 Sostenibilità ecologica nella filiera Punteggio 43/145 -> 30%	A4 Trasparenza e condivisione delle decisioni lungo la filiera Punteggio 29/72 -> 40%	Punteggio 86/361 -> 23%
B) Proprietari & partner finanziari	B1 Atteggiamento etico nell'impiego del denaro Punteggio 1/12 -> 7%	B2 Atteggiamento sociale nell'impiego del denaro Punteggio 12/12 -> 100%	B3 Investimenti socio-ecologici e impiego del denaro Punteggio 1/12 -> 10%	B4 Proprietà e condivisione delle decisioni Punteggio 0/24 -> 0%	Punteggio 14/60 -> 23%
C) Collaboratori	C1 La dignità umana sul posto di lavoro Punteggio 22/48 -> 47%	C2 Welfare aziendale, retribuzione e organizzazione del lavoro Punteggio 32/48 -> 67%	C3 Promozione del comportamento ecologico dei collaboratori Punteggio 5/48 -> 10%	C4 Condivisione delle decisioni e trasparenza in azienda Punteggio 19/48 -> 40%	Punteggio 79/193 -> 41%
D) Clienti & concorrenti	D1 Relazioni etiche con la clientela Punteggio 31/48 -> 65%	D2 Cooperazione e solidarietà con i concorrenti Punteggio 14/48 -> 30%	D3 Impatto ecologico dell'utilizzo e dello smaltimento di prodotti e servizi Punteggio 10/48 -> 20%	D4 Partecipazione dei clienti e trasparenza dei prodotti Punteggio 33/72 -> 45%	Punteggio 88/217 -> 41%
E) Contesto sociale	E1 Senso e impatto dei prodotti e servizi sulla società Punteggio 22/48 -> 45%	E2 Contributo per la collettività Punteggio 6/24 -> 25%	E3 Riduzione dell'impatto ecologico Punteggio 5/48 -> 10%	E4 Trasparenza e condivisione sociale delle decisioni Punteggio 14/48 -> 30%	Punteggio 47/169 -> 28%
Punteggio complessivo per VALORE	Punteggio 55/229 -> 24%	Punteggio 97/205 -> 47%	Punteggio 64/301 -> 21%	Punteggio 95/265 -> 36%	Somma 311/1000 -> 31%

Federazione per l'Economia del Bene Comune in Italia
Il Presidente pro tempore: dott.ssa Lidia Di Vece

Facilitatore:

[Mod. Rev. 16.06.2022]

Figure 3: STL official group evaluation certificate. Source: STL CGBS. URL:

<https://www.economia-del-bene-comune.it/imprese/>

As far as STL is concerned, it received confirmation for the self-assessed score of every theme; some points were also increased. Looking at its certificate, it results evident how the organisation of this case study focuses its efforts on the value “Solidarity and social justice”: the highest score belongs to the themes of that column in the matrix. Nonetheless, as reported in Table 7, STL performance is significant in other sections of the matrix. Looking at Figure 3, it emerges that E1 (Purposes of products and services and their effect on society) received a positive score, reflecting the company's purpose of providing wellbeing to its customers

thanks to its products, both belonging to the technology and design areas. In addition to this, as transparency is fundamental in the vision of this organisation, the themes related to that value obtained a higher score too, when compared to the others.

On the other hand, there are also sections in which STL received a neutral or lower, in particular:

- B1: ethical position in relation to financial resources
- B3: use of funds in relation to social and environmental impacts
- B4: ownership and co-determination
- C3: environmentally-friendly behaviour staff.

These themes obtained a low score compared to the others because of inherent corporate structures and choices that are not fully aligned with ECG vision: as an example, STL has always worked with Italian banking institutions involved in the sale of military equipment to third countries by national companies (B1). However, since it started to follow the ECG model, it has worked to reduce the relationship with that kind of banking institution. In addition to this, although the company has increased its investments towards the environment and the community, it can not be in control of the sustainable behaviours adopted by its employees outside the company: for instance, the means of transport they choose to reach the workplace (C3). Whereas for themes like B3 and B4, there are inherent limitations difficult to overcome: B3 obtained a low score as there were no significant new investments to report in its second year of reporting. Finally, regarding ownership and co-determination, STL is characterised by an ownership structure in which there are four business partners, who share the same percentage of the company. Therefore, at present time, B4 received a neutral score as it can not fully contribute to the impact on the common good.

