THE CONTRIBUTION MADE BY SPANISH COMPANIES TO THE SUSTAINABLE DEVELOPMENT GOALS

THIRD REPORT

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THE TRANSFORMATIONAL POWER OF THE SDGS

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The need for transformational leadership

The third report of the SDG Observatory, titled The Transformational Potential of the SDGs, is published at a very critical moment from an economic, social and health perspective. The COVID-19 pandemic is having a great impact on our societies and will negatively affect current trends are maintained, the world's natural biophysical environments will be unable to satisfy aspirations to universal well-being, implicit in the Sustainable Development Goals (SDGs).

This conclusion appears in the Global Sustainable Development Report 2019, drawn up by a team of independent social scientists at the request of the Secretary-General of the United Nations. Five years after the approval of the 2030 Agenda, they warned that the necessary transformations to achieve the SDGs are not progressing fast enough, making patent the lack of existing leadership in two key fields: politics and business.

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Executive summary

Are we heading towards a paradigm shift in business?

PART I

- Over 40 years ago, the scientific community warned the world about the continuous degradation the planet is undergoing as a consequence of the ‘Great Acceleration’; that is, the relationship between an unprecedented surge in massive consumption, demographic growth, economic development – linked to the extraction of natural resources – and urban development. However, there is insufficient political commitment to carry out the necessary structural changes to successfully reduce emissions in time and reach the necessary horizons of climate neutrality.

- The most recent global debate fora seem to indicate that we are at the dawn of a paradigm shift in business and a deep reformulation of some of the basic principles of capitalism. Nevertheless, to make the change effective, businesses will need to change their daily operations to bring them into line with the new discourse. Including the goals of the 2030 Agenda, as well as integrating and advancing towards sustainability the planet is undergoing as a consequence of the ‘Great Acceleration’.

- Los más recientes foros globales

- During the so-called ‘Decade of Ac-

- The interaction of climate emergen-

cy with diverse forms of inequality, abuse of power and corruption for decades has caused opposition movements to appear all over the world to publicly state their unrest and question the current capitalist model. The institutional response from different government areas, as well as the awareness of businesses and their new ways of acting will be crucial for generating positive dynamics of change.

- Over 40 years ago, the scientific community warned the world about the continuous degradation the planet is undergoing as a consequence of the ‘Great Acceleration’.

- Many expert voices emerge from the private sector questioning the current ‘business as usual’

- Los más recientes foros globales

Analysis of the pilot group of companies

PART II

- It has been noticed that the inter-

terviewed companies are heading towards a paradigm shift. The ma-

jority of them agree with the view of the new role in society that should be adopted by companies, and the link established between sustainability and greater fairness when it comes to profit distribution. Not only is the business sector’s involvement decisive for achieving the goals of the 2030 Agenda, it is also necessary for driving the change of awareness that affects the entire value chain.

- In some specific areas, such as ener-
gy efficiency, digitalisation or, in a broader sense, the correction of gender inequality, significant progress could be made with sus-
tainability. Companies could use growing technological development to offer new ways to interact with customers, optimise results or improve transparency. This could be applied to digitalisation policies, in order to redefine a large part of companies’ procedures. Moreover, the horizontal nature of gender equality policies could act at the same time as a goal to be pursued (SDG 5) and a tool for improving results in other areas, like health, non-discrimination, education and training or inequalities, even having an impact on facilities and infrastructure.

- The change of dynamics in favour of sustainability responds to an organisation’s endogenous and exogenous factors. Companies point out the convergence of several factors as a result of the incipient change of dynamics, of which the most striking is the pressure of investors’ portfolios, especially due to the interest during the last year in environmental, social and governance (ESG) matters.

- The disclosure of non-financial in-

formation still comes up against too many hurdles. Despite the creation of new seals of recognition to reward companies are precisely those that are one step ahead of the regulatory changes in this field, there is still a long way to go before comparable standards are achieved and the prog-

ress with the SDGs can be assessed.

- Sustainability is a reason for imple-

denting new governance models in companies. The growing commitment of companies’ senior management to the 2030 Agenda has meant that sustainability issues and the people responsible for them have acquired centralty within organisations. The Agenda’s cross-cutting nature has enabled decentralised companies to make faster progress with the imple-

mentation of the SDGs and set in mo-

tion internal supervision mechanisms to corroborate this progress.

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formation still comes up against too many hurdles. Despite the creation of new seals of recognition to reward the good disclosure of non-financial information, and the fact that leading companies are precisely those that are one step ahead of the regulatory changes in this field, there is still a long way to go before comparable standards are achieved and the prog-

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Greater precision in governments’ guidelines could be useful, not only to standardise the measurement of issues such as the gender pay gap or verification mechanisms, but also to prevent avoidance of tax-related information.

- Companies could use growing technological development to offer new ways to interact with customers, optimise results or improve transparency. This could be applied to digitalisation policies, in order to redefine a large part of companies’ procedures. Moreover, the horizontal nature of gender equality policies could act at the same time as a goal to be pursued (SDG 5) and a tool for improving results in other areas, like health, non-discrimination, education and training or inequalities, even having an impact on facilities and infrastructure.

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Executive summary

Reporting of Spanish listed companies in relation to the SDGs

- The private sector’s involvement is essential to make effective progress with the Sustainable Development Goals and achieve them by the 2030 horizon. The Agenda’s acceleration demands greater involvement from the sector and the obligations related to reporting non-financial and diversity information need to be fully incorporated, despite the fact that the current Act does not impose sanctions on defaulters.

- Although results have improved, progress with the reporting of non-financial information is becoming increasingly slower. The entry into force of Act 11/2018 has not implied significant changes in accountability or in the quality of the information provided by companies in their annual reports. Furthermore, the analysed companies have not managed to integrate a large part of the content that requires greater methodological precision. There will probably be substantial improvements in next year’s reports, especially in relation to matters that companies have been obliged to report in a short period of time.

- The uniformity and comparability of the information submitted by companies needs to increase. The use of different methods for reporting non-financial information means that content is submitted with a high level of heterogeneity. Despite the fact that companies mostly use the GRI or IIRC international standards, there are multiple ways to report quantitative indicators. Information can be broken down into different levels and there is disparity in the calculation methods. This makes data comparison difficult and limits a company’s performance in sustainability matters.

- Under half the 137 analysed companies include the SDGs in their 2018 annual reports. Although this is not a positive detail, a generalised ascending trend is observed in all sectors. Among undertakings that report or incorporate the SDGs, the majority give them a strategic value, aligning them with business strategies.

- It has been observed that the analysed companies place greater importance on SDG 8, SDG 9 and SDG 13, thus confirming the trend observed in the reports of 2017 and 2018. Other emerging issues gain weight in the fields of quality education (SDG 4), gender equality (SDG 5), renewable energy and energy efficiency (SDG 7) and reduced inequalities (SDG 10).

- The progress made by companies of the energy and technology sectors in their implementation of the SDGs particularly stands out. These two sectors contain the majority of analysed companies that have included the SDGs in their annual reports, and the information they provide about the value chain, violation of human rights and gender pay gap is more transparent.
September 2020 will mark the fifth anniversary of the adoption of the 2015-2030 Agenda, an agenda that, as we know, establishes 17 Sustainable Development Goals related to five dimensions: people, planet, prosperity, partnerships and peace, and the achievement of 169 targets. The SDGs have been conceived as global, transformational, indivisible, balanced and urgent goals.

The SDGs were adopted at the United Nations General Assembly in September 2015. The goals are to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity. The SDGs are a universal call to action to end extreme poverty, fight climate change, and ensure that all people enjoy peace and prosperity.

The global financial and economic crisis of 2008 had a very negative impact on the population and on the legitimacy of the capitalist model. Likewise, the environmental emergency and the social challenges we face oblige us to link the contribution of the SDGs to the time frame set for its achievement, 2030. However, the clock is ticking and the majority of indicators that measure the health of the planet and our socio-economic model show that we are not making adequate progress.

The Transformational Power of the SDGs

The SDGs are transformational goals that require unifying reporting frameworks so that a company’s activity as regards sustainability can be easily measured and compared.

In an attempt to stress this issue, the previous report (number 2) was called The Need to Accelerate the Implementation of the 2030 Agenda and it pointed out that the environmental emergency and the social challenges we face oblige us to link the contribution of the SDGs to the time frame set for its achievement, 2030. However, the clock is ticking and the majority of indicators that measure the health of the planet and our socio-economic model show that we are not making adequate progress.

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In part one of this report we postulated that there are points between the two relevant non-financial reporting framework used for the Observatory’s operations. This association is characterised by the establishment of an association between the indicators established in the new Act and the SDG indicator framework for the Observatory’s operations. This association enables us to clearly observe the connection – and disconnection – points between the two relevant non-financial reporting frameworks in our country: Act 11/2018 and the SDGs. It also has the potential to be linked in the future to other frameworks, such as the indicator framework that the latest World Economic Forum held in Davos started to use for its operations. In this regard, it needs to be remembered that the unification of reporting frameworks has signs of becoming one of the main business challenges in terms of sustainability matters, and one of the principal focus points of interest of public authorities. The SDG Observatory undertakes to closely monitor this process, in order to offer the pertinent updates year after year.

Consistent with the ongoing task of the two previous reports, part three of this document analyses the non-financial information disclosed in 2018 by Spanish listed companies. This was the year when the Act on Non-financial and Diversity Information came into force, Act 11/2018, which set forth that all Spanish listed companies were obliged to report said information. Surprisingly, the first overall conclusion of this analysis is that, in general terms, neither the quantity nor the quality of the reporting has improved. This could be due to the scarce amount of previous information given to the companies during the months before the Act was passed, but also the absence of sanctions derived from failure to fulfil reporting obligations. In this regard, we must wait for the reports of upcoming years before reliable conclusions can be drawn.

Beyond the detailed interpretation of the results, part three is also characterised by the establishment of an association between the indicators established in the new Act and the SDG indicator framework for the Observatory’s operations. This association enables us to clearly observe the connection – and disconnection – points between the two relevant non-financial reporting frameworks in our country: Act 11/2018 and the SDGs. It also has the potential to be linked in the future to other frameworks, such as the indicator framework that the latest World Economic Forum held in Davos started to use for its operations. In this regard, it needs to be remembered that the unification of reporting frameworks has signs of becoming one of the main business challenges in terms of sustainability matters, and one of the principal focus points of interest of public authorities. The SDG Observatory undertakes to closely monitor this process, in order to offer the pertinent updates year after year.

To conclude, we would like to transmit a message of hope, although this message also requests Spanish companies, especially the largest ones, to directly or indirectly participate in the construction of the sustainability narrative. The declarations of intent made in different business forums in relation to rethinking the current capitalist model are a good sign and indicate that we are going in the right direction. However, the paradigm shift will only really be effective if it translates into specific elements of businesses’ daily actions. This transformation involves changes of awareness, but also involves designing new operational processes, the transition towards the circular economy, energy transition, digitalisation, new investments, etc. It should also be an axiological and social solution, as the change implies promising certain values, behaviours and new habits of life that each one of us should incorporate.

We are entering what many authors refer to as the Decade of Action, years that will be crucial for achieving the Sustainable Development Goals: a series of specific, measurable and urgent goals. In the next ten years we must be capable of implementing changes in the business world in favour of environmental sustainability and at the same time, direct policies to ensure that the main macrotrends of the future (technology, migration, climate change, urban planning, etc.) do not contribute towards the perpetuation or increase of inequalities, but just the opposite: to move forwards without ‘leaving anyone behind’. This is a time for choice and opportunity. The best ten years in human history might be lying ahead of us, or they could be a new lost era, since we have never had as much power as now. The challenge is not easy, but if we don’t start at once, it could be much harder to tackle.
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This initiative, the first of its kind in Europe, makes tools available to companies to help them achieve the SDGs, and also evaluate the extent to which Spanish companies, as leading social actors of our society, contribute to the achievement of the global targets set by the 2030 Agenda.

ARE WE HEADING TOWARDS A PARADIGM SHIFT IN BUSINESS?

‘The 2030 Agenda for Sustainable Development should become a master plan for each country’s development, as well as an important reference for businesses.’ 14

UN Secretary General at the World Economic Forum 2020
For several years, the scientific community has been insisting that the forecast is grim: the Earth has entered a new geological epoch – the Anthropocene – when, for the first time in history, human activity is altering the planetary boundaries or ‘vital’ signs. These vital signs are related to ozone depletion, biosphere integrity, introduction of novel entities, ocean acidification, atmospheric aerosol loading, freshwater use, land-system change, loss of biodiversity and chemical pollution. When there is an alteration of these vital signs, the rate of the changes and their consequences are unpredictable.

The paradigmatic example of this situation is global warming: the temperature of the planet has increased at an unprecedented rate due to human activity. According to Will Steffen, we have crossed four of these nine planetary boundaries, which places our species at risk, along with many other animal and plant species. As the Earth functions as a holistic system, when one of these boundaries is altered, it directly affects the others, meaning that we can easily enter into an escalation of changes in the planet’s natural dynamics, which places us in a previously unknown scenario. Everything appears to indicate that humans will have to get used to living in uncertainty and adapt our socio-economic model to a new changing reality.

THE STATE OF EMERGENCY

Although the diagnosis of climate change is not new, the increased visibility and severity of recent phenomena has put the environmental issue in the centre of the public agenda.

Nowadays there is global consensus when it comes to pinpointing the environmental emergency as the main challenge faced by humanity. It is thus corroborated by the Global Risks Report 2020 of the World Economic Forum, which identifies the top ten risks by likelihood and severity of impact over the next decade. For the first time, half these risks are environmental, overtaking purely economic, geopolitical, technological or social risks. The general perception is that the environmental issue is the most difficult challenge that humanity has had to face until now.

Natural disaster loss events by cause of origin

Source: Authors’ own compilation based on the overview of weather-related disasters are increasing.
The scientific community, increasingly alert

For over 50 years, the scientific community has been warning that the growth model will result in serious risks for the planet. During the 1950s and 60s people first realised that the global temperature was increasing and use of the term ‘global warming’ began to spread. In 1972, the Club of Rome announced that humanity had to impose limits on its activity if it wanted to conserve its productive capacity, well-being and ecological resources. On 24 June 1988, the New York Times was published, with the front page headline ‘Global Warming Has Begun’, thus supporting the data provided by the scientists James E. Hansen and Sergej Lebedeff, who confirmed the increase of the global mean temperature of the climate system.

In the 1980s and 90s, when people started to realise that many other atmospheric phenomena – not only temperature – were changing, the expression ‘climate change’ was used to refer to alterations in precipitation, atmospheric pressure, the wind, aridity of the Earth or extreme phenomena. In 1992, the Union of Concerned Scientists (UCS) of Washington, DC, together with over 1,700 scientists from all over the world, including the majority of Nobel laureates in the sciences, drew up and signed the first World Scientists’ Warning to Humanity, which started as follows: ‘Human beings and the natural world are on a collision course [...] We must, for example, move away from fossil fuels to more benign inexhaustible energy sources to cut greenhouse-gas emissions and the pollution of our air and water.’

In November 2017, 15,364 scientists signed the World Scientists’ Warning to Humanity: A Second Notice, a document that brought into evidence that the majority of environmental issues identified in the 1992 scientists’ warning to humanity were getting worse, and they proposed 13 steps that should be adopted by humanity to achieve a sustainable transition.

In February 2019, a book by David Wallace-Wells was published, The Uninhabitable Earth: Life After Warming. In this informational work that has reached readers all over the world, the author gives a disturbing picture of the consequences the ecological crisis could have in just one generation.

This threatening view of an imminent future has helped encourage governments of all countries to ponder over the seriousness of the crisis in which we are immersed, and the necessary speed of the change to find a solution without catastrophic results.

