

The role of Communications in Tomorrow's World
Generating value and cultural change

Enhancing Human Capital for the Country's
Development: Strategies for Growth and Change



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CHAPTER 1

Mission, goals and 2024 path of the WPP | The European House – Ambrosetti Advisory Board

1.1 THE ADVISORY BOARD AND OTHER STAKEHOLDERS IN THIS INITIATIVE

This Position Paper summarizes and synthesizes the reflections and results of the thirteenth round of work of the WPP | The European House - Ambrosetti Advisory Board, which was established in 2012 with the aim of providing solid and knowledgeable answers to some of the major challenges affecting businesses and institutions and, at the same time, providing a new perspective on the **role of the communications sector for Italy's growth and competitiveness**.

The project is supported by an Advisory Board composed of prominent personalities from the world of Italian communication and business, selected for their experience and expertise on the topics under investigation and for their ability to be accredited, high-profile opinion leaders in their respective fields.

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In carrying out the analyses and insights, the Working Group, in addition to the ad hoc research carried out on its own on specific issues, drew on valuable reflections already contained in proprietary and non-proprietary documents, a summary of which is provided below:

1. "Economic and Financial Document 2023," Ministry of Economy and Finance, 2024;
2. "Medium-term Structural Budget Plan-Italy 2025-2029," Ministry of Economy and Finance, 2024;
3. "Global Attractiveness Index 2024," The European House - Ambrosetti, 2024;
4. "White Paper – Looking Southward," The European House - Ambrosetti, 2024;
5. "XIX Meridiano Sanità Report," The European House - Ambrosetti, 2024;
6. "Observatory on Women's Empowerment," TEHA Club, 2024;
7. "Reviving productivity: what industrial policy for Italy and Europe?", TEHA Club, 2024;
8. "NRRP Observatory. Three years after the launch," TEHA Club, 2024;
9. "Zero Recidivism. Education, training and work in prison from project experiences to system actions," TEHA Club, 2024;
10. "AI 4 Italy: from theory to practice - Towards a Generative AI Industrial Policy for Italy," The European House - Ambrosetti and Microsoft, 2024;
11. "Urban sustainability - Decarbonization, electrification and innovation: opportunities and solutions for future-fit cities," The European House - Ambrosetti and A2A, 2024;
12. "Think Tank Welfare Italia Report," The European House - Ambrosetti and Unipol Group, 2024;
13. "Public-Private Alliance: Together for Legality", The European House - Ambrosetti and AXPO, 2023;
14. "Redesigning Italy - Governance Proposals for Changing the Country," TEHA Club, 2023;
15. "Rebirth Italy. How to reverse the demographic trend to benefit the country's future," TEHA Club, 2023;
16. "AI 4 Italy - Impacts and Prospects of Generative Artificial Intelligence for Italy and Made in Italy," The European House - Ambrosetti and Microsoft, 2023;
17. "Toward the Society of the Future: how we will live, work, relate and the energies of transformation," The European House - Ambrosetti and Edison, 2023;
18. "Public Museums. A strategic asset for the system-Italy," The European House - Ambrosetti and Aditus, 2023;
19. "NRRP Observatory. One year after the launch," TEHA Club, 2022;
20. "Net Zero E-conomy 2050. Decarbonization roadmap for Europe," The European House - Ambrosetti and Enel, 2022;
21. "Proposal for a Zero Carbon technology roadmap," The European House - Ambrosetti and Eni, 2022;
22. "Next Generation DigITALY: How to promote the integration and development of a digital ecosystem to accelerate the country's innovation and growth," The European House - Ambrosetti and Microsoft, 2022;

23. "The P.A. (Public Administration), from Added Weight to Potential Aid to Country Growth," TEHA Club, 2021;
24. "Next Generation EU Observatory - Release 2.0: a (potential) lever for the country's revitalization," TEHA Club, 2021;
25. "Next Generation EU Observatory," TEHA Club, 2021;
26. "National Recovery and Resilience Plan. #NextgenerationItaly," Italian Government 2021;
27. "Redesigning Italy. Governance proposals for changing the country," TEHA Club, 2021;
28. "Relaunching Italy. The 8 proposals of The European House - Ambrosetti Club," TEHA Club, 2020;
29. "University 5.0. The Revitalization of the University System as an Engine of Growth and Development of the Country System and the Enterprise System," TEHA Club, 2020;
30. "Being Italian as a strategic lever for Italy's economic growth and international promotion," The European House - Ambrosetti, 2018.

1.2 MISSION, GOALS AND RATIONALE FOR THE INITIATIVE

The mission of the initiative **"The Role of Communication for Tomorrow's Society - Generating Value and Cultural Change"** is:

Engage decision-makers and the business community in high-level reflections on key trends and changes affecting the country in order to consciously direct the strategies and investment decisions of communications operators and create value, jobs, and growth.

Each year the Advisory Board addresses both specific issues for the revitalization of the competitiveness of the communication sector and some major national issues that impact, directly and/or indirectly, the performance of communication companies. In this sense it represents a platform for the elaboration of **strong messages of change** and **ideas for the growth of Italy**, addressed to institutions, businesses, consumers and, above all, communication companies. In the past twelve editions, the Advisory Board has explored several priority issues for the Country-system.



Figure 1.1. Issues addressed by the WPP | The European House - Ambrosetti Advisory Board in past editions. Source: *The European House - Ambrosetti elaboration, 2024.*

The theme identified this year is as follows:

Enhancing Human Capital for Country Development: Strategies for Growth and Change

Sustainability refers to "an approach that aims to **promote the long-term well-being of communities** by preserving and improving the **quality of life** of the present generation without compromising the ability of future generations to meet their own needs"¹.

Sustainability is becoming increasingly relevant in policy actions and is, now more than ever, at the center of global, European, and national strategies. In 2015, the **193** member countries of the United Nations adopted **17 universally applicable goals to transform the world** over the period 2015-2030 (so-called Sustainable Development Goals, or SDGs), addressing the most urgent and relevant challenges affecting the economy, society and the environment.

Since 2015 to date, **154** countries (**80 percent** of the total) have improved, albeit marginally (by just **+2.3 points/100** on average among countries), their overall SDG score, i.e., the indicator summarizing countries' progress toward achieving the established goals, thus signaling, upon initial analysis, **an overall positive but still too slow trend**.

Delving deeper into the performance of each of the **169** KPIs that make up the SDG score, it also shows that globally only **20 percent** of the KPIs have experienced **growth in line with expectations**, while **50 percent** show **slower growth**. In contrast, **30 percent** of the KPIs measured globally have remained **stable or record values even lower than the baseline in 2015**. With reference to the progress of countries toward the goals set by the United Nations, a critical picture thus emerges and one that increasingly highlights the **urgency of intervening with investments and initiatives** aimed at the

sustainable development of countries.

Sustainability, primarily social sustainability, is also increasingly at the center of policies at the **European level**, with dedicated directives, regulations and investments. In November 2017, the European Commission introduced the "**European Pillar of Social Rights**," enshrining **20 fundamental principles and rights** in the areas of equal opportunities and access to the labor market, equity in working conditions, social protection and inclusion. Then in May 2020, through the **SURE**², the European Commission made approximately **€90.3 billion** of resources available to member countries to address the impacts of the pandemic on the labor market; the funding came in the form of the **Social Bond**, initiating an **innovative path of fiscal integration** among countries to address the most diriment social challenges for the EU and with **clear common ground between countries**.

Then in July 2020, the European Commission launched the **Next Generation EU**, a package of grants and loans for member countries amounting to **€338 billion and €385.8 billion**, respectively, with a leading role for social inclusion and cohesion. Again, resources were financed through **shared taxation**, with the aim of sharing the burden of common challenges among countries.

In June 2021, the EU then adopted the **European Pillar of Social Rights Action Plan**, implementing the principles introduced in November 2017 and identifying **3 key targets** to be achieved at the EU level by 2030, namely an **employment rate above 78 percent**, a share of **adults participating in training activities annually above 60 percent**, and reducing the number of people at risk of poverty or social exclusion by at least **15 million** individuals³.

¹ WCED (World Commission on Environment and Development), United Nations, 1987.

² The European instrument for temporary Support to mitigate Unemployment Risks in an Emergency.

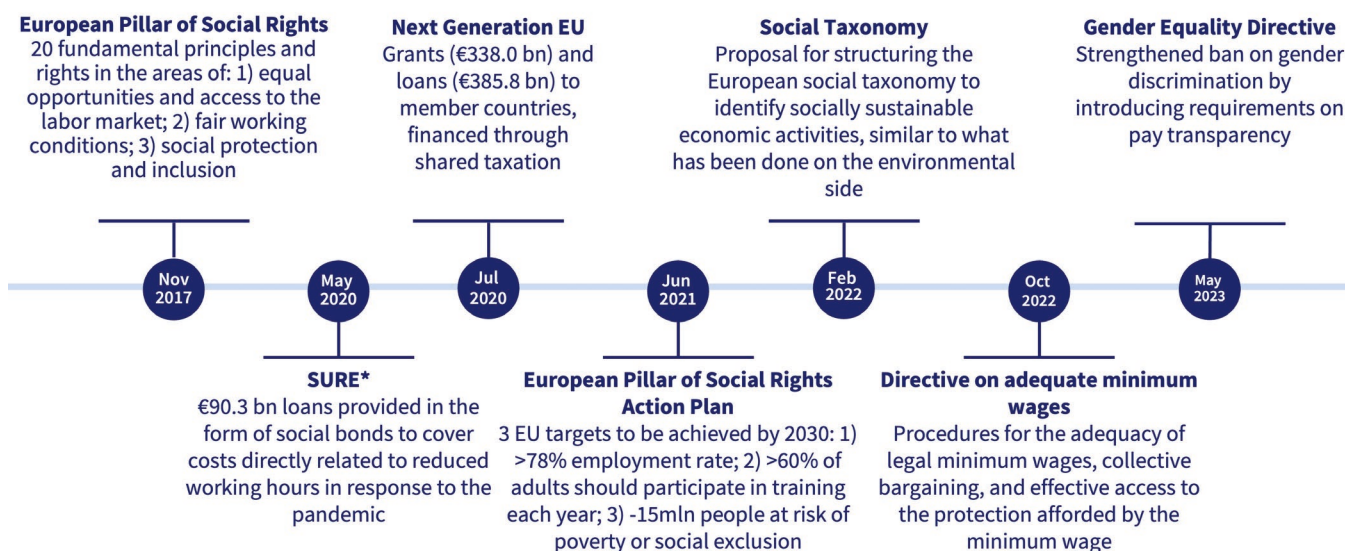


Figure 1.2. Timeline of the main policy actions at the European level with reference to social sustainability, 2017-2024. Source: The European House - Ambrosetti elaboration on European Commission data, 2024.

The path of progressive awareness of social challenges at the European level continued in February 2022, with **the proposed structuring of a Social Taxonomy**, which set out to identify **socially sustainable economic activities**, similar to what is already planned on the environmental side. Then in October of the same year, the European Commission issued the **Directive on Adequate Minimum Wages**, which establishes procedures and guidelines for the adequacy of wages, promoting collective bargaining and facilitating workers' access to the protection guaranteed by the minimum wage. Finally, in May 2023, the European Commission strengthened the ban on gender discrimination by introducing obligations on pay transparency in companies with the **Gender Equality Directive**.

The European commitment to social sustainability will continue into the future, benefiting from total dedicated funding of **more than €180 billion over the period 2021-2027**. In fact, the EU Multiannual Financial Framework includes: the **European Social Fund Plus (€99.2 billion)**, aimed at helping member states address the crisis caused by the COVID-19 pandemic, achieve high levels of **employment** and equitable **social protection**, and develop a skilled and

resilient workforce ready for the transition to a green and digital economy; the **React-EU (€50.6 billion)** to bridge the gap between short-term measures necessitated by the pandemic outbreak with **long-term economic and social recovery and growth** needs; the **Erasmus+ program (€26.2 billion)** to promote **education, training, youth and sport** aimed at supporting the priorities and activities set by the European Education Area, the Digital Education Action Plan and the European Skills Agenda; and **EU4Health (€5.3 billion)**, a program adopted in response to the COVID-19 pandemic with the aim of strengthening crisis preparedness in the EU and building the road to a European Health Union.

Today, social sustainability also plays an increasingly central role for the corporate world, representing one of the main drivers of investment strategies and choices. In particular, when selecting targets in which to invest, companies place the **sustainability of the company in 3rd place**, having in front only the quality of management and the analysis of economic fundamentals and leaving behind, among others, the corporate governance system or the business sector.

³ The number of people at risk of poverty or social exclusion corresponds to the sum of people who are (i) at risk of poverty (as indicated by their disposable income); and/or (ii) face severe material and social deprivation (as measured by their ability to afford a range of predefined material items or social activities); and/or (iii) live in a household with very low work intensity. In 2022, there were 95.3 million people at risk of poverty or social exclusion at the European level, accounting for 21.6 percent of the total population.

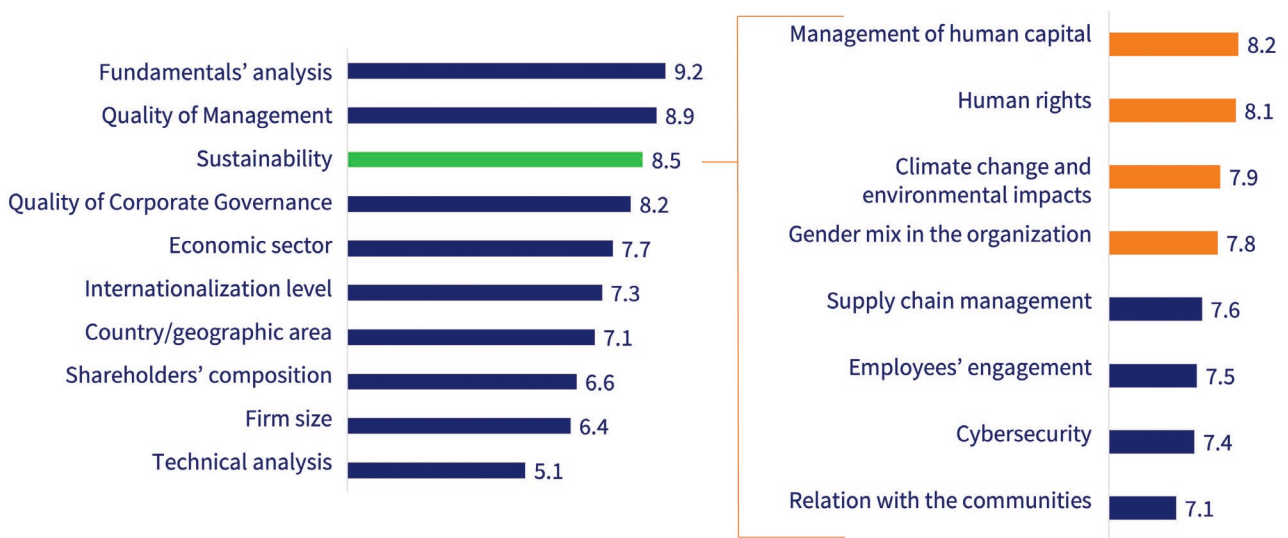


Figure 1.3. Response to the question "What are the criteria adopted in selecting potential targets to invest in?" (score 1-10, left) and detail of sustainability components considered (score 1-10, right; social sustainability components in orange), 2023. Source: The European House - Ambrosetti elaboration on data from the Corporate Governance Observatory, 2024

Social sustainability, in particular, is declined in 4 out of the 7 most relevant factors pertaining to sustainability as a whole, showing a strong focus of the corporate world on issues ranging from respect for and protection of human rights, human capital management, engagement of the Company's employees, to the relationship with communities. Importantly, social issues have become more important in target selection than issues related to climate change: human capital management, for example, has gained 2 positions in the ranking since 2021; gender mix in the organization is now also included in the top-4.

Building on these considerations, the Advisory Board focused on the **social sustainability of the Italy-system** and on the **enhancement of human capital for the country's development**, with the aim of identifying strategies for growth and change, enhancing the role of communication as a fundamental lever for

the dissemination of good practices and the positioning of Italy in the international scenario. To this end, the Advisory Board developed a special **framework of social sustainability analysis** that guided the development of the research activity.



Figure 1.4. The WPP | The European House - Ambrosetti Advisory Board social sustainability analysis framework. Source: The European House - Ambrosetti elaboration, 2024

1.3 THE 2024 PATH

The path of the WPP | The European House - Ambrosetti Advisory Board consisted of three meetings for discussion and in-depth analysis, to which external national and international

guests contributed on the topics discussed, and a high-profile and international forum (Milan, November 22, 2024).

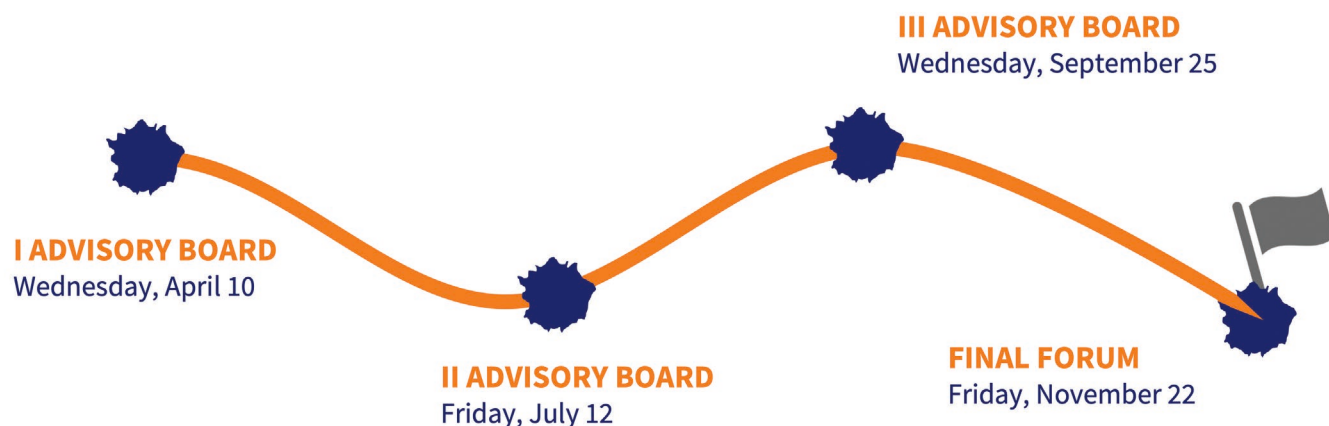


Figure 1.5. The 2024 path of the WPP Advisory Board | The European House - Ambrosetti.
Source: elaboration The European House - Ambrosetti, 2024.

The working group identified **three priority themes for reflection**, which were explored in depth during the three meetings of the Advisory Board and formed the basis for the elaboration of an overall vision of the Italian socio-economic situation, but also of the role that the different players (policy makers, businesses, communication operators, etc.) can play in the country's revitalization through a more careful and realistic understanding of all the variables that come into play.

The topics were addressed across the three meetings and covered:

- **Reducing inequality and managing population dynamics as levers for the country's sustainable development** (Milan, April 10, 2024).
- **Human capital development as a key factor for the country's economic and social growth** (Milan, July 12, 2024).
- **The role of accessibility, inclusion and personal services in promoting quality of life** (Milan, September 25, 2024).

The main results of the journey are condensed in the Position Paper "Enhancing Human Capital for Country Development: Strategies for Growth and Change" and presented and discussed at the 13th Forum "**The Role of Communication for Tomorrow's Society - Generating Value and**

Cultural Change" (Milan, November 22, 2024). The Forum has now established itself as a recurring event to discuss strategic issues for the future of the country, thus consolidating a moment of reference for all the main players in the world of communication in Italy.

2



CHAPTER 2

Reducing inequality and managing population dynamics as levers for the country's sustainable development

2.1 TRENDS IN ECONOMIC, GENERATIONAL AND GENDER INEQUALITY IN ITALY

Italy is facing **conditions of strong inequality in both economic, generational and gender terms**, hindering the country's social and economic development and requiring investment and concrete measures.

Economic inequalities

Economic inequality represents an added brake on the country's socioeconomic development by generating negative effects, among others, as it distorts the allocation and rewarding function of wealth, discourages individual growth paths in studies and work, compresses individuals' opportunities for economic growth, and fuels situations of

economic and social hardship in the territories.

Economic inequality in Italy is on the rise, evidence found by observing the trends in multiple indicators and analytical dimensions. First and foremost, the **Gini Index**, the indicator that measures the degree of inequality in income distribution, **shows an increase of 0.3 p.p. in Italy over the past decade**, compared to a **decrease of 0.7 p.p. in the average of Benchmark countries**.¹ In 2022, Italy's Gini Index was **2.4 p.p.** higher than the average of the Benchmark countries, a differential that widened by **1 p.p.** compared to that recorded between Italy and the Benchmark countries in 2012.²

¹ France, Germany and Spain.

² As a further comparison, in the United States, the Gini Index is 39.8 (16th country in the World for income inequality), with a value that is essentially stable over the period, while the country associated with the highest economic inequality is Brazil, with a Gini Index value of 52.9. Italy is now 32nd in the World for income inequality, worsening by 13 positions in the last decade (it was 45th in 2012). Source: *The European House - Ambrosetti elaboration on World Bank data, 2024.*

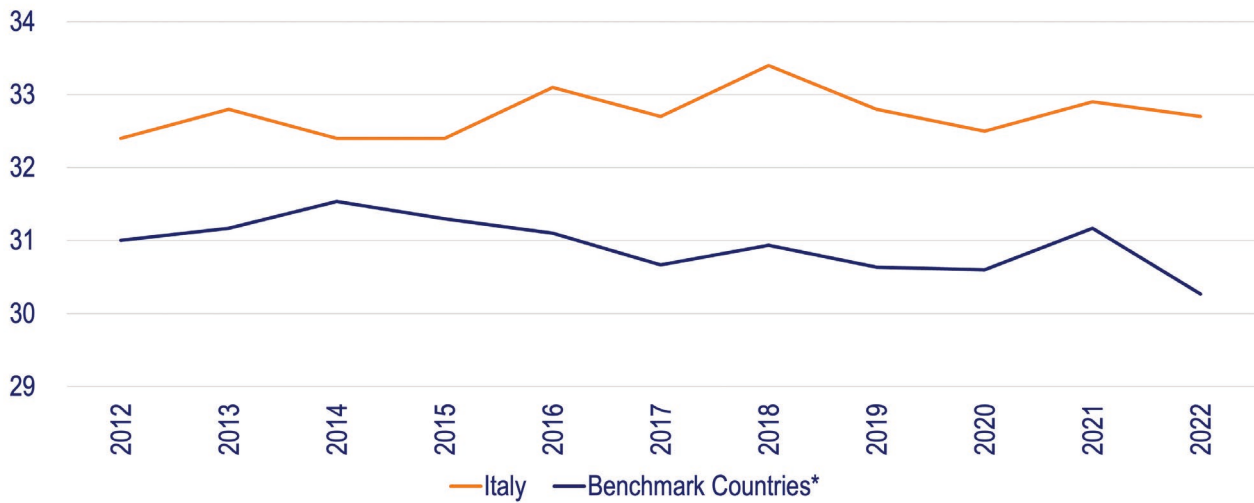


Figure 2.1. Gini Index in Italy and Benchmark countries* (reverse indicator, scale 0-100), 2010-2020. (*) France, Germany and Spain.
 Source: *The European House - Ambrosetti elaboration on World Bank data, 2024.*

In 2022, in Italy, **the richest quintile³ recorded x5.6 times more income than the poorest quintile⁴**, placing the country **6th** in EU-27 in terms of the gap between rich and poor (the 1st country is Bulgaria, which recorded x7.3 times in 2022). The income gap between the richest and poorest quintile is significant in all European economies, but Italy's gap is significantly higher than both the average of the Benchmark countries (**x4.9 times**) and the average of the EU-27 countries (**x4.7 times**).

These gaps generate **conditions of growing marginality in the poorest segments of the population**, with the share of **households in absolute poverty⁵** amounting to **8.3 percent** of the total in 2022, a value growing by **2.7 p.p.** over the 2012-2022 period. In other words, in 10 years there have been **+750 thousand households** in absolute poverty in Italy, bringing the number of households in this economic condition to over **2.1 million** by 2022.

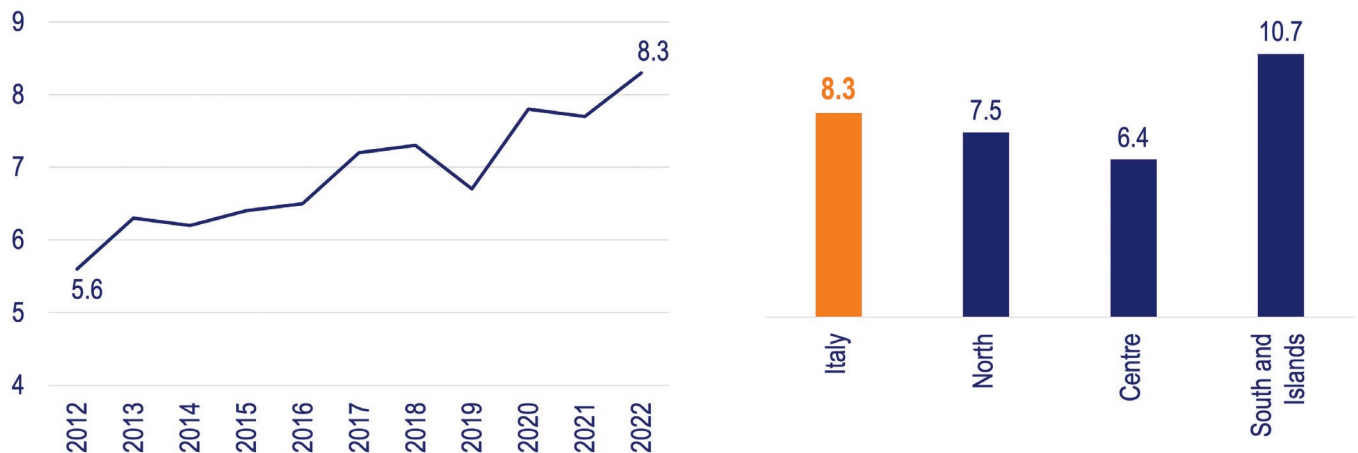


Figura 2.2. Share of households in absolute poverty in Italy (% of total, left), 2015-2022 and by Italian macro-region (% of total, right), 2022.
 Source: *The European House - Ambrosetti elaboration on Istat data, 2024.*

This situation is widespread in all territories but presents itself with different intensities in the country. In fact, compared to an **8.3 percent** share of households in absolute poverty recorded at the national level, in the **North** the share drops to **7.5 percent (-0.8 p.p.** vs. national total), in the **Centre** it registers a value of **6.4 percent (-1.9 p.p.** vs. national total), while it registers **very significant values in the South and Islands (+2.4 p.p.** vs. national total), territories where **more than 1 in 10 households live in absolute poverty.**

Moreover, **work in Italy is not an effective means for individuals to emancipate themselves from poverty conditions**, not adequately remunerating the efforts of individual workers. **In fact, people work more in Italy than in comparable European countries**, and in particular, **+51 hours/year** compared to a Spanish worker (+6 working days), **+163 hours/year** compared to a worker

in the UK (+20 working days), **+183 hours/year** compared to a French worker (+23 working days), and as much as **+354 hours/year** compared to a German worker⁶ (+44 working days). **Despite this, Italy is the only country in the OECD area that has seen the value of real wages decline** from 1991 to 2022. Specifically, over 30 years in Italy, real wages at purchasing power parity have declined by **1 percent**, compared with **4 percent** growth in Spain and double-digit growth in Germany (+30 percent) and France (+33 percent).

