

# CONTRIBUTION OF SPANISH ENTERPRISES TO THE SUSTAINABLE DEVELOPMENT GOALS



SDG  
Observatory

EXECUTIVE SUMMARY



**ESADE**

RAMON LLULL UNIVERSITY

LEADERSHIP  
AND DEMOCRATIC  
GOVERNMENT  
FACULTY

 "la Caixa" Banking Foundation

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1

## CREDITS

OBSERVATORY DIRECTOR:

**ÀNGEL PES**

RESEARCH TEAM:

**ÀNGEL CASTIÑEIRA**

**LILIANA ARROYO**

**FERRAN CURTÓ**

RESEARCH COLLABORATORS:

**ISABEL NADAL**

**ALBA ROVIRA**

**JULIANA CHIVA**

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01. Overview of the SDGs and the 2030 Agenda | PAGE 04
02. Main conclusions regarding the contribution of Spanish enterprises to the SDGs | PAGE 05
03. Recommendations for the application of the SDGs by enterprises | PAGE 11
04. Datasheets | PAGE 13



**Àngel Pes**  
Deputy CEO of CaixaBank  
and President of Global Compact  
Network Spain

## FOREWORD

The United Nations resolution of September 2015 “*Transforming our world: the 2030 Agenda for Sustainable Development*” establishes the 17 Sustainable Development Goals (SDG), which seek, with the motto “no one left behind”, to eradicate poverty, reduce inequality and care for the environment (General Assembly of the United Nations, 2015).

The United Nations include enterprises among the agents that will make it possible to attain the SDGs of the 2030 Agenda, because they are considered to be essential for economic development. The SDGs, together with the COP21 agreements on climate change (Paris, 2015), should serve as a compass to guide the strategy of companies with a long-term vision. Making them a reality depends on government, enterprise, consumers and civil society working together to foster this programme proposed by the United Nations.

The SDGs set forth a plan to advance towards a much more responsible world economy that is inclusive with people and the planet. They are based on the conviction that humanity can progress towards sustainable development because it has innovative capacity and institutions to make it possible. Twenty-first century enterprises committed to the progress of the society in which they operate must explore alternatives to establish their business strategy along the lines of the United Nations SDGs.

“La Caixa” Banking Foundation accepts this challenge in its strategic plan and also wants to contribute to spreading the SDGs among the Spanish companies. To this end they have created the SDG Observatory, with the aim of evaluating the contribution of Spanish enterprises towards reaching these goals. The Observatory will also give voice to experiences carried out by Spanish companies anywhere in the world that are exemplary for their contribution to the SDGs.

In order to endow the Observatory with maximum methodological rigour, we have joined forces with ESADE, who are entrusted with the research work and the preparation of the annual reports, following the highest academic standards. This report, which will be produced on a yearly basis, is the first outcome of this agreement.

The SDGs are universal. They cross borders and are relevant to labour relations, markets and the community alike. We are convinced that enterprises cannot prosper in a world of poverty, inequality, uncertainty and environmental stress, and for this reason they have a vital interest in helping the 2030 Agenda to happen.



*Stakeholder capitalism understands enterprises as social institutions in which the different stakeholder groups commit their resources with the aim of together attaining more ambitious objectives than simple profit maximisation. From this standpoint, the enterprise is a social institution that should be based on relationships of trust and commitment, not just complex and always incomplete contractual frameworks.*

**Jordi Gual**, President of CaixaBank

# 1

## OVERVIEW OF THE SDGs AND THE 2030 AGENDA



The SDGs represent **the best answer** to today's challenges and foster a transformation aimed at generating an inclusive prosperity, respectful of people and the planet.



The SDGs are also **the most promising roadmap for the future of humanity**. They have been agreed at an unprecedented historic moment in which several trends favouring sustainable development come together.



**The involvement of the private sector** in the implementation of the 2030 Agenda for Sustainable Development is a **great opportunity** for forward-looking companies willing to develop the new lines of business that are necessary to make it happen.



The SDGs should serve as a **compass** to guide the strategy of companies with a long-term vision and a commitment to society.



The SDGs show us an **alternative strategy** for long-term growth. This possibility is only achievable with the involvement of enterprises and their full identification as lead players of a **new development model** that proposes to do much more while consuming fewer resources.



This roadmap combines a **holistic view of the shared challenges**, a proposal for **work in partnership** and a **practical commitment** to achieve the goals set.