Finally, in November 2019, a group of over 11,000 scientists from 153 countries warned that climate change had become an emergency that would cause ‘untold human suffering’ unless substantial changes were made in human activity. According to this last warning, by the end of July 2019 more than 800 governments of 16 countries had already declared the climate emergency.
Earth system trends

Source: Authors’ own compilation based on the overview “The Trajectory of the Anthropocene.”

Macrotrends that affect inequalities

The wave of technological innovation has had an impact on the activity carried out by manual workers and specialised workers. Furthermore, at global level, the benefits obtained by developed countries have been higher than those of developing countries. To revert this situation, governments and companies should invest in reskilling (the ‘conversion’ of job skills), social security and international programmes. Funding activities in these fields could facilitate society’s overall development and technological advances, as well as correct imbalances that greatly affect certain segments of the population.

Climate change has had serious consequences in tropical countries and communities with fewer resources and has accentuated intergenerational inequality. Governmental sustainable development programmes would appear to be the best tool for fighting against this environmental blight and reducing inequalities between countries and regions all over the world.

REVISING THE CURRENT CAPITALIST MODEL

Throughout this same period of time, this capitalist model has served to take humanity as a whole to an unprecedented situation of socio-economic well-being. As a result, extreme poverty has reduced significantly among mankind, literacy rates have increased and levels of health, etc. So much so that Steven Pinker, Professor of Psychology at Harvard University, recently reminded us in the Financial Times that “over the past seven decades humans have become (on average) longer-lived, healthier, safer, richer, freer, fairer, happier and smarter, not just in the west but worldwide.” Although this affirmation is probably true, it contrasts with another reality: it is this same model that has led us to the critical environmental situation and extreme economic inequality that threatens societies today.

Firstly, the natural resource extraction model has led to the planet’s current state of collapse and made us cross the so-called ‘planetary boundaries’ (related to the biosphere, use of resources, biodiversity and climate change). In this regard, the debate is underway to discuss whether the rapid advance of new technologies will be capable of decoupling the extraction of resources from economic growth. However, the truth is that there is no knowledge yet of studies confirming this possibility; on the contrary, there are studies that claim the opposite. Other alternatives consider the potential boundaries’ (related to the biosphere, use of resources, biodiversity and climate change). In this regard, the debate is underway to discuss whether the rapid advance of new technologies will be capable of decoupling the extraction of resources from economic growth. However, the truth is that there is no knowledge yet of studies confirming this possibility; on the contrary, there are studies that claim the opposite. Other alternatives consider the potential growth. However, the truth is that there is no knowledge yet of studies confirming this possibility; on the contrary, there are studies that claim the opposite. Other alternatives consider the potential
Macrotrends that affect inequalities

Urban planning. In 2020, more people live in urban environments and economic well-being is higher on average than in rural areas. However, maximum economic inequality is usually found in urban environments. To prevent imbalances and reduce both kinds of inequality, States need to accompany urban design with appropriate governance that is aimed at boosting the positive effects of urban planning on underprivileged groups.

International migration. There is an ongoing global debate on the effects of international migration. It is difficult to establish tools to manage global migration flows. The United Nations proposes educational programmes for migrants in their respective countries of origin, as a beneficial measure that would reduce training inequalities at both local and international level.

This growing imbalance and increased connectivity at planetary level have led to the appearance of different movements that cast serious doubts on the capitalist model and have repercussions at international level. They are grouped together to defend a common cause, they denounce the capitalist model’s negative effects on the environment and its impact on social inequality.

For example, the Fridays for Future movement, born in 2018 and led from Sweden by the young activist Greta Thunberg, protests against the environmental emergency and denounces the negative consequences of the current economic system on the planet.

From a gender perspective, the wave of protests that began in the United States in 2017 with the MeToo movement put the spotlight on sexual harassment and abuse of women, and has served as inspiration to build a list of arguments against the system and in favour of equality.

Other opposition movements have denounced the decline of socio-economic conditions, for example, in the Chilean protests of 2019, which also had an impact in other Latin American countries, like Bolivia and Ecuador.

From a wider angle, demands of a political nature and in defence of human rights have been made in Colombia, Lebanon and Hong Kong, among other countries.

As regards matters specifically related to sustainability, companies are increasing their levels of awareness, meaning that changes of perception are now more widespread. For example, the perception of consumers. We are not referring to decisions adopted individually but framed within wider collective movements, such as those in favour of responsible consumption, especially in more highly developed countries.

Examples of this are campaigns to avoid flying and encourage new ways to travel, or reduce meat consumption, not only to respect animals, but also for ecological reasons. Other practices are aimed at not buying products wrapped in plastic packaging or boycotting companies that do not respect human rights, or opting for sustainable tourism, among many other examples. And, although it is difficult to assess the effects of these consumer movements on companies, there is no doubt that responsible consumption movements are gaining weight in public agendas and are starting to be an important niche market for the business sector.

The appearance of these new behaviours and social movements indicates general unease with the preponderant socio-economic system. In light of this situation, it is well worth asking oneself which measures are being adopted by public authorities and the business world.

In the global public sphere, we see different initiatives that, despite their high level of ambition, fail to meet the set targets. A good example of this are the various work programmes adopted by distinct United Nations bodies, such as holding intergovernmental meetings within the framework of the COP. In spite of the available resources and the expectations of these annual conferences that have been taking place since 1995, greenhouse gas emissions have continued to increase and, consequently, the same has happened with global warming. Although in the Paris Agreement of 2015 the temperature increase was limited to 1.5°C, according to information of the World Meteorological Organisation (WMO), to date the temperature has already risen by 1.1°C since the preindustrial era and by 0.2°C with respect to the 2011-2015 period. At the same time, the Intergovernmental Panel on Climate Change (IPCC) warns that we are on the verge of the sixth mass extinction of species. This body estimates that we only have 11 years left to prevent irreversible damage.
The correction of inequalities and the initiatives for achieving a more equitable wealth distribution system are also progressing. The creation of inequalities and the initiatives for achieving a wealth distribution system that is either untaxed or lightly taxed, or is directly hidden in tax havens around the world. The truth is that while free-rider countries continue to exist and it is not accepted that the problem requires global commitment, it will not be possible to reverse the situation.

From the European Union’s perspective, the new Commission (2020-2024), presided over by Ursula von der Leyen, has presented the EU Green Deal that is destined to be the EU’s new growth strategy and, together with the proposal of a Climate Law, should convert the European Union into the first carbon neutral territory by 2050. The EU Green Deal presents specific measures to set the path towards achieving the clean and circular economy, reducing pollution and emissions, and protecting biodiversity. The actions translated into environmental and climate change policies will act as kick-starters of other supporting policies that will come into existence in 2020, with the objective of boosting innovation, investment, digitalisation, industrial restructuring and education, and directly hidden in tax havens around the world. The truth is that while free-rider countries continue to exist and it is not accepted that the problem requires global commitment, it will not be possible to reverse the situation.

According to the Financial Secrecy Index, published in February 2020, between US$21 and $32 billion of private financial wealth is estimated to exist that is either untaxed or lightly taxed, or is directly hidden in tax havens around the world. The truth is that while free-rider countries continue to exist and it is not accepted that the problem requires global commitment, it will not be possible to reverse the situation.

The 2030 Agenda in the European Union

As regards the monitoring and implementation of the 2030 Agenda, in February 2020, the EU presented the so-called European Semester Winter Package, a series of reports drawn up to assess the situation of the economies of EU Member States, following the specific recommendations of the previous year. On this occasion, following the instructions of the Directorate-General for Economic and Financial Affairs, a new feature was added and each Member State’s Country Report included a specific section to report its progress in relation to the SDGs. The analysis was based on the trends in the Eurostat indicators over the last five years, as long as there was sufficient data. The treatment of the SDGs in the economic surveillance period was one of the European Parliament’s demands for inclusion in the new 2020-2024 period.

In spite of the fact that since 2017 Eurostat has been collecting and publishing information on the progress of the SDGs in the EU, based on a series of 99 indicators known as the SDG indicator set, there is not enough detailed information about many fields to be able to make an accurate comparison of the recorded progress of recent years. The 2019 progress report and the review of the indicators in 2020 highlight the progress in the fields of climate change (SDG 13), energy (SDG 7), consumers (SDG 12), education (SDG 4), poverty (SDG 1) and employment (SDG 8). However, it points out that there is insufficient information to be able to assess issues related to water (SDG 6), underwater life (SDG 14) and peace and solid institutions (SDG 16).

As regards the application of the 2030 Agenda in Spain, the new political framework that began at the beginning of 2020 with a coalition government between the PSOE and Unidas Podemos, which announced its commitment to the SDGs. In the new legislature, the figure of High Commissioner for the 2030 Agenda disappears and is replaced with the creation of the Secretary of State for the 2030 Agenda within one of the government’s four vice-presidencies, specifically the Vice-Presidency of Social Affairs and the 2030 Agenda. Also with the rank of vice-presidency is the Ministry of Ecological Transition and Demographic Challenge, which will undoubtedly have considerable importance in achieving the SDGs. The Agenda’s object and the exercise of responsibilities will focus on optimising coordination to know the development of the Action Plan for the Implementation of the 2030 Agenda, approved in June 2018. In the same way, another essential task of the new government is to draw up a 2020-2030 Sustainable Development Strategy to orchestrate the focal points during this decisive period.

From the private sphere, the business sector shows signs of a shift in the ‘business as usual’ model, though there is risk of limiting the change to the discursive field. Since the middle of 2019, different representative organisations of the business sector have issued several statements aiming at defining the new role that companies will play in society.

In August 2019, Business Roundtable gathered 181 CEOs of the largest companies in the United States and added the notion of ‘stakeholder capitalism’ to the public agenda. This concept, which is normally accompanied by the notions of ‘purpose’ and ‘long-term thinking’, allows companies to provide shareholders with value, also contemplates the value created for the company. The change of perspective is significant if we bear in mind that it intends to draw away from the ‘canonical’ approach of Milton Friedman, winner of the Nobel Memorial Prize in Economic Sciences, who 40 years earlier affirmed that ‘corporations exist solely to serve their shareholders.’

The New Agenda

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The liberal capitalist model has delivered peace, prosperity and technological progress for the past 30 years, dramatically reducing poverty and raising living standards worldwide. But, if, in the decade since the global financial crisis, the model has come under strain, particularly the focus on maximising profits and shareholder value, these principles of good business are necessary but not sufficient.18

Other voices with authority on the matter have made similar statements. Larry Fink, chairman of BlackRock, the world’s largest investment management corporation, warned in his annual letter published in January 2020 that ‘we are on the edge of a fundamental reshaping of finance.’ Investors are increasingly recognising with companies’ environmental policies and (are) recognising that climate risk is investment risk, which is leading us to a ‘profound reassessment of the dangers and assets. As a result, affirms Fink, we will be increasingly disposed to vote against management and board directors when companies are not making sufficient progress on sustainability-related disclosures.19

And because capital markets pull future risk forward, we will see changes in capital allocation more quickly than we changes to the Fortnite itself. In the near future and sooner than most anticipate there will be a significant reallocation of capital.20

In turn, David Solomon, chief executive officer of Goldman Sachs, announced in the World Economic Forum, held in Davos in January 2020, that it will no longer support companies seeking to go public unless they have a diversified governing board.21

During the celebration of its 50th anniversary, the World Economic Forum decided to launch a new Davos Manifesto22 to affirm that capitalism as we know it today does not work. Employment instability, growing social inequality and rapid and severe environmental deterioration are effects derived from its action. For this reason, it proposed advancing towards a capitalism in which the companies’ purpose goes beyond profit and creates value for all the stakeholders.23 The World Economic Forum also coincides with Business Roundtable by proposing a stakeholder capitalism that is in favour of an integrating and sustainable economic model, which takes into account social and environmental targets.24 It is therefore necessary to create new parameters that can measure the creation of shared value and achieve environmental, social and governance targets.

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Company organisation models are still structured by inertia, based on the core idea of creating shareholder value. This is reflected in strategy evaluation methods, the use of metrics linked to maximising profit, dividend policies, competitive strategies and supply chain management. Furthermore, strictly economic criteria still form the basis for recruiting, dismissing or compensating the vast majority of CEOs. Although some companies are starting to implement sustainability criteria in their variable salaries, it is nowhere near a generalised practice. In the same way, fund managers, who act in the representation of different investors, are still compensated according to market criteria; and shareholders continue to choose their governing boards basically to protect their interests. These are the rules of the game that govern the running of large companies today. Therefore, any project to change the company’s role has to consider valid alternatives, not only at narrative level, but also at operational level. Without these changes, the majority of CEOs are highly unlikely to shift their focus to include broader sustainability goals. And, if only a few do it, the private sector’s impact will not transform anything, insofar as the change is not structural.

One of the main challenges for advancing towards this transformation is to build a rigorous and unified sustainability measuring system that can incorporate all the consequences of business actions within the decision-making process. The change will not only be for physical and financial capital, but also for human, social and natural capital. Recent years have seen the consolidation of reporting frameworks focused on measuring the contribution of a business, including environmental, social and governance dimensions (ESG). This perspective is taken to analyse businesses’ response before all their stakeholders, the degree of diversity in their workforce, the sustainability of the supply chain or their customers’ data protection. Standing out as the most used frameworks are the Global Reporting Initiative (GRI), the International Integrated Reporting Committee (IIRC), the Carbon Disclosure Project (CDP) and the Task Force on Climate-Related Financial Disclosure (TCFD), which we have already mentioned in previous reports. In recent years, other frameworks have also acquired importance, such as Natural & Social Capital or the framework for the Sustainable Development Goals (SDGs) itself.

The choice of one or another often depends on the dynamics of the sector in which each company operates. On occasions, the choice also depends on information requirements demanded by verification agencies or the legal obligations for reporting non-financial information, which companies have to comply with (such as those determined by the 2030 Agenda). All these matters determine the focus adopted by each company in relation to non-financial reporting, as we will see later in this report with the analysis of the interviews with the PGC.

The heterogeneity of frameworks and measuring systems poses many difficulties when it comes to comparing businesses’ behaviour as regards sustainability; therefore, it is also difficult to make informed decisions about where to invest or disinvest. This explains why forums for reflecting on this matter have multiplied in recent months. The most recent took place at the meeting in Davos that we mentioned above. At the same time as a new manifesto based on stakeholder capitalism was published, a work group was started with the purpose of establishing rigorous metrics and indicators, to be able to move forwards with the conception of a new growth model that provides long-term value, including economic, social and environmental initiatives. As a result of this reflection, a working paper was published that has the particularity of linking the standardising process of reporting systems with the contribution of businesses to the SDGs. However, the use of non-financial reporting frameworks has been questioned due to their incapacity to measure businesses’ effective contribution to sustainability. In this regard, Harvard professor Mark R. Kramer affirms that ‘most sustainability reporting is unreliable, inconsistent, and largely covers factors that are immaterial both to the economic performance of the company and to the company’s global impact’. And, even if it is true that investment funds are going to allocate their money to sustainable companies, according to Kramer, it means that investors...
will have to communicate very differently to the way they do now, disclosing information about the business’s material social aspects and using a language that can be processed by business leaders. In conclusion, Kramer defends that while the division between financial and non-financial reporting exists, business contribution to sustainability will continue to be a matter of reputation. Before we can talk about a paradigm shift towards really sustainable companies, it is essential to link sustainability matters to the business’s competitiveness factors.

To sum up, transformation towards sustainability is currently at an embryonic stage. Firstly, we have a shared vision of the problems and challenges we have to tackle, as reflected in the 2030 Agenda, and secondly, the discursive foundations are being laid for a new paradigm, based on stakeholder capitalism, on purposeful companies and on long-term vision. Nevertheless, there is still a long way to go. For this reason, new governance models must be established based on sustainability and on integrating reporting systems that are linked to the company’s fundamental (material) matters.