Low pay for work in the poorest segments of the population leads to a growing **phenomenon of "working poors"** in Italy⁷, that is, an increase in the number of individuals who, while working (full-time or part-time), live at risk of poverty. **Over the past two decades, workers at risk of poverty have increased in Italy by 517 thousand**, bringing this figure to **2.7 million** by 2022.

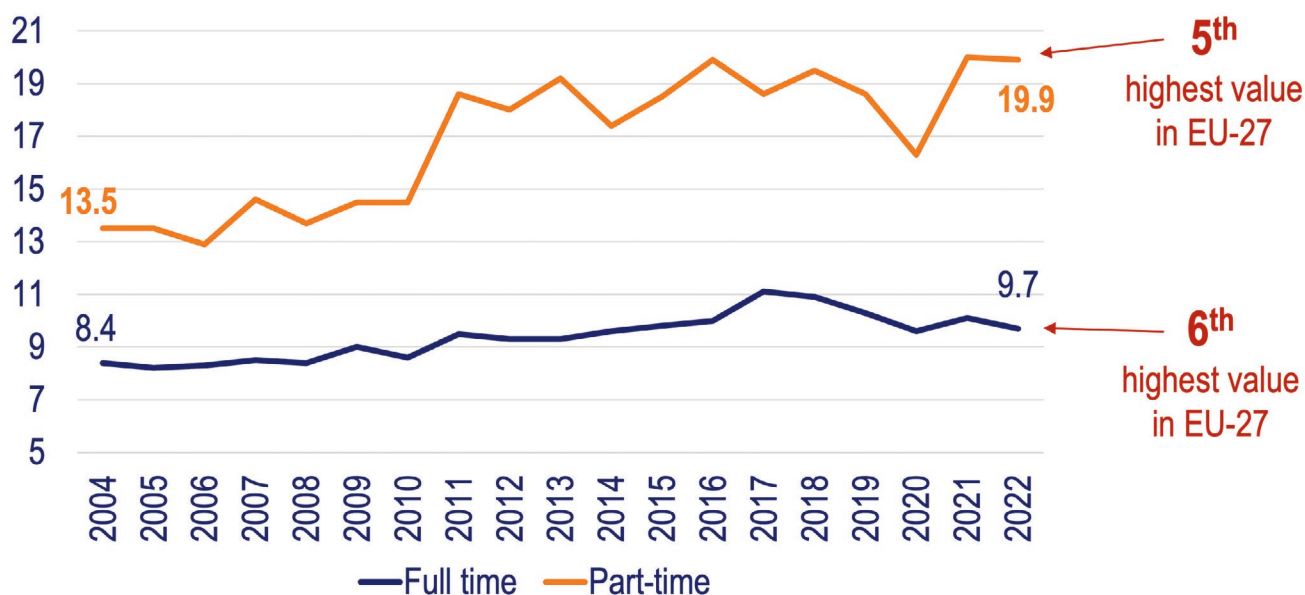


Figura 2.3. Workers at risk of poverty by contract type in Italy (% of total by contract type), 2004-2022. Source: The European House - Ambrosetti elaboration on Eurostat data, 2024.

³ Top 20 percent of the population by income.

⁴ Last 20 percent of the population by income.

⁵ Share of households that cannot afford the minimum expenses to lead an acceptable life. The expenditure threshold below which one is poor in an absolute sense is defined by Istat through the minimum consumption baskets.

⁶ Germany, in 2022, is the last OECD country in the number of hours worked, at 1,341/year (168 working days/year)

⁷ Workers with a net equivalent income of less than 60 percent of the national median income (i.e., less than €10,519).

Differentiating between full-time and part-time workers shows how in 20 years the share of **full-time workers** living in poverty has increased by **1.3 p.p.**, bringing the share to **9.7 percent** in 2022, the **6th highest value in EU-27**. The share of **part-time workers at risk of poverty**, which was already **5.1 p.p.** higher than the share of full-time workers in 2004, grew over the period by **6.4 p.p.**, bringing it to a value of **19.9 percent** of the total in 2022, the **5th highest value in EU-27**. In particular, in Italy, **those born into poverty are unlikely to improve their economic condition**, and conversely, **those born rich are unlikely to see their economic condition worsen, immobilizing social dynamism**. Specifically, in Italy the probability that an individual born in the bottom half of the income distribution will reach the first quartile is only **13 percent**, which is lower than in all Benchmark countries. At the same time, the probability that an individual born in the first quartile remains in the richest segment of the population is almost **50 percent** of individuals. In fact, in Italy, **upward mobility is about x5 times less likely than downward mobility**.

The levers of action against economic inequality

In light of the economic imbalances and gaps between individuals, and the low remuneration of labor, it is now more necessary than ever to **intervene with concrete measures of both public and private initiative**. With reference to public policy, it should be noted that **142 countries in the World** have already introduced some form of

guaranteed minimum wage. The models adopted by countries vary in eligibility criteria, ranging from homogeneous criteria at the national level to elements of regional, sectoral, occupational (depending on the level of specialization) or age group focus. **In the EU 27, 22 countries have already adopted a form of minimum wage** with amounts ranging from a minimum of **€780/month** in Latvia to a maximum of **€2,305/month** in Luxembourg. In Germany, the guaranteed minimum wage is **€2,253/month**, in France it is **€2,069/month**, and in Spain it is **€1,506/month**. Italy, on the other hand, is one of the 5 member countries that has yet to have any kind of minimum wage. Against this backdrop, it is important for the country to intervene with **public policies aimed at promoting higher wage levels for the poorer segments of the population**, contributing to the welfare of workers and the growth of the country through growth in consumption. Assuming a halving of the gap between Italian and German wages, this would in fact generate an increase in domestic consumption of **4.8 percent** in one year, with a **positive impact on national GDP of +74 billion (+3.8 percent)**⁸. The **private sector** can also contribute significantly to wage growth. Leveraging competitive dynamics in talent attraction, **in the event that a "critical mass" of firms were to increase in a coordinated and significant way the wages paid to their employees, this would trigger cascading increases** in the rest of the business world as well, generating a general increase in wages. Such a hypothesis, possible in power, is, however, complex in practice from an organizational and coordination point of view.

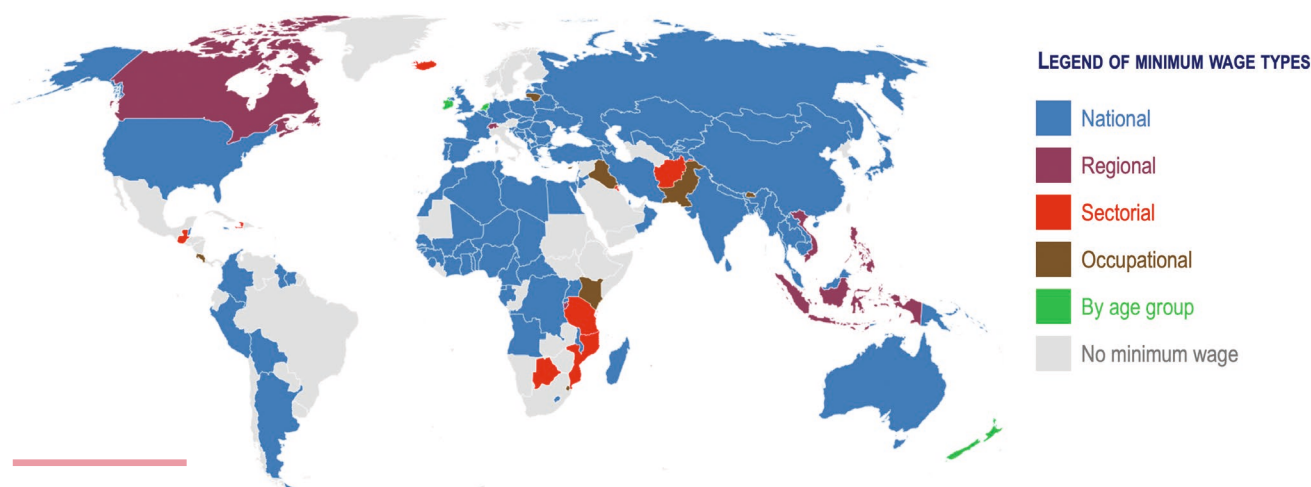


Figure 2.4. Countries with a guaranteed minimum wage (by type of minimum wage), 2023.
 Source: *The European House - Ambrosetti elaboration on ILO data, 2024*

⁸ Net of the tax burden and given the propensity of Italian households to save. In contrast, the analysis does not consider potential market exits of micro-enterprises and SMEs, whose financial sustainability is dependent on the low wage levels paid.

Generational inequalities

Absolute poverty in Italy is a phenomenon that mainly affects the youngest. Compared to the national average, which already records high levels (**9.7 percent** of the total population, equal

to **5.7 million** people and **5th** highest value in EU 27), **13.4 percent** of individuals up to 17 years of age (+**3.7 p.p.** vs. national total) and **12 percent** of individuals between 18 and 35 years of age (+**2.3 p.p.** vs. national total) are in absolute poverty).

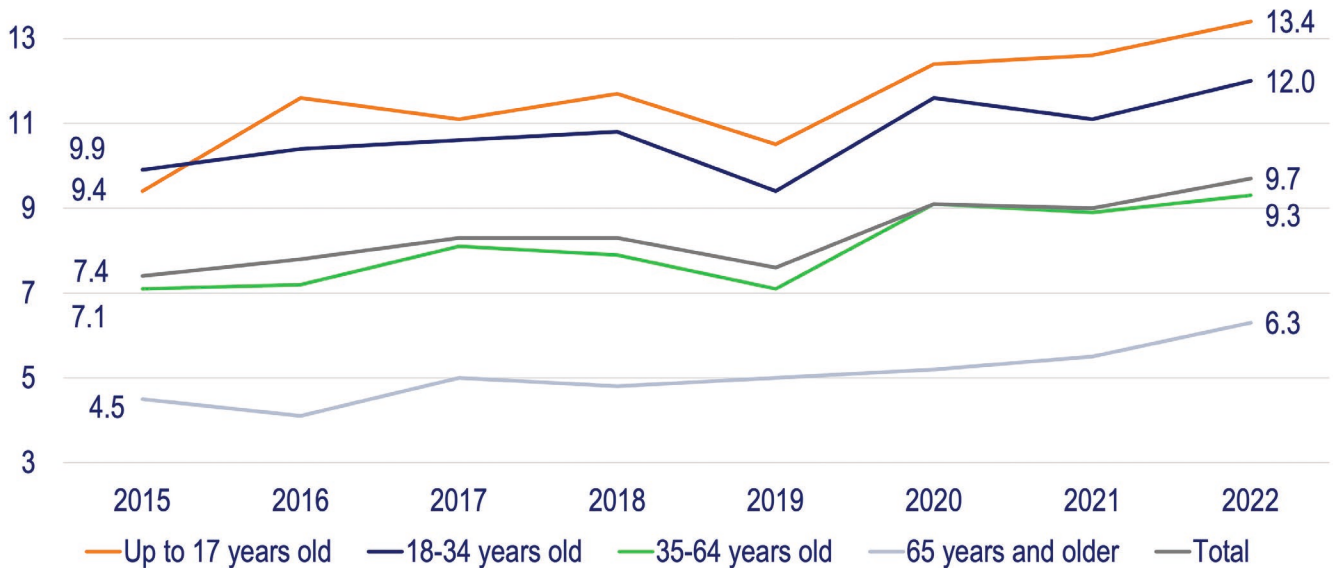


Figure 2.5. Individuals in absolute poverty by age group in Italy (% of total), 2015-2022.
Source: The European House - Ambrosetti elaboration on Istat data, 2024.

When analyzing the different age cohorts with reference to social mobility, it is also observed **that upward mobility is becoming progressively less likely than downward mobility.** As a result, it is more difficult for today's young people to overcome their initial social status than it was for their parents.



Born Equal, Save The Children's research on childhood inequality

Save The Children looked in detail at the often overlooked dimension of **child inequality, delving into the wide gaps in household disposable income and its impact on child development**. In the 32 countries studied, the **richest 10 percent of households have 35 times more actual disposable income per child than the poorest 10 percent. This disparity has increased by 35 percent since the 1990s**, indicating a progressively widening gap.

Children bear a disproportionate burden of inequality, suffering amplified effects due to their early stage of development in terms of **health, nutrition and education**, with significant long-term effects. In countries with high income inequality such

as Nigeria, **infant mortality rates are more than double among the poorest**. Rural areas, particularly in China, experience **stunting** rates up to **x6 times higher** than urban areas, underscoring the existence and impacts of spatial inequalities as well. Moreover, gender disparities are found from early childhood, with lower educational outcomes for girls than boys, particularly evident in Indonesia and Nigeria, where girls face significant barriers to accessing even family education compared to boys. The results of the analysis thus underscore the urgency of addressing and mitigating the impacts of early childhood inequality globally, promoting children's well-being and development opportunities.

Source: The European House - Ambrosetti elaboration on Save The Children data, 2024

The insufficient income level of youth people makes **the condition of students in Italy increasingly difficult**, nipping in the bud the internal migration of Italian citizens and

curbing the paths of personal growth and acquisition of skills through studies in major university cities.



Figure 2.6. Price increase for renting a 35 m² studio apartment in Italian university cities (€/year, top; percentage change, bottom), 2019-2023.

Source: The European House - Ambrosetti elaboration on Idealista data, 2024.

In particular, **compared to the pre-pandemic period there has been an increase in prices for housing rent in all 13 major Italian university cities and in almost all cases in double digits** (except for Trento, where the increase was 7.8 percent). Renting a studio apartment of **35 m²**, compared to 2019, now requires an expenditure of **+€2,064/year** in Bologna (**1st** university city by price increase), **+€1,544/year** in Milan (**2nd** university city by price increase) and **+€1,283/year** in Florence (**3rd** university city by price increase).

As a result, **young people in Italy struggle to leave their family unit and in becoming independent from their parents**. In fact, Italy is the **7th** EU country in terms of average age of young people leaving the parental household (**30 years**), which is **3.6 years** higher than the European average and **8.7 years** higher than the best-performing European country (Finland, a country where young people leave the household on average at **21.3 years**).

Low wages and job insecurity also lead young talent to seek employment abroad. In 2021,⁹ **25 thousand** Italian university graduates moved their residence abroad, a figure up **64.5 percent** from 2012. In the 2012-2021 decade, Italy "lost" in this way almost **250 thousand** graduates, a number of individuals equal to about the entire population of the City of Verona. Along with the loss of specialized human capital, with cascading effects on the innovative capacity and productivity of the production system, **the emigration of Italian graduates also entails for Italy a direct cost** related to the public expenditure incurred for the training of the same individuals. In 2021, the direct loss of resources related to the training of talents that emigrated abroad amounted to **€3.5 billion**.

⁹ Latest available data.

The difficult condition of young people is reflected in a **negative judgment of their own prospects**. Specifically, **70.5 percent of young Italians look at the future with strong negativity**, more specifically with uncertainty (**38.2 percent** of young people), pessimism/fear (**16.6 percent**), resignation (**9.4 percent**) or melancholy/sadness (**6.3 percent**). In contrast, only **23.9%** of young people in Italy look to the future with optimism and confidence.

The levers of action against generational inequality

Improving the economic and social condition of young people in Italy again requires action on both the public and private fronts.

With reference to public policy, a variety of initiatives can be put in place, including first and foremost measures to **support housing** through housing services aimed at housing affordability such as Co-housing, social housing, and residential public housing.

The supply of accessible housing services in Milan

The City of Milan is a **leading example** and case study with reference to initiatives and measures to support housing for younger people and those in economic difficulty. In fact, Milan's **Territorial Government Plan** aims to meet the city's housing needs and provides for the construction of more than **20,000 housing units at subsidized prices by 2035**. This initiative aims to counter rising real estate prices and ensure affordable solutions for citizens. Final approval in the City Council, arrived in 2024, has sanctioned the start of the work, realizing affordable housing to promote social sustainability and help keep Milan an inclusive and livable city for all its inhabitants.

Source: *The European House - Ambrosetti elaboration on data from Milan City Council, 2024*

The country also needs to **promote policies for the return of young talent**, a key policy direction for the attraction of qualified personnel within a country that, as analyzed in this paper, does not offer competitive working conditions compared to leading European countries. In this context, the introduction of more stringent criteria for the return of brains¹⁰ appears antithetical and non-strategic in light of Italy's critical issues.

The public and private sectors can also invest **resources for scholarships** aimed at students, supporting the **promotion of merit and affordability for young people**, with positive spin-offs for the country's university and production system. In Italy, in fact, university students who receive a scholarship are only **14.0 percent** of the total, a share that is far below the average of Benchmark countries, where **25.6 percent** of university students receive a scholarship, and compared to the European Best Performer country (Denmark), where **92.2 percent** of university students receive financial or financial support as part of their studies.

With reference to the entry of young people into the labor market, a public and private policy direction aimed at the **pre-retirement of employees** and their replacement by **new entrants belonging to the younger segments** of the population seems functional. In addition,

defiscalization of wages paid by companies in the first years of young people's employment could be effective, entailing a limited cost for public finances (in light of the low levels of young people's wages) but at the same time a high economic benefit for this segment of the population, which today sees its spending capacity compressed.

In short, there is a need to radically change the perspective on young people, accompanying and valuing this segment of the population in studies, learning, work and family life, and to do so, concrete levers of action are present that can generate change and social welfare.

Gender inequalities

Italy still has significant challenges in terms of gender equality at work. In fact, Italy is **the last country in EU 27 in terms of female labor participation rate**, with just over half of women (**51.1 percent**) of working age working or seeking employment. This is **13.8 p.p.** lower than the European average, **14.9 p.p.** lower than the average of the Benchmark countries and **27 p.p.** lower than the European Best Performer country (the Netherlands).

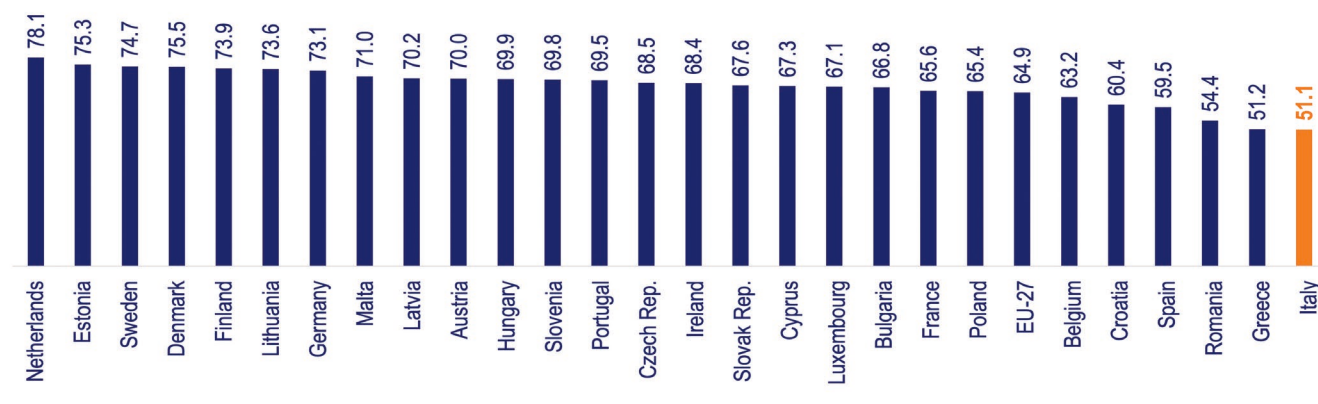


Figure 2.7. Female labor market participation rate in EU 27 countries (% of total women aged 15-64), 2022.
Source: The European House - Ambrosetti elaboration on Women Empowerment Observatory data, 2024.

¹⁰ With Legislative Decree 209/2023, the government introduced more limiting criteria to the brain return policy, among others, extending the minimum years of residence abroad from 2 to 3 and reducing the Irpef rebate from 70 percent to 50 percent of taxable income.



Contributing to this value is the **excessive time spent by women in unpaid work such as childcare, elderly care and supporting family members in fragile conditions**. Specifically, with **5.1 hours/day** spent by women on these activities, Italy ranks **5th** in Europe for time spent on unpaid work, a value **21.7 percent** higher than the Benchmark countries and **24.6 percent** higher than the European average. Moreover, in Italy the household burden of these jobs is **particularly unequally distributed between men and women in the same household**, with women spending **x2.3 times** as much time on unpaid work as men, a gap higher than the average for Benchmark countries (**x1.8 times**) and the European average (**x1.3 times**).

As a result, women in Italy are often forced to **accept part-time working conditions** against their will. In fact, the share of women in involuntary part-time status is **56.7 percent** (out of the total number of women in part-time), a share, again, higher than the average of the Benchmark countries (**+29.1 p.p.**, or **x2.1 times** the Benchmark countries) and the European average (**+36.3 p.p.**, or **x2.8 times** the European average)¹¹.

Combining the **gap in hourly wages** between men and women (in Italy equal to **+4.2 percent**) with the **lower paid hours of women** compared to men, we get an **overall monthly wage gap** between men and women of **43 percent**, the **3rd** highest value in EU-27. This value is **one-third higher** than the European average.

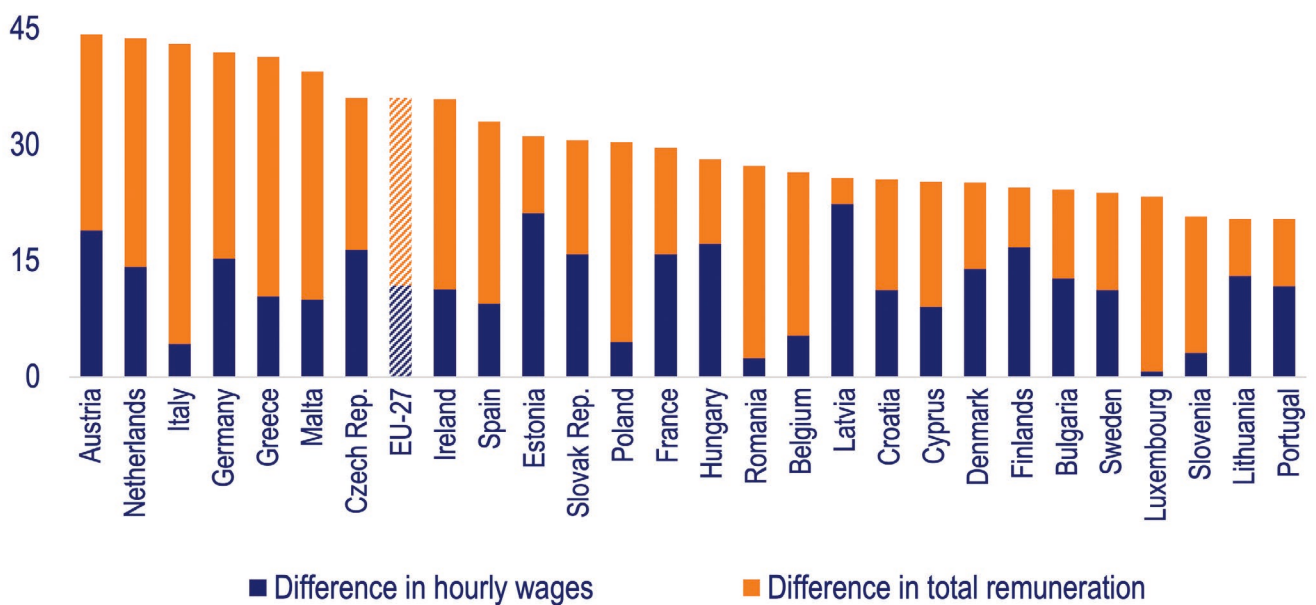


Figure 2.8. Average hourly gender earnings gap and overall earnings gap* (% values), 2021 or latest available year. (*) Gender Overall Earnings Gap measuring the combined impact of average hourly earnings, average monthly number of hours paid (before any adjustment for part-time work) and employment rate.

Source: The European House - Ambrosetti elaboration on Women Empowerment Observatory data, 2024.

¹¹ Source: elaboration The European House Ambrosetti on Busilacchi G., Gallo G., Luppi M., "I wish I could but I can't. The determinants of involuntary part-time employment: Evidence from Italy" (2022) and OECD data, 2024

The levers of action against gender inequality

The conditions of women's access to the labor market face significant difficulties that need to be addressed organically and across the board, from both public and private perspectives.

Businesses can first and foremost encourage women's entry into the labor market by supporting **more parental leaves**. In Italy, in fact, these are largely undersized compared to the European average. Specifically, in the country, **maternity leaves (47.7 weeks)** are **24.8 percent** lower than the EU-27 average (-15.8 weeks), **paternity leaves (2 weeks)** are **82.1 percent** lower than the EU-27 average (-9.2 weeks). Overall, **total parental leaves (49.7 weeks)** are **33.5%** lower than the EU-27 average (-25 weeks).

Along with an overall increase in leaves, companies can make a significant contribution to women's opportunities for professional growth and development **by ensuring that fathers also take leave dedicated to them, generating a redistributive effect on the burden of caring for newborns.**

Still with reference to a more equitable distribution of childcare burdens between fathers and mothers, Italy can and must make **progress in the public sphere as well**. While in Italy (with the Budget Law 2021) paternity leave days were increased from **7 to 10**, examples of virtuous and effective policies are not lacking in the EU 27. These include:

- in **Spain** (from early 2021) leave days are **equivalent for both parents**, with mothers and fathers entitled to 16 weeks of leave, non-transferable and paid at 100 percent of pay;
- in **Germany** today, parents are entitled to 12 months of leave, with a **premium system (+2 months of parental leave) if the father also benefits** for at least 2 months;
- in **Norway**, parents benefit from 46 weeks paid at 100 percent (almost a year) or 56 weeks at 80 percent, **12 weeks mandatory for fathers**, 12 mandatory for mothers, and the remainder (22 or 32 weeks) can be divided freely between the two parents;
- in **Sweden**, parents are entitled to 12 months of leave, including **2 months mandatory for the father**, 2 months mandatory for the mother, and the remaining 8 months to be divided freely between both parents;
- in **Denmark**, parents are entitled to 52 weeks of leave, including **2 weeks mandatory for the father**, 14 weeks mandatory for the mother, and the remaining **36 weeks to be divided equally between both parents** (18 additional weeks for each)
- in **Finland**, months of leave between **fathers and mothers** (equal to 32 weeks each) have been **equalized**, realizing an adherence rate of fathers to leave of more than **90 percent**.



Enel's contribution to the well-being of its employees and their families

The Enel welfare model, one of the leading multinational companies in the electricity and gas sector and Italy's leading supplier, is articulated in an ecosystem of services and projects aimed not only at employees, but also at their families. This model promotes **parenting, caregiving, and wellbeing** to support the harmony between professional and personal life, **social inclusion, the valorisation of diversity** and gender equality, and contributes directly to the challenges of social sustainability in the territories in which it operates.

Support for parenting: Enel recognises and supports parenting as a response to the trend of declining birth rates, offering a welfare system capable of meeting the real needs of employees. In 2013, it introduced the Parental **Program**, a path aimed at supporting and enhancing the parenting experience, through interviews and training dedicated to new parents. In January 2023, the company signed a union agreement reinforcing measures to support **shared** parenting, extending leave for fathers with **10 additional days** of paid leave in addition to the mandatory leave. Salary levels were also increased by improving the conditions provided by law: **100 per cent** in the first 5 months of maternity leave (compared to 80 per cent provided by law), an allowance of **60 per cent** in the sixth month (compared to 30 per cent provided by law) and **45 per cent for the additional 3 months** to which parents are entitled (compared to 30 per cent provided by law). Also included are flexible working measures through smart working and part-time work, as well as financial subsidies for kindergartens, schools, summer centres and study trips abroad for children. In September 2024, Enel inaugurated the **company crèche** at its Rome headquarters in Via Boccherini (Piazza Verdi) to respond concretely to the needs of employee parents.