# 2

## MAIN CONCLUSIONS REGARDING THE CONTRIBUTION OF SPANISH ENTERPRISES TO THE SDGs

### In the light of the reports

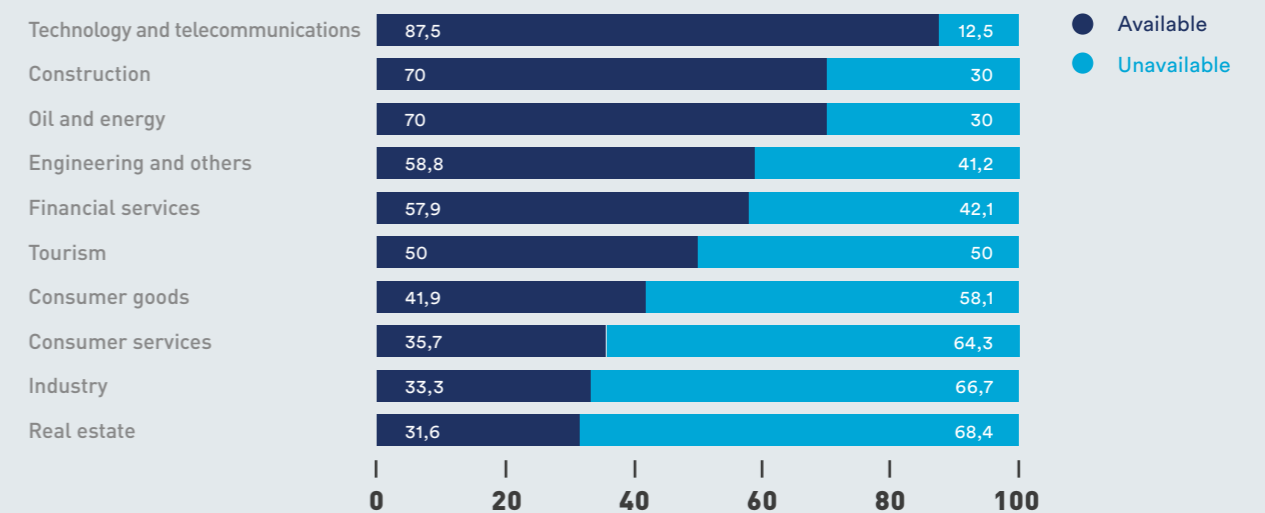
The SDGs **feature little in the annual reports** of Spanish listed companies (listed in 2016). Only half the companies analysed provided information other than exclusively financial.

Reports analysed according to type of information available (% of total companies selected)



**The SDGs that feature most highly** are numbers 8 ("Decent work and economic growth"), 13 ("Climate action") and 9 ("Industry, innovation and infrastructure").

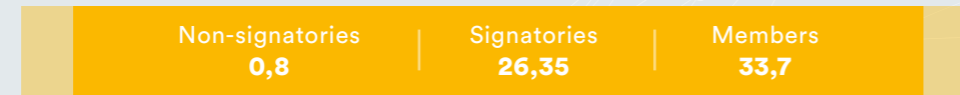
Importance of the SDGs for companies (% of companies that mention them)





Companies with links to promoting bodies (such as Global Compact Network Spain) show better results as regards transparency and the will to incorporate the SDGs into their reporting.

Mention of the SDGs in reports according to linkage with GCNS (% of companies out of total analysed)

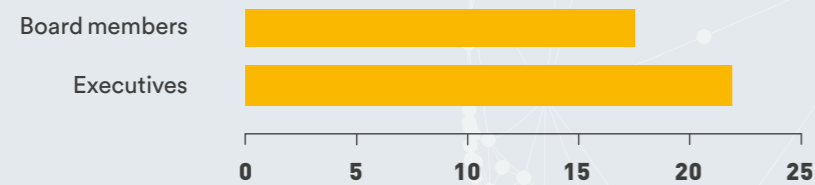


The degree of commitment to the SDGs is closely related to each sector's level of criticality (the extent to which the SDGs affect companies' core business), technology being that of least risk and energy the most critical. Of the companies analysed, 64% are currently engaged in strategic alliances and bodies with a view to contributing to the SDGs.

Remuneration policies are opaque (SDG 8: "Decent work and economic growth"), as is economic value distributed (especially in terms of taxation and return to the community).