Value	Score	Percentage
Human dignity	55 of 229	24%
Solidarity and Social Justice	97 of 205	47%
Environmental Sustainability	64 of 301	21%
Transparency and Co-determination	95 of 265	36%
Total	311 of 1000	31%

Table 9: Score of values. Source: STL Certificate

On the whole, with a total score of 311 points, STL is categorised as Advanced¹⁷⁴. As shown in Table 9, solidarity and social justice are the values which the organisation contributes the most. As a SME, in the last three years great changes have happened inside the company with important results: the continuous voluntary contribution which STL provides to the community is priceless and very important to the company. Moreover, in terms of sustainability, the company decided to communicate only the projects that have been realized, so only concrete actions. In this regard, for the first time in its history as a retailer, STL Srl SB realized a project of extreme significance in the context we are living in: thanks to its profit, the company created a piece of furniture that positively affects both the environment and society, adopting the systemic approach towards sustainability transferred by ECG.

¹⁷⁴ Cfr. Table 8.

4.3 Local governance as means to reach the Common Good: a focus into “Development and updating of the matrix and manual for individuals and families”

In this last chapter, I would like to shift the focus on another project conducted by the Italian Federation of the Economy for the Common Good, that is the “Development and updating of the matrix and manual for individuals and families”. As anticipated above, the movement provides different models to contribute to the protection of the common good, involving municipalities, educational institutions and individual citizens. The last category is crucial in this discourse as it is linked to Omstrom’s governance theory, which focuses on the importance of communities in governing CPRs (Common Pool Resources). In the next section I will describe how the project was conducted and according to which methodology it worked, with insights into the concept of local governance.

MATRICE DEL BENE COMUNE 2.0 per comunità familiari e persone singole

Bozza del 09.02.2016 tradotto da Marina Bonometti, con l'aiuto di Ivana Comper, Bernhard Oberrauch e del gruppo territoriale EBC Trentino



Valore Portatore d'interesse	Dignità umana	Solidarietà	Giustizia	Sostenibilità ambientale	Democrazia, trasparenza e co- gestione
A) Tu/voi come consumatore	A1: Dignità dei consumatori e lavoratori, dignità dell'uomo in altri paesi in collegamento con il nostro consumo	A2: Diritti umani, giustizia del salario, impegno per una vita e morte degna degli animali dei quali utilizziamo prodotti	A3: Giusto compenso per la produzione/fornitura di un prodotto/servizio, commercio equo, sovvenzioni, tasse e	A4: Impatto ambientale nella produzione, nel commercio e nello smaltimento, criteri per la decisione di acquisti, scelta del mezzo di trasporto	A5: Trasparenza e sincerità dei produttori e fornitori di servizi, ad es. riguardo a sostanze contenute, consumo delle risorse, pubblicità, allevamento e cura degli animali
B) Tu/voi ed i soldi	B1: deposito di denaro tenendo in considerazione le condizioni dignitose dell'uomo, economia del denaro e economia reale	B2: Offerte e prestiti in denaro a persone in condizioni di bisogno, interessi delle banche a persone in condizioni di bisogno	B3: Giusto compenso, soddisfazione riguardo alla distribuzione delle entrate e del possesso di beni in casa/nella famiglia, differenze di stipendio	B4: Effetti ambientali del denaro depositato nelle banche	B5: Trasparenza nel mercato finanziario, possibilità di codicisione dei clienti degli istituti finanziari (ad es. banche)
C) La tua/vostra comunità familiare	C1: Rispetto di se stessi, rapporto rispettoso degli altri, equilibrio tra lavoro e tempo libero ("work life balance"), comunicazione non violenta	C2: Aiuto in situazioni impreviste, scambio di beni, soccorso ad animali in difficoltà	C3: Divisione dei compiti quotidiani e straordinari in casa e in giardino, cura dei bambini e delle persone inferme, paghetta	C4: Impatto ecologico, ecologia dei mezzi di trasporto, raccolta differenziata, risparmio energetico	C5: Ricerca del consenso, decisioni democratiche in casa/ nella famiglia
D) Il tuo/vostro vicinato	D1: Rapporto rispettoso con le persone nel proprio contesto, assenza di mobbing, senso e contributo positivo del lavoro	D2: Scambio di oggetti e informazioni, aiuto nelle emergenze, coraggio civile, impegno per la tutela dei più deboli, e protezione degli animali	D3: Accesso senza barriere, stesso lavoro stessa paga, impegno del consiglio aziendale, partneriati sociali	D4: Repair café, gruppi di acquisto, giardino comunitario, riciclo e riuso, sostenibilità ecologica nell'azienda	D5: Possibilità di co-decisione nel contesto abitativo, nella ditta e nella scuola, busta paga trasparente
E) Tu/voi come parte della comunità, della società e dell'ambiente	E1: Rapporti sociali positivi, tutela della dignità umana	E2: Supporto nelle catastrofi, aiuto a persone bisognose e svantaggiate, protezione degli animali	E3: Giustizia nelle decisioni del comune e delle istituzioni verso i richiedenti, reddito di base, assenza di lavoro nero ed evasione fiscale	E4: Promozione della sostenibilità ambientale nella e tramite la società/comune, raccolta differenziata, trasporto pubblico	E5: Trasparenza, attività, co-decisione, cultura del dialogo nelle associazioni, nei comitati, nella società e nel comune