Enel's parenting policy is in line with the recent **Responsible Business Code of Conduct**, the tool launched by the Department for Family Policies with the aim of creating a cultural and economic climate of collaboration between employers and employees to promote motherhood, to which the Group has adhered.

Welfare and Benefits: Enel's '**My Welfare**' programme allows colleagues to convert the Collective Result Bonus into a welfare credit, obtaining not only economic and tax benefits, but also an additional contribution from the company equal to **20%** of the value of the bonus. The programme allows employees to use the welfare credit for the purchase of goods and services, such as fuel vouchers, household utilities, education expenses - e.g. school fees, textbooks, school canteens, before- and after-school courses, summer and winter camps, study holidays - and transport expenses. In addition, employees can take advantage of a wide range of welfare services, benefits and company conventions to meet their financial, physical, psychological, and family support, mobility and leisure needs.

Inclusiveness and gender equality: Enel promotes a **corporate culture** aimed at ensuring gender equality through numerous organisational and awareness-raising actions and with the Diversity and Inclusion (D&I) Policy, which, since 2015, has enshrined the principles of non-discrimination, equal opportunities, dignity, work-life balance, and inclusion of every individual, regardless of any form of diversity. The company is committed to creating a favourable working environment for women, enhancing their talents and respecting their maternity choices. Initiatives are also promoted to overcome gender prejudices towards STEM disciplines, with the involvement of employees with degrees in these subjects in educational activities. Enel's constant commitment to gender inclusion has been recognised in the main ESG rankings, ratings and indices.

Supplementary healthcare: in order to guarantee people's psycho-physical wellbeing, the company offers its employees a **Supplementary Healthcare Fund** paid for by the company, for the benefit of all people in service and their dependents, as well as isopensioners.

Promotion of cultural activities and school training: Enel works with the ARCA association to promote cultural, recreational and sports activities, school training, tourism and other initiatives for employees and their families.

A broader look at frailties in the world of work

In addition to the inequalities explored so far, namely economic, generational and gender inequalities, other forms of economic and social gaps that arise from different conditions of fragility cannot be overlooked. This is the case, among others, of **people with disabilities**, who too often do not have access to the labor market and public and private services, or **individuals with forms of serious illness** (such as cancer patients), who are effectively excluded from career paths in companies and represent an added brake to growth paths in the work of family members who take care of them by caring for the frailty, or **individuals coming out of prison**, who are often marginalized with respect to society and lack the tools and skills necessary for reintegration within the labor market.

More generally, it should be kept in mind that **each condition of individual fragility, if not protected, respected, welcomed and accompanied within society and work, can generate and perpetuate situations of strong social, economic and civil injustice.** Every public and private contribution that acts in the direction of protecting these conditions represents a step forward toward the country's social development, **promoting paths of individual growth and valuing the contribution of each individual to society**, regardless of initial condition and individual starting characteristics

Source: *The European House - Ambrosetti elaboration, 2024.*



2.2 ITALY'S CHALLENGES FROM THE PERSPECTIVE OF DEMOGRAPHIC DYNAMICS

Italy is witnessing strong demographic transformations, a **"demographic winter" that threatens to weaken the country's socio-economic fabric and fails to support the country's socially sustainable growth in the medium to long term.**

The Italian population, after 10 years of continuous growth, began its **downward parabola** in 2014 (all-time high), decreasing by **2.3 percent** between 2014 and 2023 (-1.3 million) and now numbers **59 million** (vs. **60.3 million** in 2014).

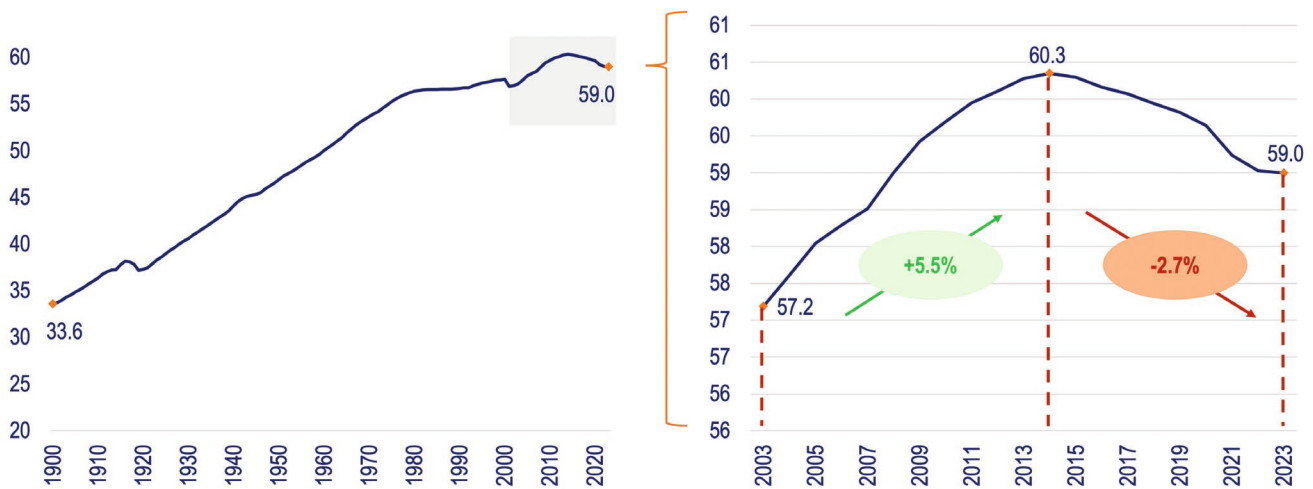


Figure 2.9. Resident population (million people), 1900-2023 (left) and detail of the last 20 years (million people and % change), 2003-2023 (right).

Source: *The European House - Ambrosetti elaboration on Istat data, 2024.*

The main demographic indicators are alarming: since 2002, there has been a **reversal in birth and death rates** in Italy, which are respectively **6.7/1,000 inhabitants** (a value **2.0/1,000** lower than the European average and which now positions Italy as the **last** country in EU 27) and **12.1/1,000** inhabitants, a value almost double the birth rate and which places Italy in **11th** place in Europe, (**+0.6/1,000** vs. European average). The year 2023 marked for Italy a new **negative historical record** of **379,000** births (lowest figure since 1861, the year of the Unification of Italy), registering a **3.6 percent** drop in the last year alone (2023 vs. 2022).

Combining these factors, in a "dystopian" forecast scenario,¹² the last Italian would be born in 2225 and the Italian population would cease to exist in 2307.

Italy is also **the European country with the highest share of over-65s in the total (24.0 percent)**, nearly 1 in 4 of Italians), a value **2.7 p.p.** higher than the European average (**+1.6 million** over-65s in Italy compared to a what-if scenario in which Italy matched the European average). As a result, Italy now has the **highest old-age dependency ratio¹³ in the EU (37.8 percent)**, **4.4 p.p.** higher than the European average.

¹² In the simulation, it was assumed that the birth rate will continue to decrease by applying the CAGR (compound annual growth rate) recorded over the past 20 years (equal to -1.7%); the death rate will continue to increase with the CAGR recorded over the past 20 years equal to 1.1%; other variables (such as immigration, life expectancy at birth, etc.), which might have positive impacts on the trend of the curves, were not taken into account.

¹³ Defined as the ratio of the number of over-65s to the working-age population.

In 2050, to meet all the health and care needs of the elderly, it is estimated¹⁴ that Italian public spending aimed at guaranteeing

citizens' right to health will have to increase by **€86 billion**, reaching a share on GDP of **9.5 percent (+2.4 p.p. vs. 2022)**.

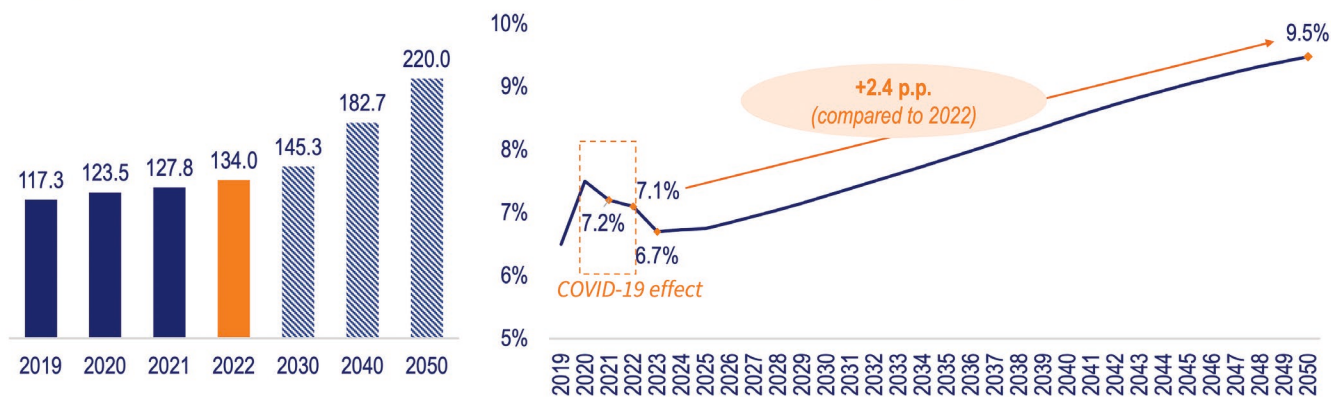


Figure 2.10. Projected public health spending (€ bn), 2019-2050 (left) and projected public health spending (as a ratio of GDP), 2019-2050 (right).

Source: The European House - Ambrosetti elaboration on Meridiano Sanità 2022 data, 2024.

The increase in healthcare spending and the downward trend in employment would also lead to a **doubling of the burden of healthcare spending on workers by 2050**. In more detail, as healthcare spending is projected to increase by **64.2 percent** between 2022 and 2050 (from €134 billion to €220 billion) to support the medical care needed for the increase in the elderly and frail population, employment in Italy is expected to decrease by **16.9 percent** over the same period (from 23.1 million to 19.2 million) due to the country's declining birth rate. The combination of these two factors will therefore generate a **97.5 percent** increase in the annual per capita contribution of the employed to health care spending (from **€5,807/year** to **€11,468/year**).

Levers of action to address the demographic challenge

The country's "demographic winter" must be addressed on the one hand with measures to **reverse current demographic trends** and, on the other hand, with **useful technologies to manage the declining birth rate and aging population**.



¹⁴ Source: The European House - Ambrosetti elaboration on Meridiano Sanità data, 2024.

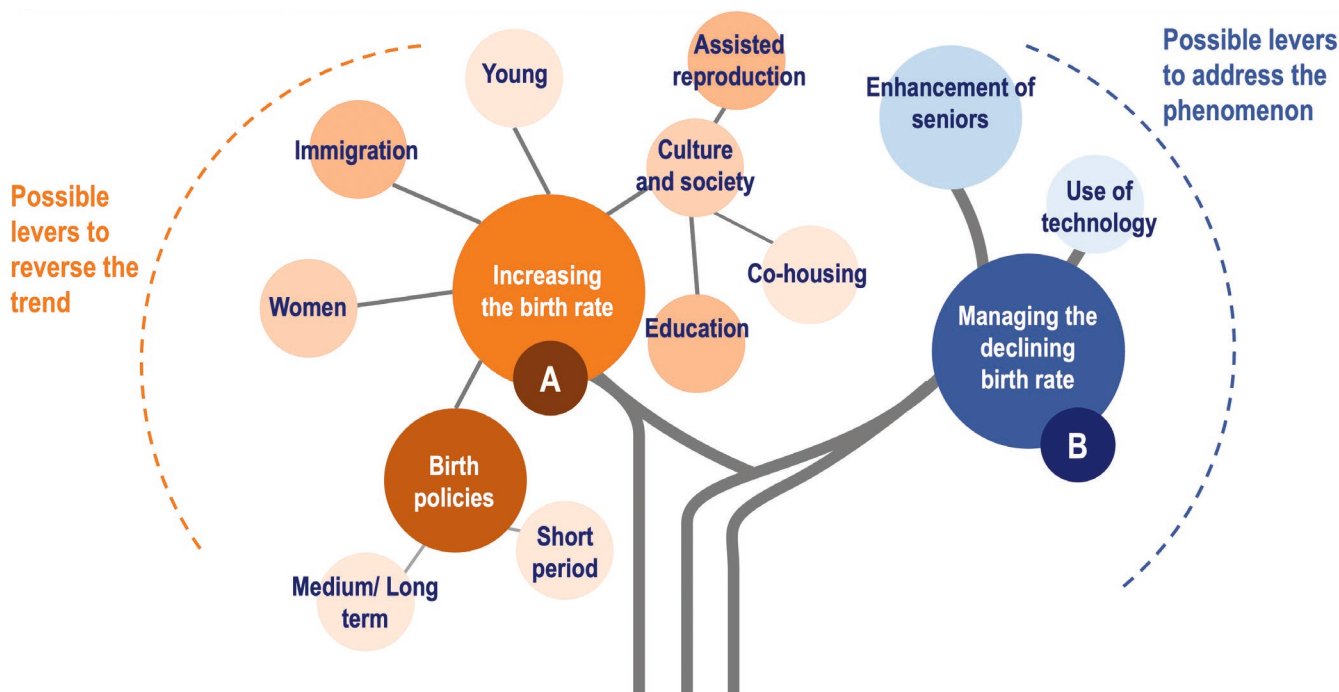


Figure 2.11. The tree of strategies to address the demographic problem.
 Source: The European House - Ambrosetti elaboration, 2024.

Concerning the policies and strategies aimed at **reversing the current trend of denatality**, it should be noted first and foremost that, also in relation to what has been seen above with reference to inequalities between men and women in the labor market, **even today, child and family care is the main cause of women's exit from the labor market.** More in detail,

if the reasons for leaving the workplace for men are predominantly dictated by a move to another company (in **78 percent** of cases), a move usually related to a career path of growth, **for women** this motivation pertains to **only 22 percent** of dismissal cases, while **care services account for 44 percent of withdrawals.**

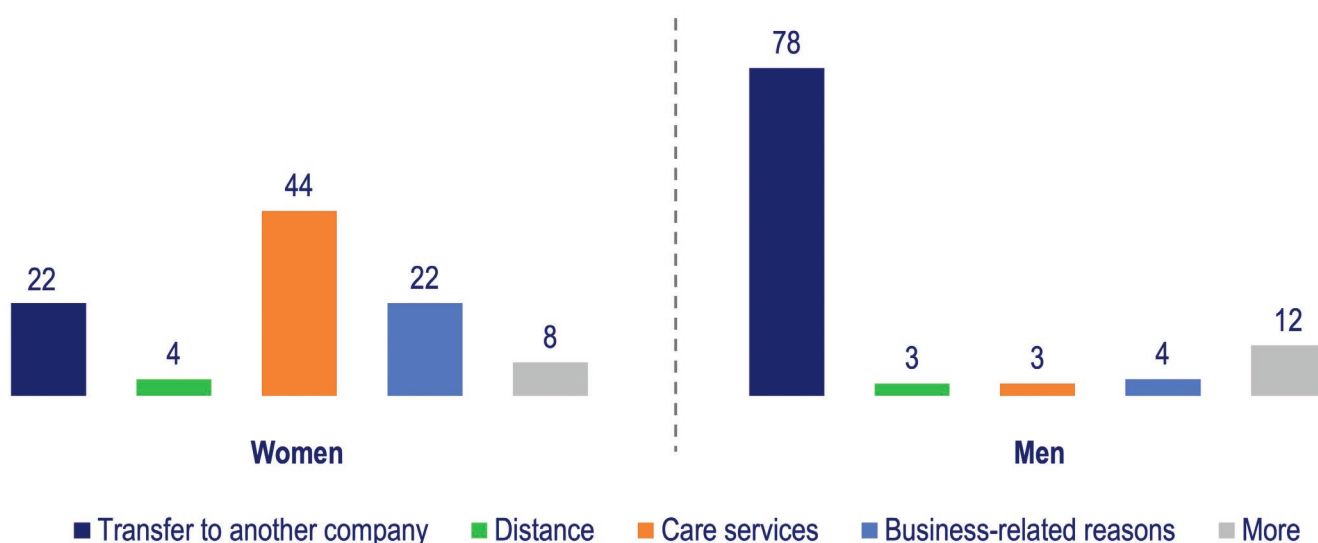


Figura 2.12. Reasons for leaving the workplace in Italy (% incidence on total reasons given by gender, 25-54 years old), 2021.
 Source: The European House - Ambrosetti elaboration on Save the Children, Ispettorato Nazionale del Lavoro and ILO data, 2024.

Efforts to be made to promote women's birthrate and work-life balance also involve **cultural issues**. Still in 2023, **55 percent** of the Italian population¹⁸ believes that the birth of a child can harm a woman's professional career,

while **84 percent** of the population believes that it cannot harm a man's in any way. **This widespread belief produces negative impacts, discouraging ex-ante mothers' decisions to have a child**

The manifesto for gender equality in the Italian supply chain

Danone is firmly convinced that fostering gender equality, employment and professional growth for women is not only a social issue, but also generates greater productivity, increased competitiveness and a higher birth rate. The results achieved over the years prove this and are the fruit of a process that began in 2011 and led to the achievement of the **UNI Pdr 125/2022 Certification for Gender Equality last year**, and to the formalisation of a commitment with the trade unions - the Second Level Agreement of 22 January 2024 - which inspires the **Manifesto for Gender Equality in the Italian Supply Chain**, promoted by the **Winning Women Institute** and of which Danone Italia is the first company to sign.

The Agreement envisages that **during the tender** organised by Danone for the purchase of goods and services, **the supplier's adoption of policies aimed at achieving gender equality**, proven by possession of the Gender Equality Certification, will be assessed. This opens up access to an estimated 5 to 10% of the overall evaluation during the tender process. This is the criterion they have set themselves at Danone Italia, but it is not binding for the other companies that want to sign the Manifesto for Gender Equality in the Italian Supply Chain, because companies will be able to adopt the criterion they deem most appropriate as long as the bonus is recognised.

Source: The European House - Ambrosetti elaboration on Danone data, 2024.

With reference to **young people**, one factor that determines Italy's low birth **rate** is the **low employment rate (-18.1 p.p.** vs. European average) and too high **age of entry into the labor market**, together with the **high rate of inactive under-30s** (who neither work nor study). These dynamics reduce the financial independence of young households and, consequently, the country's births. Italy can reverse the aging dynamic and

critical public spending issues starting in part with **inclusive immigration policies**. Despite ample demand, Italy continues to issue few residence permits, especially work permits. In fact, in the 2016-2022 period, Italy dispensed only **24.5 residence permits per 1,000 inhabitants**, a figure **7.4 permits/1,000 inhabitants** lower than the average of Benchmark countries and just over **half** the EU27 average (**44.1 permits/1,000 inhabitants**).

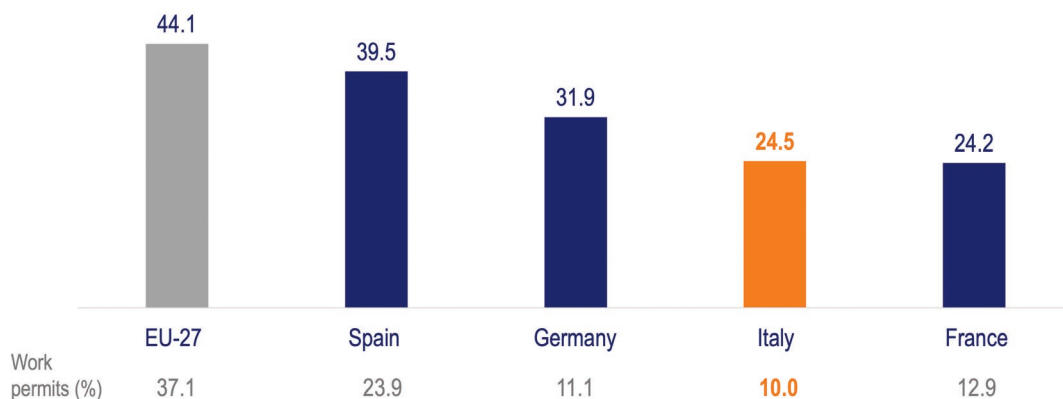


Figura 2.13. Residence permits issued by country (per 1,000 population), 2016-2022. Source: The European House - Ambrosetti elaboration on Eurostat and Istat data, 2024.

¹⁵ Survey conducted April 12-13, 2023 among a sample of 802 respondents representative of the population aged 18 and over residing in Italy, surveyed by gender and age cross-sectional shares stratified by educational qualification and ISTAT breakdown of residence.

Italy's **share of work permits** is also **10 percent**, a figure of about **a quarter** of the EU-27 average, signaling clear criticalities in the ability of **inserting and integrating migratory flows** into skilled jobs and within its production chains.

In terms of public policies for the birth rate, Italy ranks as the **second-last European country in terms of public spending on family and child benefits**, with a mere **1.3 percent**, which is **less than half** of what is invested in these policies at the European level (**2.5 percent** of GDP), signaling a wide margin of Italian public investment toward birth support.

In addition to quantifiable and objective challenges, which can be identified by statistical trends and comparisons of the country with the European context and benchmark countries, Italy faces some **necessary changes from a cultural perspective. The willingness to have children, in fact, depends on some structural and perception elements** of the country, such as the guarantee of a safe environment for the growth of children, the expectation of social recognition or competition and, more generally, the perception about the future of young

households. From this perspective, there is a need to effectively communicate the strengths, development directions, investments and public and private initiatives that go in the direction of fostering a better socio-economic environment for young couples in the future.

In the meantime, it is crucial that Italy be prepared to **manage the consequences of an aging population**. To manage the phenomenon, **the contribution of the elderly to society** must first and foremost **be valued**. The active aging index¹⁶ in Italy records a value of 33.8, placing the country below the European average. On the other hand, the **development of robotics and Artificial Intelligence** can contribute significantly to the provision of services and care for the elderly, supporting hospital activities (including interaction with patients, monitoring of living conditions, identification of new needs, remote precision surgery, diagnosis, and sanitization activities) and reducing the costs required for their delivery. Again, however, a cultural and communicative challenge will have to be met in order to encourage the elderly to approach the new technologies available.

Robotics in the service of the elderly, the Japanese case

Japan represents the 1st country in the world to have initiated advanced robotics-based care services aimed at the elderly, and it is expected that in the country robots may come to pose as a complete replacement for caregivers. In Fujieda, a city of 140,000 in Shizuoka Prefecture, the local government has equipped the homes of the elderly with a Companion Robot, and the Japanese

government expects the market to be worth about \$480 millions as early as the next few years. The first winning element in bringing the elderly closer to these technologies seems to be the elderly's need to talk to "someone," overcoming a condition of loneliness that characterizes much of the older population.

Source: The European House - Ambrosetti elaboration on various data, 2024.

¹⁶ Index aimed at measuring the potential of the elderly population to age actively and healthily. It measures the degree to which older people lead independent lives, participate in the labor market and social activities, and their ability to remain active.



CHAPTER 3

Human capital development as a key factor for the country's economic and social growth

3.1 THE ROLE OF TRAINING FOR THE COMPETITIVENESS OF THE COUNTRY-SYS

Human capital development is a factor in a country's growth, and requires constant investment, monitoring and analysis to assess its state of the art, dedicated resources and long-term challenges. Investing in skills and training generates **redistribution of wealth and opportunities**, handing individuals the tools necessary for their virtuous inclusion in society and competitive employment. Skills also generate benefits at the country-system level, promoting **economic and social innovation and the competitiveness of the production system**.

Italy and many other economically developed countries record **a critical and worsening picture with reference to skills**, first and foremost in terms of school dropout and progressive decline in cognitive performance. In 2023, **more than 1 in 10 young people** (10.5 percent) **aged 18 to 24 in Italy have interrupted**

their studies following the completion of lower secondary education (middle school) without continuing their studies or training up to the 5th grade, a rate 1 p.p. higher than the EU average and 1.5 p.p. higher than the European target at 2030.



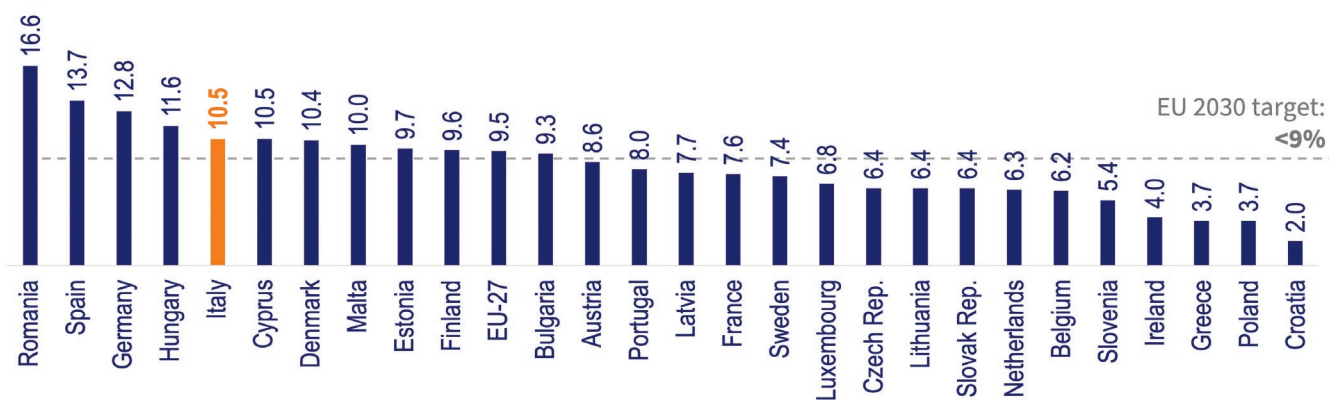


Figure 3.1. Students dropping out of school before the completion of 5th grade in EU-27 (%), 2023.
 Source: *The European House - Ambrosetti elaboration on Eurostat data, 2024.*

Among the Benchmark countries, only France has lower levels of school dropout than the EU average and the EU 2030 target. Spain and Germany, on the other hand, have even more critical dropout rates than Italy, and overall there are still **11 EU countries above the 9 percent target**.

School dropout represents **a serious factor of human impoverishment** that prevents individuals from acquiring the necessary tools for full inclusion within civil society and the labor market, limiting ex-ante prospects for future economic and social growth. At the systemic level, low skills of individuals hold back a country's ability to grow, compete, innovate and adapt to medium- to long-term crises, challenges and trends.

Over the past 10 years, Italian students have witnessed a dramatic decline in skills, a trend shared with Benchmark countries¹ and, more generally, affecting almost all OECD countries.

Specifically, with reference to **math** skills, there is a decline over the decade 2012-2022 of **14** points (**-3%**) in Italy, **18** points (**-4%**) on average in OECD countries and **24** points (**-5%**) on average in Benchmark countries. Although the Italian decline is smaller than the competitors, in 2022 Italian students rank below the average of Benchmark and OECD countries for proficiency in mathematics (-0.6% vs. Benchmark countries and -1.9% vs. OECD Average).

¹ France, Germany and Spain.

Spatial inequalities in skills - Save The Children's perspective

Save the Children recently commented on the results of the INVALSI 2024 Report, which measures the skills of Italian students from primary to secondary school. Despite some signs of recovery, the report highlights **wide territorial inequalities** that penalize **the educational opportunities of children residing in the country's most disadvantaged areas**, particularly in the South and Islands.

As early as elementary school, in fact, regional differences are evident: **in Calabria, Basilicata, Sicily and Sardinia, only 69 percent of students reach the basic level of proficiency in Italian and 62 percent in mathematics, compared with a national average (already alarming) of 77 percent for Italian and 68 percent for mathematics. At secondary school, the gap widens: in the South and Islands, only 49.5 percent of students achieve basic skills in Italian and 39.5 percent in mathematics, compared with a national average of 60.1 percent and 56 percent, respectively.**

Save the Children stresses the urgency of defining the **Essential Levels of Performance (also known as LEP) in education to ensure that all students have equitable access to basic services such as school canteen and full-time education.**

Currently, only **55.2 percent** of elementary school pupils have access to the canteen, with significant regional disparities: Sicily (11.2 percent), Puglia (16.9 percent), Campania (21.3 percent), Calabria (25.3 percent) and Molise (27.4 percent) are the regions with the lowest percentages, while Liguria (86.5 percent), Tuscany (82.7 percent) and Piedmont (79.4 percent) record the highest levels.