The 2030 Agenda and the SDGs represent the most appropriate discursive framework and intersectoral communication channel to advance towards this transformation. The focus of the SDGs, centred on social and environmental results, facilitates alignment with a shared purpose. Perhaps this is their main virtue: to act as a unifying element of the multiple initiatives proposed today in relation to social, economic and environmental sustainability and, at the same time, act as a lever of change. Based on this premise, this third report of the SDG Observatory puts emphasis on the 2030 Agenda’s transformational power, given that to achieve real transformation, sustainability must be fully integrated within the raison d’être of both public and private organisations.

Company organisation models are still structured by inertia, based on the core idea of creating shareholder value. Any project aiming to change the company’s role has to consider valid alternatives at operational level. One of the main challenges for advancing towards this transformation is to build a rigorous and unified sustainability measuring system.

This part of the report focuses on the interviews with the Pilot Group of Companies that have collaborated with the SDG Observatory. The analysis further highlights the main trends identified, as well as a selection of best practices of these companies and their contribution to the 2030 Agenda.
This section contains an analysis of the ten interviews with the Pilot Group of Companies (PGC) that have collaborated with the SDG Observatory. The following companies were interviewed: CaixaBank, DKV Seguros, Ferrovial, Naturgy, Iberdrola, Colonial, Meliá Hotels, Repsol, SUEZ España and Telefónica. These interviews, carried out every two years in the Observatory, have been invaluable because they have enabled us to identify trends and good practices among the most advanced companies in sustainability matters.

As a new feature, on this occasion we have not only interviewed the people in charge of CSR/sustainability, but have also tried to speak to representatives of the Executive Committee. Whenever this has been possible, it has enabled us to understand the manner in which sustainability matters are being integrated into the companies’ respective core businesses, from a strategic perspective, as well as an operational and governance angle. Using the statements from all the respondents, we have been able to detect both tangible and intangible elements that affect companies’ daily lives in terms of sustainability.

In this introduction, we would like to highlight two general findings that we have derived from the interviews. First of all, when we have asked companies if they are under the impression that we are facing a paradigm shift in business, they mostly agreed. This would confirm the theory expounded in the previous section, that significant changes are taking place as regards what society expects from large companies.

Secondly, when we asked about the origin of the change in dynamics, the companies replied that it is especially due to pressure from investors.

### EVALUATION OF THE INTERVIEWS WITH THE GPC

*‘Companies don’t only have to give financial dividends. Any organisation with this as its sole and main purpose won’t exist in the medium or long term.’*

- Mónica Oviedo, Iberdrola

*‘Carbon is living on borrowed time. After 2025, there won’t be any coal-fired power stations left in the majority of European countries.’*

- Antonio Fuertes, Naturgy

*‘There are indicators that show that unless companies make a change in sustainability matters, they’re going to have a lot of trouble to carry on enjoying the legitimacy and capacity to develop their business.’*

- Miguel García, DKV Seguros

*‘The private sector is used to having an operating licence. Now we need an additional licence: a social one, which we have to earn on a day-to-day basis.’*

- Sonia Hernández Barrado, Repsol

*‘It will be increasingly necessary for companies to use their reporting activity to demonstrate that they meet the expectations of the society in which they operate.’*

- M. Luisa Martínez Gistau, CaixaBank

*‘There were indicators that showed that unless companies make a change in sustainability matters, they’re going to have a lot of trouble to carry on enjoying the legitimacy and capacity to develop their business.’*

*One of our goals, which responds to our investors’ demands, is to establish monetary compensation linked to sustainability.’*

- Antonio Fuertes, Naturgy

*‘We recently had a meeting with eight high-impact investors and they directly asked us about our management of the 2030 Agenda.’*

- Mónica Oviedo, Iberdrola

*‘In 2017, when we conducted financial roadshows with investors, I told them what we were doing with respect to the 2030 Agenda, but they didn’t seem to be specifically interested. In 2019, they are the ones who ask us about it. Besides, if they perceive that a company is greenwashing, some of them have no qualms about criticising the trend and withdrawing their support.’*

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### ANALYSIS OF THE PILOT GROUP OF COMPANIES

- The SDGs as an integrating framework and a kickstarter of change
- Sustainability governance
- Trends and challenges in the disclosure of non-financial information
- Specific fields
These ideas have been summarised and are presented in the following table; they are developed in further detail in the remainder of the chapter. We have added some verbatim quotes from the interviews and examples of good practice to illustrate the exposition and development of the ideas.

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Table. Trends and challenges in the disclosure of non-financial information

Source: Authors’ own compilation
This section identifies some of the paths used by companies to take advantage of the SDGs’ transformational potential.

01. The SDGs as an integrating framework and a kickstarter of change

Leading companies focus on SDGs related to their business, where they can provide differentiating value

After completing the initial interpretation and adaptation stage of the 2030 Agenda, leading companies have made progress detecting the SDGs with which they feel most identified, and they distinguish between priority SDGs and secondary SDGs. In the former, the company provides clearly differentiated added value that is related to its business model. However, the secondary SDGs are associated with value creation elements that are inherent to the company as a social agent and therefore are not necessarily associated with its core business.

‘Iberdrola has a clear strategy of electrification of the economy, renewable energy and decarbonisation. This strategy is linked to SDG 7 and SDG 13. These are our priority SDGs. There is an internal debate about whether to communicate Iberdrola’s contribution to SDG 5 and SDG 8, for example, as direct contribution. However, following the recommendations of experts, we prefer to focus on our differentiating product.’

Mónica Oviedo, Iberdrola

‘It’s true that at the beginning we tried to work on all the SDGs. That didn’t turn out well, so we decided to single out five and develop them. Additionally there are secondary SDGs that support these five.’

There are many companies that embraced all 17 goals. We have adopted a more modest approach and we’ve concentrated our efforts on the goals that are the closest to Ferrovial’s business.’

Juan Francisco Polo, Ferrovial

‘We’re not doing what we used to do and adding the SDG label, but we’re treating the set of goals like an instrument and we identify opportunities.’

As an insurance company, we see more opportunities in the SDGs than negative impacts.’

Alicia Bové, DKV Seguros

‘Little by little we’ll see how the sustainable transformation creates new opportunities, such as better analyses, greater creative capacities, innovation, new models, etc. All transformations take time.’

Lourdes Ripoll, Meliá Hotels

02. The SDGs make it easier to identify new business opportunities directly linked to desirable social scenarios

When companies identify new business opportunities based on the language of the SDGs – and on their targets and indicators – they allocate their resources and capacities (innovation, investment, etc.) to sustainability. At the same time, they start internal transformation processes that will convert them into more resilient companies in the future.

‘We’re not doing what we used to do and adding the SDG label, but we’re treating the set of goals like an instrument and we identify opportunities.’

‘As an insurance company, we see more opportunities in the SDGs than negative impacts.’

‘Little by little we’ll see how the sustainable transformation creates new opportunities, such as better analyses, greater creative capacities, innovation, new models, etc. All transformations take time.’

Mónica Oviedo, Iberdrola

Alicia Bové, DKV Seguros

Lourdes Ripoll, Meliá Hotels

DKV Seguros: Tech4Health

Since 2020, DKV Seguros has been collaborating with Ship2B27 and Medichem48 to select startups with innovation projects in the health sector and offer them tools for their development, within the framework of the Tech4Health programme. DKV Seguros provides the project with its knowledge of the health market in Spain, access to potential customers for the startups, and validation of the projects’ business model. Simultaneously, this strategic CSR work enables the company to be the first mover in technologies that foster healthy lifestyles, monitor patients and improve treatments. In the last eight editions, 25 startups have benefitted from partnerships with DKV Seguros and other companies of the sector, as well as receiving personalised mentoring and 26 million in funding.

Direct impact:

Contribute to the creation of innovative solutions in the health field

Indirect impact:

Promote innovative startups
The SDGs enable CSR managers and or sustainability managers to transfer sustainability issues to boards of directors using comprehensible and direct language. Using precise language with a global scope, the SDG framework describes the magnitude of the challenges that the company will have to tackle. The horizontal nature of the 2030 Agenda and cross-cutting character of the targets among the different SDGs facilitate their integration into business strategies. The legitimacy they have acquired socially turns them into a useful tool to enable CSR/sustainability managers to submit them to boards of directors.

“We have developed a plan to boost the SDGs so that, together with the senior management's commitment, the 2030 Agenda will be made known to all the employees.”

Sonia Hernández Barrado, Repsol

José María Bolufer, Telefonica

SUEZ: A Narrative of Sustainable Development

In the last five years, SUEZ has focused its board meetings on finding solutions for drinking water shortage using the language of the SDGs and linking them to its strategy plan. The board conducted a first analysis as part of the Narrative of Sustainable Development to identify the actions that could help achieve the goals. First of all, they separated the SDGs defined as priority for the project into five pivotal elements. They then connected each SDG with the parallel actions of SUEZ’s Newater Global Plan. Finally, they identified matters of interest, so that each of the company’s targets helped achieve the SDGs defined as material.

Direct impact:

- Guarantee drinking water and sanitation in all places, especially where there is higher vulnerability to water stress

Indirect impact:

- Communicate climate actions carried out by the company within the framework of the RGP

The SDGs are a useful instrument for aligning the company’s different stakeholders with a set of common goals. The fact that the SDGs are structured into 17 goals, with defined targets and associated indicators, enables companies to position their business strategy and present it to counterparties with greater clarity. In those cases in which the SDGs are linked to a company’s procurement policies, the company multiplies its positive impact.

“Iberdrola’s ‘social dividend’, proposed in its 2018-2022 Strategic Plan, has been conceived as a model to create value in a sustainable manner for all the company’s stakeholders. As shown in the figure below, the list of stakeholders obtaining benefits includes groups as diverse as the company’s shareholders, workers, and groups at risk of social exclusion in the different countries where the company operates. The dividend emerges as a driving force for sustainable transformation, insofar as it is directly linked to the achievement of all the SDGs, with different levels of impact and prioritisation.”

Social dividend

Iberdrola, Sustainability Report 2018, p. 31

Carlos Krohmer, Colonial

Prioritise renewable energy for a sustainable energy transition

The board of directors becomes the standard-bearer of the SDGs and sustainable development
### Meliá: Cash flow social

The social cash flow maps developed by Meliá extend further than the environmental mainstay and publicly offer information about the impact the hotel chain has on its stakeholders, as well as giving details about their benefits at each stage of the organisation’s financial process.

Preparing cash flow material includes identifying all the players that provide the organisation with input and/or output value. The absolute and percentage value of each player is then calculated. Finally, the company summarises the activities carried out by the interest groups in the creation of cash flow. This last step is used to create a picture of the company’s value chain.

### The SDGs facilitate public-private dialogue and encourage long-term vision

The challenges faced by modern societies must be tackled by the public and private sector in a co-responsible manner. The multilevel focus of the SDGs and their targets facilitate multi-sectoral debate, the establishment of a common work framework and the adoption of long-term measures.

"I think our responsibility as a company, which is part of the city’s landscape and society, is to provide tools to adapt to the new climate emergency situation. [...] The SDGs use a common language, both internally and externally. This is why it’s been easy to use them as a framework with city councils."

- **Asunción Martínez, SUEZ**

### Iberdrola: Alianza Shire

Shire is a public-private partnership established between leading companies of the energy sector, research institutes, public bodies and supranational entities, with the purpose of finding innovative and sustainable solutions to access energy within the context of humanitarian crises.

Since 2016, five kilometres of street lighting have been installed and energy has been provided to 14 community services. Over 8,000 refugees have benefitted from the results of this partnership, and it is estimated that the project will have a positive impact in 700 businesses and homes.

### The company’s engagement with the SDGs helps improve employees’ commitment to a shared purpose and favours talent attraction

The SDGs can act as a lever of change within companies, aligning individual motivation with the business purpose. Workers’ awareness of sustainability can be raised by means of training courses, participatory workshops, implementation of initiatives, etc.

"It’s important for the employees to know what the 2030 Agenda is, to understand the actions with which they are contributing to the Agenda and to challenge them to continue on this path. They need to be shown how they are contributing."

- **Sonia Hernández Barrado, Repsol**

"The SDGs are a transformation tool, not a communication tool. This has been made clear in SUEZ since the beginning and today all the employees understand what the goals are."

- **Asunción Martínez, SUEZ España**

"The employee incentive systems need to include sustainability concerns, so the workers care for the environment and the community."

- **Begoña Muñoz, Colonial**
Naturgy: GrowSmarter

GrowSmarter is an EU project that promotes research and innovation in smart city-related matters in line with Horizon 2020, an investment programme in new technologies promoted by the EU. Together with other organisations, Naturgy is managing the rehabilitation plan of the Canyelles neighbourhood, where work is being performed on façades and roofs, and windows and shutters are being changed. The aim of these activities is to improve the thermal insulation of these homes, an activity that reduces electricity and gas consumption by as much as 44%.

The consortium’s main purpose is to rehabilitate over 20,000 m² of residential and tertiary use to the benefit of the neighbourhood. Naturgy manages the exploitation of the relevant energy services through an electricity supply contract. Furthermore, the company is also collaborating on the feasibility analysis, design and assessment of the proposed energy efficiency improvement measures.

Indirect impact: Direct impact:

Create partnerships between large companies, research institutes and public entities

Access to affordable and non-polluting energy for communities through improvements to buildings’ energy efficiency

Some CEOs are taking on sustainability as their companies’ priority goal and are integrating it into the highest decision-making authorities. The growing interest of investment funds in sustainability could lead to generalising this practice.

Senior management is showing a clear interest in sustainability, especially in the last two years.1

‘Our CEO and president is the most committed person, and this feeling cascades throughout the entire organisation. Projects are only approved if they demonstrate their impact on the SDGs.’

Lourdes Ripoll, Meliá Hotels

‘Our managing director is fully committed and this has a positive effect on the other members of the Management Committee, who appreciate that the focus has to be placed on sustainability and ESG criteria.’

M. Luisa Martínez Gistau, CaixaBank

Sustainability issues are integrated into companies’ core business in different ways: delegating duties to a delegate committee of the board of directors, linking the CSR/sustainability areas with other areas within the organisation (for example, compliance) or creating cross-cutting bridges in the organisation through reporting practices, etc.

We have a sustainable development commission that groups together the sustainable development directors of each territory. This means we have a person in each geographical area acting as a steward, who helps us so we can adapt our projects to each local context.

Dulcinea Meijide, SUEZ España

‘In the last year and a half, many companies have started to make a move in SDG-related matters. They have increased their communications, which could be confused with greenwashing.’

José María Bolufer, Telefónica

‘We think it would be positive if other companies adopted some of our sustainable development best practices. It would mean that they are not greenwashing.’

Mónica Oviedo, Iberdrola

Senior management’s commitment to sustainability increases among the most advanced companies

In Ferrovial we have taken great care with our corporate government to have the best governance model possible.

Juan Francisco Polo, Ferrovial

For the strategic development of the lines of action derived from this commitment, in addition to the Corporate Responsibility and Reputation Committee, the Sustainable Finance Committee was created in 2018 with members of the entity’s senior management.

We have a sustainable development commission that groups together the sustainable development directors of each territory. This means we have a person in each geographical area acting as a steward, who helps us so we can adapt our projects to each local context.

Annual Accounts of CaixaBank S.A. 2018, p. 81

Companies’ governance structures are redesigned to increase the focus on sustainability matters

Companies committed to the SDGs warn about the danger of greenwashing
Modifying variable salaries according to ESG or SDG criteria could have a cascade effect in the company. When senior management adopts sustainable development as a strategic framework, the transformation trickles down within the company.

‘In the last 15 years a new generation of managers has reached positions of responsibility, and they have started to worry about frameworks such as those produced by the GRI and the Global Compact.’