La matrice ed il manuale sono stati adattati in collaborazione con Tavolo Res, Bilanci di Giustizia e Banca Etica. Descrizioni dettagliate degli indicatori si trovano nel "Manuale del bilancio del bene comune" presente sul sito www.economia-del-bene-comune.it. Si prega di far pervenire feedback ai responsabili dei singoli indicatori (i dati di contatto sono disponibili sul sito). Adesso avviene un ulteriore sviluppo includendo i gruppi di lavoro di Schaffhausen (CH, D), di Graz (A) e di Salzburg (A) attraverso il progetto "Gemeinwohlorientiertes Leben" (vita orientata al bene comune)

Table 10: Italian version of the matrix for families and individual citizens. URL: <https://www.economia-del-bene-comune.it/famiglie-e-persone/>

The Common Good Balance Sheet is a practical tool made available to families and individual citizens for two primary purposes:

1. to assess their contribution to the common good, as it pertains to their relationships with five categories of stakeholders: suppliers, financiers, family unit, neighbors and social context, environment, and future generations;
2. to be guided through a process of ongoing reflection and improvement, enabling them to increase well-being and positive impact through their daily choices and actions.

In this way, the CGBS empowers individuals and families to evaluate their impact on the common good across various stakeholder relationships and to continually enhance their contributions to well-being and positive outcomes within their communities and the broader context¹⁷⁵. Table 10 shows the Matrix for individuals and families that was developed several years ago through intense teamwork between some members of the Italian Federation of the Economy for the Common Good, Bilanci di Giustizia, Banca Etica, and the Network for Social and Solidarity Economy. Over time, it has emerged the necessity to improve these tools, making them clearer, more comprehensive, and user-friendly.

To initiate this project of revising the matrix for individuals and families, the Italian Federation decided to focus particularly on: firstly, involving interested ECG members; secondly on expanding the partnerships for the co-construction of the tool, both to incorporate diverse expertise into the instrument, making it more comprehensive, and to ensure that the tool is recognized, owned, used, and disseminated by the other partners.

Regarding the Manual, the aim consists in organizing its content into a coherent structure from one theme to another. Therefore, the project collects in a single tool, with insights dedicated to the specific contexts of socio-economic action, a budget for self-evaluation and/or a peer-evaluation consisting of:

1. a 5 x 4 Matrix: for each of the 20 “cells” of the matrix, the introduction of an “item” is foreseen to illustrate the possible practices and the stages of “discovery” of the path followed. A shared experience, a sort of “invitation” as equals towards both consumers, savers and active citizens in a broader sense;
2. a Manual: a useful tool for self-assessing the personal contribution to the common good and therefore directing actions to improve individuals’ and families’ behavior.