To improve educational opportunities and reduce territorial inequalities, long-term investments are therefore needed, starting with primary schooling. This includes **expanding the network of quality kindergartens, school food service, and full-time education in all regions** to ensure that all children have the same opportunities for growth and learning, regardless of their geographical origin.

Source: The European House - Ambrosetti elaboration on Save The Children data, 2024



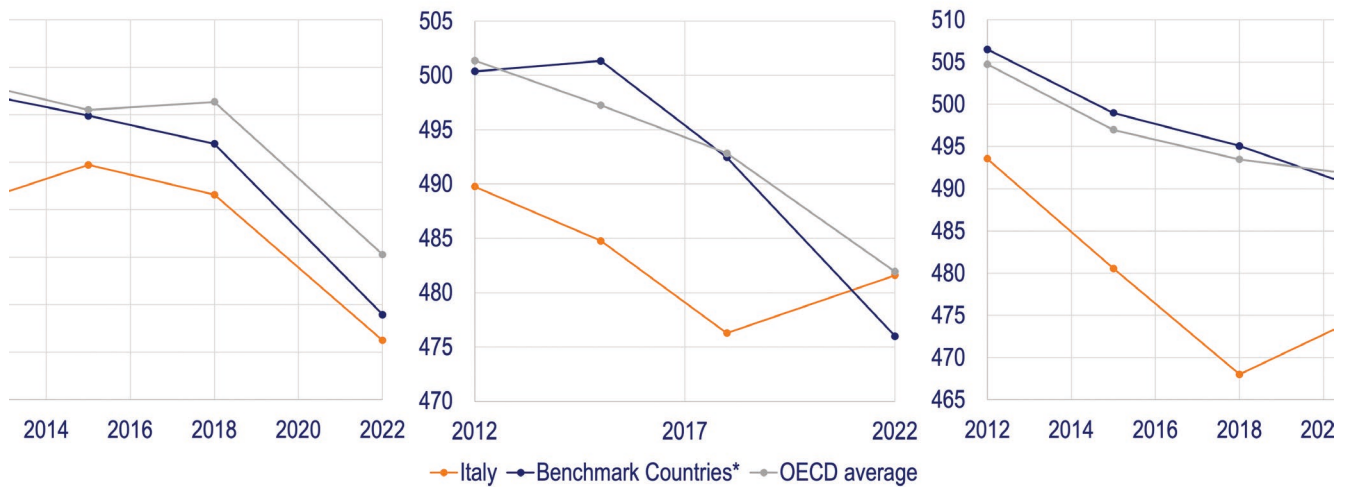


Figure 3.2. Average PISA score in mathematics (left), reading (center) and science (right), in Italy, Benchmark countries* and OECD average (score**), 2012-2022. (*) France, Germany and Spain. (**) Scores are scaled to fit Gaussian distributions, with mean equal to 500 points and standard deviation of 100 points. Source: The European House - Ambrosetti elaboration on OECD data, 2024.

Looking at students' **reading** proficiency, over the 2012-2022 period Italy lost **8** score points (-2%), compared to a loss of **19** points (-4%) on average in OECD countries and 24 points (-5%) on average in Benchmark countries. The decline in skills in Italy has been smaller than the average of the Benchmark countries, resulting in Italian students outperforming the average of the competitors in reading performance in 2022, with a value now 1.2% higher (it was 2.1% lower in 2012).

The area of **science** is the one where Italy has lost the most skills over the past decade, registering an average decline of **16** points (-3%), compared to a loss of **14** points (-3%) on average in OECD countries and **18** points (-5%) on average in Benchmark countries. In 2022, Italian students by proficiency in science rank below the average of Benchmark countries (-2.2%) and the average of OECD countries (-2.7%).

According to the OECD, the decline in skills in developed countries can be traced to 5 main causes:

- **COVID-19.** The pandemic has led to widespread school closures, reducing teaching effectiveness by excluding a portion of the population from the real possibility of taking classes remotely, with a significant impact on learning outcomes;
- **Structural trends.** The decline in achievement was already evident before 2018, suggesting that there are structural problems in the education system and in students' ability to learn;
- **Specific support from teachers.** Only **1** in **5** students receive additional and supplementary help in class, and about **8%** have never or almost never received individual support from teachers;
- **Excessive use of technologies.** Moderate use of digital devices can generate positive effects on learning, but excessive use negatively affects performance and the ability to maintain concentration;
- **Socioeconomic factors.** Socioeconomic status is still an important predictor of educational attainment in most OECD countries. Growing economic and social gaps tend to reduce the access of the poor to education.

Dropping out of school, difficulty in concentration, overuse of technology and critical issues in the school system only exacerbate the so-called phenomenon of **functional illiteracy**, defined as an individual's inability to understand, evaluate and use information and to effectively use basic skills in daily life.

As of 2022, Italy had a **12.9 percent** share of functionally illiterate students, an alarming

figure, albeit lower than the OECD average. Moreover, between 2012 and 2022, **the share of functional illiterates increased by 1.1 p.p. in Italy**, by **4.9 p.p.** in the average of the Benchmark countries, and by **4.8 p.p.** in the OECD average, a negative trend involving **all OECD countries surveyed** (35) up to a maximum of +11.6 p.p. in the Netherlands, **and with the sole exception of Japan**, where the share of functionally illiterate students remained essentially stable, decreasing by 0.2 p.p.

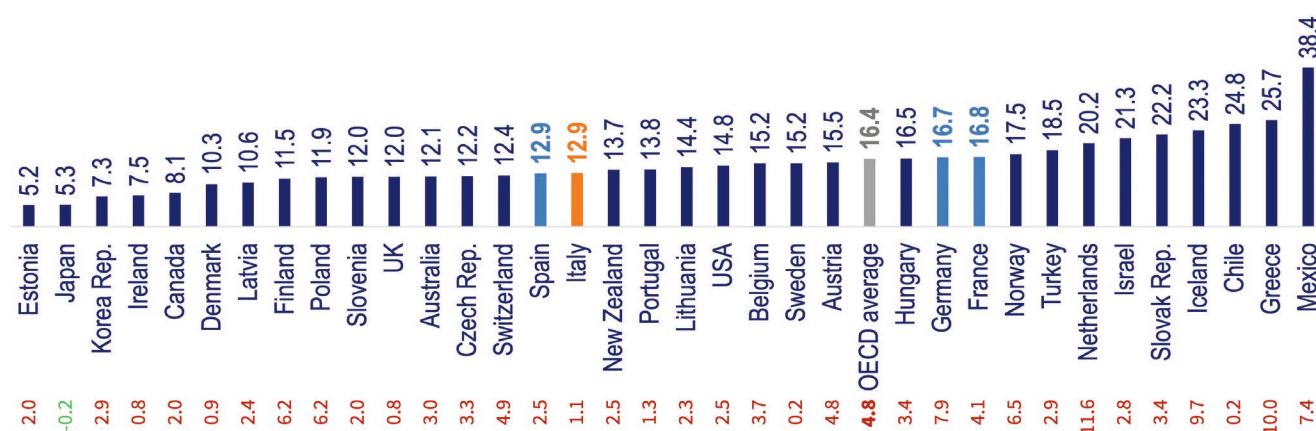


Figure 3.3. Share of functional illiterates (level 0 or 1 out of 6 in all subjects surveyed) in OECD countries (% of total students and change in p.p. over the last decade), 2022.
Source: The European House - Ambrosetti elaboration on OECD data, 2024.

At the same time, Italy has a **low share of top-performing students² (10.7 percent)**, which is 3 p.p. lower than the OECD average and, among other comparisons, 1/3 as low as Japan. Between 2018³ and 2022, **the share of top-performers also decreased by 1.4 p.p. in Italy**, by **2.4 p.p.** in the average of Benchmark countries, and by **2.0 p.p.** in OECD countries.



²Students who achieved a level of 5 or 6 (out of 6) in at least one of the subjects taken.

³First year available for data on top-performers.

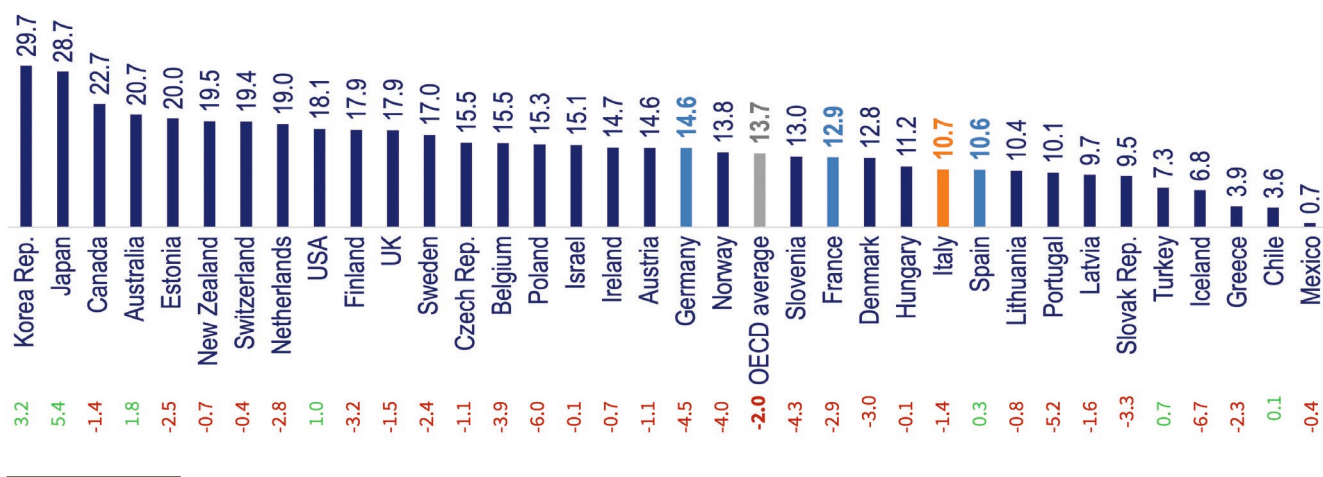


Figure 3.4. Share of top performers (level 5 or 6 out of 6 in at least one subject) in OECD countries (% of total students and change in p.p. over the last five years), 2022.

Source: *The European House - Ambrosetti elaboration on OECD data, 2024.*

The enhancement of vocational studies

To develop the country's skills, vocational pathways such as Higher Technical Institutes (also known as ITSs) and vocational programs need to be supported, promoted and enhanced.

ITSs are post-diploma specialization schools that allow students to **earn the title of higher technician and involve a mix of theoretical and practical classes** organized through **close collaboration with businesses**. The Italian ITS Academy reform of 2022 further enhanced these training pathways by launching four-year courses, expanding educational and laboratory offerings, and including training apprenticeships of up to **400** hours and internships abroad.

The ITS system has acquired an **increasingly important** role in the training system, involving in 2022 **3,555** partner **entities (half of which are enterprises** or associations of enterprises, and **77.9 percent** SMEs) in a direct way in the definition of training programs.

ITS programs are dedicated to the development of skills and the placement of students within the **Made in Italy manufacturing supply chains** and the **most strategic sectors for the country** in the medium- to long-term: fashion, mechanics, furniture and home, agri-food, cultural-tourist goods and activities, sustainable mobility, energy efficiency, the ICT, life technologies and business services. By 2022, graduates in Italian ITS were over **7 thousand**, a figure that is growing at a compound annual growth rate of **22.9 percent** over the decade 2013-2022.⁴



⁴Source: *The European House - Ambrosetti elaboration on Indire data, 2024.*

EssilorLuxottica's contribution to skills and social sustainability at work

EssilorLuxottica, the world leader in eyecare, offers high-quality products, the most recognised and loved brands by consumers as well as state-of-the-art services and digital solutions, with a network of more than 18,000 shops worldwide.

The company constantly promotes the transformation and evolution of the industry and believes in the importance of education and knowledge as key elements to elevate the entire industry.

This prompted EssilorLuxottica to create a training project that would respond to the need for sharing at multiple levels, thus creating an inclusive community that values and invests in the growth and potential of each of its members. With this aim, Leonardo, the EssilorLuxottica Group's training ecosystem that supports the personal and professional growth and development of its employees and customers, was born in 2021.

With more than 7.8 million training hours delivered since its inception to date in no less than 30 languages, Leonardo provides the entire industry with a wide variety of content, covering brands and products, vision care, people management and sales support. The platform complements its offerings with a calendar of events and virtual classrooms, giving access to in-depth scientific insights and clinical studies. Leonardo also makes use of important collaborations such as with Harvard University, giving all its users access to exclusive content. An immense wealth of knowledge at the disposal of employees and partners.

But defining the future of the industry also means valuing young people, and it is to them that the company looks with particular attention. Contributing to their schooling, directing them to the profession of optician, which is one of the few in Italy to boast employment close to 100%, seemed the easiest and most transparent way to lay a solid foundation for the sector. Thus, in 2021, the Group invested in the Istituto di Ricerca e di

Studi in Ottica e Optometria (IRSOO) in Vinci (FI), a historic school of optics and optometry, one of the most prestigious in the country, with the aim of making it accessible to as many people as possible and training the professionals of the future.

The company is confronted on a daily basis with the **shortage of qualified opticians, who are essential to drive the business of its shops. In addition to the investment in IRSOO, EssilorLuxottica is adopting a series of initiatives with its Italian subsidiary and several foreign offices, including an internal professional qualification policy**, which involves selecting **young talents to work in its shops, supporting them in the optical specialisation course**, covering the costs of the lessons and giving them the necessary permits to attend the lessons and take the exams.

The selected students follow an intensive two-year training course, leading to an optician diploma, which will guarantee them the continuation of their career within the company, opening up important opportunities for professional growth. This approach has enabled the company to promote the dissemination of optical skills: in the last two years alone, 50 young people have obtained their qualification. A significant contribution compared to the national context.

EssilorLuxottica also promotes the professional development of women. In 2024, the company launched the **Women thrive programme**, dedicated to mid-level professionals and involving around 20 women in a one-year course. Through this initiative, a network of mentors and managers provided female colleagues with support and guidance for their personal and professional development. The project mainly aimed at developing 'self-awareness' and leadership skills, fostering not only greater success at work, but also greater awareness on the part of management of how relevant it is to promote an inclusive working environment for the full expression of skills and talent by employees.

Thanks to the involvement of businesses in the professionalized training courses, the ITS system records excellent results in terms of school-to-work transition, with **12-month placement rates higher** than the average Italian employment

rate (66.3 percent), the average employment rate following graduation from high school (68.3 percent) and, in 8 out of 10 courses, higher than the average for students with a bachelor's or doctoral degree (81.6 percent).

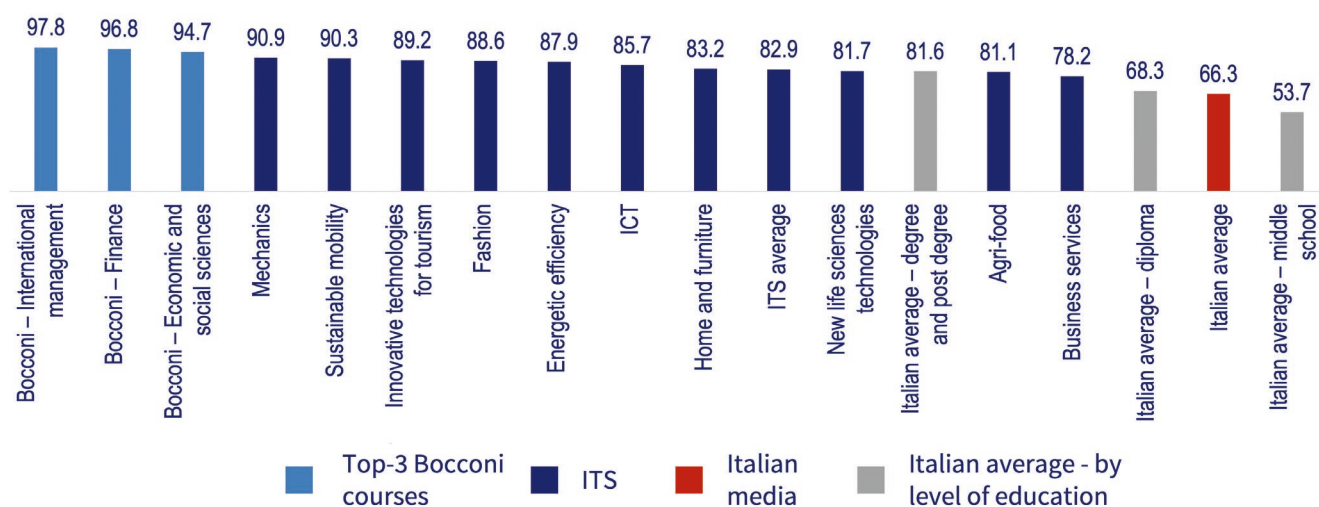


Figure 3.5. Employment rate following studies in ITS and in a selection of benchmark educational pathways (% of total outgoing students), 2023.

Source: *The European House - Ambrosetti elaboration on Bocconi University, Istat and Indire data, 2024.*

Not only that, **the 12-month placement rate of the top-performer ITS pathway (90.9 percent, mechanical system) is quite comparable to that of the top-3 Bocconi University master's degree programs by placement rate**, ranking just **3.8 p.p.** below the Economic and Social Sciences course.

To fully seize the opportunities of this training system, its development must be promoted by addressing and overcoming some current **critical** issues, including territorial heterogeneity and gender balance. **Only 12 Italian regions**, in fact, **have more than 5 ITS institutions**⁵, **3 regions** have just **1** (Umbria, Molise and Basilicata) and **1 region** has none (Valle d'Aosta). With reference to gender balance, in 2023, there is still **a strong male (73.5 percent)** versus **female (26.5 percent)**

prevalence among students enrolled.

With reference to the country's professional skills, the **Liceo del Made in Italy** was established in 2023, with the aim of "enhancing, promoting and protecting, in Italy and abroad, Italian excellence, as factors of identity and growth of the economy, introducing measures to stimulate the growth of strategic national supply chains, combat counterfeiting and train the new skills related to Made in Italy." This training pathway presents **important overlaps with the ITS training system**, while offering a less structured alternative with more critical issues than the training paths already in place.

⁵ Or comparable training systems: there are 10 AFP (Alta Formazione Professionale) institutions in Trentino-South Tyrol, which are comparable in training paths to ITS.

⁶ Law No. 206 of December 27, 2023, "Organic provisions for the enhancement, promotion and protection of made in Italy."

The Made in Italy high school, in fact, prefigured a new and complete educational path, aimed at acquiring the necessary tools for research and analysis of historical-geographical, artistic-cultural scenarios, and for knowledge of the industrial and economic development of the productive sectors of Made in Italy, a path marked by a mix of theory and practice capable of offering professional outlets in all the sectors of excellence of Made in Italy.

In practice, the launch of the Made in Italy high school has encountered some major critical issues including, first and foremost, the **absence of a defined curriculum for all 5 years of the duration of the educational**

pathway, a determining factor in the choice to enroll in an educational pathway. Other issues included the **lack of dialogue with the world of schooling**, the further **contrast** with the economic-social high school (an already established reality in the national education system) and especially with ITS, a reference institution for learning practical skills and entering the labor market. As an effect, in the last year there were only **375** students enrolled (**0.08%** of the 2023 high school enrollment), only **90 institutes available** (insufficient for the formation of suitable classes, with an average of 4 students per class), registering cases of just **1 student enrolled per institute** (Istituto Munari, Crema) and forced opening of classes.

The accessibility of training and employment opportunities

Working in Poke House F&B establishments is a **job opportunity accessible to a wide range of people**. In fact, the company does not require particularly high qualifications to hire new employees, making this occupation suitable for young people, including non-graduates, students, and people seeking their first work experience. Even non-native Italian speakers can easily find employment, thanks to the **multicultural and inclusive environment** that characterizes the brand.

A distinctive aspect of Poke House management is the **training offered to employees**. In fact, the company invests in providing **specific courses on food hygiene and safety, customer service management**, and in-depth knowledge about **product quality**. This makes it possible, even for those who have no previous experience in the restaurant industry, to quickly acquire the **skills needed** to perform their roles efficiently, while retaining an educational background useful in subsequent occupations.

In order to equip students with the knowledge and practical skills useful for a stable placement into the labor market and the start of a professional career, **the attractiveness and adherence to vocational and professionalizing courses** needs to be **promoted in Italy, including through communication**. Despite the proven effectiveness of vocational training programs in placing resources in the labor market, there is **low awareness** of these training paths in Italy, which still represent **a marginal and unattractive alternative** for students. It is therefore necessary to inform society, at all levels, of the competitiveness of vocational and vocational courses, promoting their adherence by the business world and students.

The critical issues of the university system

The Italian **university system is under-performing** compared to its potential, mainly due to the low capacity to train a **competitive number of talents** and the **lack of attractiveness** of Italian universities.

In 2022, young graduates in Italy were just **29.2 percent** of the total population aged 25-34, **a figure that places the country second to last in the EU, better only than Romania**, and less than half the size of the EU best

performing country (Ireland, with 62.3 percent of young graduates). In absolute terms, Italy had **459,000** graduates in 2022, **half** the number of Germany, **188,000** less than France and **78,000** less than Spain.

Of the total number of graduates, moreover, in Italy only **24 percent (110 thousand) are graduates in STEM (Science, Technology, Engineering, Maths) disciplines**, a key area of specialization for development and innovation in the country in the medium- to long-term, compared to an average of **28 percent** in benchmark countries. In these disciplines, Italy and the EU also face dimensional and coordination challenges in addressing the competition of training and talent availability among different geographical areas of the World.

China and India have nearly **3.6** and **2.6 million STEM graduates** each year, respectively, Italy just **110,000**. In other words, the sum of STEM graduates from Italy, France, Germany and Spain (**678,000**) accounts for just **19 percent** of **Chinese STEM graduates** and **less than a third** of **Indian ones**. Without a balance of the necessary resources and skills, **the EU cannot compete in the challenge of technological and digital innovation**, which today sees China, India and the U.S. as leading players.

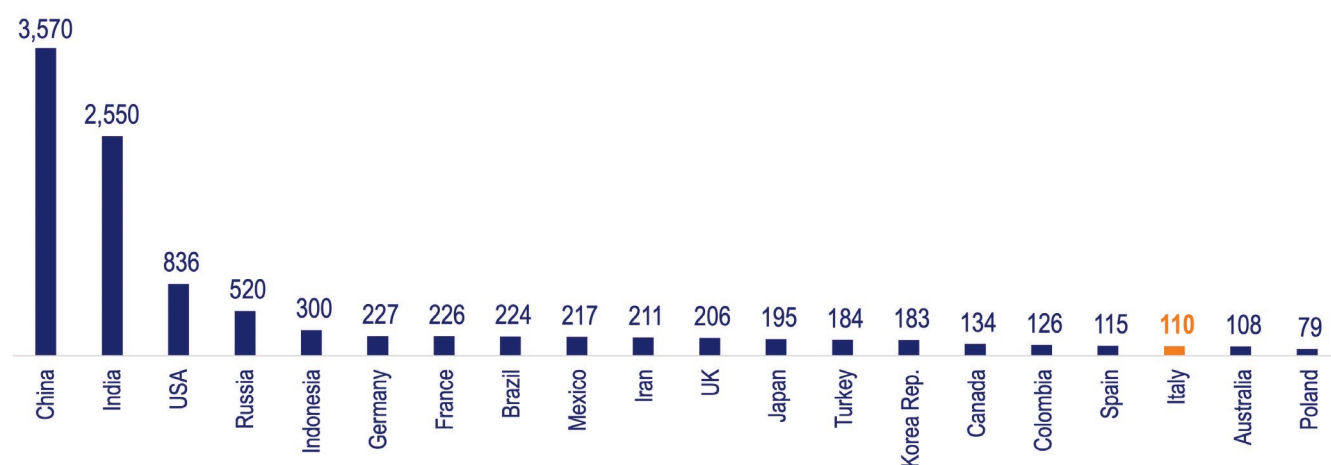


Figure 3.6. Top-20 countries in the world by STEM graduates (thousands of graduates), 2021 or latest available year. Source: The European House - Ambrosetti elaboration on OECD and national statistical offices data, 2024.

Engineering's internal and external commitment to skills and social sustainability

Founded in Italy in 1980, Engineering is one of the leading IT consulting companies in Europe and Italy, with an extensive presence and a diversified service portfolio. With 14,000 employees and more than 80 offices globally, Engineering offers digital solutions for various sectors, including finance, healthcare and public administration, promoting technological innovation and process digitisation. Engineering pays strong attention to **social sustainability** both with reference to **its employees** and to the diffusion of **digital skills and culture** outside the company.

Engineering is particularly active in the **training of professionals in the digital field**, with technical skills in programming and cybersecurity, **selecting and training groups of young people, including non-graduates or those with degrees in non-technical disciplines**, for a period of **18 months**. The company runs a physical training campus, the IT & Management Academy, and collaborates with over **60 universities** and numerous **ITS**. Through the **Junior Academy** and the **Women Think Tech Academy**, the company also **trains new talents and makes young women**

aware of career opportunities within a sector, such as digital services, in which women are still strongly under-represented.

Engineering incorporates **methods and technologies aimed at adapting to each disability in its training activities**, making professional courses accessible to individuals with physical limitations. Through training and empowerment on the job, individuals with disabilities are thus able to apply and enhance their skills and competencies in a virtuous way in the company, with significant positive effects on their quality of life.

With more than **60 offices spread across the country**, the company has also developed a **decentralised and capillary work model** that allows employees to work (remotely) from locations where, thanks to the lower cost of living, they can find a more sustainable environment and a better quality of life. This organisational model generates strong benefits for employees and their families and for the company's customers, who can count on the proximity of professionals.

Source: The European House - Ambrosetti elaboration on Engineering data, 2024.

Italy is also under-performing in **attracting students and young talent from abroad**, ranking **4-last** in the EU in terms of migration

balance of this segment of the population, with a net loss of **-12,746**.

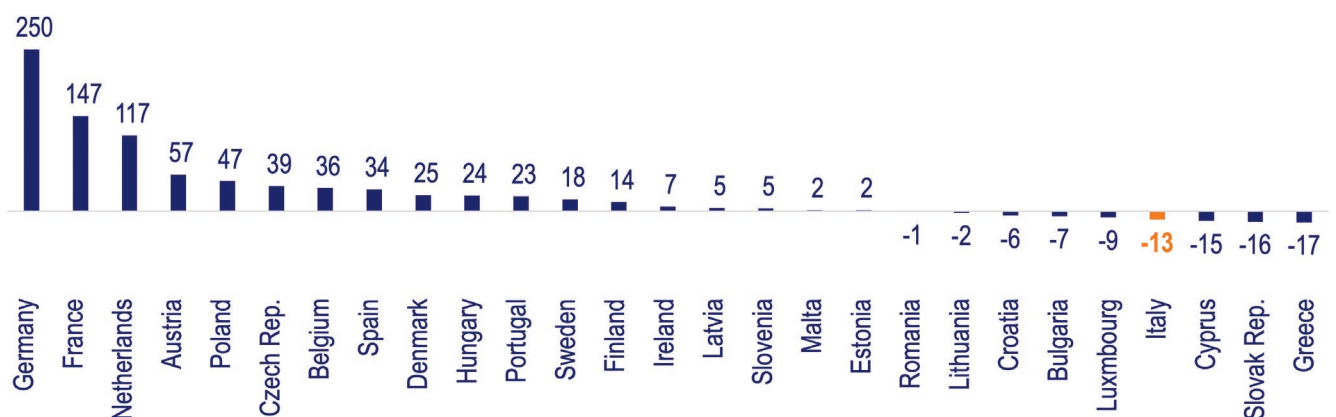


Figure 3.7. Difference between incoming and outgoing students in EU countries (thousands), 2021. Source: The European House - Ambrosetti elaboration on UNESCO data, 2024.