‘There are plans to make part of the Management Committee’s variable salaries depend on ESG criteria.’

- Juan Francisco Polo, Ferrovial
- Núria Oferil, Colonial

It would appear that the days when CSR/sustainability managers had a peripheral role are something of the past. Since investors started to insist on knowing companies’ behaviour in relation to sustainability, these managers have assumed a leading role, accompanying CEOs on all financial roadshows with investors.

‘Our role has changed radically, from acting as supporters to presenting the roadshows.’

‘In the last 10 years, the CSR department has been completely revamped.’

‘We give financial roadshows conducted by our CEO with different ESG investors, where we explain our commitments and the actions we are carrying out in relation to sustainability matters.’

- Mónica Oviedo, Iberdrola
- M. Luisa Martínez Gistau, CaixaBank
- Sonia Hernández Barrado, Repsol

The potential of the SDGs lies in their cross-cutting nature, which involves multiple areas and functions of the company. However, organisations with a silo structure have greater difficulty to include the SDGs on a wider basis. The situation is more favourable for companies with decentralised structures and cross-cutting units, as they have a larger number of open channels within the company to be able to absorb and transmit the guidelines of the 2030 Agenda.

‘The fact that we have a cross-cutting and decentralised organisation in terms of innovation and sustainability enables us to distribute the management force all over the company, like a cascade.’

‘If each group self-governs in a healthy way, it’s good for the company and beneficial as regards results.’

- Mónica Oviedo, Iberdrola
- Carlos Krohmer, Colonial

Besides public reporting, which is compulsory for large companies by law, the organisations most committed to sustainability are starting to design and implement internal supervision systems, in order to evaluate the company’s contribution in this field and self-evaluate.

‘The Board of Directors plays a fundamental role in the sustainability model. With the supervision of the Sustainability Committee, it approves the company’s strategy and policy for sustainability matters proposed by senior management.’

‘The body responsible for reviewing and supervising the sustainability report is the Management Committee.’

- Iberdrola Sustainability Report 2018, p. 36

The company’s commitment to contributing towards the SDGs is supervised by the government bodies. Thus, the Sustainable Development Committee of the Board of Directors [...] has the authority, among other powers, to monitor the group’s contribution towards achieving the SDGs.

- Iberdrola, Sustainability Report 2018, p. 36

CSR sustainability managers gain weight within the company and accompany executives (CEOs) on financial roadshows with investors.

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- M. Luisa Martínez Gistau, CaixaBank
- Sonia Hernández Barrado, Repsol
Disclosure of non-financial information: trends and challenges

14. When non-financial information is disclosed properly, companies can obtain new recognitions, thus increasing their capacity to attract capital.

In an increasingly global and competitive market, companies need to differentiate themselves and improve their capital attraction processes. Within this context, recognitions based on proper disclosure of non-financial information are turning into a resource whose use is growing.

The idea of sustainable management has been accepted as it enables us to achieve better results, such as being the leader of the Dow Jones Sustainability Index, in the Utilities sector. Nowadays, investment funds have to offer high quality ESG products. If a company has high standards in the corresponding indicators, it reduces the cost of investment capital for the funds.

Leading companies keep ahead of regulatory changes regarding matters related to non-financial disclosure

Directive 2014/95/EU, on the disclosure of non-financial information, was transposed to the Spanish legal system in first instance by Royal Decree-Law 18/2017. At the end of 2018, it became Act 11/2018. The transitional provision of the Act sets forth that the modifications included in Articles 1, 2 and 3 would be applicable in the financial year that commenced on 1 January 2018. This obliged many companies at the end of 2018 to adapt their annual reports to include non-financial issues within a short period of time. However, the situation did not catch the majority of companies in the PGC by surprise, as they were already reporting these issues and they only had to adapt to the new formats and requirements.

In SUEZ we try to keep ahead of legislation that could be approved on matters associated with our sector. SUEZ España has been reporting non-financial information for 18 years. This has been the first year that data on the gender pay gap has been available. It’s hard to find the appropriate indicators, as Act 11/2018 didn’t include methodology, and there were no salary gap indicators in the GRI Standard that matched the requirements set forth by the Act and that could help us measure.

Due to our previous progress in GRI standards and integrated reporting, the Act on the disclosure of non-financial information hasn’t caused us any problems in the company.

As DKV has been reporting for years, we were a step ahead of the law and we were already complying with it before it entered into effect.

As of 2019, coupled with the efforts of companies to establish measuring systems, should translate into the submission of more exhaustive results in oncoming years.

Reporting on the pay gap is a topic that affects all the large companies in Spain.

SUEZ: Bootcamp Impulsa

Bootcamp Impulsa is a programme designed and managed by SUEZ with the purpose of promoting 29 women on the company’s talent map to positions of responsibility by 2021. This project is based on the need to increase the number of women in leadership positions in 2019. In accordance with the Act on effective equality between women and men, SUEZ suggested creating a professional development programme with the identified female workers. One of the programme’s key aspects is that it is up to the women to set their own goals and SUEZ offers them support. They are the leaders. The project is divided into two main parts: the kick-off and the mentoring development programme.

Direct impact:

- Promote women to leadership positions
- Reduce the gender pay gap in boards of directors

Indirect impact:

- Move the company’s internal resources for efficient and effective management
Companies’ fulfilment of tax obligations without resorting to tax evasion strategies is one of the most relevant indicators when it comes to evaluating a company’s responsibility before society. Beyond the important fact that companies must effectively meet this obligation, the information disclosed about this issue is still very scarce. Very few companies explicitly affirm in their reports or policies that they will not engage in money laundering or that they will reduce or eliminate their presence in tax havens.

“We have been criticised because we have a company in Panama. It would be impossible otherwise, given that we wouldn’t be able to manage Hotel Meliá Panamá Canal.”

Juan Ignacio Pardo, Meliá Hotels

“Our group not only avoids tax evasion; it also keeps away from practices like optimisation or fiscal sponsorship. We don’t give our senior managers incentives for carrying out these activities.”

Miguel García, DKV Seguros

“In the Oxfam report, we were penalised for having presence in Panama. Of course we do, we’ve got customers in the country.”

Arancha Díaz, Telefónica

Numerous companies ignore the obligation to provide tax related information

The SDGs have become a good communication channel when it comes to starting a process to review the internal key performance indicators (KPIs), so as to adapt to the new legal requirements for matters related to the disclosure of non-financial information. Their clarity enables the different units in charge of these issues to establish associations between their own KPIs and the global goals established in the 2030 Agenda.

“It’s a tremendously healthy exercise, as it helps you configure reporting systems that initially didn’t exist. In addition, by merely verbalising the need to have specific information it also creates the culture to encourage better compliance in certain indicators.”

Juan Ignacio Pardo, Meliá Hotels

‘The SDGs made us reconsider the socio-economic report, to make it more communicative and ensure it dosed the KPIs of interest.’

Meritxell Ripoll, CaixaBank

Leading companies highlight the importance of the potential of the SDGs as an instrument to transform reporting dynamics

In 2018, Iberdrola was one of the 13 companies invited to the pilot project to analyse the impact and measurement of the SDGs conducted by Trucost, an S&P Dow Jones Indices company. Iberdrola was the only company in the world from the electricity sector to be invited.

Using its own measuring tool, Trucost calculated the real cost of the activities carried out by the 13 multinationals. The analysis not only considered the mobilised economic and financial resources, but also considered environmental and social criteria. Through 45 indicators, the firm evaluated the invited companies’ performance. Thanks to its participation in this project, Iberdrola has been able to identify new opportunities by aligning its business model with the SDGs.

Iberdrola: SDG Evaluation Tool

In 2020, half the companies in the PGC monitored their efforts in ESG matters, through the rankings, awards and certifications of three organisations: FTSE4GOOD (the IBEX 35 index), ISO (a family of management standards) and MSCI (an American finance company).

‘ESG investors have become noticeably stronger in the last two or three years.’

Juan Francisco Polo, Ferrovial

‘The ESG Committee is parallel to the Management Committee and it is made up of the company’s top managers.’

Núria Oferil, Colonial

Leading companies pay an increasing amount of attention to organisations oriented towards the verification of ESG issues

18.

19.
20. **The heterogeneity of disclosure frameworks for ESG issues poses the challenge to build shared standards for non-financial reporting, also linked to the SDG framework**

In January 2020, the International Business Council (IBC) of the World Economic Forum announced in Davos the publication of a new document about the need for some reporting framework standards for ESG criteria. This document, which we have referred to above and was drawn up with the collaboration of Deloitte, EY, KPMG and PwC, establishes that there is no single globally accepted indicator system for measuring the non-financial impact of large companies. This produces a gap in the cohesion of information disclosure, thus making it difficult for companies to explain their progress in sustainable development. The IBC concludes that it will be necessary to establish a set of standards to provide the ESG information that stakeholders of large companies expect.

‘GRI Standards enable you to make comparisons. However, not all the data are comparable. The activity carried out is one limitation, as is the makeup of each indicator and the syntax used by each company. Global standards are required.’

*Dulcinea Meijide, SUEZ España*

‘We have a lot of international shareholders. Which direction do we have to follow? What do big investors look at?’

*Carlos Krohmer, Colonial*

**SDG Action Manager**

SDG Action Manager is a framework that combines the B Lab impact auditing tool with the 2030 Agenda, to help companies perform a dynamic self-evaluation of impact-related matters to see how they affect society and the environment. Based on this analysis, the partner companies in the programme establish a series of targets to maximise their contribution to the achievement of the SDGs. SDG Action Manager can also be used to measure the results of the actions carried out and compare them with those of other companies.

‘GRI Standards enable you to make comparisons. However, not all the data are comparable. The activity carried out is one limitation, as is the makeup of each indicator and the syntax used by each company. Global standards are required.’

*Dulcinea Meijide, SUEZ España*

‘We have a lot of international shareholders. Which direction do we have to follow? What do big investors look at?’

*Carlos Krohmer, Colonial*
Despite the increase of the number of women in management positions, the figure is nowhere near equality criteria.

The revision of the CNMV’s Good Governance Code at the beginning of 2020 requests that the least represented gender on the boards of listed companies should reach at least 40%, and a larger number of female senior managers should be encouraged. Although 30% female senior managers in Spain is the best figure in recent years, the figure drops to 21% for the number of women on boards of directors and on governing boards. Despite this, the majority of companies in the PSC are still below these figures, and their level of ambition as regards this issue is not as high as would be expected.

Thirty nine percent of the company’s managerial positions are held by women, although we don’t think that the company’s diversity should be used for brand campaigns.

Thanks to our training programmes and courses, progress has been made with the number of women holding intermediate positions within the company. However, we haven’t made significant progress in senior management and the board of directors.

Our target is to fill 30% of the managerial positions with women. In our sector, it’s difficult to find STEM profiles.

Direct impact:
Investigation on how to close the gender pay gap
Improve workers’ well-being
Reduce inequalities suffered by workers in the company
Initiative created through partnerships with other companies

Indirect impact:

Repsol: ClosinGap

ClosinGap is a business cluster created in 2018 to study and fight against gender inequality in the Spanish private sector. Starting this year, Repsol has led the initiative within the field of work-life balance and co-responsibility, key concepts to give workers of both genders the same amount of time for their professional development. In addition to the publication of several studies linked to the gender pay gap, Repsol has established its commitment to this subject through different initiatives. Of special interest is the possibility to work from home, which is offered to all workers as a measure to achieve work-life balance. In 2018, 2,267 employees benefitted from this measure.

Repsol: ClosinGap

M. Luisa Martínez Gistau, CaixaBank
Miguel García, DKV Seguros
Arancha Díaz, Telefónica

CaixaBank: Bono social

In 2019, CaixaBank became the first Spanish bank to issue a social bond to fund projects that contribute to the SDGs. The entity is regarded as the first Spanish bank to offer an integrated sustainable-funding microcredit system based on social bonds that follow the guidelines marked by the Social Bond Principles (SBPs). This means that the bonds follow a different path to the bank’s other products and are dedicated to projects with clear social benefits, which are explained to investors in a transparent manner, and are publicly reported. The explicit purpose of SBPs is to fund projects that contribute to the SDGs.

Direct impact:
Funding for low-income families
Funding for SMEs so they may create jobs
Families obtain money to purchase basic products
People benefitting from the programme improve their economic and family well-being

Indirect impact:

Green bonds are financial products aligned with Green Bond Principles (GBPs), used to fund projects related to environmental sustainability. Some entities in the Spanish financial market believe that in order to fulfil the three aspects of ESG criteria, it is also necessary to invest in the creation of social bonds that follow the guidelines marked by the Social Bond Principles (SBPs).

In light of the growing interest in climate bonds, the financial sector is also demanding space for social bonds.

The most advanced companies are beginning to talk about the need to link sustainability with a more equitable distribution of business profits within the company itself.

In 2019, record figures were recorded in regard to pay differences within companies. The percentage difference between the average salary of staff and the senior management’s remuneration (123 times higher in the case of the IBEX 35 companies) shows signs of becoming a central issue linked to sustainability in the coming years. This is the perception of some of the people interviewed, who relate this issue to a broader debate on the need to advance towards stakeholder capitalism.

Companies will soon have an overall perspective of salaries, in which they will be better distributed and more equitable.

Juan Ignacio Pardo, Meliá Hotels
Begoña Muñoz, Colonial

Principles
Large companies can multiply their impact on society through their value chain

By acting on their value chain, companies have the opportunity to invite other players in the market to join the sustainable development movement, thus multiplying their social impact.

Some of the companies in the PGC carry out processes based on the SDGs to monitor their suppliers’ behaviour.

“We asked our suppliers for 18 ESG indicators. We evaluated them and classified them into three levels: high risk, medium risk and low risk.”

Antonio Fuertes, Naturgy

“Both purchases and the main contracts with an environmental risk are managed by way of an integrated quality and environmental management system, certified by the ISO 9001 and ISO 14001 standards.”

Annual accounts of CaixaBank S.A. p.86

“Iberdrola: Supplier questionnaire

Through a questionnaire given to a representative group of suppliers, Iberdrola established their priority SDGs. The study was driven by the company’s Sustainability Department, which identified the need to carry out a study to know the suppliers’ priority goals, in order to consider the formation of strategic partnerships with other players in the value chain.

The Procurement and Insurance Division also participated in the project, taking charge of launching the questionnaire, which included a brief introduction about the 2030 Agenda and the way it had been interpreted by Iberdrola. This was followed by a series of questions to be able to identify which SDGs were fundamental (material) for each supplier. It was established that the main goals were SDG 3 (Health and well-being), SDG 7 (Affordable and clean energy), SDG 12 (Responsible consumption and production) and SDG 13 (Climate action).

Colonial: Energy efficiency

Colonial has identified the energy efficiency of its buildings as a fundamental (material) issue for the company and its stakeholders. As a result, the company is implementing measures to guarantee achievement of the EU climate goals (2020) for this matter. Through actions aimed at improving the management of its properties, the company seeks to offer its customers real estate with a responsible, lower-than-average energy consumption. To meet this goal, Colonial is implementing strategies to optimise and reduce the buildings’ energy demand, improving the performance of equipment and low-emission energy production technologies (placing special emphasis on renewable energy in situ). These improvements are framed within the company’s Sustainability Master Plan to ensure their integration into the corporate strategy.

Energy efficiency is established as a common practice among companies, due to its sustainability and profitability

Energy efficiency in business activities is a savings measure that cuts a company’s costs. Furthermore, making less use of resources reduces the negative externalities associated with the running of an organisation.