¹⁷⁵ Cfr. L'Economia del Bene Comune Italia. URL: <https://www.economia-del-bene-comune.it/famiglie-e-persone/>.

The simplification of the matrix from 5x5 to 5x4 cells was driven by the willingness to develop a co-constructed and more practical ECG tool supported by a broad community. In order to accomplish this objective, ECG Italian Federation hired a project manager, with whom I worked together during my internship. As my experience as an intern lasted three months, I was not able to follow the project until the end, this is the reason why I can not attach any annex to this work. Nonetheless, I was able to assist my supervisor in defining the project schedule and phases, managing the project activities and communicating project updates. As mentioned above, the first step consisted in mapping the entities to be involved in updating each theme of the Matrix for individuals and families. Two fundamental steps were involving interested ECG members, considering the voluntariness of their commitment, and contacting new stakeholders with shared values. The new stakeholders were divided into three categories as they contribute in different ways to the project:

- Some of them should provide their contribution for a particular theme of the matrix, according to their experience;
- The second category should work as sponsor of the tool;
- The third one was assigned to the promotion and diffusion of the project: once the project is completed, a crowdfunding campaign will be designed for co-financing the project by individuals and network stakeholders interested in the project.

Once contacted the associations and organizations, the most significant stage was the choice of methodology for realising a workshop together with the new partners: the governance we proposed was very participative as it involved both citizens and non-profit organizations according to a bottom-up structure. More precisely, the workshop was organised according to the Positive Future Model¹⁷⁶: “The Future of Government 2030+ A Citizen Centric Perspective on New Government Models project brings citizens to the centre of the scene”¹⁷⁷. By employing the FuturGov Engagement Game, the project aims to initiate and stimulate a discourse involving organizations and citizens. Through active participation in an open-dialogue and role-playing game, participants have the opportunity to enhance their comprehension of how the decision-making process can be enhanced, both in a general sense

¹⁷⁶ #FutureGov Game Rules. URL:

https://knowledge4policy.ec.europa.eu/sites/default/files/booklet_rules-lq-v2.pdf.

¹⁷⁷ The Future of Government 2030+. A Citizen Centric Perspective on New Government Models. URL:

https://publications.jrc.ec.europa.eu/repository/bitstream/JRC115008/futurgov_web_lq_v2.pdf

and with a specific focus on selected issues or themes. The findings from #FutureGov Game project underscores the significance of fostering a dialogue between citizens and institutions, emphasizing the need for its further development. This dialogue is crucial in gaining a deeper understanding of citizens' concerns and providing solutions that genuinely address their needs. As a consequence, following this logic, "Development and updating of the matrix and manual for individuals and families" project highlights the potential of increased responsibility, solidarity, and social capital and it considers them as powerful forces within society. In particular, this must be applied to the context of contribution to the common good. Adopting that model, the project sustained polycentric governance as the way to better reach the goal of improving people's sustainable lifestyle. The similarities with Ostrom's theory have to be found in the idea that communities belonging to a territory may more effectively contribute to its protection. In the project reported in this study, the realization of a workshop with different stakeholders and citizens is the aspect that significantly increases the value of the project.

However, some clarifications must be done: as the project has not been completed yet, there is no evidence of the impact it has on the community and on the surrounding environment. Interesting findings may be obtained testing an exemplary group of citizens, who use both the matrix and follow the guidelines provided by the manual. In addition to this, as the project provides tools for increasing the positive impact in the long-term, some citizens may not be stimulated enough in contributing to this objective.

On the other hand, the strong connection with the logic of this project and Ostrom's observations was the fact that, when humans face problems of collective action, even without being led, they can establish an institutional framework, a set of legitimate behaviors, and forms of mutual control. Throughout history, there have been numerous examples of small societies that have successfully addressed collective issues without the need for control bodies and Ostrom managed to develop an economic model in which the common good does not inevitably lead to the tragedy described by Hardin. Instead, it becomes a space for collaboration and cooperation among citizens, as the project presented in this section aims to do. Focusing on this last point, I would like to close the loop of this study. The systemic approach that ECG adopts in every project it conducts not only contributes to the preservation of the common good, belonging to both social and ecological systems, but also it stimulates the production of sustainable governance practices and behaviours.