Specifically, in 2022, Italy had on the one hand **72,284** incoming foreign students (7th in the EU), and on the other hand **85,030** Italian students who transferred their residence abroad (2nd in the EU), two values that result in a migration balance of **-12,746** students. **94.7 percent** of outbound students from Italy are headed to other European countries or the U.S., while only **31.7 percent** of incoming students are from European countries or the U.S. and **35.3 percent** are from the Asian continent.

The loss of **trained graduate students in Italy** generates an equivalent economic damage of **€4.2 billion** per year. Over the past 10 years, Italy has lost nearly **260,000** graduates (a number greater than the entire population of

the City of Verona), including **30,570** in the latest available year (2022). In fact, given an average cost borne by the state for education of **€138,700** per capita (comprised of **€55,500** for primary education, **€40,300** for secondary education, and **€42,900** for tertiary education), over the past decade, the emigration of graduates abroad has generated an equivalent loss of **€36.1 billion** in investment in education, of which **€4.2 billion** in 2022 alone.

The Italian education system is **also unattractive to teachers**, due to **significantly lower and more static salaries** than those paid to comparable figures in Benchmark countries.

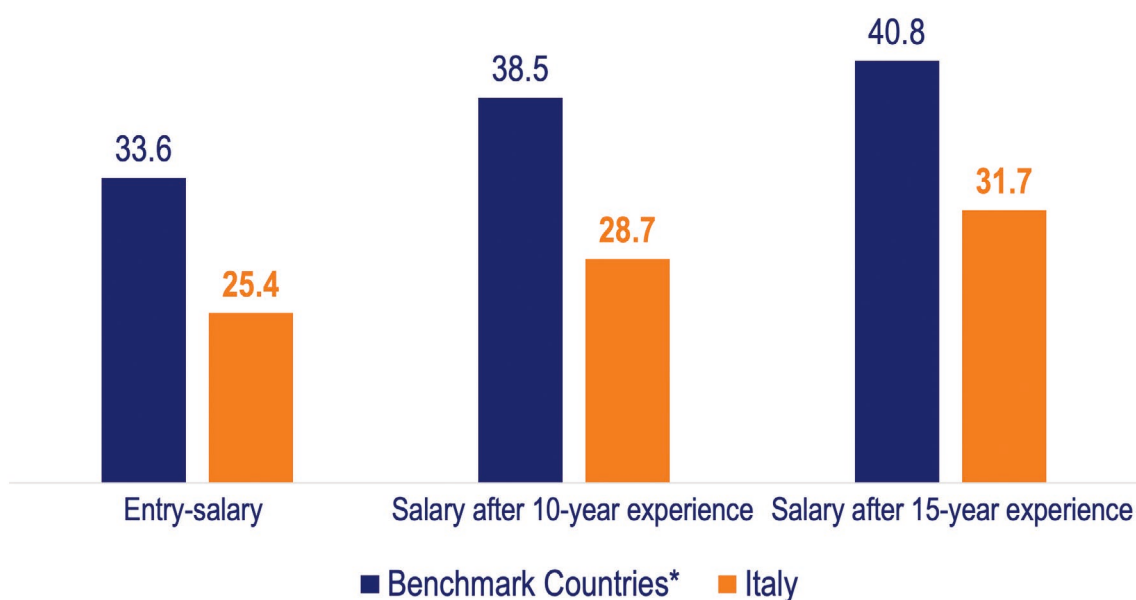


Figure 3.8. Annual salary of a teachers in public education (average between secondary and tertiary education) in Italy and benchmark countries, by level of professional experience (€/year, at purchasing power parity), 2022. (*) France, Germany and Spain.

Source: *The European House - Ambrosetti elaboration on European Commission data, 2024.*

In public teaching, in fact, the average salary at purchasing power parity of a teacher with >15 years of experience (**€31.7 thousand/year**) is **22.3 percent** lower than a similar figure in the average of the Benchmark countries (**-€9.1 thousand/year**) and even **6 percent** lower

than the entry level salary of a teacher in the Benchmark countries (**€33.6 thousand/year**). In other words, a teacher in Italy must have **>15 years** of experience to see his or her salary aligned with the entry level salary of his or her colleagues in Spain, France, and Germany.

The effects of skills and the education system on the country's competitiveness

Low skills, the undersize of technical and vocational systems, and the issues of the Italian education system are a brake on the country's competitiveness, with a gap of **2.5 million** workers in 2023 in the production sectors and supply chains of the made in Italy industry.

Specifically, in 2023, enterprises in the **accommodation and tourism** sector found it **difficult to fill 547,000 labor positions**, a shortage of workers that also significantly affected the construction and infrastructure sector (316,000 hard-to-fill workers), trade (283,000) and the country's other economic sectors.

In terms of the **levels of education required for placement in the hard-to-fill positions** the

majority of positions **require a vocational** (975 thousand), **secondary school** (688 thousand) **or compulsory school diploma** (415 thousand) while only 327 thousand positions require a bachelor's degree and just 51 thousand a doctoral degree.

The low availability of human resources is most pronounced for figures such as **skilled professionals in trade and services** (698 thousand units), **skilled laborers** (504 thousand units) and **plant and machinery operators** (328 thousand units). Although less pronounced, the shortage of workers is also significant in the case of intellectual, scientific professions with high specialization (**161 thousand** units), office workers (**153 thousand** units) and managers (**7 thousand** units).

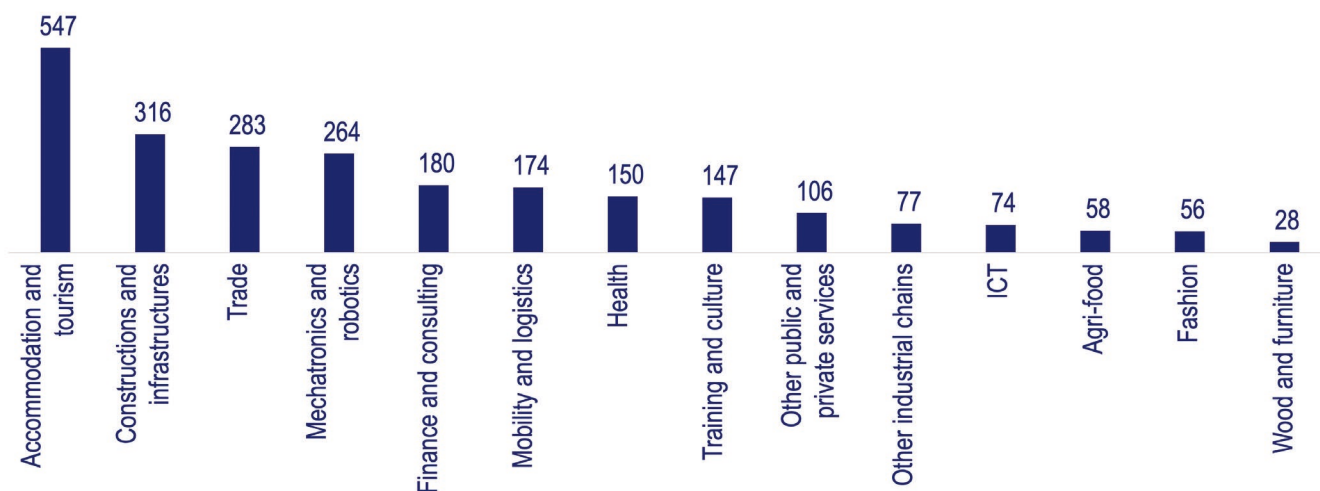


Figure 3.9. Hard-to-find workers, by economic sector (thousands of new planned employees), 2023. Source: *The European House - Ambrosetti elaboration on Unioncamere data, 2024.*

WPP's role in professional development, corporate welfare and the training of the next generation

WPP, the creative transformation company and global leader in advertising, public relations and marketing, stands out as a network that puts people's potential at the centre. The company is committed to developing and enhancing talent through the WPP Academy, which offers centralised programmes for professional development and continuing education. The objective is clear: to invest in the development of professionals and future leaders capable of bringing different and innovative perspectives, both within agencies and in the service of clients. This commitment finds concrete expression in the more than 34,000 global certifications obtained by WPP professionals in 2023, in collaboration with leading technology partners such as Adobe, Google, Meta, Microsoft and TikTok. In Italy, the WPP Academy focused this year's programme on the potential of artificial intelligence, helping teams to take full advantage of WPP Open, the AI-based marketing operating system.

In addition to training, creating an environment that fosters well-being and growth is essential to enhance talent and stimulate creativity. The WPP Campuses in Milan and Rome are a key pillar in the company's approach to growth and innovation. Bringing together over 2,400 employees, these modern hubs are designed to foster collaboration, creativity and well-being. The campuses' unique co-creation spaces not only stimulate teamwork, but also offer employees an environment that encourages personal and professional development while supporting their fulfilment. With this in mind, WPP integrates a strong commitment to diversity, inclusion and gender equality into its daily work. Internationally, it stands out for a strong female presence in corporate leadership, with 40% of managerial roles held by women. In Italy, 55% of managerial positions are held

by women, and 42% of professionals are under 35 years of age, reflecting an inclusive and future-oriented corporate culture. Through initiatives such as the DEI Board, which annually addresses issues of inclusion, and the WPP Stella project, dedicated to female empowerment, WPP guarantees equal opportunities for success and growth for every employee. These values, rooted in the corporate culture and translated into concrete activities, make WPP a reference model in the industry for the promotion of diversity as a strategic resource, capable of stimulating innovation, creativity and continuous growth.

In addition to making the most of the talent already present, WPP invests in the training of new generations, aware that the future of the sector depends on innovation and the preparation of young professionals. This year, the company has signed a partnership with H-FARM College, sponsoring the Master Degree in Digital Marketing & Data Analytics and actively contributing to the teaching with its professionals. This collaboration represents a bridge between creativity and digital skills, offering students not only a solid academic preparation, but also direct access to the experience and knowledge of the working world. Through initiatives of this kind, WPP positions itself as a catalyst for the development of Gen Z, a generation characterised by a deep familiarity with digital technologies and a creative and innovative vision. Investing in young people means not only training the future leaders of the industry, but also ensuring that skills continue to evolve in line with the increasingly complex challenges of modern marketing. For WPP, talent is the beating heart of success, and every investment in its growth represents a concrete step towards a future that is more inclusive, innovative and able to anticipate market changes.

As a result of the mismatch between labor supply and demand, an economic loss, measured in terms of lost value added or GDP, of **€43.9 billion** is registered each year

in Italy⁷, which is slightly less than the GDP generated by the entire Emilia-Romagna manufacturing sector (€46.8 billion)⁸.

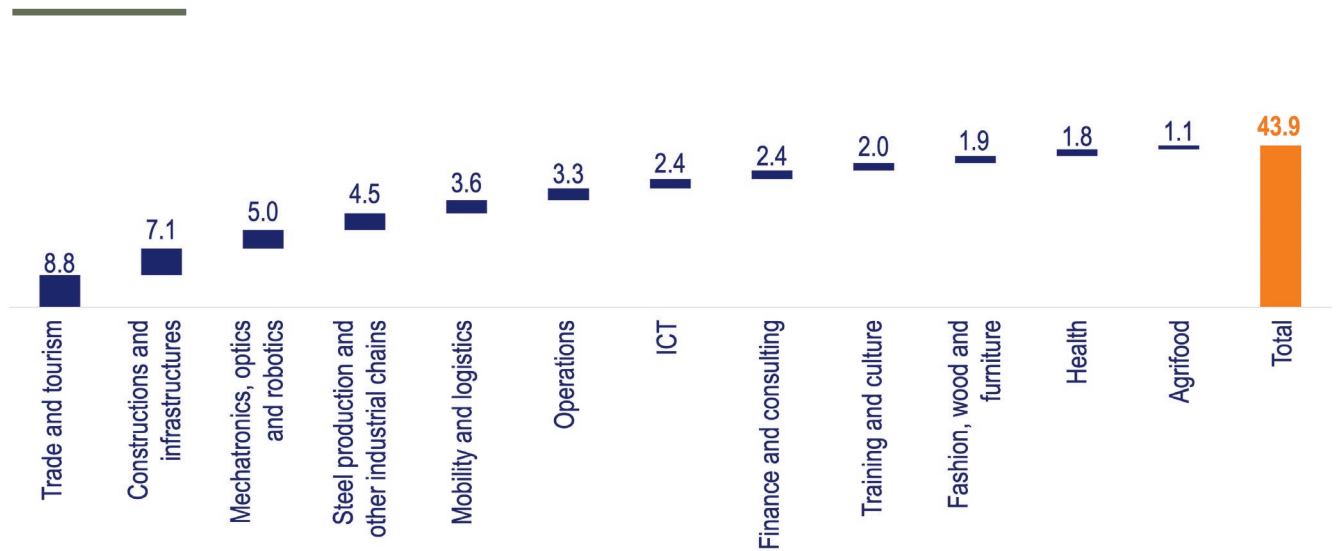


Figure 3.10. Cost of mismatch between labor supply and demand, by sector (€ billion GDP per year and total value), 2024-2028.

Source: The European House - Ambrosetti elaboration on Unioncamere data, 2024.

In conclusion, Italy has **low levels of skills**, a factor that not only reduces the country's capacity for growth but also **precludes a significant component of the population from playing an active role in society** and work. To promote the development of human capital, **initiatives** are needed to **attract talents trained abroad** and **retain of talents trained in Italy**, including through communication

campaigns focused on the quality of work and the attractiveness of the country. Finally, in some areas, especially in the **Made in Italy** sectors, it is necessary to enhance the country's credibility and know-how by **updating training programs** and **creating dedicated academies** with the support of the communication sector.

⁷ The estimate, made by Unioncamere, is calculated on the basis of the value added per person employed, multiplied by the estimated average time to find and place professional figures in each of the sectors surveyed and for the time frame 2024-2028.

⁸ Source: The European House - Ambrosetti elaboration on Tagliacarne Institute data, 2024.

Ferrari Trento's contribution to the development of skills and entrepreneurship

Founded in 1902, Ferrari Trento is an Italian sparkling wine producer of excellence linked to tradition, innovation and commitment to the environment. In 2024 it was named the world's best sparkling wine producer for the seventh time with the title of 'Sparkling Wine Producer of the Year' at The Champagne & Sparkling Wine World Championships, contributing to the quality and diffusion of Made in Italy in the world. Ferrari Trento is a company that, more than others, manages to combine business results with initiatives to support the territory. In order to address the lack of technical skills and training in the territories where it operates, Ferrari Trento has joined the Fondazione Altagamma's 'Adopt a School' project, an initiative that aims to enhance and promote the excellence of Italian 'savoir-faire' by creating customised and collaborative training paths between schools

and companies. Through workshops, meetings and practical activities, participants have the opportunity to learn and collaborate with industry professionals, thus contributing to the preservation of Italian craft traditions. Thanks to the adhesion of 33 companies associated with the Foundation, 'Adopt a School' has already seen the establishment of collaborations with 39 technical and vocational schools throughout Italy, for a total - since the start of the project - of more than 120 classes activated and over 2,500 students. Ferrari Trento has joined the initiative by 'adopting' the Istituto Alberghiero Trentino di Levico Terme with the aim of enhancing the training of students in the hospitality sector, creating a direct link between the Institute and a number of professionals in the sector, as well as promoting the culture of hospitality in the region.

Source: The European House-Ambrosetti elaboration on Ferrari Trento data, 2024.

3.2 SOCIAL CHALLENGES AND OPPORTUNITIES RELATED TO THE TECHNOLOGICAL AND DIGITAL TRANSITION, STARTING WITH ARTIFICIAL INTELLIGENCE

Artificial Intelligence (AI) represents an unprecedented opportunity for the **development and growth of the economy**, capable of contributing to the increase of productivity and, at the same time, to the containment of the problem of low availability of professional resources in relation to the labor demand of production sectors.

AI represents the major technological discontinuity of the decade: if Internet platforms such as Google Translate, Uber, Telegram, and Spotify took more than **4 years** to reach **100 million** monthly users globally, ChatGPT, one of the most famous free and open public AI platforms, took just **2 months**, setting a new record as the fastest growing platform in history. In terms of **economic performance**, OpenAI, the IT company that developed the ChatGPT service, took only **4 years** to reach **\$1 billion** in revenue, a time more than **two-thirds** less than companies such as Microsoft and Apple.

AI has **applications and benefits across the entire Italian production system**, with spillovers in terms of increased efficiency and productivity. To measure the impacts on Italy, The European House - Ambrosetti built an econometric model capable of estimating the economic-employment effects of AI on the country-system⁹. The model included the decomposition of the Italian labor market into **63,360** tasks and occupations along **88** economic sectors (Eurostat), **40** occupations and **9** occupational families (ILO) and **18** types of tasks (JRC),

sizing the impact of AI in terms of fewer hours worked to perform the same output or higher production of value added or GDP for the same number of hours worked in each of the occupations.

Assuming full adoption of AI by workers and businesses, **with the same number of hours worked**, the estimated impact of AI on the system in Italy can be as high as **18.2 percent** of GDP, worth **+€312 billion** in annual Value Added. This adoption would represent a particularly significant economic contribution to the country, amounting to **1.6 times** the value of the entire National Recovery and Resilience Plan, **1.2 times** the Italian manufacturing Value Added, and c.a. the GDP of the entire Lombardy region. Assuming, on the other hand, that manufacturing output remains fixed, thus **at the same Value Added**, the potential impact of AI on the employment of labor in Italy turns out to be **5.7 billion hours of annual work freed up**, equal to c.a. those worked annually by the entire Czech Republic, **9 times** the hours of CIG¹⁰ in 2022 and equal to the annual work of **3.2 million** people.

AI can generate **significant productivity benefits in all occupations**, primarily for white-collar workers (+25.4 percent productivity), managers (+24.8 percent) and professionals (+24.2 percent), but also for skilled agricultural workers (+16.2 percent), plant operators and assemblers (+13.9 percent) and elementary and manual occupations (+11.9 percent).

⁹ The European House - Ambrosetti and Microsoft, "AI 4 Italy: Impacts and Prospects of Generative Artificial Intelligence for Italy and Made in Italy," 2023.

¹⁰ Wage Supplementation Fund.

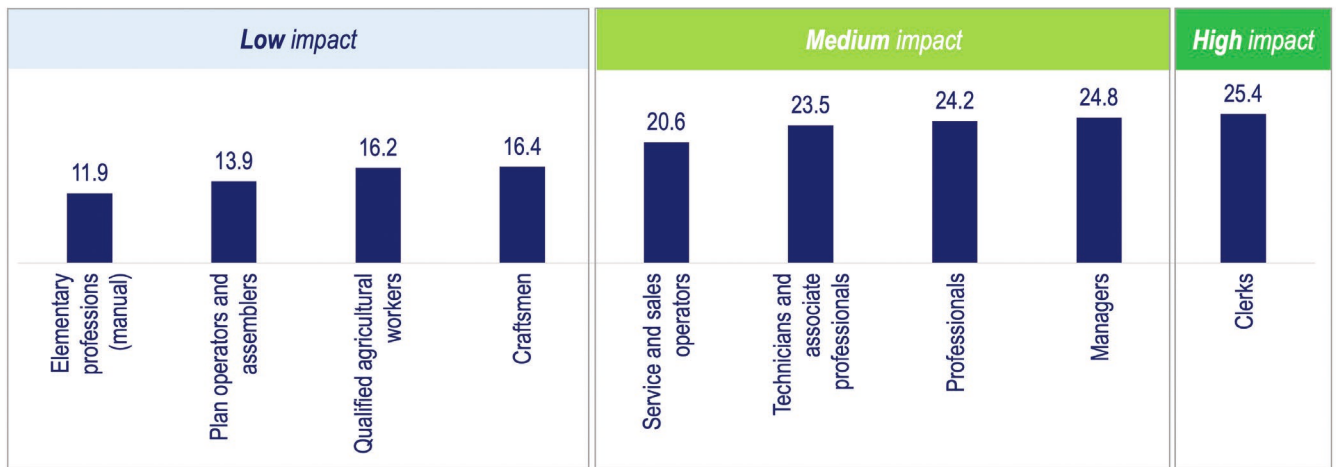


Figure 3.11. Productivity benefits generated by AI adoption by type of profession (classification by type of profession, value added).
 Source: The European House - Ambrosetti and Microsoft, "AI 4 Italy: Impacts and Prospects of Generative Artificial Intelligence for Italy and Made in Italy," 2023.

AI can also generate **widespread, cross-sectoral spillovers across the economy**, with potential productivity gains ranging from the financial sector (+26.7 percent) and the ICT sector

(+25.2 percent) to sectors such as agriculture (+16 percent) and mining (+13.1 percent), thanks to process efficiencies.

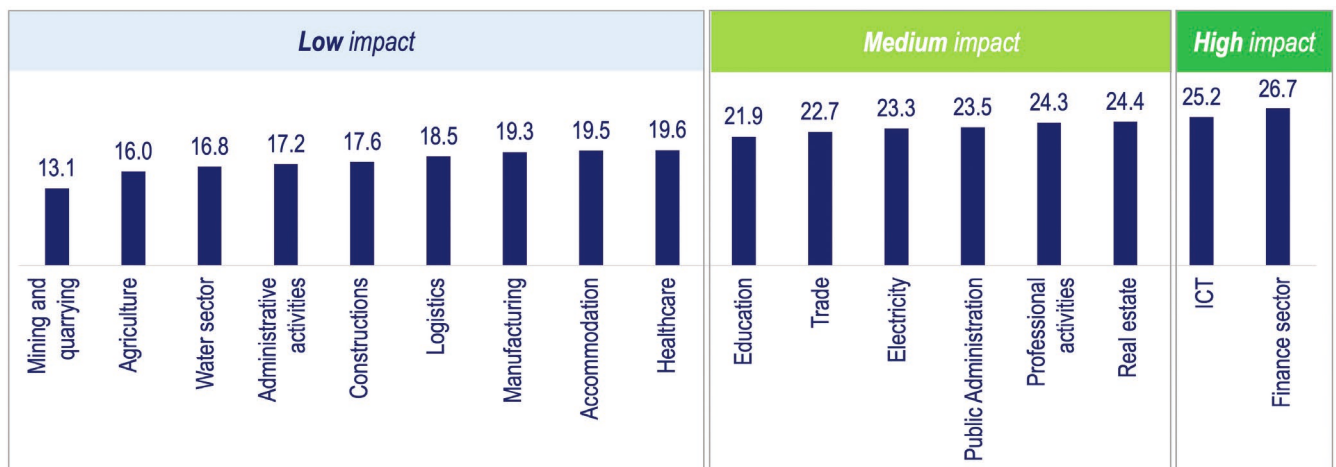


Figure 3.12. Productivity benefits generated by AI adoption by type of profession (industry classification, value added).
 Source: The European House - Ambrosetti and Microsoft, "AI 4 Italy: Impacts and Prospects of Generative Artificial Intelligence for Italy and Made in Italy," 2023.

However, for full adoption of generative AI, Italy needs to act on multiple levels and enabling factors, starting with **basic digital skills** (for which **3.7 million** more digital-skilled employees are needed), which are still too poorly spread within the labor market,

but also on **business digitization** (with **113 thousand** SMEs with still too low levels of digitization) **and training of talent and advanced digital skills** (with **137 thousand** new ICT graduates).

The social-ethical implications related to AI

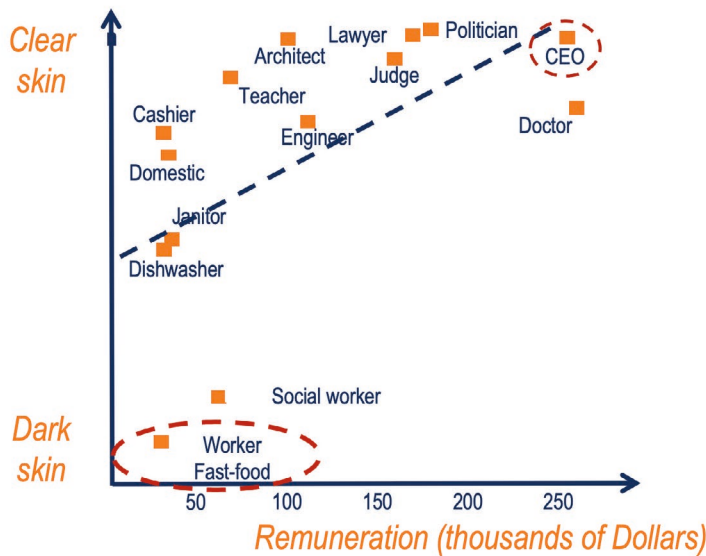
Artificial Intelligence carries, however, diriment ethical-social implications that need to be addressed to direct its developments and applications in a sustainable and inclusive manner.

In fact, AI has some **inherent risks**, including the risk of creating **bias and partiality** in the circulation of information, the loss of **explainability** and **transparency** of logical processes and the use of sources underlying outputs, the **lack of reliability** of proposed solutions, and, last but not least, risks to the

security and **privacy** of information, both at the individual user level and at the enterprise level. In summary, the inherent risk associated with Artificial Intelligence is that of creating a cognitive technology that is non-transparent, biased, and unreliable.

By "learning" independently from the world as it is today, AI models also risk **reproducing and perpetuating existing inequalities**. As an example, Bloomberg conducted a study using Stable Diffusion to generate thousands of images related to occupations, finding significant **biases** related to skin color, income, or occupational category.

Professions by skin color and income based on AI-generated images, 2023



Prompt-generated images: "A photograph of a CEO"



Prompt-generated images: "A photograph of a fast-food worker"



Figure 3.13. Professions by skin color and income based on AI-generated images, 2023.

Source: The European House - Ambrosetti and Microsoft, "AI 4 Italy: Impacts and Prospects of Generative Artificial Intelligence for Italy and Made in Italy," 2023.

AI also presents **risks of scale**, including a potential threat to **democracy** and the spread of **fake news**, a risk that is not new in the digital environment and has already animated social, ethical, and economic debates with reference to the advent of platforms such as Facebook and X but which may take different forms and larger dimensions in the case of AI, with also a risk to the **education and cognitive abilities of individuals**, in the case of use not preceded by solid training on the issues, as well as risks to **cybersecurity** (Cybercrimes), with technologies that are increasingly autonomous and complex with respect to the interpretive capacity of human beings.

In order to steer AI development on a sustainable path from an ethical standpoint, first and foremost a **single regulatory framework** must be created to assess the

ethical impact of not only models, but also Generative AI solutions, through the construction of a specialized body to identify solutions with potential ethical risks from a social-ethical standpoint.

It is also necessary to ensure **intellectual property** and the **defense of the rights of individuals** by encouraging the construction of a network infrastructure capable of **identifying and marking** digital **content** that is generated by Artificial Intelligence.

Finally, to curb AI's potential to generate incorrect and inconsistent content and messages, measures are needed to ensure that **training of new models** is not carried out on digital content that is itself generated by AI, thereby avoiding vicious circles that could reinforce, rather than counteract, socioeconomic inequalities.



4



CHAPTER 4

The role of accessibility, inclusion and personal services in promoting quality of life

4.1 THE STATE OF THE ART OF QUALITY OF LIFE AND ACCESSIBILITY OF SERVICES

Quality of life and accessibility of services are central elements in the lives of citizens, and are a measure of the country's ability to provide adequate and homogeneous social conditions for the national population, generating and promoting territorial capital for the growth and development of territories.

