

**Social benefits of energy efficiency:
do ESCOs really monetize all the services they provide?**

The ESCO's intermediary role in L'Oréal Corporate Social Responsibility

Corporate Social Responsibility: from savings to impact

The European Commission has defined Corporate Social Responsibility (CSR) as *the **responsibility of enterprises for their impact on societies.***

Companies can become socially responsible through:

- ❑ **legal compliance**
- ❑ **sustainable business strategies and operations**

L'Oréal CSR commitment: sustainable, responsible and inclusive growth

It is L'Oréal's commitment to **share growth** with its community.

In L'Oréal's vision, **energy efficiency** represents a **key driver to:**

- ❑ **increase industrial productivity, and**
- ❑ **contribute to local sustainable development**

Case Study:

L'Oréal Italy: Zero Emissions

L'Oréal Italy: Zero Emissions is a project that L'Oréal launched on a **private-public partnership** basis.

Main objectives:

- ❑ **improve energy end-use efficiency**
- ❑ **become energy self-sufficient by using exclusively renewable sources**
- ❑ **develop strategic relationships with local stakeholders**

Where and When: In Settimo Torinese (TO), Italy, from 2011 to 2016

L'Oréal Italy: Zero Emissions was **launched in 2011**.

In **Settimo Torinese (TO), Italy**.

Measures implemented **from 2011 to 2016**.



Who are the primary project stakeholders: a multinational corporation, a local ESCO, a municipality

Different approaches, complementary interests.

<u>Stakeholder</u>	<u>Interests</u>
A multinational corporation	Corporate Social Responsibility
A local Energy Service Company	Energy Services
A medium-size municipality	Local sustainable development

Why is the project worth being analysed: innovative energy efficiency solutions to achieve impact

L'Oréal's factory in Settimo Torinese (TO), the biggest among the 44 locations the company owns around the world, has become a **zero-emissions facility**.

How did it achieve such a result?

- ❑ **innovation**
- ❑ **self-consumption**
- ❑ **community involvement**

Innovation: multiple measures implemented under the project

The system developed in Settimo Torinese (TO) innovatively combines:

- ❑ a **connection to the urban heating grid** of Settimo Torinese (TO), Italy
- ❑ a **photovoltaic power station** with more than 14.000 solar panels
- ❑ a **biomass power plant** made more efficient by **organic cycle turbines**

Self-consumption: better coordination to improve energy end-use efficiency

The system built at L'Oréal's factory of Settimo Torinese (TO) has been built under a **self-consumption business model** implying:

- ❑ a single producer
- ❑ a single final consumer
- ❑ a direct connection between producer and final consumer
- ❑ a direct connection of the system to the grid

Main contractual issues in self-consumption projects: anything missing?

Main contractual issues in self-consumption projects include:

- ❑ **financing**
- ❑ **engineering, procurement and construction**
- ❑ **operation and maintenance**
- ❑ **performance**

What social needs the project is expected to impact: multiple measures for multiple benefits

- ❑ Energy delivery
- ❑ Industrial productivity
- ❑ GHG emissions
- ❑ Public budgets
- ❑ Employment
- ❑ Local air pollution
- ❑ Health and well-being

ESCO's remuneration: from energy savings to social impact

Business as usual

The remuneration of ESCOs is directly tied to the energy savings achieved.

Case study findings

ESCOs could play a central role in helping corporations to make energy savings a resource to improve stakeholder management and achieve social impact.

How the measures implemented look like



Any further queries?

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