Conclusions

This thesis has aimed to demonstrate how the movement of the Economy for the Common Good created a model that is able to report sustainability effectively and efficiently, thanks to the systemic approach it adopts. More precisely, it conceives social and ecological dimensions as interconnected, where diversity and interactions are part of systems that need to be considered together in order to approach all the three dimensions of sustainability, especially when companies are concerned. As a matter of fact “On 5 January 2023, the Corporate Sustainability Reporting Directive (CSRD) entered into force. This new directive modernises and strengthens the rules concerning the social and environmental information that companies have to report. A broader set of large companies, as well as listed SMEs, will now be required to report on sustainability”¹⁷⁸. As a consequence, companies with specific features (see chapter 3.1) are required to provide a sustainability report, which should include all the actions and initiatives undertaken by organizations in relation to the three sustainability pillars. In order to provide a comprehensive background for a better understanding of ECG vision, the first chapter focused on presenting the concept of common good; to support its explanation, different theories have been presented as it is a complex and multifaceted concept (chapter 1). In this regard, as over the time many approaches towards sustainability have been proposed, in chapter 2 an explanation of the four main approaches has been provided: the socio-centred resulted on of the best to consider the social dimension, often forgotten in the sustainability discourse; it enhances the embeddedness and the importance of social relationships in social dynamics, introducing concepts like Social Innovation, especially in terms of governance. Secondly, the socio-political approach connects politics to ecology (PE), exploring themes like social justice, land grabbing and feminist ecology, encompassing the three pillars of sustainability. Nonetheless, the drawback identified in this approach was the “superficial” consideration of the economic and environmental dimensions, despite it investigates the emdeddeness of politics in the ecology management. The third approach focuses on economics: the main theory presented concerned PES, that is payment for ecosystem service as means to decrease the depletion of natural resources. Notwithstanding, in a strong sustainability discourse¹⁷⁹, the commodification of

¹⁷⁸ Corporate Sustainability Reporting. URL:

https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en.

¹⁷⁹ Cfr. Pelenc J., Ballet J., Dedeurwaerdere D. (2015), *Weak Sustainability versus Strong Sustainability*, GSDR, p. 1- 4.

nature to protect it results in a paradox; in addition to this, there is the risk of forgetting the social dimension when applying this approach.

After having encompassed all the approaches, the systemic approach (see chapter 2.4) resulted as the most comprehensive: basing the discourse on theories collected in the selected written material, I reported how socio-ecological systems evidence the interaction between the different dimensions of sustainability, enhancing the wholeness, connectedness and the importance of considering both context and feedback mechanisms that happen among them.

By some means, the main research question of this study was born from the following: *which is the approach toward sustainability able to embrace all its dimensions?* Once clarified, the main investigative query consisted in demonstrating *if the model proposed by the Economy for the Common Good is the most comprehensive and coherent when approaching the challenge of sustainability reporting, focusing on companies*. This is the reason why, after describing how ECG works, I dedicated the last chapter to the presentation of the three models of sustainability reporting most used by companies according to the literature¹⁸⁰. The comparison with GRI, CDP and SASB evidenced how the matrix proposed by ECG is the most comprehensive to consider all information on the sustainability dimensions that an organisation is required to disclose. Nonetheless, this study does not aim to definitively establish which model is the “best” for accomplishing the CSRD directive (2022/2464/EU). It aims to prove that ECG, adopting a systemic approach, not only allows organizations to thoroughly disclose non-financial information but also motivates them to do better, as illustrated in the case study presented. Finally, as ECG makes available a model of reporting also to other entities like municipalities, educational institutions, families and individual citizens, I focused on the last category in order to deepen the explanation regarding the importance of governance in this context.