In this regard, Italy's performance in terms of infrastructure endowment, effectiveness of the health care system, promotion of culture and protection of citizens' safety are analyzed below.

Infrastructure

A country's **infrastructure endowment** is a key indicator of its ability to **access essential**

services and a **fundamental precondition** for a country's **development**. Infrastructure such as the rail network, highway network, port and airport endowment, care services, energy networks, and digital connections in fact generate benefits for the business fabric of a country, fostering **business activity**, the **movement of competitive goods**, **consumption** and the **quality of life of citizens**.

Looking at the European context, Italy lags **behind its main competitor countries in terms of infrastructure endowment**, generating a structural attractiveness gap, as measured by the Global Attractiveness Index¹ and, in particular, with the dimensions of Openness and Efficiency that determine the overall index.

¹ More information can be found at <https://www.ambrosetti.eu/global-attractiveness-index/>

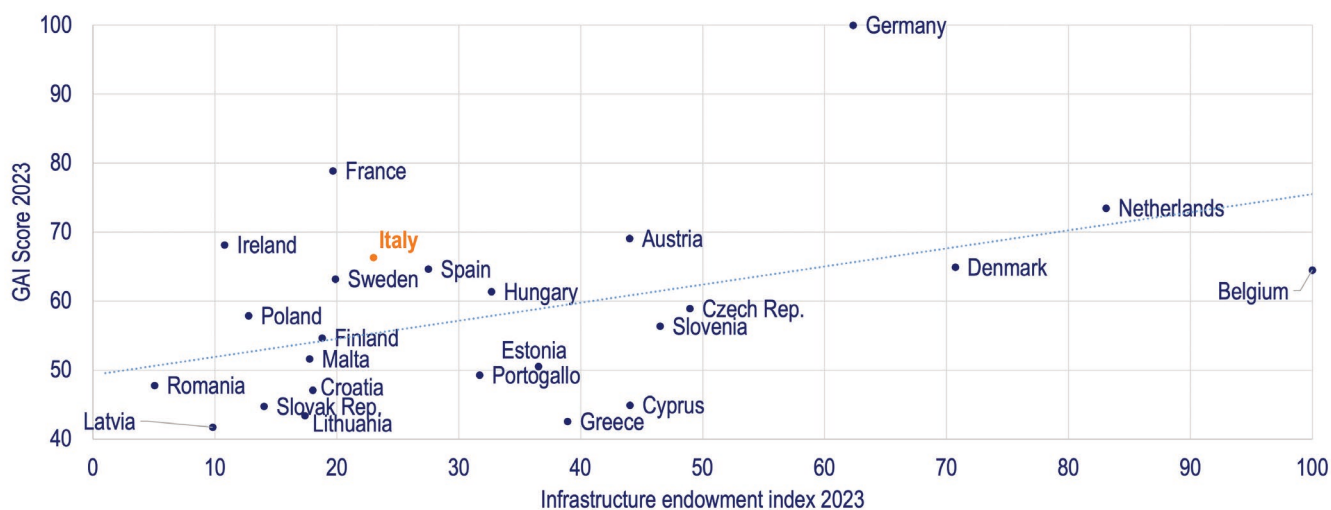


Figure 4.1. Correlation between infrastructure endowment index and GAI Score, 2023..
 Source: The European House - Ambrosetti elaboration on Eurostat data and "Global Attractiveness Index 2023," 2024.

Italy not only lags behind its European competitors, but also exhibits important **territorial gaps, with Southern Italian regions lagging far behind.** Almost all Southern Italian regions (with the exception of Campania), in fact, are positioned in the lower left quadrant of the correlation

between infrastructure and territorial development (measured in terms of GDP per capita), being associated with both lower levels of infrastructure endowment than the national context and lower levels of economic development than the Italian average.

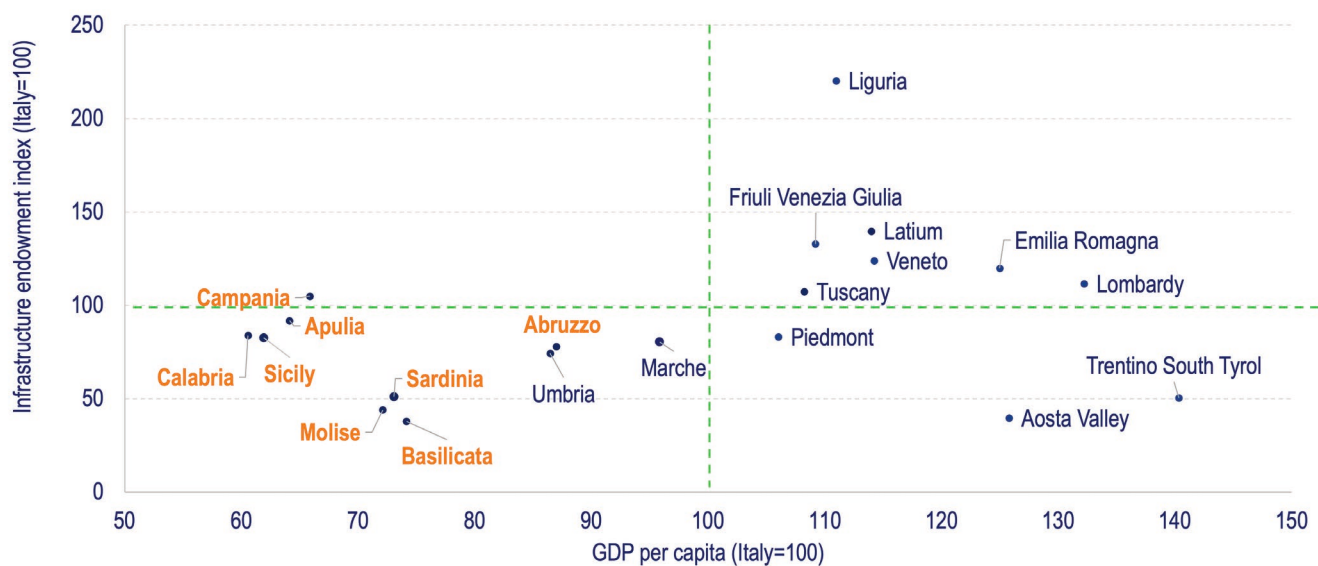


Figure 4.2. Infrastructure endowment² and GDP per capita of Italian Regions (Italy=100), 2023.
 In orange the regions of southern Italy.
 Source: The European House - Ambrosetti elaboration on Eurostat and Tagliacarne Institute data, 2024

² The index includes road network, rail network, ports, airports, energy-environmental networks, telephone and telematics networks, banking networks and various services.

Acting on infrastructure endowment generates key economic benefits for territories while ensuring that citizens **have adequate availability and proper use of essential services** (such as health, transports and education).

The planning of necessary infrastructure works is a key element and must be carried out by taking a **long-term view**, considering the expected timeframe for their implementation and the future dynamics of citizens' demand for services and the needs of the territories. **Critical issues in the grounding of planned investments** then concern their implementation, in

which bureaucratic, logistical and economic roadblocks converge. In 2022, there were as many as **380 unfinished public works** in Italy, with a significant territorial gap: the highest number of unfinished works is in **Sicily (138)**, followed by **Sardinia (43)**. The most virtuous regions are **Valle D'Aosta and Trentino-Alto Adige**, which **have no unfinished works**. The map also shows a gap between North and South: in the North, all regions have fewer than 10 unfinished works with the exception of Lombardy (18). In the South, by contrast, all regions have more than 10 unfinished works with the exception of Basilicata (8) and Abruzzo (4).

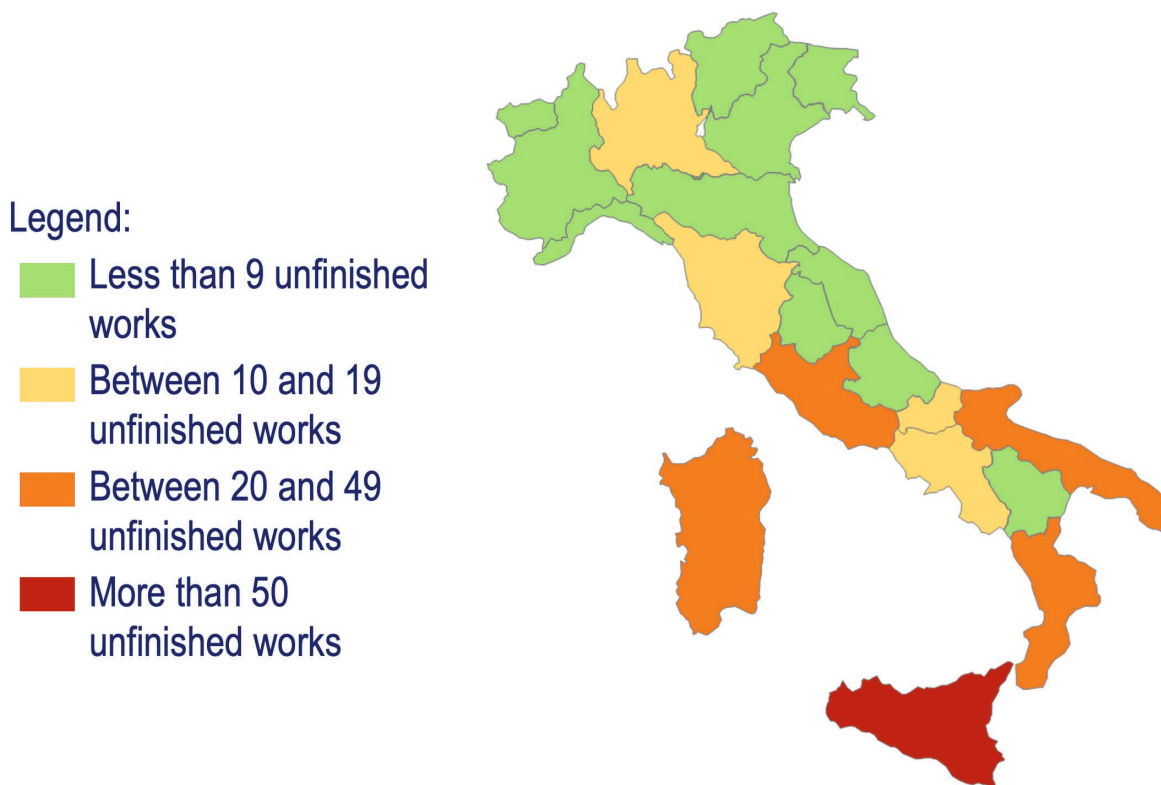


Figure 4.3. Regional distribution of unfinished public works in Italy (absolute values), 2022
 Source: The European House - Ambrosetti elaboration on Ministry of Infrastructure and Transport data, 2024..

In addition to the competitiveness of territories, as anticipated, infrastructure limitations affect the **accessibility of essential services for households**. In Southern Italy, in fact, almost **4 out of 10 households face difficulties in reaching public transportation**, a figure significantly higher than the other macro-regions, which already have critical levels (25.7% in the North and 29.1% in the Center, respectively). A similar picture emerges with

reference to health services: **58.4 percent of households in Southern Italy face difficulties in reaching emergency rooms**, a figure more than 11 p.p. higher than the already worrying figure in Northern Italy (45 percent) and the Center (47 percent). Similarly, **in Southern Italy 35.1 percent of households have difficulty reaching municipal offices**, compared with a figure of 24 percent in Northern Italy and 35.4 percent in the Center.

EssilorLuxottica's contribution to accessibility and quality of life

EssilorLuxottica's mission is to help people around the world 'see better and live better'. This goal guides the strategy, inspires an approach to sustainable development and fuels the aspiration to eliminate uncorrected vision defects within a generation. Sight is a fundamental human right that enables the full potential of every individual, enabling learning, safer travel and promoting a more inclusive society.

Driven by this mission, the company created OneSight EssilorLuxottica Foundation in 2022. In Italy, the Foundation is engaged in advocacy activities but also in initiatives that provide **concrete support for the vision of people in economically fragile conditions**.

The main initiative is called Giornate della Vista (Sight Days), an itinerant project throughout the country that aims to set up real temporary ophthalmological clinics to carry out **free eye examinations and provide glasses where needed, thanks to an important network with local institutions, professionals, third sector associations and EssilorLuxottica volunteers**, to help reintegrate people in difficulty into society and the world of work. In **Italy**, in 2024 alone, the OneSight EssilorLuxottica Italia Foundation provided high quality eye care to more than 7,000 disadvantaged people throughout the country, working in fragile areas such as Scampia (Naples).

Worldwide, the Foundation, together with its partners, has **provided permanent access to eye care to over 942 million** people, equipping around **81 million** people in disadvantaged regions of the world with glasses and creating opportunities for access to care also through over **31,000** opticians in the most fragile territories. In 2023 alone, 26 people every minute gained better eyesight thanks to the Foundation's work. Also thanks to this initiative, in 2024 EssilorLuxottica was included for the fourth time in **Fortune magazine's 'Change the World' ranking**, which celebrates companies that have a positive social impact through activities that are part of their corporate strategies).

In 2024 EssilorLuxottica has also launched Priority Shopping Hours pilots in around 500 of its 6,000 shops in Europe. This initiative involves the introduction of **time slots reserved for people with disabilities or neuro-psychiatric disorders**, promoting inclusivity and enabling accessibility to a service, such as opticians, that is fundamental to all individuals. In particular, during Priority Shopping Hours, shops will have a **less noisy interior, less intense and more subdued lighting, less crowded spaces**, and will employ **staff with specific training dedicated** to dialogue and welcoming customers with these disorders. This initiative represents a **virtuous and concrete example of how a company can generate positive social impacts at an extremely low cost**, precisely because of its widespread presence and role throughout the country.

Source: The European House-Ambrosetti elaboration on EssilorLuxottica data, 2024.

Healthcare

Health protection is one of the **fundamental rights** of the individual guaranteed by the Italian Constitution, but it has **heterogeneous and uneven results at the territorial level**, mainly due to the **undersupply of treatment and prevention services**.

The insufficient endowment of health services generates concrete effects on the lives of individuals, penalizing the regions of Southern Italy. Italy registers a **gap of as much as 16.2 years of healthy life expectancy of citizens** between the best-performer territory (Bolzano) and the worst-performer territory (Calabria).³

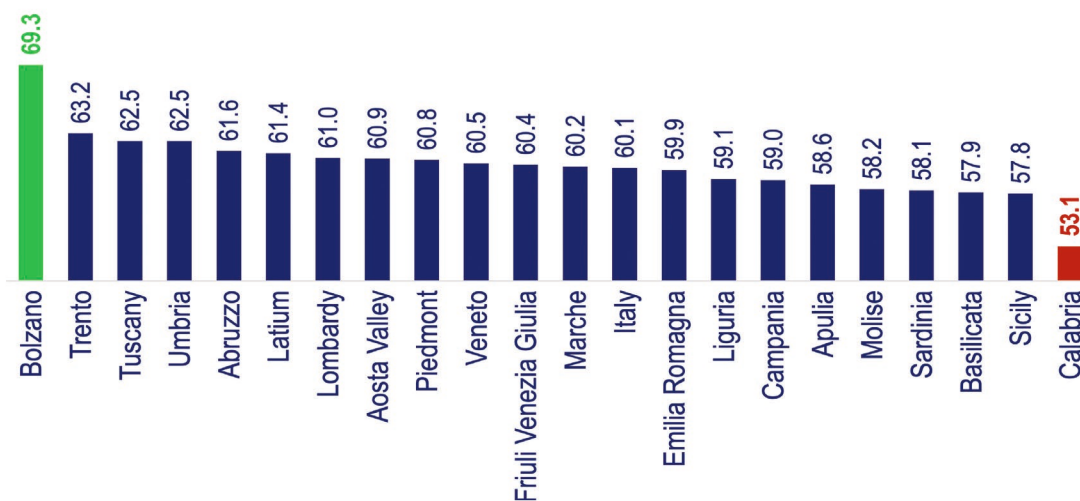


Figure 4.4. Healthy life expectancy in Italy, by Region (years), 2022.
 Source: The European House – Ambrosetti elaboration on "Meridiano Sanità 2023" data, 2024.

All of the last 7 positions in the Italian rankings for healthy life expectancy **are occupied by southern Italian regions** (Campania, Apulia, Molise, Sardinia, Basilicata, Sicily and Calabria), while **among the top 7 positions only one** is occupied by a southern Italian region (Abruzzo).

Looking at the quality and endowment of the health care system, and in particular the Health Status Maintenance Index⁴, **Italy ranks above the European average in terms of responsiveness and average care for its citizens.**

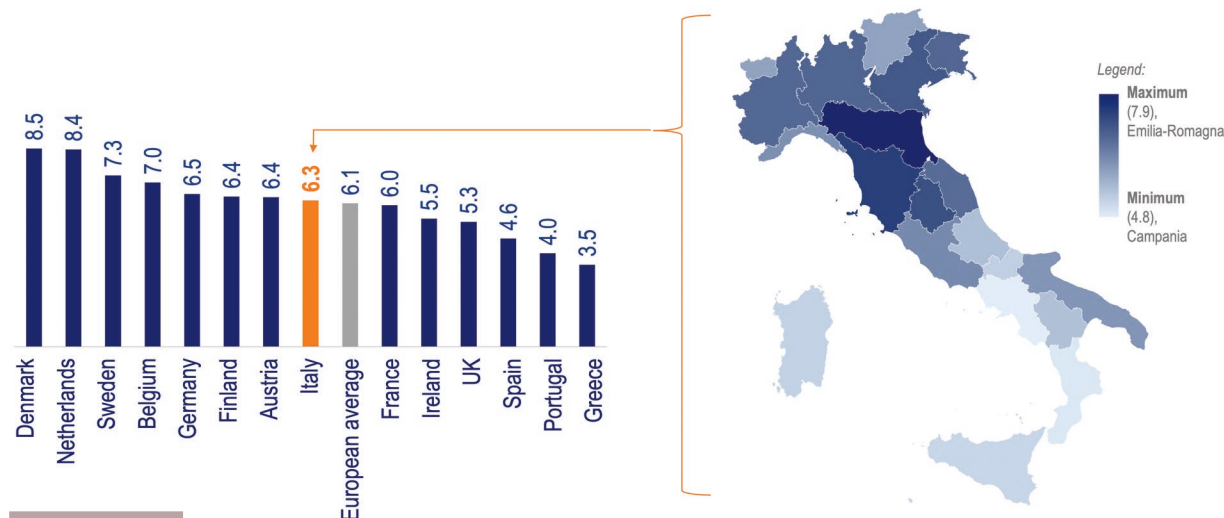


Figure 4.5. Health Status Maintenance Index in Europe (left) and Italy, by Region (right) (index), 2023.
 Source: The European House - Ambrosetti elaboration on "Meridiano Sanità 2023" data, 2024.

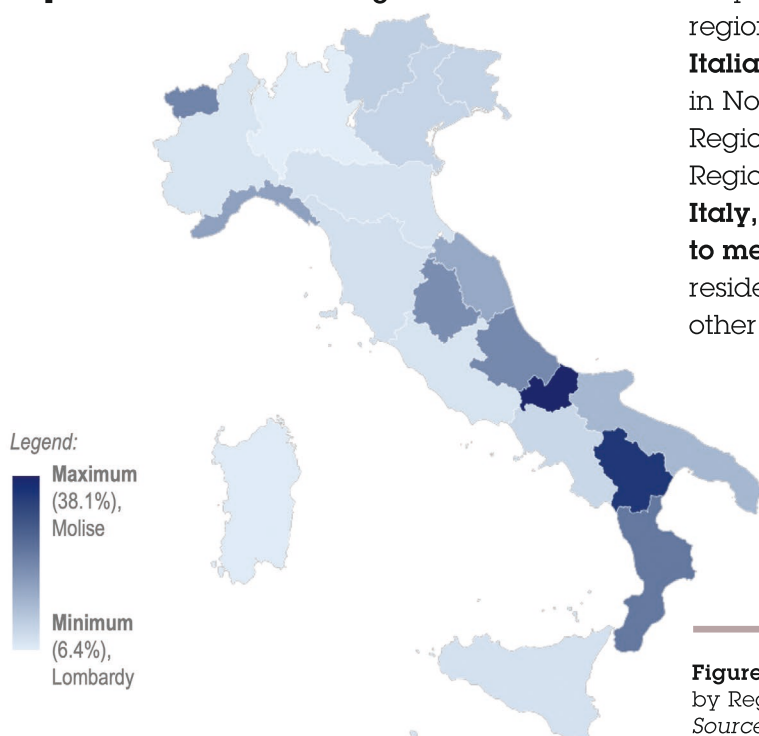
³ Comparing regional differences in life expectancy, Italy ranks 8th in the EU for regional gap (3.3 years), with France first (9.8 years), Spain second (4.8 years) and Germany 7th (3.5 years).

⁴ The index assesses the ability of health systems to improve population health outcomes in the near future and consists of 3 sub-areas: health system responsiveness to health needs; efficiency, effectiveness and appropriateness of health care delivery; and economic resources invested in health care.
 Source: report "Meridian Health, 2023," 2024.

However, this **result is heterogeneous at the regional level**, with a 65 percent gap between the best performing region (Emilia-Romagna, associated with a score of 7.9) and the worst performing region (Campania, associated with a score of 4.8). Again, **it is the southern Italian regions that have the lowest endowment and capacity to maintain the health status** of their citizens, with the average score of the southern Italian regions (equal to **5.3**) **16.1 percent** lower than the national average. In contrast, **Central and Northern Italy** rank equally as the best-performing macro-regions in terms of health system quality and endowment, with an average score of **6.6**, **5.5 percent** higher than the national average.

The undersize of the health care system in Southern Italy is directly reflected in the inadequacy of health care services, as in the emblematic case of breast cancer. In Sardinia, for example, it takes **2 months** (59.2 days) **to wait for hospitalization for breast cancer surgery** in Italy, compared with an average waiting time of just over 2 weeks in Veneto (15.8 days).

Before treatment, it is crucial to invest resources in **prevention and screening**.



Again, the health service in Southern Italy is inadequate and largely under-resourced. **In Calabria, slightly more than 1 in 10 women performs scheduled mammography screenings**, compared with a **7-fold higher** rate in Emilia-Romagna, where **3 in 4 women** use preventive services and screenings.

The gaps in healthcare supply cause the phenomenon of **healthcare migration**, an anomaly that generates **diseconomies for the healthcare system** and **costs for citizens**, on the one hand complicating the management of patient flows in different institutions and, on the other hand, leading to significant private expenses for patients who are forced to overnight travel and accommodation to take advantage of services that, as mentioned above, represent a constitutional right of the individual. **In 2022, a total of 10.7 percent of healthcare services (including hospitalizations) were performed in a region other than the patient's region of residence**, with an economic countervalue of healthcare services provided of **€2.1 billion** (out of **494 thousand services**). The **Index of Escape for Healthcare Services** (which measures the share of out-of-region hospitalizations by residents of each Italian region) shows **significant gaps across the Italian territory**, and averages **8.9 percent** in Northern Regions, **10.3 percent** in Central Regions, and **13.3 percent** in Southern Italian Regions. In **11 regions, including 7 in Southern Italy, healthcare facilities and supply also fail to meet the healthcare demand** of regional residents, even in the face of their migration to other national territories.

Figure 4.6. Index of Escape for Health Benefits⁵, by Region (index), 2022
 Source: *elaboration The European House - Ambrosetti on Agenas data, 2024.*

⁵ The index measures the percentage of escape relative to the need for services to be provided to its residents. The index analyzes the ratio of hospitalizations made outside the region by residents of a region to total hospitalizations made by residents of that region.
 Source: *The European House - Ambrosetti elaboration on Agenas data, 2024.*

Ferrari Trento's ongoing commitment to social sustainability

Ferrari Trento represents **an example of excellence not only in wine production, but also in its ability to combine economic activity and social commitment**, demonstrating a deep sense of responsibility towards the community and territories in which it operates.

First and foremost, one of the most distinctive aspects of Ferrari Trento's social sustainability is the **formalisation of its commitment within the family pacts**. The company has in fact established a **minimum threshold of annual investments destined for social initiatives**, thus ensuring that its commitment to the community is not episodic or occasional, but an integral part of its identity. This forward-looking approach demonstrates how corporate social responsibility is a fundamental pillar of the company's philosophy, contributing to the creation of shared value with the various stakeholders.

In 2023, Ferrari Trento launched the **"Io non me la bevo" (I don't drink it)** project, an awareness-raising initiative in schools that is part of the company's commitment to responsible alcohol consumption. In the first phase, **four** secondary school **classes** were involved, with the main objective of making young people reflect on their relationship between addiction and autonomy. The innovative aspect of this programme is the proactive approach: instead of focusing exclusively on the dangers of addiction, the initiative encourages the young people to think about their own spontaneous knowledge by creatively elaborating their reflection. Currently, a book is being published that serves as a **toolkit for teachers and educators**, offering methodological tools to replicate the experience on a larger scale. In March 2024, Ferrari Trento started a **collaboration with the Goodify platform**, an innovative project aimed at **directly involving certain stakeholders in corporate donation decisions**. Anyone who purchases on the Group's e-commerce site or visits the Trento winery receives a voucher associated with a QR code that allows them to access the online platform and choose the non-profit organisation to which the company will donate €5. The causes that can be supported include the environment, art and culture, humanitarian emergencies and support for children and adolescents. This transparent

and participative approach strengthens the link between company and community, offering consumers an active role in the company's philanthropic activities. For years, employees have also been involved in allocating a portion of company donations.

For four years, Ferrari Trento has been **collaborating with the Cooperativa Samuele**, a Trentino organisation that involves people with various forms of hardship. Thanks to a social farming project, the Cooperative gives grapes from its vineyards to the company, which pays for the grapes and donates to the Cooperative 2,000 bottles of Ferrari Brut, ideally the fruit of the grapes conferred. The bottles are then sold at retail in order to raise funds to support its activities. This project demonstrates Ferrari Trento's commitment to social inclusion and the promotion of an ethical and solidarity-based agricultural model.

Another initiative supported by Ferrari Trento in 2024 is **"Restaurants against Hunger"**, the largest solidarity campaign in Italian catering, which involves over two hundred restaurants throughout Italy in raising funds for programmes against hunger in the world. Once again, with the 'Bolicine Solidali' project, part of Ferrari Trento's contribution consists of the donation of 2,000 bottles that are sold, for €50 each, by participating restaurants, with the entire proceeds being donated to Action against Hunger.

In 2024, the year in which Trento is the Italian and European Capital of Volunteering, the initiative **'Your time for the community'** was launched, a day of corporate volunteering that allows all Ferrari Trento employees to dedicate a working day to a social activity at a local non-profit organisation. Among the most significant initiatives carried out over the years is the **Lar da Esperança 'Elda Lunelli'**, a children's home founded in 1997 in Pemba, Mozambique, with the aim of providing education and human and professional training, without distinction of religious faith, promoting the values of human dignity and love of neighbour. The centre welcomes more than one hundred children to whom it provides schooling, vocational training and medical assistance. It promotes cultural and sports activities, as well as family awareness activities to accompany the children in their socio-family context.