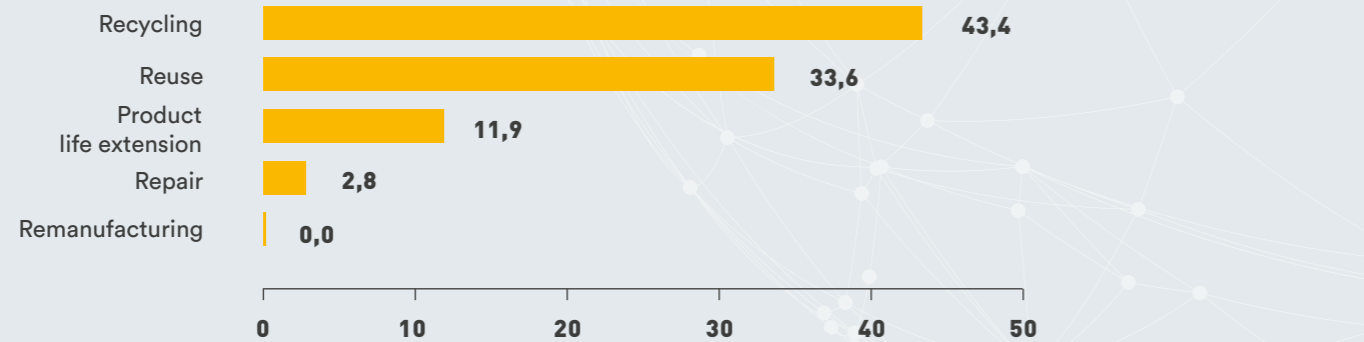
Only 22% of executive positions are held by women, and the proportion of women board members is even lower (equality and non-discrimination policies). In no case do they meet the minimum requirements established by the Equality Law.

Proportion of women board members and women executives (average percentage per company)



Adoption of the principles of the circular economy is still in its infancy. The most widespread measures are recycling and reuse, but some disruptive changes such as remanufacturing are yet to arrive on the scene.

Level of adoption of each of the principles of the circular economy (percentage of companies implementing policies)



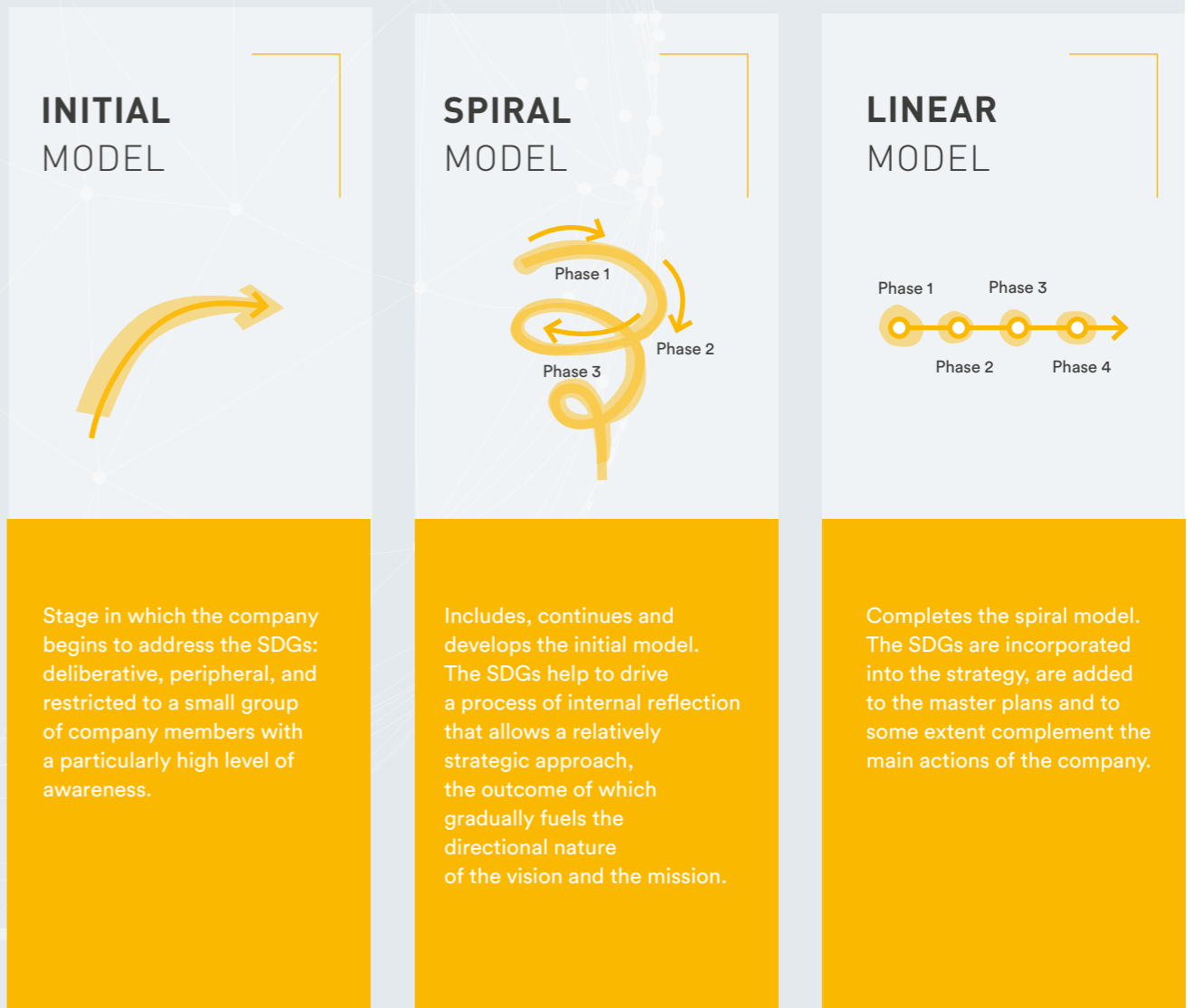
Information regarding energy efficiency and waste, discharge and emission management is deficient and varies widely depending on the sector. In this field there is a notable commitment to the use of renewable resources.