Indirect impact:

Improvements in energy efficiency that have a positive impact on users’ well-being

Direct impact:

Commitment to combine the design of spaces with the use of high-quality materials to contribute to the development of sustainable cities
Partnerships between the public and private sectors

Digitalisation is a central process for all companies in the 21st century and it runs in parallel to sustainable development. The convergence of both trends is necessary to obtain the best return possible from new business models, improve efficiency, incorporate new technologies and make sure that the potential use of big data will have positive effects on issues such as transparency. In 2020, it would appear that the dynamics created by this relationship could be coherent and work to the benefit of both processes.

‘Nowadays, a digital transformation process is necessary in all companies. It will enable them to create a larger number of quality jobs through better training and increased employment stability. In addition, it will also make it easier to detect new business opportunities.’
Lourdes Ripoll, Meliá Hotels

‘At present, thanks to the group’s leadership in renewable energy, it is perfectly positioned to take advantage of the next opportunities, which include smart networks, storage and digitalisation, all of which are key factors of the transition towards a low-carbon, climate-resilient economy.’
Beerdona, Sustainability Report 2018, p. 63

‘We have a computer application that enables us to download the feedback from the boards of directors and think about which SDGs are associated with our activities and investments.’
Asunción Martínez, SUEZ España

Telefónica: Smart Cities

Smart Cities is a platform of digital services that puts some of the local councils in Spain in contact with their citizens, with the aim of bringing together all possible interactions between them. Telefónica transmits its knowledge of tools like open horizontal platforms, open data, the FIWARE platform or the internet of things to contribute to the development of the metropolitan digital ecosystem of innovation in selected cities. Thus converting them into smart cities.

Use of digitalisation to create sustainable cities
Partnerships between the public and private sectors

The purpose of this chapter is to evaluate the contribution of Spanish listed companies to the Sustainability Development Goals (SDGs) of the 2030 Agenda, through their disclosure practices and financial and non-financial reporting. The quantitative approximation follows the line that commenced in the 2017 and 2018 editions, and centres on the progress made by companies as regards sustainability, from a sector and time perspective, so as to analyse the changes that have taken place in recent years.

As a new feature for the 137 companies of the sample, the analysis of the annual reports considers the new context set out by Act 11/2018 on Non-financial and Diversity Information, which transposes Directive 2014/95/EU to the Spanish legal system. The approval of Act 11/2018 marked a turning point in the disclosure of non-financial information and raises the levels of transparency demanded from companies as regards reporting.
METHODOLOGICAL APPROACH

Analysis model

Our approach to the SDGs combines the concept of the classic triple bottom line of CSR with the model of ESG (environmental, social and governance criteria), arranged in a quadruple helix made up of four main dimensions: governance, society, economy and environment. Using this model, we have configured a consolidated system of indicators, mainly based on the Global Reporting Initiative (GRI), a reference standard in the business world. Our methodological focus has evolved since the first edition of the report in 2017: we have enriched the analysis process by incorporating the multiple connections between the targets and the SDGs, using a relational map and the indicator system has become more consistent due to aligning the indicators with the parameters defined in Act 11/2018.

Diagram: Evolution of the SDG analysis model

CONCEPTUAL FRAMEWORK

TRIPLE BOTTOM LINE (CSR) + ESG (ENVIRONMENT, SOCIETY AND GOVERNANCE) = QUADRUPLE PROPELLER

ANALYSIS PROCESS

SDGs

FIRST REPORT

SECOND REPORT

THIRD REPORT

3 SDGs

4 SDGs + TARGETS

4 SDGs + TARGETS + LAW

ANALYSIS

Process

Analysis of the targets of SDGs 7, 8 and 12

Identification and grouping of topics

Selection of central concepts

Analysis of the targets of SDGs 7, 8 and 12

Establishment of the interconnections between the targets of the SDGs

Linking of concepts and indicators with the targets of the SDGs


YEAR OF EDITION

2017

2018

2019

Diagram: Connection of the SDG Observatory analysis model with Act 11/2018 on Non-financial and Diversity Information

Source: Authors’ own compilation.

READING GUIDE

The connections indicate the relationship between SDGs and the specific goals of other SDGs.

Categories included in Act 11/2018

Categories not included in Act 11/2018
NEW FOCUS OF NON-FINANCIAL REPORTING: ACT 11/2018

Transposition of Directive 2014/95/EU on the disclosure of non-financial information to different EU Member States

On 22 October, the European Parliament approved Directive 2014/95/EU⁴³ on the disclosure of non-financial and diversity information applicable to certain large undertakings and groups, with the dual purpose of increasing transparency in said companies as regards social and environmental matters, as well as increase the trust of investors, consumers and society at large, through report-
ing their policies, results and risks.⁴⁴ It is the first initiative taken by investors, consumers and society at large, through report-
ing the Directive to the EU Member States:

Directive 2014/95/EU lays out a relatively undelimited European regulatory framework, in order to leave national governments room to act and enable them to establish specific measures to publish non-financial information based on their business practices. Thus, the 27 EU Member States have transposed this regulation to their respective national legal systems with different levels of requirements, depending on the number and type of company being addressed; the level of detail required in the report, the obligation, or not, to undergo external audits, the existence of a penalty system and the scope of application of the diversity policy.

Below is a description of the main conclusions from the comparative analysis of the different models used to trans-
pose the Directive to the EU Member States:

Definition of large undertakings: Nine of the 27 EU Member States adopt a broader definition of large undertaking than the one contained in the Directive. Consequently, in some cases, this increases the number of organisations under the obligation to report.

Definition of public interest entities: Twenty-two countries consider broader definitions than the one contained in the Directive to define a public-interest entity. Specifically, they extend the concept to other companies, besides credit and insurance entities. This significantly affects the number and type of company subject to the Act.

Content of the report: Eight Member States modify the content required in the Directive and incorporate new elements that must also be included in the reports.

External verification: Eight Member States require this review as part of the management report. In addition, companies must also report that the non-financial report has been verified and submitted, as set forth by the Directive.

Penalty system: Only three Member States have ruled out including penalties in their legal systems in the event of failure to comply with the regulation. Spain is one of the countries, together with the Netherlands and Estonia.

Diversity: Nine Member States extend the type of company subject to reporting obligations, or specify the elements upon which information must be provided.

The most demanding States as regards the transposition of the European Directive into national legislation are Denmark and Romania, whereas Finland is less restrictive, with a law similar to the text of the Directive.

Table: Summary of the transposition of the Directive into the legislation of EU Member States

<table>
<thead>
<tr>
<th>Country</th>
<th>Definition of large undertaking</th>
<th>Definition of public-interest entities</th>
<th>Reporting content</th>
<th>External verification</th>
<th>Penalty system</th>
<th>Diversity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td></td>
<td>✗</td>
</tr>
<tr>
<td>Belgium</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td></td>
<td>✗</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
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<td></td>
<td>✗</td>
</tr>
<tr>
<td>Croatia</td>
<td>✗</td>
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<tr>
<td>Cyprus</td>
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<tr>
<td>Czech Republic</td>
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<td>✗</td>
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<tr>
<td>Denmark</td>
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<td>Estonia</td>
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<tr>
<td>Finland</td>
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<tr>
<td>Germany</td>
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<td>Greece</td>
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<tr>
<td>Hungary</td>
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<td>Ireland</td>
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<td>Italy</td>
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<td>Malta</td>
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<td></td>
<td>✗</td>
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<td>Netherlands</td>
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<td>✗</td>
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<td>Poland</td>
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<tr>
<td>Portugal</td>
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<td></td>
<td>✗</td>
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<tr>
<td>Romania</td>
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<td>✗</td>
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<td>✗</td>
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<td>Slovakia</td>
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<td>Slovenia</td>
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<td>✗</td>
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<tr>
<td>Spain</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td></td>
<td>✗</td>
</tr>
<tr>
<td>Sweden</td>
<td>✗</td>
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<td>✗</td>
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<td>✗</td>
</tr>
</tbody>
</table>

Source: Authors’ own compilation based on the overview Member States implementation of Directive 2014/95/EU⁴⁵.
Transposition of Directive 2014/95/EU to adapt it to the Spanish legal system

With a delay of over a year, Royal Decree-Law 18/2017 transposed Directive 2014/95/EU into the Spanish legal system with content that was nearly identical to the Directive. In a second phase, on 29 December 2018, Act 11/2018 was published in the Official State Journal. Its content establishes a reporting framework of a more restrictive nature.

After carrying out the comparative analysis of Act 11/2018 and Directive 2014/95/EU, it is clear that the Spanish Act increases the level of specificity and requirements for companies in matters related to non-financial information and diversity. Below is a description of the most significant elements of the comparison between the Directive and the Spanish Act:

1. Expanding of the scope of application. The obligation to report non-financial and diversity information extends to more companies. In the case of Spain, the definition of public-interest entity is broader than in the text of the Directive and it encompasses all insurance companies, payment and electronic money institutions, pension funds that on the closure dates of two consecutive years have at least 10,000 participants, as well as investment services and collective investment institutions with over 5,000 customers or over 5,000 shareholders.

2. The definition of large undertaking is not modified. The Spanish definition of large undertaking coincides with the description contained in the European Directive.

3. Proposal of new reporting frameworks of reference. When companies submit non-financial information, they may base themselves on international frameworks, such as the Sustainable Development Goals of the United Nations, the Paris Agreement on Climate Change, the Social Accountability International SA8000 Standard or the adaptation to the Spanish legal system of the Eco-Management and Audit Scheme (EMAS).

4. Omission of information about specific matters. It is no longer possible to omit information related to facts when, in the justified opinion of the board of directors, the disclosure of said information could seriously damage the group’s commercial position.

5. The requirements of the external verification are not modified. It is still compulsory to submit an external verification report that specifies that the consistency of the disclosures has been verified as part of the review of the management report. In relation to the non-financial information statement, the auditor of the annual accounts must only verify their presence, but not their consistency.

6. The scope of the diversity policy is not modified. Listed companies are still obliged to report information about the diversity policy applied to boards of directors, company management and supervision.

7. No introduction of a penalty system. The Act does not provide for a penalty system, and neither does the Directive. However, it is worth noting that 24 EU Member States have considered including some kind of penalty in their legal systems.

8. Extension of the content of non-financial information. New elements are introduced about which companies are obliged to disclose information, as they incorporate aspects such as the circular economy, protection of biodiversity, work organisation, training and accessibility for people with disabilities. Additionally, information is included about environmental and social matters related to subcontracting and suppliers, conditions of consumers and the company’s tax matters. Indicators are specified for certain topics already included in the Directive, such as pollution, sustainable use of resources, climate change mitigation measures, employment and equality.

### Table: Content to report as a result of the transposition of Directive 2014/95/EU to the Spanish legal system

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>DIRECTIVE 2014/95/EU</th>
<th>DISCLOSURES PROVIDED FOR BY ACT 11/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pollution</td>
<td>Air pollution</td>
<td>Measures to prevent, reduce or repair carbon emissions that seriously affect the environment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Measures to prevent, reduce or repair noise pollution</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Measures to prevent, reduce or repair light pollution</td>
</tr>
<tr>
<td>Circular economy and waste management</td>
<td></td>
<td>Measures for prevention, recycling, reuse, other recovery methods and waste disposal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Actions to fight against food waste</td>
</tr>
<tr>
<td>Sustainable use of resources</td>
<td>Water consumption</td>
<td>Water consumption</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Water supply in accordance with local limitations</td>
</tr>
<tr>
<td></td>
<td>Use of materials</td>
<td>Consumption of raw materials and the measures adopted to improve efficiency of their use</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Direct and indirect energy consumption</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Measures taken to improve energy efficiency</td>
</tr>
<tr>
<td></td>
<td>Use of renewable and/or non-renewable energy</td>
<td>Use of renewable energy</td>
</tr>
<tr>
<td>Climate change</td>
<td>Greenhouse gas emissions</td>
<td>Important elements of greenhouse gas emissions generated as a result of the company’s activity, including the use of goods and services it provides</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Measures adopted to adapt to the consequences of climate change</td>
</tr>
<tr>
<td>Protection of biodiversity</td>
<td>Land use</td>
<td>Measures taken to conserve or restore biodiversity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Impacts caused by activities or operations in protected areas</td>
</tr>
</tbody>
</table>
### Table 03

#### Topic: Employment

**Directive 2014/95/EU**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Disclosures provided for by act 11/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number and distribution of employees, by gender, age, country and professional qualification</td>
<td></td>
</tr>
<tr>
<td>Employees with disability</td>
<td></td>
</tr>
</tbody>
</table>

#### Work conditions

<table>
<thead>
<tr>
<th>Topic</th>
<th>Disclosures provided for by act 11/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number and distribution of types of work contract, by gender, age and professional qualification</td>
<td></td>
</tr>
<tr>
<td>Number of dismissals, by gender, age and professional qualification</td>
<td></td>
</tr>
<tr>
<td>Average salaries and their evolution, broken down by gender, age and professional qualification or equal value</td>
<td></td>
</tr>
<tr>
<td>Gender pay gap, the salaries for equal or average work positions in the company, average salaries of board members and senior managers, including variable salaries, allowances, compensations, payments into long-term savings funds and any other payments, broken down by gender</td>
<td></td>
</tr>
</tbody>
</table>

#### Work organisation

<table>
<thead>
<tr>
<th>Topic</th>
<th>Disclosures provided for by act 11/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measures related to the organisation of working hours</td>
<td></td>
</tr>
<tr>
<td>Number of hours of absenteeism</td>
<td></td>
</tr>
<tr>
<td>Measures aimed at facilitating work-life balance and fostering both parents’ co-responsibility for childcare</td>
<td></td>
</tr>
</tbody>
</table>

#### Health and safety

<table>
<thead>
<tr>
<th>Topic</th>
<th>Disclosures provided for by act 11/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and safety conditions in the workplace</td>
<td></td>
</tr>
<tr>
<td>Work-related accidents, particularly their frequency and severity</td>
<td></td>
</tr>
<tr>
<td>Occupational diseases, broken down by gender</td>
<td></td>
</tr>
</tbody>
</table>

#### Social dialogue

<table>
<thead>
<tr>
<th>Topic</th>
<th>Disclosures provided for by act 11/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of employees covered by a collective bargaining agreement, by country</td>
<td></td>
</tr>
<tr>
<td>Balance of collective bargaining agreements, particularly in matters related to health and safety in the workplace</td>
<td></td>
</tr>
</tbody>
</table>

#### Social relations

<table>
<thead>
<tr>
<th>Topic</th>
<th>Disclosures provided for by act 11/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policies implemented in the training field</td>
<td></td>
</tr>
<tr>
<td>Total number of training hours, by professional categories</td>
<td></td>
</tr>
</tbody>
</table>

#### Accessibility

<table>
<thead>
<tr>
<th>Topic</th>
<th>Disclosures provided for by act 11/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Universal accessibility for people with disabilities</td>
<td></td>
</tr>
</tbody>
</table>

#### Equality and diversity

<table>
<thead>
<tr>
<th>Topic</th>
<th>Disclosures provided for by act 11/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measures adopted to promote equal treatment and opportunities between men and women</td>
<td></td>
</tr>
<tr>
<td>Design of equality plans</td>
<td></td>
</tr>
</tbody>
</table>

#### Diversity of competences and views of the members of administrative, management and supervisory bodies

<table>
<thead>
<tr>
<th>Topic</th>
<th>Disclosures provided for by act 11/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measures adopted to promote employment of diverse groups</td>
<td></td>
</tr>
<tr>
<td>Integration and universal accessibility for people with disabilities</td>
<td></td>
</tr>
<tr>
<td>Policies against discrimination of all kinds and, if applicable, diversity management policies</td>
<td></td>
</tr>
</tbody>
</table>

#### More diversified boards of directors

<table>
<thead>
<tr>
<th>Topic</th>
<th>Disclosures provided for by act 11/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>The board of directors must ensure that the procedures for selecting its members favour diversity, as regards matters such as age, gender, disability, training and professional experience, as well as ensuring there are no implicit biases that could entail discrimination of any nature and, in particular, it must facilitate the selection of board members in such a way that there is a sufficient number to obtain a balanced presence of men and women</td>
<td></td>
</tr>
</tbody>
</table>
ANALYSIS OF THE REPORTS OF 2018: IMPLEMENTATION OF THE SDGS IN SPANISH COMPANIES

Companies under study

The quantitative analysis is based on the Spanish companies that according to the operator Bolsas y Mercados Españoles (BME) were listed on the Spanish stock exchanges and markets during the 2018 financial period. The representative group includes 137 listed companies based in Spain, divided into six sectors: industry and construction, financial and real estate services, consumer goods, consumer services, energy, and technology. Therefore, foreign listed companies were not included, nor those that had suspended their activity. The selection of this edition’s representative group closed in July 2019, one month after the time stipulated by the Act. The period established for the publication of non-financial information is six months after closure of the financial year, without prejudice of the requirements for disclosing consolidated non-financial information.48

Distribution by sectors of the representative group of companies

The listed companies under analysis are very diverse as regards number of employees and turnover. The workforce is made up of an average of 2,311 employees, a number that ranges from three employees to over 200,000. The average turnover in 2018 was 750 million, ranging between 237,000 and 51,185 million. In total, these companies employed just over two million workers and had a turnover of 445,000 million.