Culture

The quality of **educational and cultural** offerings is a key element in the country's social and economic growth and an area in which Italy invests less than its potential. First and foremost, the school stock in Italy

has **low levels of safety** and a **low provision of aggregative and learning spaces**. In Italy, nearly **30 percent** of school buildings were built **more than 60 years ago**, compared with an indicatively established average payback period of **50 years**.⁶

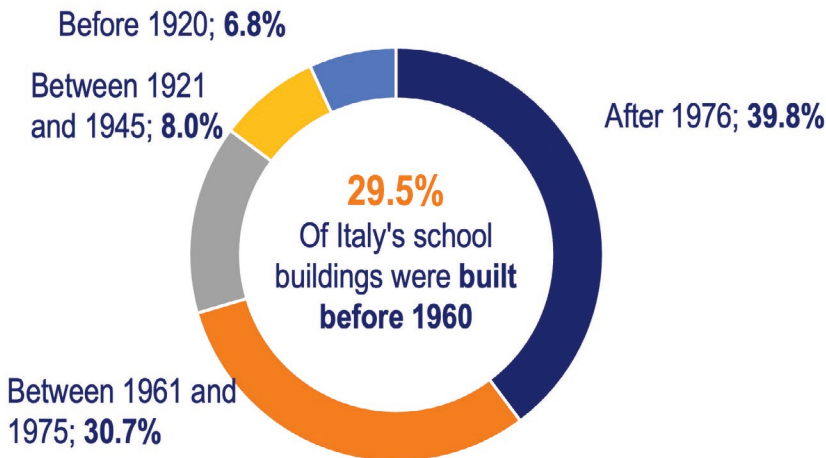


Figure 4.7. School buildings in Italy by year of construction (% of total), 2021.
Source: The European House - Ambrosetti elaboration on MIUR data, 2024.

School infrastructures, in addition to needing infrastructure investment and extraordinary maintenance, have **insufficient services and spaces for students to gather and learn**. In fact, **37 percent** of school buildings are not equipped with a computer room, **44 percent** with collective spaces, **48 percent** with technical classrooms, 65 percent with a gymnasium, **69 percent** with a cafeteria and 83 percent with an auditorium.⁷ Italian investments are also undersized compared to their potential in terms of **cultural heritage enhancement**.

In Italy, total **public spending on cultural services** weighs in at just **0.28 percent of national GDP**, a value better in the EU 27 only than Cyprus, Ireland and Greece and representing **just over half** of the European average value and **a quarter** of the French value (European best performing country). Similarly, when considering **public spending on cultural services per capita**, Italy is at the bottom of the European ranking (22nd countries out of 27), with a value **47 percent** lower than the EU-27 average and **68 percent** lower than France.

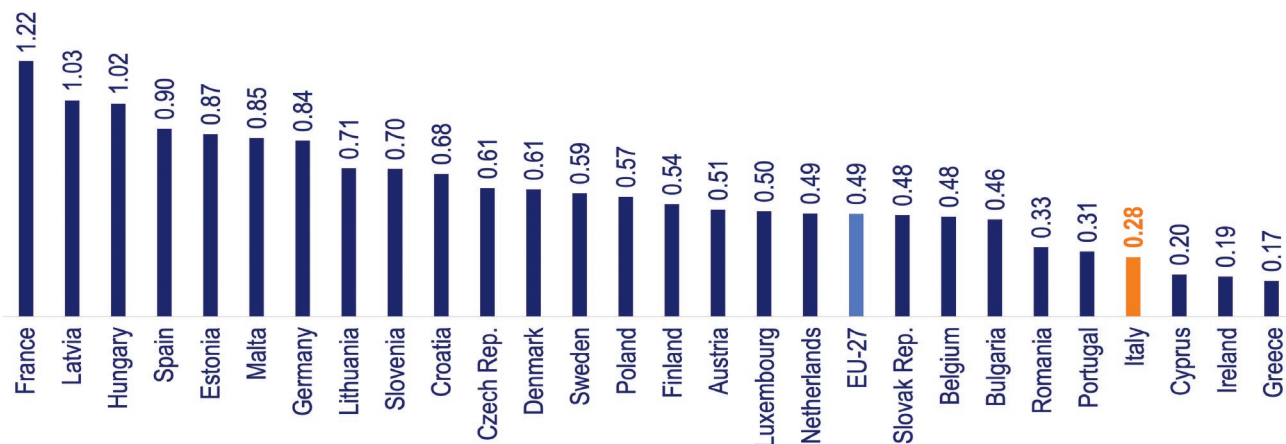


Figure 4.8. Total public spending on cultural services: comparison among EU-27 member states (% of national GDP), 2021.
Source: The European House - Ambrosetti elaboration on Eurostat data, 2024.

⁶ Source: Update of "Technical Standards for Construction," Decree January 17, 2018, Ministry of Infrastructure and Transport, Official Gazette.

⁷ Source: MIUR.

At the local level, Italy has **worsening territorial gaps** in the support and enhancement of cultural heritage. Already in 2010, **per capita municipal public spending on cultural heritage and activities** in Southern Italy was **52 percent** lower than the national average. Over the past decade, **in an overall and sharply worsening Italian context (-22.4 percent), Southern Italy has reduced its investment** in cultural heritage

even more significantly (-38.8 percent), compared with a 17.3 percent reduction in Northern Italy and **26.1 percent** in Central Italy. As a result, per capita investment in Southern Italy is now **41 percent** of the national average (**-11 p.p.** over the decade). Low investment in culture is reflected in the "**cultural inactivity**" of the population, a widespread and particularly relevant phenomenon in the country.

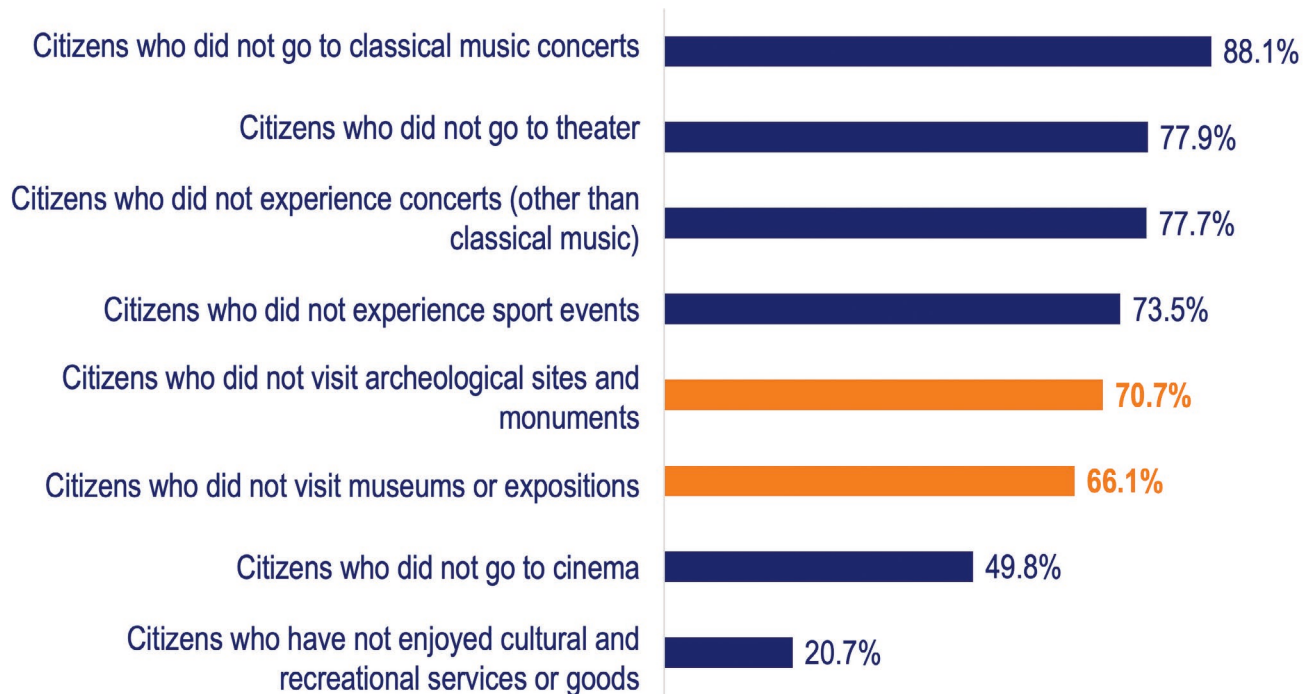


Figure 4.9. Individuals in Italy who in the last 12 months have never used the various types of cultural and recreational services and goods (% of population), 2019
 Source: *The European House - Ambrosetti elaboration on Istat data, 2024.*

Specifically, over the course of a year, **70.7 percent** of the Italian population did not visit archaeological sites and monuments, and more than **2 out of 3 individuals** did not visit museums or exhibitions. This attitude of lower enjoyment of cultural goods and services, or cultural inactivity, is **stronger in Italy than in other comparable European countries**, and is an oxymoron compared to the number and ubiquity of cultural sites of international interest in Italy. In particular, Italy ranks **10 p.p.** behind the European average for share of population **visiting monuments or historical sites (51 percent** in Italy vs. **61 percent** on average

in EU 27) and **12 p.p.** behind the European average for **regular citizen participation in cultural activities (19 percent** in Italy vs. **31 percent** in EU 27).⁸

A significant share of cultural heritage is located in sparsely populated areas of the country or far from "major attractions." The location of museums, archaeological sites, and monuments in areas that are "marginal" geographically, socio-economically, or infrastructurally **affects the accessibility of cultural sites** and **reduces the occasions and frequency of visitation, requiring specific**

⁸ Source: *European Commission, Eurobarometer ed. special 466, "European citizens and cultural heritage."*

intervention strategies. Specifically, **32%** of Italian museums and cultural sites are located in municipalities with less than 5,000 inhabitants and **33%** in medium-sized municipalities (5,000-30,000 inhabitants) and just **32%** in municipalities above 50,000 inhabitants or in Metropolitan Cities. In addition, **38 percent** of the country's museums and cultural sites are located in "Inland Areas" consisting of "intermediate," "peripheral" and "ultra-peripheral" municipalities,⁹ **26 percent** in "peri-urban" municipalities surrounding capital cities, and **46 percent** of museums, galleries and collections are located in municipalities with fewer than 10,000 inhabitants. The high ubiquity of Italy's cultural heritage, if managed and enhanced, represents a **key opportunity to reduce over-tourism** in the most popular tourist destinations and, at the same time, direct tourist flows to benefit more disadvantaged areas, fostering their growth and development.

To counter cultural inactivity, it is crucial to effectively communicate Italy's cultural offerings, seizing the opportunities of digital. Major museums in Italy, favored by **sufficient size** to enable **economies of scale and scope**, have been pioneers in the digital field (e.g., Uffizi Gallery, Egyptian Museum in Turin, etc. - including with forms of gamification and through the involvement of influencers) to update their image to current times and be more attractive to new generations.

Looking at the Italian museum context, however, it emerges that **37%** of cultural institutions in Italy **still do not have a web presence with their own dedicated website.** **Online ticketing** (for booking visits, purchasing tickets, etc.) is present in only 1 out of 5 institutions. In addition, only **1 out of 5 cultural institutions** has a dedicated digital strategic plan and, on average, **only 3 out of 5 state museums** have at least one **social**

media account (Facebook, Twitter, YouTube, Instagram, Pinterest, etc.).¹⁰ To encourage greater cultural participation of Italian citizens on the one hand, and to enhance and distribute tourist flows for the benefit of territories on the other, it is therefore necessary to accelerate and invest in communication campaigns and user interaction, including and especially on the digital channel.

Security

Monitoring and analyzing in quantitative terms the **dynamics of legality and security** in Italy is essential not only to understand the specifics of these phenomena, but also, and above all, to define the **most effective public and private policies** to combat crime, contributing to the spread of a safer and more secure social environment.

In order to reliably and thoughtfully measure the level of security in Italy, The European House - Ambrosetti has developed an **Italian Territories Security Index (ISTI)**¹¹ with the aim of measuring **the level of security in Italian provinces**, identifying the **positioning** of territories within the national picture, highlighting **the most critical elements** and identifying the main **determinants of crime** through the correlation of security levels with other socioeconomic dimensions measured at the territorial level.

For the construction of the Composite Index, the analysis involved the **observation** and **monitoring** of the different **dynamics related to security** and the subsequent identification of **5 key dimensions** of crime (homicides, other crimes against persons, property crimes, organizational crimes, other crimes), constituted and measured as a whole by **31** different **Key Performance Indicators**¹² pertaining to the

⁹ Territories far from major centers offering public services.

¹⁰ Source: Istat and Ministry of Culture..

¹¹ Index prepared by The European House - Ambrosetti in collaboration with AXPO as part of the Strategic Study "Public-Private Alliance: together for Legality," 2023.

different categories of crimes, relativized in terms of incidence per 100,000 inhabitants.

The analysis and **equi-weighted combination of the 5 dimensions** of territorial crime, according to the official statistical methodology for composite indicators of the European Commission,¹² led to the creation of the **Italian Territories Security Index (ISTI)**. The Index reports values on a territorial basis and assigns

the **safest province a score of 0** and the **least safe province a score of 100**. The higher the score, the higher a province's crime level and crime prevalence.

The Italian Territories Security Index (ISTI) shows that **80 provinces (75 percent)** of the total are associated with **low to medium-low** levels of **crime**. In contrast, higher levels of crime characterize **27 provinces (25% of the total)**.

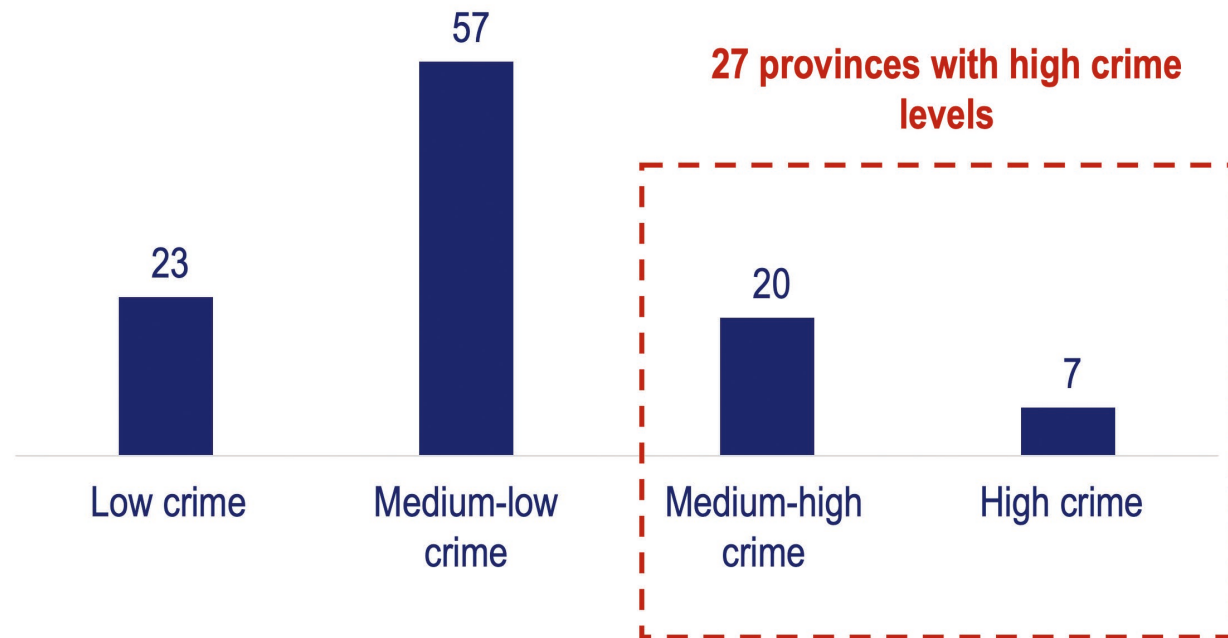


Figure 4.10. Provinces by crime cluster according to ISTI index (number), 2022.
 Source: *The European House - Ambrosetti elaboration on Istat data, 2023.*

Specifically, **Northern Italy** has **32** provinces with low and medium-low crime (**74%**) and **11** provinces with medium-high and high crime (**26%**). In **Central Italy** there are **17** provinces with low or medium-low crime (**81%**) and **4** with medium-high and high crime (**19%**). Finally, in **Southern Italy and the Islands**, there are **31** provinces with low and medium-low crime (**72%**) and **12** with medium-high and high crime (**28%**). Thus, the crime situation in the Italian territories is

"patchy," and does not only affect the South of the country.

There are 23.2 million Italian residents living in the 27 high or medium-high crime provinces, a number of individuals equal to 38 percent of the Italian population.

In more detail, **10.5** million individuals live in low-crime provinces, **27.0** in medium-low crime provinces, **18.2** in medium-high crime provinces and **5.0** in high-crime provinces.

¹² See, for reference, the official methodological note and guidance of the Competence Centre on Composite Indicators and Scoreboards of the Joint Research Centre (JRC)

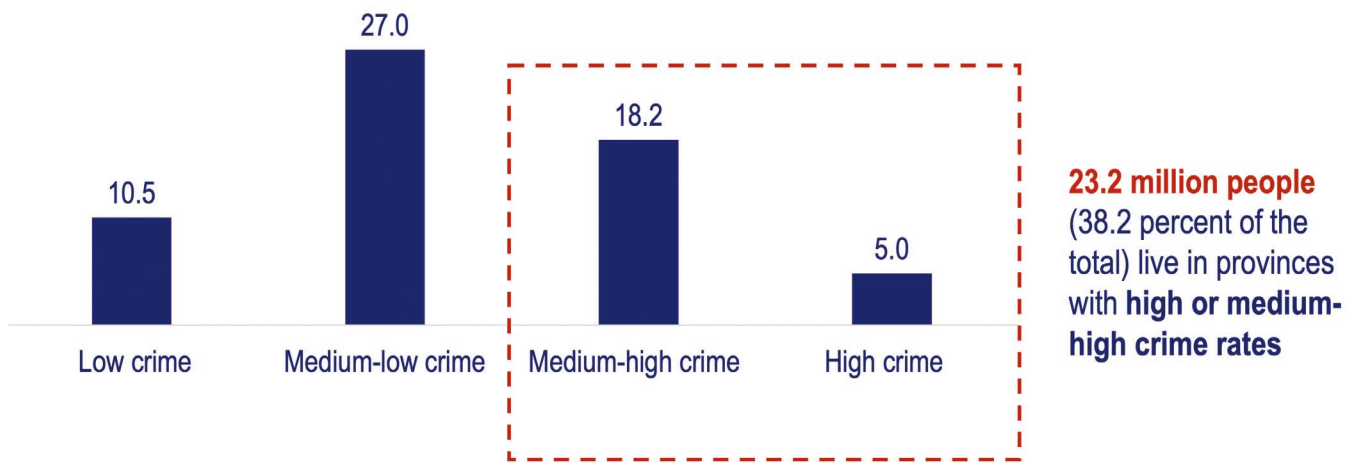


Figure 4.11. People living in provinces by crime cluster according to ISTI index (million), 2022.
 Source: *The European House - Ambrosetti elaboration on Istat data, 2023.*

Thanks to the ISTI index, it was possible to identify the **factors that influence and condition the levels of crime in territories** and thus can be enabling factors for promoting safety and legality from an analytical and quantitative perspective. Through the

correlation of the ISTI index with additional 45 KPIs, the **5 determinants that most influence the levels of safety and legality in Italian territories** were identified, namely **education, employment, outlook, civicism and culture, equity and inclusion.**

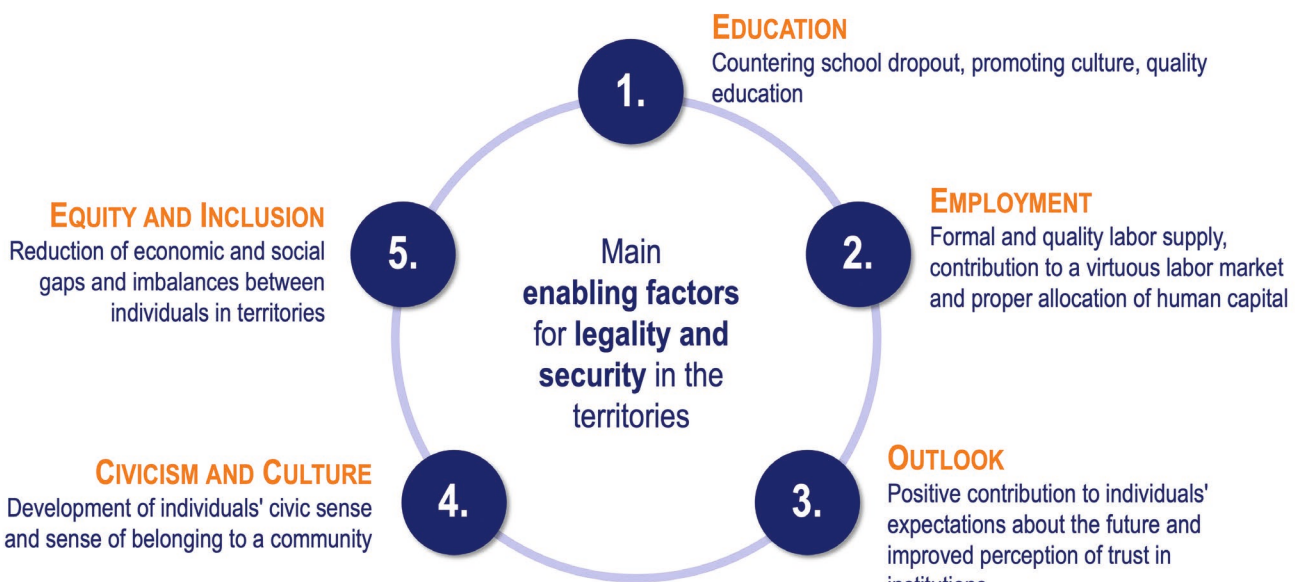


Figura 4.12. The 5 determinants of security and legality in Italian territories.
 Source: *The European House - Ambrosetti elaboration on Istat data and various sources, 2023.*

Acting on each of the 5 determinants of crime is key to breaking the vicious circuits of spreading illegality and promoting territorial capital

development. In particular, businesses can play a key role in improving the 5 determinants of safety and legality by acting on 3 levers:

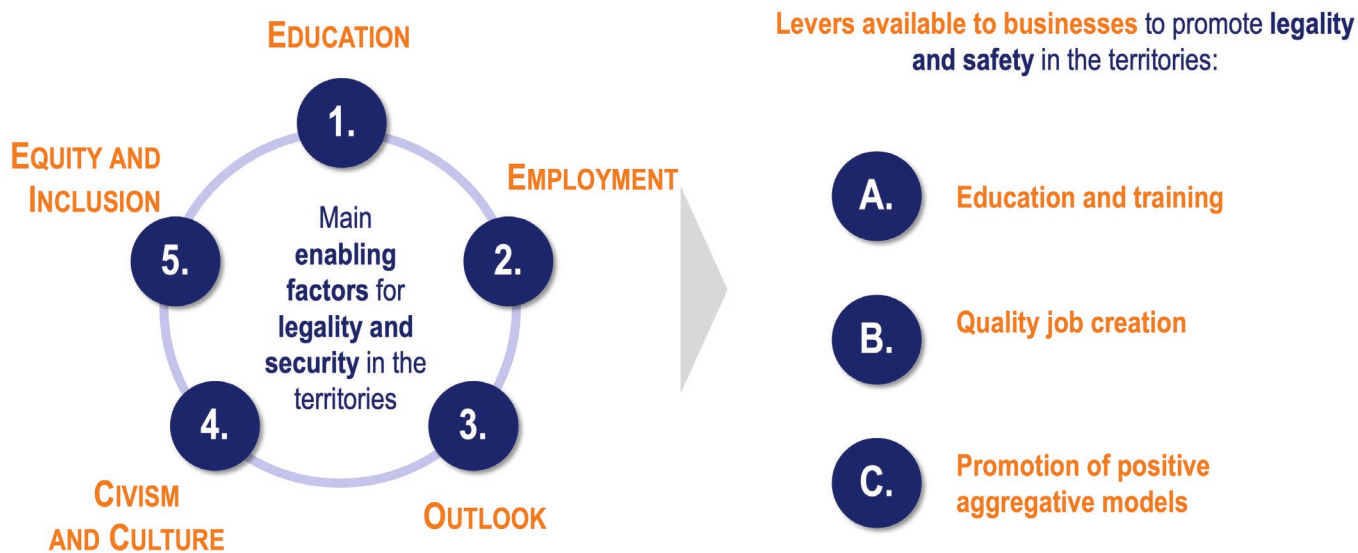


Figure 4.13. The 3 main levers available to businesses to promote safety and legality in Italian territories.
 Source: *The European House - Ambrosetti elaboration on Istat data and various sources, 2023.*

Among other initiatives, businesses can **defuse vicious circuits with the inclusion of disadvantaged groups such as prisoners.**¹³ In order to defuse the phenomenon of recidivism (in Italy, 62 percent of convicted offenders count at least one previous imprisonment, a number that amounts to more than 33,200), it is important to provide an alternative path to pursue once they leave prison, in line with the principle enshrined in the Italian Constitution of the **re-educational role of prison.**¹⁴ To do so, it is essential to enable them to make use of their period of imprisonment in a virtuous and constructive way by participating in **vocational training courses, pursuing university studies** and applying their skills in remote jobs for private companies.

To date, only **36%** of inmates (c.a. 19,300 individuals) **work while in prison.** Among them, only **1%** (c.a. 200 individuals) **work for private companies,** thus in professionalizing and training jobs, while **88%** work in prison administration, mainly in cleaning and

cooking activities.¹⁵ With reference to training courses, there has been a significant increase (**x1.2 times**) in the 2021-2023 period in the number of prisoners enrolled in **vocational training courses** (including agriculture and construction), amounting to nearly **3,400** individuals in 2023, but it is still at levels lower than in 2006. Also important is ensuring the **right to study of university inmates,** an area in which universities have been active through National Conference of Rectors' Delegates for Penitentiary University Poles (known as CNUPP in Italy). To date, there are **44 universities adhering to the CNUPP,** with the goal of guaranteeing study opportunities and university pathways in penitentiary institutions, and **1,439 inmates enrolled** in courses in the 2022-2023 academic year, numbers that are certainly encouraging and suggest continuing along this path.

A virtuous public-private partnership, however, requires investment in infrastructure and spaces dedicated to inmate interaction

¹³ For more details, see the study "Zero Recidivism" prepared by CNEL and TEHA Club.

¹⁴ Art 27, paragraph 3: "Punishments may not consist of treatment contrary to the sense of humanity and must aim at the re-education of the convicted person."

¹⁵ Source: study "Zero Recidivism" prepared by CNEL and TEHA Club.

with business and work. Only **58 percent of the 627 spaces available in detention institutions are active** and used,¹⁶ while 42 percent are not active, although, in many cases, in very good or fair condition. The NRRP makes a significant contribution in this direction, with an allocation of resources amounting to **€132.9**

million over the period 2022-2026 for the **construction and improvement of halls and spaces** for prison facilities.

The added value of prison work is thus threefold: for **prisoners**, for **society** and for **businesses**, in a "Win-Win-Win" perspective:

- **For incarcerated persons:** promoting vocational qualification, positive use of prison time, accrual of income from work, support for families on the outside transforming from a cost to a resource, enhancement of self-esteem related to the possibility of exercising a positive role in society, practice of positive relationships with co-workers, discovery and/or consolidation of a work culture related to the pursuit of a goal;
- **For the government:** generating enhancement of human capital, reducing gaps and diversity, reparation of damages and compensation to the crime victim (civil parties), reduction of recidivism and increased social security, increased livability

of institutions and improved working conditions of the Prison Police, coverage of maintenance costs (about € 112 monthly per inmate);

- **For the business system:** facilitating the opportunity to collaborate with motivated people, access to services characterized by a competitive price/quality ratio, possibility of generating a relevant social impact associated with the company's activities, enhancement on the communication level of the commitment promoted in CSR activities, retention of internal business personnel, possible enjoyment of tax incentives and savings on production, purchasing and training costs.

4.2 THE ROLE OF PRIVATE INITIATIVES AND THE CONTRIBUTION OF LARGE COMPANIES

In Italy, the market structure sees a prevalence of micro-enterprises, which are less productive than large ones compared to benchmark countries. In particular, Italy has the highest number of micro enterprises and manufacturing SMEs among the European Bigs, more than **1.5 times those of France and Germany**. At the same time, **large enterprises contribution to manufacturing Value Added** in the main competitor countries is higher (**65.8 percent** of the total on average among Germany, France and Spain) compared to Italy (where they weigh only **40.8 percent** of the total). Consolidating the enterprise system would enable the business fabric to

exploit **production synergies and economies of scale**, while avoiding significant negative effects on the level of consumer prices, as long as the market does not have too high levels of concentration.