To conclude, it emerged that participation in the decision-making process by both internal and external stakeholders is of paramount importance within the management of the common good. Everyone who is influenced by the company’s activities, benefiting from or being affected by them, has the right to share their ideas regarding managerial decisions that concern them. Naturally, there are different levels of interest and, consequently, varying degrees of decision-making power, which can also manifest as transparent communication of the decisions made.

¹⁸⁰ CLOCKS project. URL: <https://clocksproject.eu/>.

In conclusion, all dimensions of sustainability are tackled when applying the ECG tool, which does not allow subjectivity in the reporting. This is ensured by the transformative model of the economy proposed by ECG, which aims to shift the objectives of companies from mere profit maximization to the enhancement of their positive impact on the common good.

Thesis limitations and recommendations for future research

To begin with the last paragraph of this research study, my experience as an intern with the Italian Federation of the Economy for the Common Good offered me the possibility to know how the movement works, its values, the initiatives undertaken and above all to personally follow a new project. Nonetheless, as aforementioned, I was not able to assess its impacts as the project still has to be completed. This is the reason why the explanation of “Development and updating of the matrix and manual for individuals and families” was limited to the theory description and on the current state of the project. Moving from theory to practice, a survey or a statistical study among users of the new tools provided by ECG, together with further research on the governance adopted, can be useful to evaluate the efficacy of the outcomes and the future impacts of the project.

Going back to the main research question, this study is based on empirical observations, as explained in the previous sections, and it originates from the concept of common good. Furthermore, it exclusively relies on written, publicly accessible documents and it is constrained by limitations related to time, labor, and the availability of materials. Additionally, the accuracy of the results reported depends on the researcher’s interpretations, which are supported by the chosen material. Certainly, additional and different documents could help answer this research study or deepen its content in a different way or according to a diverse methodology. In addition to this, literature about the different sustainable reporting models available is very scattered. Nonetheless, this study may serve as a starting point for further research on the different models available for reporting sustainability.

Similarly, the focus could be shifted from another approach towards sustainability and, as a consequence, another model of non-financial reporting could be better suitable and adapted to the new context. In addition to this, other theories may better support the organisations’ sustainability assessment from another perspective among those available when approaching sustainability (chapter 2). On the other hand, if considering the systemic approach as this study did, similar findings are likely to be obtained. Moreover, the findings outlined here are supported by theories like the one proposed by Kim, D. (1999), Meadows Donella H. (2009), Ostrom E. (2009) and (2010), (2015).

Secondly, the effectiveness of the different tools provided by the institutions mentioned in this work (ECG, GRI, CDP, SASB) may be better investigated through realising statistical studies with exemplary groups of organisations, which use the different models considered here for disclosing their non-financial information. Questionnaire or interviews for companies that do sustainability reporting can be done, considering the different organisational structures, context etc. Presenting case studies of companies adopting the models considered in this work, apart from ECG, would be helpful to deepen the research. Furthermore, as mentioned above, literature regarding non financial reporting is difficult to collect; there are many websites, organisations and associations that organise webinars to be updated on the new directives. However, few articles and papers study the efficacy and validity of the many models available.

Finally, the inclusion of the SDGs in the corporate sustainability disclosure is another issue that necessitates further investigation: at the present time, authors like Pizzi S. (2021) concluded that “integrating SDGs into non-financial reports could be a tool to engage more effectively with stakeholders. [...] In this sense, SDGs reporting will represent a way to signal the orientation toward sustainable development in a competitive environment characterized by the coexistence of socially responsible firms characterized by an intrinsic orientation and firms that publish their non-financial information to comply with regulations”¹⁸¹. As far as this concern, the case study reported in chapter 4.2 confirms Pizzi’s findings (2021).

However, it may be helpful to broaden the research of companies that disclose non-financial information making reference to the SDGs they cover through their actions. To conclude, there should also be more precise reference and mention of the SDGS in the directives, in order to limit the subjectivity among organisations, which currently can choose both to include or exclude them in their sustainability reporting.

¹⁸¹ Pizzi S. et al. (2021), *Voluntary disclosure of Sustainable Development Goals in mandatory non-financial reports: The moderating role of cultural dimension*, Journal of International Financial Management & Accounting published by John Wiley & Sons Ltd, DOI: 10.1111/jifm.12139.

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