Sources and quality of the information

Our study is based on easily accessible public information, which mainly comes from sustainability reports, annual and integrated reports, and CSR reports. Whenever we have been unable to access this information, we have obtained the data from other sources, such as the companies’ financial statements or their official websites.

The exercise mainly analyses the data published by companies; therefore, no additional process was carried out to verify the published information. It should be noted that the differences in the availability of information could limit the extent of our results. Since the first edition of our report in 2017, we have been warning that lack of information is a major obstacle when it comes to evaluating the indicators that measure companies’ contributions to the SDGs. As we will see below, the new regulatory context has not implied a substantial improvement in reporting practices. It needs to be stressed that companies usually report partial, incomplete and inconsistent data, which often prevents their comparison. This is especially relevant when evaluating quantitative indicators related to the environment (water consumption, energy efficiency, emissions, etc.) or economic performance (features of the staff, economic value generated and distributed, etc.).

Reading Guide

The information in Part III of this report has been organized around the areas of governance, society, economy and environment and different categories of analysis for each of these areas.

To illustrate the relationship of the SDG with our categories of analysis, a reference to the SDG in question and its goal has been placed in each section, along with the balance symbol, in the relevant cases, which indicates the obligation to report on the basis of Act 11/2018 on non-financial information and diversity.
DO COMPANIES INCLUDE THE SDGS IN THEIR REPORTS?

We present the contribution to the SDGs made by Spanish companies through their disclosure and information reporting practices, from a time perspective that enables us to analyze the principal changes occurring with respect to the information from the 2017 and 2018 editions, and their association with the new Spanish Act.

Limited impact of Act 11/2018 on Non-financial and Diversity Information

Despite the significant increase in the number of companies disclosing non-financial information compared to previous years, the quality of such information is far from perfect. Energy and technology companies are among the most advanced.

Priority, emerging and postponed SDGs

SDGs 8, 9 and 13 are still the most relevant for Spanish companies, in line with international trends.

The visibility of the SDGs continues to grow

The presence of the SDGs shows a clear upward trend with respect to the two previous years, although fewer than half the companies (47% of the reporting companies) include them in their annual report.

Strategic value of the SDGs

Of the companies that mention the SDGs in their reports align them with the company’s business

Presence of the SDGs in reports (% of companies that mention them): 2016, 2017 and 2018

Limited impact of Act 11/2018 on Non-financial and Diversity Information

41% Specify the publication of the non-financial information statement as required by Act 11/2018

18% Increases over previous years

41% Priority topics

Emerging topics for companies

Postponed topics

8 DECENT WORK AND ECONOMIC GROWTH
4 QUALITY EDUCATION
5 LIFE IN NATURE
10 WATER AND LIFE
2 CLIMATE CHANGE
14 WATER AND LIFE

Strategic value of the SDGs

71% Of the companies that mention the SDGs in their reports align them with the company’s business

Source: Authors’ own compilation

Basis 2016: 143; Basis 2017: 141; Basis 2018: 137.
Companies that publish non-financial information (% of total number of companies, 2016, 2017 and 2018)

Although companies are making progress with the accessibility of their practices for disclosing non-financial information, this is not the case as regards the quality of the information. In 2018, 70% of the companies publish non-financial information, representing an improvement with respect to 2017 (55%) and 2016 (50%).

In 2018, 70% of the companies publish non-financial information, representing an improvement with respect to 2017 (55%) and 2016 (50%).

Source: Authors’ own compilation
Basis 2016: 143; Basis 2017: 141; Basis 2018: 137.

Companies use different types of reports to disclose non-financial content, such as the annual report (28%), integrated report (20%), CSR report (15%) and sustainability reports (7%). The remaining organisations (30%) had not published their reports prior to the closure date of the information collection phase, in July.

Companies that present non-financial information, by sectors (% of companies of the total of each sector, 2018)

There are differences between sectors as regards non-financial reporting practices. Companies that produce consumer goods and those that provide financial and real estate services publish fewer non-financial reports.

A smaller proportion of companies that produce consumer goods, financial services and real estate companies publish non-financial information.

In compliance with the requirements of Act 11/2018 on Non-financial and Diversity Information, in 2018, a total of 57 companies submit their non-financial information statement, providing data on environmental and social matters, staff, human rights, bribery and corruption. Of these companies, 58% (33) published verification reports.

The SDGs and their connection with promoting bodies

The presence of the SDGs in reports is associated with membership of promoting bodies, such as the UN Global Compact, a relationship that was confirmed in previous editions of the report: they are mentioned by 70% of member companies, compared to 34% of signatory companies and 4% of non-participants.
Presence of the SDGs in reports

Companies that mention the SDGs in their reports
(% of total number of companies, 2016, 2017 and 2018)

The number of companies that include the SDGs in their reports increases by 18% in comparison to the first edition of the report. Even so, fewer than half the companies (65 companies: 47%) mention the SDGs in their reports, a percentage that rises to 66% among those listed in the IBEX 35. Sixty-five companies mention the SDGs in their reports, and 46 of them (71%) link them to their business strategy. This percentage represents an increase of nine percentage points with respect to the previous year (62%). This proportion is reduced to 33% based on the total number of companies analysed (137).

Only 14% of the companies (19) mention the SDGs in the letter from the president, a slightly higher percentage than the 9% of the previous year (13 companies). This detail seems to indicate that the SDGs still have a long way to go before companies’ senior management considered them strategic, a circumstance also noticed internationally.

In recent years, the presence of the SDGs has become widespread in all sectors. However, since the first edition of the report in 2017, the reports of energy companies and technology undertakings have shown a higher level of commitment; companies operating in the consumer services, industry and construction sectors also stand out, albeit to a lesser degree. However, the consumer goods, financial and real estate sectors have made little progress in this aspect.

Energy companies, along with technology companies, are showing a greater commitment to the presence of SDG in their reports.

Source: Authors’ own compilation.
Basis 2016: 143. Energy (10) / Industry and construction (36) / Consumer services (20) / Consumer goods (31) / Financial and real estate services (38) / Technology (9).
The SDGs with most presence in reports are: Goal 8 (Decent work and economic growth) with 37%, Goal 13 (Climate action) with 34%, Goal 9 (Industry, innovation and infrastructure) with 32%, Goal 4 (Quality education) with 31%, and Goal 7 (Affordable and clean energy) with 30%.

It is worth noting that Spanish companies appear to be paying greater attention to aspects such as quality education, gender equality, renewable energy, energy efficiency and reduced inequality. On the other hand, SDG 14 (Life below water) and SDG 2 (Zero hunger) are hardly relevant for companies: less than 15% include them in their 2018 reports.

The UN Global Compact draws up annual reports to evaluate the progress of companies participating in the adoption of its Ten Principles. The 2019 report stresses that 81% of the signatory companies report actions to support the SDGs. As in previous editions, the priority SDGs are Goals 8, 5 and 3. However, the least relevant SDGs are Goals 15, 2 and 14. On a national scale, the latest edition of the report from the UN Global Compact shows that 86% of the companies listed in the IBEX 35 include information about the SDGs in their sustainability reports.

On the other hand, the SDG Challenge 2019 report from PwC points out that 72% of the 1,141 companies analysed mention the SDGs in their reporting of non-financial information. The priority SDGs for the world’s largest companies are Goals 8, 12 and 13, while Goals 2, 14 and 1 stand at the opposite end. Other significant results drawn from this report are the following:

- Only a third of the companies (34%) that mention the SDGs link them to their business strategies.
- One in every five companies (21%) includes the SDGs in their president or CEO’s letter.
- Only 14% of the companies mention specific SDG targets. Of these, 8% report indicators to measure the progress made towards achieving the targets.

### Companies that mention the SDGs, by sectors (% of companies of the total of each sector, 2018)

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Goal 1</th>
<th>Goal 2</th>
<th>Goal 3</th>
<th>Goal 4</th>
<th>Goal 5</th>
<th>Goal 6</th>
<th>Goal 7</th>
<th>Goal 8</th>
<th>Goal 9</th>
<th>Goal 10</th>
<th>Goal 11</th>
<th>Goal 12</th>
<th>Goal 13</th>
<th>Goal 14</th>
<th>Goal 15</th>
<th>Goal 16</th>
<th>Goal 17</th>
<th>Goal 18</th>
<th>Goal 19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>23%</td>
<td>20%</td>
<td>19%</td>
<td>18%</td>
<td>17%</td>
<td>16%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
<td>13%</td>
<td>13%</td>
<td>13%</td>
<td>13%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Industry and construction</td>
<td>44%</td>
<td>40%</td>
<td>37%</td>
<td>37%</td>
<td>33%</td>
<td>32%</td>
<td>31%</td>
<td>31%</td>
<td>31%</td>
<td>31%</td>
<td>30%</td>
<td>30%</td>
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<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Consumer goods</td>
<td>44%</td>
<td>37%</td>
<td>37%</td>
<td>37%</td>
<td>37%</td>
<td>37%</td>
<td>37%</td>
<td>37%</td>
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<td>37%</td>
<td>37%</td>
<td>37%</td>
<td>37%</td>
<td>37%</td>
</tr>
<tr>
<td>Consumer services</td>
<td>67%</td>
<td>31%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
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<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Financial and real estate</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
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<td>33%</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>Technology</td>
<td>56%</td>
<td>34%</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
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<td>14%</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
</tr>
</tbody>
</table>

As reflected in the figure below, some SDGs, such as Goals 8, 9 and 13, are present throughout the six business sectors. However, others appear to be specific to only some sectors, namely:

- Energy companies prioritise SDGs 7, 8, and 13.
- Industry and construction do not focus especially on any SDG, although SDGs 8, and then Goals 3 and 9 have a greater presence.
- Consumer services give priority to SDGs 4 and 8.
- No SDG stands out in consumer goods and financial services, though generally they all have a very minor presence.
- Technology companies place importance on SDGs 9 and 13, together with SDGs 5, 7 and 8.

The SDGs 8, 9 and 13 have a widespread presence in all business sectors.
GOVERNANCE

Diversity in reporting, shared standards

The companies use diverse reporting methods to disclose non-financial information, although the majority follow the international reference standards to draw up their annual reports.

Pending issues related to transparency and accountability

There is a notable lack of transparency in the information provided by the companies under study, in relation to social and environmental responsibility of the value and supply chain, as well as human rights and the prevention of bribery and corruption.

Governance is the pillar supporting the social, environmental and economic dimensions. In this dimension, we include concepts related to the companies’ external governance, such as transparency, value and supply chains, human rights policies, the fight against bribery and corruption, and partnership networks.

The companies believe in partnerships for contributing to the SDGs

The collaboration of companies in projects linked to the SDGs is a practice that is becoming increasingly common: six out of every ten companies have established partnerships with other agents.

Value and supply chain

3/10 Specify their procurement policy and less than 10% explain their supplier management measures

9% Of the companies identify risks and impacts along the value chain

Human rights

10% Give details of risk management linked to the violation of human rights

Prevention of bribery and corruption

1/4 Reports its mechanisms for preventing bribery and corruption
Companies that participate in sustainability indexes (% of total number of companies, 2018)

The number of companies participating in sustainability indexes is low. In this report we focus on three indexes that are highly regarded in the business world: the Carbon Disclosure Project (CDP), Dow Jones Sustainability Index (DJSI) and FTSE4Good Index (FTSE4Good). In 2018, 36% of the companies (50) participated in at least one of the three indexes and, of these, 16% (21) participated in all three. Specifically, 34% of the companies (46) were included in the CDP index, 24% (33) in the FTSE4Good and 20% (28) in the DJSI.

The companies use multiple frameworks of reference for reporting sustainability information. It is important to emphasise that the use of the two indicators is not mutually exclusive. While the standards of the Global Reporting Initiative (GRI) are still the most widely used all over the world, and also by 77% of the companies analysed in this report, 31% of the companies use the model of the International Integrated Reporting Council (IIRC).

Adherence to international frameworks and standards

With the purpose of displaying their commitment throughout the value chain, the companies adhere to different international sustainability frameworks and standards.

- In 2018, 52% of the companies under study (70) indicate their adherence to the Ten Principles of the United Nations Global Compact.
- 14% (19) refer to the United Nations Guiding Principles on Business and Human Rights.
- 12% (17) mention the OECD Guidelines for Multinational Enterprises.
- 10% (14) of the companies state their adhesion to the Tripartite Declaration of Principles concerning Multinational Enterprises.
- Six companies refer to the ISO 26000 standard and only one mentions its adhesion to the Natural Capital Protocol.

Value chain

Only 35% of the companies provide information about their policies for controlling and managing risks related to the economy, society, environment, human rights, and bribery and corruption in their value chain. The energy and technology sectors stand out for their high reporting level, whereas the policies of the others are more opaque.
### Ethical and sustainable supply chains

#### Companies that report supplier management policies and procurement policies (% of total number of companies, 2018)

<table>
<thead>
<tr>
<th>Supplier management policy</th>
<th>Procurement policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>31%</td>
<td>41%</td>
</tr>
<tr>
<td>28%</td>
<td>9%</td>
</tr>
<tr>
<td>33%</td>
<td>58%</td>
</tr>
</tbody>
</table>

In order to analyse the supply chain, we focus on four indicators: supplier management policy, procurement policy, percentage of local suppliers and, lastly, the measures adopted for sustainability matters applied to transport.

In 2018, 72% of the companies (99) referred to their supplier management policies in their reports, although in the majority of cases they were only mentioned briefly. As a result, only three out of every 10 companies provide detailed information about the percentage of approved or evaluated suppliers. This proportion is very similar to the figure recorded in the 2017 and 2018 reports.

With respect to the procurement policy, only 42% of the companies (57) report information. Furthermore, the majority only make general references, without providing specific data or social requirements, such as gender equality.

As regards contracting local suppliers, only 31% of the companies (41) include information on the issue in their reports. This percentage has increased very little since 2017 (26%). The number of local suppliers contracted by most of the companies reporting data exceeds 80%.

Lastly, fewer than 10% of companies (12) report their measures to improve sustainability when it comes to transporting goods or materials.

Source: Authors’ own compilation. Basis 2018: 137.