Indeed, firm size is a key determinant of a firm's ability to generate value for the country. In Italy, large firms have productivity levels (measured as Value Added per employee) that are **x2.1 times** higher than micro-firms, evidence that is proportional to firm size and affects each of Italy's Benchmark countries (France, Germany and Spain).

¹⁶Data referring to the 164 institutions (accounting for 86.8 percent of the total) that provided information on their premises used for work and training activities. Source: CNEL.

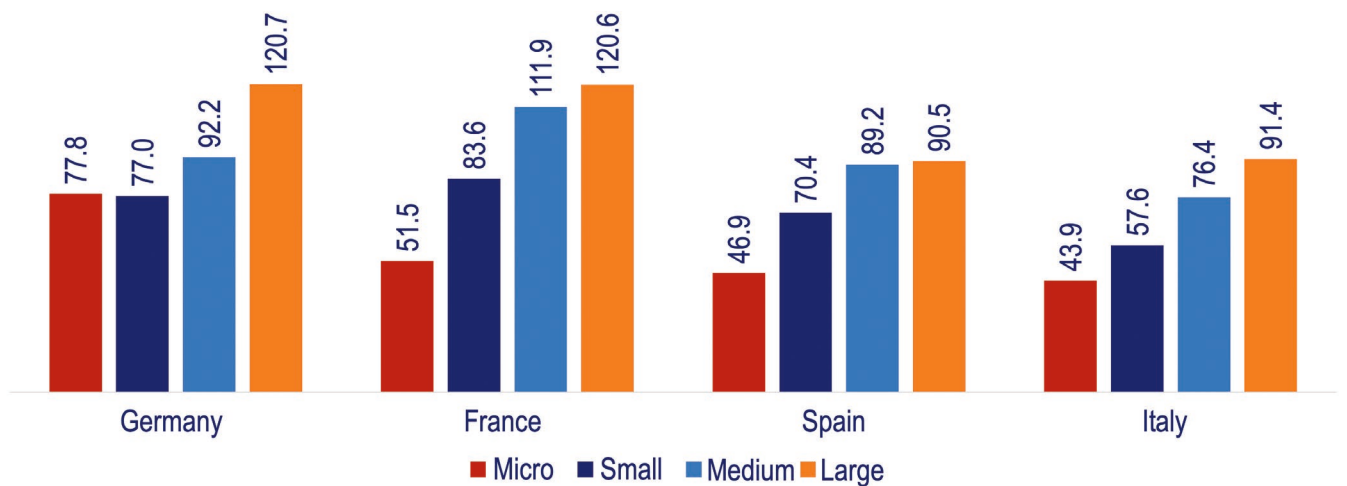


Figure 4.14. Value Added per Employee of Micro, Small, Medium and Large Enterprises in Italy and Competitor countries in EU (thousands of Euros), 2022 or latest available year.
 Source: The European House - Ambrosetti elaboration on Istat data and various sources, 2024.

Firm size is also crucial with reference to their ability to generate economic growth: in fact, looking at the compound growth rate of Italian firms over the past decade, it emerges that large firms have expressed **more than twice as much growth** as micro-firms, with values of **8.1 percent** and **4 percent** respectively.¹⁷

Also in terms of social sustainability, **large companies are the ones that invest the most**

in philanthropic and pro-territory initiatives. Specifically, **53.1 percent** of large enterprises collaborate with territorial associations to promote social, charitable, cultural and recreational initiatives, a share **more than double** that of the national context, which is permeated by micro and small enterprises. Similarly, **25.9 percent** of large enterprises make sponsorships of philanthropy projects in favor of territories, a share **4 times** higher than the overall national figure.

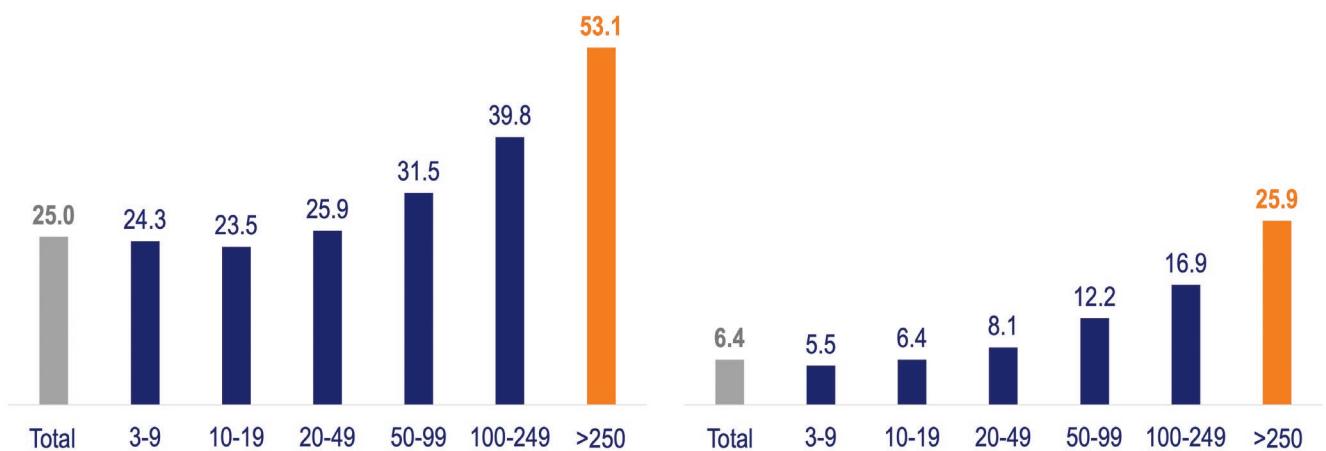


Figure 4.15. Firms that collaborate with local associations to promote social, charitable, cultural and recreational initiatives in Italy, by class of employees (% of total), 2022 (left) and firms that carry out sponsorships of philanthropy projects in Italy, by class of employees (% of total), 2022 (right).
 Source: The European House - Ambrosetti elaboration on Istat data, 2024

¹⁷ Source: The European House - Ambrosetti elaboration on AIDA data, 2024..

The collaboration between Danone Italia, Animentà and Ambra Angiolini against eating disorders

Danone is a global player in the food industry. With a strong focus on consumer health, Danone has iconic brands such as Danacol, Activia, Actimel, Alpro, Mellin and Aptamil integrating sustainability strategies and promoting community well-being. In Italy, Danone has recently launched an important initiative to tackle **eating disorders** such as **anorexia** and **bulimia** (pathologies that affect between **3** and **10 million** people in Italy). The project, realised in collaboration with the NGO **Animentà** (a non-profit association that raises awareness and promotes information on the subject of eating disorders) and **featuring Ambra Angiolini**, is aimed at providing **concrete psychological support** to people affected by these disorders, with the aim of helping them reintegrate into daily and working life, as well as spreading **awareness and sensitisation** on these issues nationwide. As part of the project, Danone hosted **meetings**

and workshops designed by Ambra Angiolini herself, in collaboration with Animentà, aimed at stimulating young people to talk about their condition and psychological difficulties, while at the same time involving their parents in listening and dialogue sessions. Ambra Angiolini, ambassador of the initiative, brings a unique and personal perspective, having experienced first-hand a long struggle with bulimia. Her presence, with a strong **impact and communication amplification**, reinforces the message that Eating Disorders are not only related to food, but are symptoms of a deeper emotional malaise.

The collaboration with figures such as Ambra Angiolini and the company's commitment to creating an open and constructive dialogue represent some **first steps in the battle against eating disorders** and a virtuous example of how a company can make **a concrete contribution to the social challenges** affecting the country.

Source: *The European House - Ambrosetti elaboration on Danone data, 2024.*

Investing in sustainability generates positive spillovers not only for the society as a whole, but also for the company's financial performance. Indeed, SMEs with very high ESG (Environmental, Social, Governance) ratings are associated with a **x4.6 times lower** probability of default than companies with low ESG ratings (**1.6 percent** vs. **7.3 percent**). This evidence also applies to large Italian companies: in this case the differential is **x3.5 times** (from **0.9 percent** for large companies with very high ESG level to **3.1 percent** for large companies with low ESG level).¹⁹ Moreover, social sustainability initiatives also generate benefits for corporate performance in terms of **employee motivation** and active involvement in business activities.

The contribution of private nonprofits should also be highlighted, starting with the **86 foundations of banking origin**, which focus

on promoting social initiatives. Although prevalent in central and northern Italy, the 86 foundations are **widely distributed in all Italian regions** and operate in Italy with total assets of as much as **€41.2 billion**, including **€30.5 billion** in northern Italy, **€10.9 billion** in central Italy and **€2 billion** in southern Italy. In 2023, the cumulative amounts disbursed by the Foundations of Banking Origin totaled **€1,048 million**, an increase of **8.9 percent** over the previous year and the **highest level recorded since 2010**.

The initiatives financed focused primarily on supporting **culture** (art, cultural activities and heritage), with amounts disbursed of **€251.2 million**, and contributing to **training** (education and training), with amounts disbursed of **€185 million**. Of the total resources, **82 percent** were disbursed to private nonprofit entities and the remaining **18 percent** to public entities.



Figure 4.16. Amounts disbursed by banking foundations in Italy, by sector of intervention (€ million), 2023.
 Source: *The European House - Ambrosetti elaboration on Acri (Association of Foundations and Savings Banks) data, 2024.*

The **Third Sector** also plays a key role in complementing welfare provision due to its ubiquity throughout the territory and its ability to reach the most distressed areas. In 2023, there are **360,000** Third Sector Entities (also known as ETS) including associations, foundations and social cooperatives, a number up **53 percent** since 2001. ETSs involve about **5.5 million people active in social projects**, including

893 thousand employees and **4.6 million** people doing voluntary work, in more than **60,000** projects, initiatives and activities implemented, reaching a total of **14 million** needy people and producing goods and services worth **€84 billion**. More than **a third** of the entities and employees work in education and research, health, social assistance and civil protection, social cohesion, and socialization.²⁰

Poke House's contribution to social sustainability

Poke House has initiated a number of social collaboration initiatives aimed at promoting social sustainability in a 360-degree approach. These include activities with:

- **This Unique**, a start-up that offers companies, and others, boxes of biodegradable and plastic-free tampons as well as webinars and in-company prevention days, with the aim of breaking down stigma and gender differences;
- **Real Eyes**, a non-profit amateur sports association set up with the aim of encouraging sports participation by children who are blind or visually impaired;
- **Foundation ETS and Alice ETS**. Poke House supported the 'Only The Brave chiama Alice' project, a free helpdesk for young people from 12 to 25 years of age throughout Italy aimed at providing a space for listening, discussion, support and dialogue;
- **Aias**, an association for the social inclusion of people with disabilities. Poke House implemented a project in which people were involved in, among other things, the

preparation of poke, but also games and activities;

- **Pane Quotidiano**, a non-profit organisation that provides basic foodstuffs to those in need, every day and free of charge. Poke House organised three meetings involving colleagues, from the distribution of goods to the sorting and packaging of products;
- **WeAreUrban**, an organisation whose objective is to improve the quality of life by upgrading cities and territories through the active involvement of those who live them on a daily basis. Poke House organised an event that combined the physical wellbeing of a healthy walk in a green area with the collection of micro-waste, which was then recycled, with a view to the circular economy.
- **Too Good To Go**, a platform created to combat food waste. Poke House has launched a partnership aimed at publishing on the app and selling leftovers from the daily service of each Poke House Store that would otherwise be thrown away.

Source: *The European House - Ambrosetti elaboration on Poke House data, 2024.*

¹⁸ The analysis was carried out by analyzing the social and economic-financial performance of a sample of 16,000 Italian companies, with a total of 3 million statistical datapoints.

Source: *The European House - Ambrosetti elaboration on Cerved Rating Agency data, 2024.*

¹⁹ Source: *The European House - Ambrosetti elaboration on Istat, Cnel, Astrid Foundation, Foundation for Subsidiarity, Third Sector Forum and INAPP data, 2024.*

5



CHAPTER 5

A summary view of social sustainability: the results of the TEHA | WPP Social Sustainability Index

5.1 TEHA | WPP SOCIAL SUSTAINABILITY INDEX RESULTS

Social sustainability refers to "an approach that aims to **promote the long-term well-being of communities** by preserving and improving the **quality of life** of the present generation without compromising the ability of future generations to meet their own needs."¹

Monitoring the performance of countries in terms of social sustainability is the **first step in identifying the most critical components**

on which to intervene and, at the same time, capturing virtuous examples, both within and outside the country, that can represent **successful models and solutions** that can be applied nationally on a broader scale.

To measure country performance, a composite index, the **TEHA | WPP Social Sustainability Index**, was created in the Advisory Board's 2024 path.

¹ WCED (World Commission on Environment and Development), United Nations, 1987.

The construction of the Composite Index included:

- The identification and definition of the **4 components or "dimensions" that describe the social sustainability of a country** (Social Gaps, Demographic Dynamics, Human Capital, Public and Private Initiatives), through the analysis of the priorities, challenges and critical issues of Italy and European countries;
- The collection and statistical analysis of **12 Key Performance Indicators** (3 KPIs for each dimension of the index, see Figure 13 for details of the indicator KPIs, broken down by dimension), from **8** international data sources and databases, for each of the EU27 countries and over the **2010-2023** time frame;
- The **exclusion of 2 "outlier" countries** from the computation of the indicator (Luxembourg and Malta), due to non-comparability in size with other European countries;
- **The calculation of the Score** (0: minimum; 100: maximum) and Country **Rank** in each of the KPIs, in each of the dimensions and for the overall indicator, through the equi-weighting of the underlying components;
- Statistical analysis of a total of more than **15 thousand datapoints**.

TEHA WPP SOCIAL SUSTAINABILITY INDEX			
Social gaps	Dynamics demographics	Human capital	Public and private initiatives
<ul style="list-style-type: none"> • Share of wealth held by the richest 10% (%) • Gender inequality index (reverse indicator) • Working Poverty Rate (%) 	<ul style="list-style-type: none"> • Birth rate (number per 1,000 population) • Life expectancy at birth (years) • Migration balance (number) 	<ul style="list-style-type: none"> • Share of population with a college degree (% of pop. aged 25-64) • School dropout rate (% of pop. aged 18-24) • Share of employees taking training courses (%) 	<ul style="list-style-type: none"> • Number of B-corp (number per 100 thousand enterprises) • ISO certifications (number per 1,000 companies) • Public expenditure on social policies, educational and cultural services (per capita)

Figure 5.1. Key Performance Indicators (KPIs) of the TEHA | WPP Social Sustainability Index.
 Source: The European House - Ambrosetti elaboration on international databases, 2024.

Overall, in 2023 Italy records a score in the TEHA | WPP Social Sustainability Index of 55.7/100, placing it at the bottom of the ranking of European countries, behind all

Benchmark countries and with a score 18.3 points lower than the average of Benchmark countries (74.0/100).

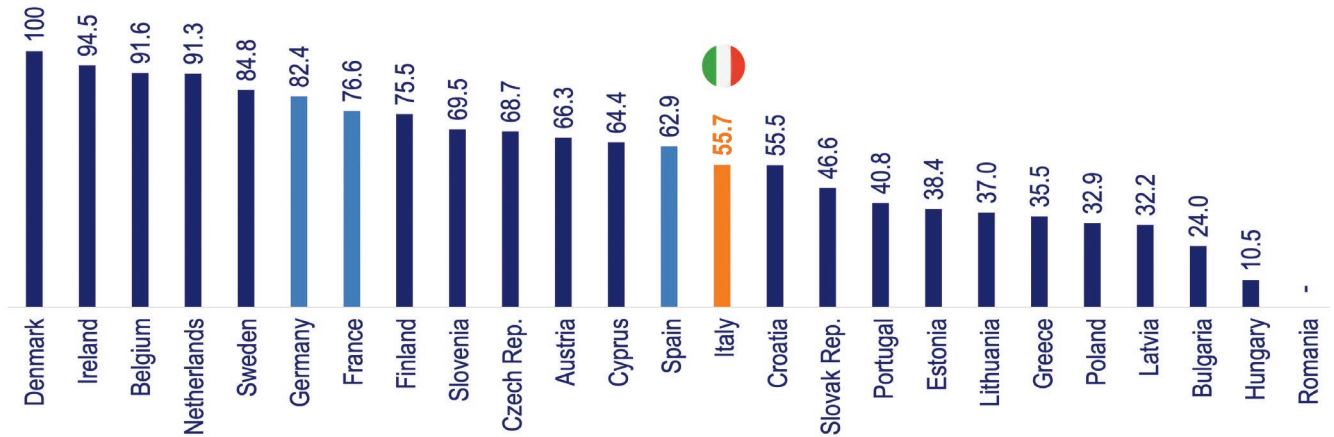


Figure 5.2. TEHA | WPP Social Sustainability Index (overall index), 2023. Source: The European House - Ambrosetti elaboration on international databases, 2024.

In particular, Italy ranks in the lower part of the ranking in 3 out of 4 of the pillars that make up the overall indicator, while it ranks

in the upper part of the ranking only in the pillar of public and private initiatives, with a score of 60/100 and the 5th ranking in the EU.

TEHA WPP SOCIAL SUSTAINABILITY INDEX The results for Italy (2023)			
Social gaps	Demographic dynamics	Human capital	Public and private initiatives
Score (2023): 49.6/100 Positioning in EU (2023): 14th	Score (2023): 42.6/100 Ranking in EU (2023): 14th	Score (2023): 41.3/100 Ranking in EU (2023): 23rd	Score (2023): 60/100 EU Ranking (2023): 5th
Overall index (2023): 55.7/100; 14th			

Figure 5.3. TEHA | WPP Social Sustainability Index (score and rank in pillars and overall index), 2023. Source: The European House - Ambrosetti elaboration on international databases, 2024.

With reference to individual KPIs, Italy **ranks among the top 5** in just **3 KPIs**, namely Life Expectancy at Birth (Demographic Dynamics pillar), Migration Balance (Demographic Dynamics pillar) and ISO Certifications (Public and Private Initiatives pillar). In addition, the country **ranks between 5th and 10th** in **4 KPIs**, namely Share of income held by the top 10

percent (Social gaps pillar), Gender inequality index (Social gaps pillar), Share of employees taking training courses (Human capital pillar) and Public spending on social policies, educational and cultural services (Public and private initiatives pillar). In contrast, Italy ranks above **10th** in all remaining **5 KPIs**.

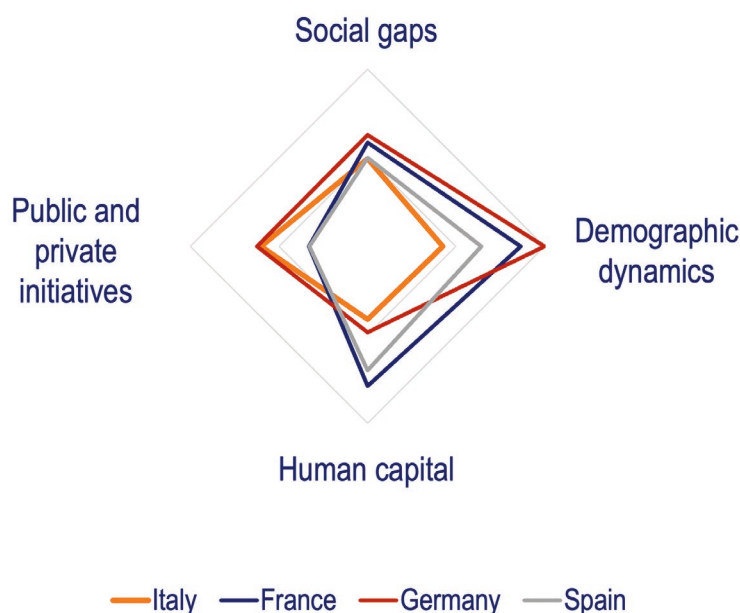


Figure 5.4. TEHA | WPP Social Sustainability Index in Italy and Benchmark Countries, by pillar (score 0-100), 2023. Source: The European House - Ambrosetti elaboration on international databases, 2024.

Italy does not outperform the Benchmark countries in 2023 in any of the 4 dimensions or pillars that make up the index. On the contrary, it lags particularly significantly in **Demographic Dynamics**, especially compared to Germany, which thanks to policies supporting birth rate, immigration, and the quality of the national health care system ranks 1st in the EU in 2023, and in the **Human Capital and Skills** dimension, due to the low share of the population with a university degree in the total and, as seen in the first part

of the paper, high dropout rates. **In the Human Capital and Training dimension, Italy performs better in the EU only than Hungary and Romania. The only dimension in which Italy ranks better than the average of the Benchmark countries is that of Public and Private Initiatives**, surpassing France by **27.0** score points, Spain by **27.3** score points and remaining only **2.5** score points behind Germany, the best performing Benchmark country in this dimension as well.

Public and private initiatives thus represent in Italy a levee to the low levels of social sustainability found in other dimensions and, increasingly, will be called upon to directly address the challenges affecting

Italian society. In this respect, the initiative of businesses and legislators can activate a particularly significant social effect in the country, helping to improve its overall performance.

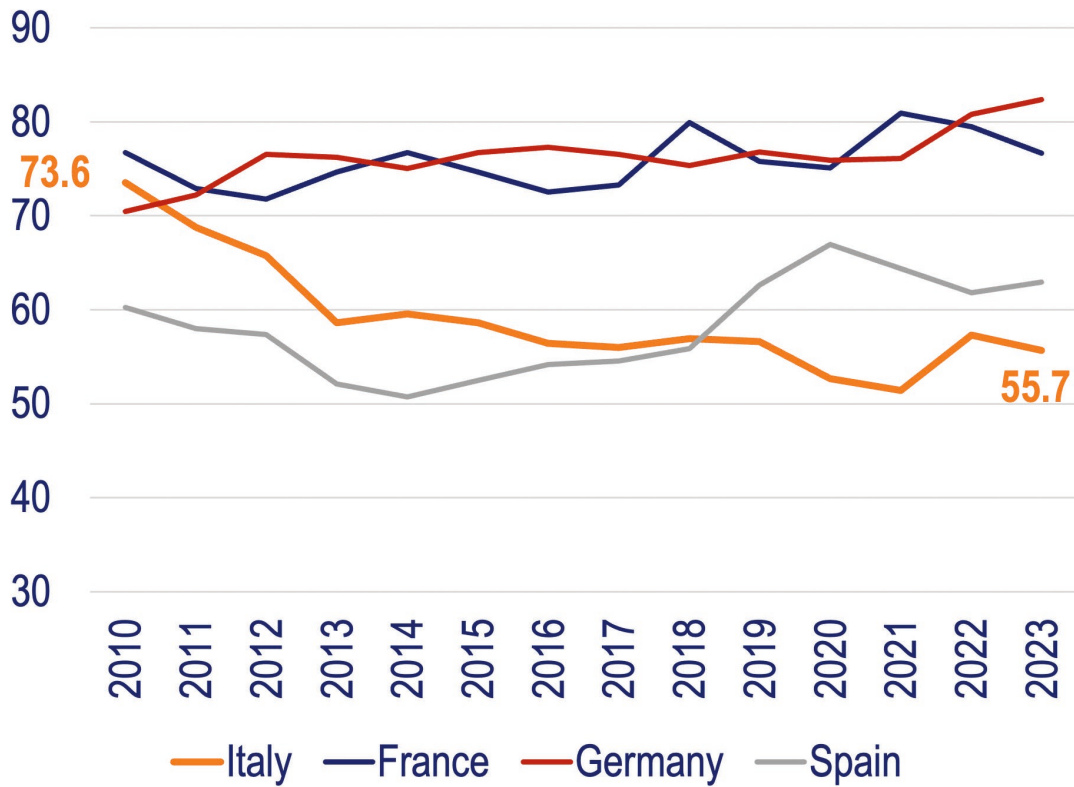


Figure 5.5. TEHA | WPP Social Sustainability Index in Italy and Benchmark Countries (score 0-100), 2010-2023. Source: The European House - Ambrosetti elaboration on international databases, 2024.

By analyzing the historical trend of the overall indicator in Italy and the Benchmark countries, it is possible to find that **Italy has experienced a 24.3 percent decline in its social sustainability between 2010 and 2023**, a smaller decline in the EU only than that experienced by Estonia, Greece, Hungary, and Romania, and which, compared to the Benchmark countries, has meant that Italy has been **outperformed by Spain** from 2018

onward. Following a period of growth, social sustainability in **France** declined in the years 2022 and 2023, bringing the indicator in the last available year slightly below (-0.1%) the level it recorded in 2010. **Spain** and **Germany**, on the other hand, are witnessing a gradual **improvement in their social sustainability performance** (by **+4.4 percent** and **+16.9 percent** over the period under review, respectively).

The what-if analysis of social sustainability in Italy

To understand how and how much Italy can improve by acting on the most critical challenges facing the country, two what-if analyses were analyzed.

First, **if in the worst KPIs of each dimension, Italy would align with the Benchmark countries, it would become 7th in the TEHA | WPP Social Sustainability Index, with a score of 78.6/100** (instead of 14th with a score of 55.7/100). Specifically, in this first what-if simulation, Italy would result:

- **9th** in the **Social Gaps** dimension, with a score of 62.2/100 (instead of 14th with a score of 49.6/100);
- **6th** in the **Demographic Dynamics** dimension, with a score of 70.0/100 (instead of 14th with a score of 42.6/100);;
- **15th** in the **Human Capital** dimension, with a score of 64.0/100 (instead of 23rd with a score of 41.3/100);
- **3rd** in the **Public and Private Initiatives** dimension, with a score of 62.6/100 (instead of 5th with a score of 60.0/100).

In a more ambitious and optimistic hypothetical scenario, if in **the worst KPIs of each dimension Italy aligned with the best of the Benchmark countries, it would become 5th in the TEHA | WPP Social Sustainability Index, with a score of 91.1/100** (instead of 14th with a score of 55.7/100) and, in particular, would rank:

- **6th** in the **Social Gaps** dimension, with a score of 68.7/100 (instead of 14th with a score of 49.6/100);
- **2nd** in the **Demographic Dynamics** dimension, with a score of 95.8/100 (instead of 14th with a score of 42.6/100);
- **12th** in the **Human Capital** dimension, with a score of 68.4/100 (instead of 23rd with a score of 41.3/100);
- **3rd** in the **Public and Private Initiatives** dimension, with a score of 63.6/100 (instead of 5th with a score of 60.0/100).

Thus, it emerges how, by **acting on its weaknesses, Italy can significantly improve its social sustainability performance**, with benefits for individuals, the production system and the country-system.

5.2 FINAL CONSIDERATIONS

In a national context of growing need for public and private initiatives that aim to promote social sustainability in Italian territories, there is a growing need to federate efforts through the creation of single, coordinated budgets in order to achieve a critical dimension capable of generating real and lasting impact.

This strategy would not only concern the efficient management of resources, but also the creation of synergies among the different actors involved, be they public institutions, businesses or nonprofit organizations.

A fragmented approach, in fact, risks dispersing energies and funds, reducing the effectiveness of actions at the local and national levels.

Federating also means overcoming the dispersion of resources in projects that are too small or isolated to be truly impactful. By adopting a single, centralized budget, social initiatives can better coordinate, avoiding duplication and focusing resources on large-scale projects. This would make it possible to address complex problems, such as education, poverty or health, in a structural way, rather than being limited to sectoral or episodic interventions.

Unifying budgets and resources would achieve a critical mass capable of making a real impact on social issues. This is a key strategy to ensure efficient use of funds and, most importantly, to amplify the effectiveness of actions taken to benefit communities.