### Respect for Human rights

#### Companies that report risk management policies linked to the violation of human rights (% of companies of the total of each sector, 2018)

<table>
<thead>
<tr>
<th>Sector</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>11%</td>
<td>7%</td>
</tr>
<tr>
<td>Energy</td>
<td>11%</td>
<td>15%</td>
</tr>
<tr>
<td>Consumer goods</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Consumer services</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>Industry and construction</td>
<td>31%</td>
<td>31%</td>
</tr>
<tr>
<td>Financial and real estate</td>
<td>33%</td>
<td>33%</td>
</tr>
</tbody>
</table>

The reports of 52% of the companies (71), representing just over half, mention the adoption of risk management policies linked to the violation of human rights, although the majority of them do not give details of their respective management systems. Looking at the different sectors, technology and energy companies stand out.\(^\text{16}\)

In relation to human rights training, in our study we distinguish whether it is addressed to employees or is focused on the value chain. In 2018, just under 20% of the companies (24) reported training data, a very similar percentage to previous years. Most of these companies organise training courses for their employees (18), while the remainder (6) offer courses to both employees and the value chain.

Source: Authors’ own compilation. Basis 2018: 137. Energy (9) / Industry and construction (35) / Consumer goods (6) / Consumer services (10) / Financial and real estate services (9) / Technology (9).

Only six companies provide human rights training to both employees and workers in the value chain.
Companies that report social projects and initiatives for addressing communities (% of companies of the total of each sector), 2018

Seventy-one percent of the companies being analysed refer to actions that have been carried out to contribute to the community or promote participation in social projects, with volunteering or grants. Half of these companies provide detailed information about the beneficiaries and the social investment made. The sectors that stand out above the rest in disclosure-related matters are technology and energy companies, together with consumer services.

One in every three companies (45%) refers to promoting initiatives to engage in conversations with the communities of the areas where they operate, although they do not specify which tools or channels they use. Energy companies stand out, as do, to a lesser extent, organisations from the industrial and construction sector. The better results of these sectors are largely due to the scale and impact of their operations.

Strategic collaborations and partnerships

In 2018, 61% of the companies establish partnerships with different players (11% more than the previous year). The most common partnerships occur within the private sector and foundations (79%), and between the private and public sectors (75%), whereas only half the companies have partnerships with the third sector, although there is a significant presence of those established by the energy sector and consumer services.

In 2018, the following results were significant regarding strategic partnerships with national and international organisations:

- 22 companies (16%) form part of Forética88 (18 in 2017)
- 19 (14%) are signatories of the Global Compact (20 in 2017)
- 15 (11%) are members of Fundación SERESIS88 (10 in 2017)
- 9 (7%) are members of the WBCSD88 (12 in 2017)

Companies that report procedures and regulations to prevent bribery and corruption (% of companies of the total of each sector), 2018

Nearly 65% of the companies (88) include information in their reports about the implementation of procedures and regulations to prevent bribery and corruption. Most of the companies give a brief explanation (41%) and only 23% (32) specify how they manage bribery and corruption prevention measures, and state whether these procedures are linked to the supply chain. At sector level, technology companies (78%) and industry and construction (69%) stand out.

Source: Authors’ own compilation.

Table. Companies that declare partnerships, classified by type of organisation (% of companies that declare partnerships in each sector), 2018

<table>
<thead>
<tr>
<th>Sector</th>
<th>Third sector</th>
<th>Public bodies</th>
<th>Foundations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>71%</td>
<td>86%</td>
<td>100%</td>
</tr>
<tr>
<td>Industry and construction</td>
<td>45%</td>
<td>80%</td>
<td>85%</td>
</tr>
<tr>
<td>Consumer goods</td>
<td>44%</td>
<td>78%</td>
<td>72%</td>
</tr>
<tr>
<td>Consumer services</td>
<td>75%</td>
<td>75%</td>
<td>83%</td>
</tr>
<tr>
<td>Financial and real estate services</td>
<td>43%</td>
<td>67%</td>
<td>71%</td>
</tr>
<tr>
<td>Technology</td>
<td>33%</td>
<td>67%</td>
<td>67%</td>
</tr>
<tr>
<td>Total</td>
<td>50%</td>
<td>75%</td>
<td>79%</td>
</tr>
</tbody>
</table>

**Source:** Authors’ own compilation.

**Basis 2018:**
- Energy (9) / Industry and construction (35) / Consumer services (30) / Consumer goods (18) / Financial and real estate services (35) / Technology (9)
SOCIETY

The social dimension considers aspects related to decent work, respect for human rights, as well as diversity, inclusion and non-discrimination policies.

Apparent quality and stability in employment

The information disclosed by the companies about their staff reflects working conditions that contrast with the current reality of the Spanish job market.

There is a predominance of indefinite contracts and employees working full time, and staff turnover is low.

- 86% of the employees have an indefinite contract
- 88% work full time
- 12% average turnover

The pending commitment to diversity and equality in companies

Equal opportunities policies have become widespread among companies (66%), although only a few report their mechanisms for encouraging equal salaries (27%) or explain their non-discrimination procedures when hiring staff (25%).

Measuring the gender pay gap is quite a challenge for companies, especially considering the new context of the disclosure of non-financial information.

- 42% of the companies report quantitative indicators for differences in their staff’s salaries

Moderate increase in work-life balance

An increasing number of companies refer to their policies for achieving work-life balance (84%), although the quality of the information is deficient.

Few companies specify the measures they have adopted.

- 54% reports quantitative indicators

Parity is a long way off

Gender asymmetry in the workforce of the companies under analysis remains the same as in previous editions of the report.

The presence of women in senior management is not advancing fast enough.

- 30% companies being analysed had a female representation of 30% or higher
Decent work and social dialogue

The working conditions in the companies under study reflect relative stability as regards recruitment, although only seven companies indicate the percentage of subcontracted workers.

There is a predominance of indefinite contracts (an average of 86%) and full-time contracts (88%); the average seniority of the workforces is relatively high (11.4 years) and there is a moderate movement of employees, in terms of recruitment and turnover. Few companies report data about the latter.

42% of the companies studied (58) refer to collective bargaining procedures to inform, consult and negotiate with employees.

<table>
<thead>
<tr>
<th>Sector</th>
<th>% Indefinite Contract</th>
<th>% Full Time</th>
<th>Average Seniority (years)</th>
<th>Recruitment Rate</th>
<th>Staff Turnover Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>97%</td>
<td>98%</td>
<td>15.3</td>
<td>2%</td>
<td>9%</td>
</tr>
<tr>
<td>Industry and construction</td>
<td>79%</td>
<td>88%</td>
<td>7.5</td>
<td>8%</td>
<td>17%</td>
</tr>
<tr>
<td>Consumer goods</td>
<td>82%</td>
<td>82%</td>
<td>11.0</td>
<td>19%</td>
<td>14%</td>
</tr>
<tr>
<td>Consumer services</td>
<td>83%</td>
<td>87%</td>
<td>15.3</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>Financial and real estate services</td>
<td>98%</td>
<td>90%</td>
<td>11.0</td>
<td>11%</td>
<td>9%</td>
</tr>
<tr>
<td>Technology</td>
<td>84%</td>
<td>90%</td>
<td>10.7</td>
<td>6%</td>
<td>11%</td>
</tr>
<tr>
<td>Total</td>
<td>86%</td>
<td>88%</td>
<td>11.4</td>
<td>10%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Source: Authors’ own compilation.

Child labour and forced labour

In 2018, only 38% of the companies (53) referred to the measures adopted to eradicate child labour and forced labour. Practically all of these provide very basic information, without specifying the kind of practices carried out. Despite the low percentage, it is 10% higher than in 2018.

Level of coverage of the companies’ collective bargaining agreements (% of companies that report it). 2018

There is limited information about the coverage of collective bargaining agreements. Only 42% of the companies analysed (57) indicate the percentage of employees covered by a collective bargaining agreement. The figure is ten percentage points higher than the one recorded in the previous edition of the report (2018).

The information available shows a high level of coverage. In two out of every three companies, over 75% of the staff are covered. It is worth noting that, general speaking, the companies only report the coverage figures corresponding to their staff in Spain.

Source: Authors’ own compilation.

Basis 2018: % indefinite contracts (80); % full time (46); average seniority (26); recruitment rate (28); staff turnover rate (53).

ILO policies

High: more than 75% of the workforce covered by collective bargaining agreements.
Medium: between 50% and 75% of the workforce covered by collective bargaining agreements.
Low: less than 50% of the workforce covered by a collective bargaining agreement.
companies under study are women.

There is a scant presence of women on boards of directors: only six companies of the 110 that provide this information (5%) have a female representation on their boards of directors of 40% or more. This proportion places listed companies in a position that is far from reaching a balanced presence of men and women, which was the goal set by the Equality Act of 2007, although it never became a compulsory regulation. Nevertheless, we should point out that 16% of the companies record percentages higher than 30%, the threshold established as the target for 2020 in the CNMV’s Good Governance Code. In recent years no significant progress has been made in this regard and the situation still far from ideal.

As a new feature, this edition includes the measures implemented to achieve parity in a company’s board of directors. Of the 137 companies analysed, 62 (45%) refer to the matter in their reports, although the majority do not provide specific details.

As regards the presence of women in senior management positions, the situation is similar to the one described above, as the percentage of female senior managers exceeds 30% in barely 20% of the companies.

The glass ceiling

According to the report published by European Women on Boards (EWoB), a non-profit association supported by the European Union, the average female representation on the boards of directors of the principal European companies reaches an average of 33%, below the threshold of 40% set by the European Commission. The EWoB Gender Diversity Index is based on the analysis of the companies of STOXX Europe 600, a stock index covering 17 European countries. In 2019, only 30 of all the companies analysed (less than 5% of the total) were close to having gender-balanced leadership, whereas 53 had male-dominated boards. Only 28 of these 600 organisations had a female CEO and 99 had a woman in the top leadership positions (17% of the total).
Companies that report on their diversity, inclusion and non-discrimination policies (% of total number of companies). 2018

The most habitual diversity policies are equal opportunities (91 companies: 66%), followed by practices to end pay discrimination in recruitment (34 companies: 25%) and, lastly, pay discrimination (37 companies: 27%). This result is an improvement on the two previous editions of the report. Nevertheless, the majority of companies usually provide general information about the purpose and scope of the measures, without including quantitative indicators in their reports.

Companies in the technology and energy sectors provide the most information, followed by industrial and construction enterprises. On the other hand, the indicators of the consumer goods and services sectors, together with financial services, are the least transparent.

Companies that report information on the gender pay gap (% of companies of the total of each sector). 2018

In 2018, 42% of the companies analysed include data on pay differences and, of the 58 reporting companies, 62% (36) give details of the average salaries for each position, breaking down the information related to men and women. They also mention variable salaries, whereas the remaining 38% (22) do not give details of the difference between positions, although they report differences between genders.

Companies in the technology and energy sectors provide the most information, followed by industrial and construction enterprises. On the other hand, the indicators of the consumer goods and services sectors, together with financial services, are the least transparent.

Work life balance

Just over half the companies under study (74 companies: 54%) report the measures adopted to encourage work-life balance, although very few (15) give details of these measures. For example, they mention flexible hours or breastfeeding facilities in work centres.

Very few companies analysed (33 companies: 24%) give information about staff leave, and just over half of these provide specific information about rates of return. These figures have not varied substantially with respect to the first edition of the report (2017).

Prevention of violences

Only three out of every 10 companies (48) have a protocol in place for preventing, detecting and acting in cases of sexual harassment in the workplace. Eighty-eight percent of these companies (42) do not provide information about the communication and execution of these protocols.

Have a protocol in cases of sexual harassment at work

Source: Authors’ own compilation.
For the economic dimension, we consider aspects related to sustainable growth, innovation, digitalisation and the adoption of circular economy principles. As a new feature, this year we include two new blocks of indicators: taxation and the decarbonisation of the economy.

**Commitment to fight against tax fraud but lack of transparency**

The consensus of companies in the fight against fraud contrasts with the lack of transparency of the information reported with respect to this matter.

- **52%** The companies declare that they have paid their taxes
- **46%** Declare they operate in tax havens
- **1/5** Report their profits

**Limited information on the circular economy and the decarbonisation of the economy**

Recycling (56%) and reuse (47%) are becoming common practice in companies, whereas practices for repairing, remanufacturing or extending a product’s life are still at a rudimentary stage.

- **56%** Recycling
- **47%** Reuse
- **47%** The companies use renewable energy in their production processes

Companies have room for improvement as regards their contribution to decarbonisation.

**Digitalisation advances at an uneven pace**

The digital transformation process has advanced further through process monitoring and the use of big data in the case of 40% of the companies, and through the creation of new services and products, mentioned by 37% of the companies.

- **40%** Of the companies they use Big Data
- **37%** Mention new services
There is still very little information about economic performance. Only 32% of the companies (44) report figures for economic value generated, and 28% (39) for value distributed. In 2018, the companies’ total activity generated a value of over 259,000 million in 2018.

### Economic value generated and distributed by the companies that report data (in millions of euros), 2018

#### Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Economic value generated</th>
<th>Economic value distributed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>77,937,7</td>
<td>72,443,7</td>
</tr>
<tr>
<td>Industry and construction</td>
<td>66,680,6</td>
<td>62,754,8</td>
</tr>
<tr>
<td>Consumer goods</td>
<td>26,677,8</td>
<td>9,086,2</td>
</tr>
<tr>
<td>Consumer services</td>
<td>3,296,4</td>
<td>2,841,5</td>
</tr>
<tr>
<td>Financial and real estate</td>
<td>74,317,2</td>
<td>29,404,8</td>
</tr>
<tr>
<td>Technology</td>
<td>10,720,5</td>
<td>36,239,1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>259,639,2</strong></td>
<td><strong>212,769,0</strong></td>
</tr>
</tbody>
</table>


The disclosure of information on tax-related matters is insufficient. In the 2018 financial year, only 26% of the companies (36) report data about their profits, broken down by country, while just over half (71) declared paid taxes, also with figures broken down by country. Lastly, 29% of the companies (39) report public subsidies they had received.

### Taxation

Practically all the companies in the representative group (87%) affirm that they follow a tax policy or strategy, although no further explanation is given in their reports. It is significant that a similar proportion of companies (86%) state their commitment to the fight against tax fraud, although in the majority of cases only a brief explanation is provided. In this regard, only 46% of the companies report their presence in tax havens.

This section is based on indicators that give information about the application of monitoring tools, improvement of efficiency and production, creation of new ways to contact customers and innovate services and business models. In 2018, the results were similar to those of previous editions, and are reproduced below:

- 40% of the companies have tools to monitor their processes or they use big data.
- 37% state that digitalisation has implied an improvement in terms of efficiency and productivity.
- 37% have created new services and products related to digitalisation and 27% have established new ways to contact customers.
- 24% report that they have created new business models.

### Use of sensors

<table>
<thead>
<tr>
<th>Year</th>
<th>Use of sensors</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>46%</td>
</tr>
<tr>
<td>2017</td>
<td>46%</td>
</tr>
<tr>
<td>2018</td>
<td>44%</td>
</tr>
</tbody>
</table>

### Improved efficiency

<table>
<thead>
<tr>
<th>Year</th>
<th>Improved efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>46%</td>
</tr>
<tr>
<td>2017</td>
<td>46%</td>
</tr>
<tr>
<td>2018</td>
<td>37%</td>
</tr>
</tbody>
</table>

### Ways to contact customer

<table>
<thead>
<tr>
<th>Year</th>
<th>Ways to contact customer</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>36%</td>
</tr>
<tr>
<td>2017</td>
<td>27%</td>
</tr>
<tr>
<td>2018</td>
<td>27%</td>
</tr>
</tbody>
</table>

### New services

<table>
<thead>
<tr>
<th>Year</th>
<th>New services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>12%</td>
</tr>
<tr>
<td>2017</td>
<td>36%</td>
</tr>
<tr>
<td>2018</td>
<td>37%</td>
</tr>
</tbody>
</table>

### New business models

<table>
<thead>
<tr>
<th>Year</th>
<th>New business models</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>15%</td>
</tr>
<tr>
<td>2017</td>
<td>29%</td>
</tr>
<tr>
<td>2018</td>
<td>24%</td>
</tr>
</tbody>
</table>

Source: Authors’ own compilation. Basis 2016: 143; Basis 2017: 141; Basis 2018: 137.
Circular economy

Levels of adoption of circular economy principles
(% of total number of companies, 2016, 2017 and 2018)

It appears that the principles of the circular economy – reuse, repair, recycle, extend the product’s life and remanufacture – are still a pending issue for the companies under study, as 41% do not refer to the matter. Twenty-three percent of the companies that mention the subject indicate that they have applied at least two of the five principles to their policies; 20% have adopted three principles and fewer than 5% have adopted four. Since the first edition of the report, no reference has been made to measures to remanufacture products.

Circular economy indicators
(% of total number of companies, 2016, 2017 and 2018)

In line with the previous editions, recycling and reuse are the most usual practices among the companies; 56% of the companies refer to recycling and 47% refer to reuse. Nearly 25% of the companies report measures to extend a product’s life and a lower proportion mention repair actions.

Decarbonisation of the economy

There is insufficient information on the decarbonisation of the economy, specifically about indicators related to the sustainability and efficiency of companies’ production processes.

In 2018, 47% of the companies stated that they used renewable energy to produce goods and services – especially in the case of energy companies – and just over half (52%) stated that they apply energy efficiency measures. Fewer than 20% of the companies (one out of every five) have electrified their production processes. Only 23% of the companies invest in R&D to reduce their carbon footprint and one out of every five invest in technology to improve processes and products. Only 15% of the companies report their investments in sustainable or e-mobility.
ENVIROMENT

The environmental dimension occupies a special place in the business world. On the horizon of the 2030 Agenda, companies are facing important challenges related to energy efficiency, renewable energy, waste management and the reduction of greenhouse gas emissions. We identify the indicators that measure the environmental impact of business activities and enable us to evaluate the companies’ contribution to the SDGs.

Limited and heterogeneous information in the environmental report

Although we have better quantitative indicators than in the two previous years, the amount of information disclosed is still insufficient to be able to evaluate companies’ performance in environmental matters.

Good level of reporting on environmental policies

Three out of every four companies report initiatives to protect the environment, as well as collaborations in different projects to mitigate the impact of their activities.

The challenge to reduce emissions and decarbonisation

Reporting on greenhouse gas emissions has improved with respect to the two previous years, although the practice is not widespread among all the companies. Of the companies have implemented emission monitoring mechanisms and only three out of every 10 organisations declare that they have reduced their emissions.
Companies that report energy consumption and intensity indicators

There is limited information about energy efficiency: in 2018 only 45% of the companies provide data on consumption and 34% on energy intensity. Even so, compared to 2016 and 2017 data, there is an improvement in the data of the consumption indicator, although there is no change in the indicator of energy intensity.

Only 31% of the companies (42) report data in relation to the reduction of energy consumption. The percentage is similar to that of the 2018 report (35%). Twenty-five companies declare that they have not managed to reduce their energy consumption; 14 of these companies offer brief explanations on the subject and only one justifies its failure to reduce consumption with specific information. The remaining 10 companies do not provide information related to this matter.

In 2018, the total energy consumption of the 61 companies reporting data reached 503.5 million MWh. Classified by sectors, 87% of the consumption (435.8 MWh) corresponds to energy companies and 10% (just over 53 million) to the industrial and construction sector. The other companies contribute with the remaining 3%.

Source: Authors’ own compilation

Basis 2016: 143
Basis 2017: 141
Basis 2018: 137

Renewable energy

The proportion of companies reporting the consumption of renewable energy has grown compared to the previous edition of the report (an increase of 9%). Even so, the information is still limited, as only 44% of the companies (60) report information of this nature.

Classified by sectors, a significant number of energy companies (six out of nine) report their consumption of renewable energy. In the other sectors, the values do not reach 50%; in proportion, technology companies tend to omit this information (three out of nine).

Source: Authors’ own compilation.

Basis 2016: 143
Energy (10) / Industry and construction (36) / Consumer goods (31) / Consumer services (20) / Financial and real estate services (38) / Technology (9).

Basis 2017: 141
Energy (9) / Industry and construction (36) / Consumer goods (31) / Consumer services (21) / Financial and real estate services (35) / Technology (9).

Basis 2018: 137
Energy (9) / Industry and construction (35) / Consumer goods (30) / Consumer services (19) / Financial and real estate services (35) / Technology (9).
Companies that report the waste management measures they have adopted, classified by type (% of total number of companies). 2016, 2017 and 2018

Nearly two thirds of the companies analysed (88 companies: 64%) report their waste management measures, while just over 40% (56) disclose information about the management of hazardous waste.

Although the proportion of companies providing information about these indicators has increased with respect to previous years, most of the companies continue to report in a trivial manner; that is, without referring to issues such as the body responsible for waste management, the volume of waste generated, the treatment carried out and its valuation.

Companies that report greenhouse emissions (% of total number of companies). 2016, 2017 and 2018

In 2018, 47% of the companies analysed (65) report information about scope 1 emissions, while fewer of them reported on scope 2 (56 companies: 41%) and scope 3 emissions (36 companies: 26%). Thirty of the 137 companies (21.9%) provide information about other types of emissions, such as sulphur and nitrogen oxides.

Only 31% of the companies provide information about reducing emissions, which represents a slight drop with respect to the previous edition. It must be pointed out that only 10 companies provide information in this regard.

In 2018, 16 companies reported purchasing certificates, a similar number to the figure recorded in the two previous editions.

Using available information, for illustration purposes we have calculated the volume of gases produced by the companies under study. For each type of emissions and from a sector-based perspective, the following information is significant:

- The 65 companies reporting scope 1 emissions generate a total of 104 million tonnes of CO₂. Over half the emissions (56.4 million) are produced by six companies from the energy sector, and nearly 30% (32.8 million) by 11 consumer service companies. Industrial and construction companies (19) generate approximately 12% (12.2 million).
- The 56 companies reporting scope 2 emissions generate a total of 35.9 million tonnes of CO₂, which mostly come from four energy sector companies (55.9 million, 80% of the total) and, to a lesser extent, nine companies from the industrial and construction sector (10.9 million, 15% of the total).
- The 36 companies reporting scope 3 emissions generate a total of 70 million tonnes of CO₂, which mostly come from four energy sector companies (55.9 million, 80% of the total) and, to a lesser extent, nine companies from the industrial and construction sector (10.9 million, 15% of the total).
Companies that report on environmental policies and programmes

Three quarters of the companies (103) report actions aimed at protecting the environment. Compared to the previous edition of the report, the number of companies addressing this matter has grown. The data of a significant percentage of the reporting companies include neither details about the actions nor the investment figures; the organisations only mention their collaborations with bodies and entities that work in this field.

Nearly 45% of the companies (61) report their water consumption, a slightly higher proportion than in previous editions of the report, in which the figure was around 38%. It is worth noting that only nine companies provide data on recycled water consumption and 11 companies report consumption of reused water.

It is interesting to see how data on water consumption varies greatly depending on the nature of the sector, since consumption is much higher in companies from the industrial and construction sector (30,841.8 million m³; out of a total of 32,457, representing 95%), whereas the companies that consume the least amount of water are from the financial sector (4.8 million m³) and the technology sector (0.8 million m³).
Throughout this report we have placed special emphasis on the importance of the private sector, specifically companies, as essential change agents for accelerating the implementation of the 2030 Agenda in Spain. As a guide, the SDG Observatory presents a list of rules with 10 points for reflection and action to achieve the SDGs by 2030.

**THE 10 TRANSFORMATION RULES**

1. **Companies are co-responsible for leading the transformation to reach the inclusive and sustainable development described in the goals of the 2030 Agenda.**

2. **The involvement of senior management is essential to provide purpose, vision, and ambition in their responsibility for leading sustainable companies of the 21st century.**

3. **It is necessary to align the 2030 Agenda and the SDGs with our companies’ purpose, strategy, and business model, taking advantage of their innovation capacity.**

4. **It is necessary to take advantage of the potential of partnerships (SDG 17) to provide value to society as a whole and the planet.**

5. **Companies need to act to slow down the climate crisis and reduce their carbon footprint, using the potential of the circular economy and digitalisation.**

6. **It is essential to place sustainability within business governance models and all business practices and decision-making.**

7. **Companies need to adopt an integrated approach, focused on performance management.**

8. **Investing in employees is necessary, in order to correct and avoid gender inequalities and encourage cultural diversity within a company.**

9. **Companies must advance to achieve fair and ethical treatment within or organisations, in the supply chain and in relations with other organisations.**

10. **It is indispensable to make reporting a common practice for all companies. Reports must be prepared in a comprehensive manner, using the basis of indicators and international standards of quality. Good reporting not only enables people to make informed decisions, it also improves reputation, the confidence of stakeholders themselves and the capacity to appeal to young talent, it attracts capital, and it improves the quality of dialogue with other social agents.**

**Business leadership is crucial for achieving the SDGs and fulfilling the Paris Agreements. In view of the current state of emergency on the planet, companies must be co-responsible for providing and implementing solutions for global problems and use their innovation capacity to convert the SDGs into business opportunities.**

Companies are firmly committed to sustainability and the SDGs within the organisation as a whole. The recognition of CEOs’ capacity to convey social and environmental change has acquired greater importance in recent years. In order to tackle today’s global challenges, we need a consolidated generation of CEOs who are capable of guiding their companies on the basis of authenticity and transparency, and are firmly committed to sustainability and the economic paradigm shift.

A company’s activity has to focus on generating shared value, combining economic value with social progress and respect for the environment. Sustainability must be placed at businesses’ centre of reflection and action, orchestrating their main strategic pillars and socialising the SDGs within the organisation as a whole.

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Companies’ contribution to sustainability has to go beyond the limits of the organisation. They must collaborate with the public authorities, civil society, and communities where they operate. The local value provided to stakeholders needs to be completed with a broader view of generating value for society as a whole and the planet (global impact).

Companies need to advance towards governance models that incorporate sustainability criteria. Among other features, this implies: ensuring the establishment of training courses, so board members and senior managers may acquire appropriate skills in this field; integrating sustainability into all business practices and decision-making, and linking the remuneration criteria. Among other features, this implies:

- Including training to enable workers to acquire benefits other than salaries. These benefits must include training to enable workers to acquire the necessary knowledge and skills to adapt to an ever-changing world. It is necessary to foster the values of diversity, inclusion, dignity and respect from within the company.

- Companies have to put a stop to cultural and gender inequalities, they must compensate their workers fairly, and provide them with benefits other than salaries. These benefits must include training to enable workers to acquire the necessary knowledge and skills to adapt to an ever-changing world.

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- All companies have to treat suppliers and the other organisations with which they operate in a fair and ethical manner. For this purpose, they must incorporate the recommendations given by the OECD and other international organisations for risk analysis and compliance practices.

- Companies must activate immediate measures to fight against the climate crisis, with the purpose of successfully limiting global warming within the near future. This implies consolidating the path towards energy transition and exploring all the possibilities offered by the circular economy and digitalisation.

- Companies must stop focusing their performance analyses (risks and opportunities) exclusively on financial assets. It is also necessary to integrate materiality analyses, all elements linked to social and natural capital, thus being both profitable and sustainable.

- Companies need to adopt an integrated approach, focused on performance management.

- Investing in employees is necessary, in order to correct and avoid gender inequalities and encourage cultural diversity within a company.

- Companies must advance to achieve fair and ethical treatment within or organisations, in the supply chain and in relations with other organisations.

- It is necessary to align the 2030 Agenda and the SDGs with our companies’ purpose, strategy, and business model, taking advantage of their innovation capacity.

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Sustainable Development Goals Observatory

The SDG Observatory is a partnership (SDG 17) between stakeholders committed to the SDGs who represent different approaches and generate different modes of social impact (SDG-aligned business leadership, social debate and public awareness-raising, knowledge generation, etc.), promoted from the cities of Barcelona and Madrid.

The main objective of the Observatory is to facilitate the commitment of the private sector to the Global Agenda, acting as a point of reference and source of inspiration, and to offer support in the field of sustainable development.

Origin and definition of the SDGs

On 27 September 2015, after a long multi-stakeholder work process, the governments of the member countries of the General Assembly of the United Nations approved the Sustainable Development Goals (SDG). The document is entitled Transforming our world: the 2030 Agenda for Sustainable Development.

The 17 SDGs take concrete form through 169 targets, and bring together the three dimensions of sustainable development: the economic, the social and the environmental.

The SDGs are ambitious objectives that seek to provide coordinated guidance for collective worldwide action over the period 2015-2030. The aim of the Agenda is to adopt measures to solve the major problems facing the planet, put an end to poverty and inequality, protect the environment, encourage sustainable development, and guarantee peace and prosperity for everyone, with “no one left behind”.

The SDGs express and establish, for the first time, a set of common universally applicable and verifiable objectives. Responsibility for these objectives rests with governments, business and civil society in general, on the understanding that they are an opportunity to reinforce dialogue between all of them and to contribute to their responsible, collaborative, coordinated action in partnership.

The SDGs are not mandatory, but 193 states undertook to apply them when they signed the UN resolution, and have also deployed a series of incentives to involve the private sector, from microenterprises to multinationals.
The interview with the PGC are carried out every two years and include representatives of: the European Commission, the European Parliament, the OECD, Survive, Femal, And the Observatory’s analysis model does not include some of the requirements contained in the Act, due to the lack of information from Spanish listed companies.

For an analysis of the tax behaviour of the companies that make up the IBEX 35, see the report "Global company tax rate" by Deloitte.

The cluster is made up of Merck (the promoter of the initiative), Reap, Mapfre, Vodafone, Melia, L’Oréal, Mahou San Miguel, Solán de Cabras and BMW.

These are televoting, the minimum world fair-balance, flexible working time, legal consultations, company services and telephone psychological support.

Caicas’s bank’s Social bond has a volume of €1.000 million that Microbank (an entity created in 2007) loans for projects that contribute to the achievement of the SDGs. It is to be paid back in 10 years to beneficiaries and families with an income of under €1.700. This funding is used to fund jobs for the most vulnerable, contribute to local needs, and to cover basic needs. In 2018, Caicas’s official offices obtained 91%, in the maximum energy efficiency rankings of the LED and/or BREEAM certifications.

In 2017, the European Commission published a communication of a non-regulatory nature, titled "A renewed EU Agenda 2011-14 for Corporate Social Responsibly", where special attention was paid to improving companies’ disclosure of social and environmental information, and the need was expressed to develop a mix of co-regulatory measures for non-financial reporting. Later, in 2013, the European Commission published a communication on non-financial and diversity information, and in 2014 it approved Directive 2014/95/UE of the European Parliament and of the Council, with the purpose of promoting the publication of non-financial information by public-interest entities such as non-profit organisations, management and supervisory bodies, referring to aspects such as age, gender, environmental policies, etc. This diversity policy is applied there is compulsory to justify the reasons.

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The Natural Capital Protocol is a standardised framework based on a series of principles and practices that guide companies on how to assess and manage the natural capital they depend on or generate. It was developed by the International Union for Conservation of Nature (IUCN) and the World Business Council for Sustainable Development (WBCSD), and was last updated in 2017.

Scope 3 gases are direct emissions. They include industries in vehicles, consumption of fossil fuels in stationary facilities, use of biomass, refrigeration and heating (HVAC) systems, etc. Scope 3 gases are indirect emissions from the generation of purchased energy, such as electricity consumption or renewable energy installations. Scope 3 are also other indirect emissions from products and services purchased by other companies. Other indirect sectors are also covered by Scope 4 (carbon dioxide) and Scope 4 (nitrogen oxides).

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