### In the light of the interviews

There are five main factors explaining the connection and contribution of the 11 companies selected to the SDGs:

1. Prior involvement in the MDGs
2. Participation in bodies related to the Global Compact
3. Convictions of their senior management
4. Influence of the sector
5. Demands and expectations of stakeholder groups

We can observe three interlinked models for the path taken by companies with regard to the SDGs:





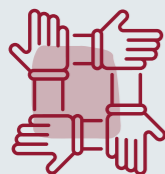
**Most of the companies carry out an SDG translation and adaptation process that leads them to focus on a certain number of SDGs or their targets.**

- ▶ A distinction is often drawn between priority or immediate SDGs on the one hand and secondary or tangential ones on the other.
- ▶ The distinction is based on impact criteria and consistency with existing initiatives.
- ▶ The most frequent SDGs in the companies interviewed are those related to climate change (SDGs 13 and 7) and decent work (SDG 8), followed at a distance by those related to partnership (SDG 17) and education (SDG 4).
- ▶ All the companies interviewed use the measurement systems proposed by the Global Reporting Initiative (GRI) or combine them with scales of their own.



**The presence of the SDGs in the corporate culture of Spanish enterprises, even the most advanced ones, does not yet pervade their business strategy.**

- ▶ In order to assess the importance of the commitment to the SDGs, we evaluate the presence of the five attributes of the leading enterprises (intention, ambition, consistency, collaboration and transparency).
- ▶ With regard to the companies interviewed, three types of response to the SDGs are modelled and identified according to the level of proactivity: anticipation, adaptation and reaction.
- ▶ In this respect, we have found that 75% of the group of pilot enterprises are adaptive and that the contribution to the SDGs is spreading to all of them, whereas companies that either anticipate or simply react are the exception.



**The 11 firms interviewed generally participate in many partnerships, because they see them as strategic elements for achieving the SDGs, and are already obtaining highly positive results.**

**A number of opportunities and responsibilities have been identified regarding their contribution to the SDGs:**

OPPORTUNITIES	RESPONSIBILITIES
— They allow the company a better positioning	— When their activity has a cross-cutting impact (e.g., water, energy, financial activity), companies feel entreated
— They improve stakeholder groups' perception of the company	— Companies are required to accept responsibilities beyond specific impacts, considering global challenges and proposing how to mitigate them
— They help to focus on global contextual challenges that affect all companies	— Need to be aware of inclusive services
— They provide an external element of reflection on contributions that in some cases were already being made, but not in a conscious and coordinated way	— Need to generate a paradigm shift in the contribution made by the company and how it is measured
— They favour the need for integration to ensure that it is not merely an aesthetic element	— Need for the sector to join forces, e.g., in terms of standards in the supply chain
— They encourage others to join in and create responsible enterprises to make a better world	— Need to take on the role of a global agent, a corporate citizen
— They make internal and external communication more consistent, uniform and comparable	— Need to incorporate the habit and the conviction of integrated reporting (accountability)
— They turn problems into business opportunities or a chance to innovate (e.g., managing inequalities or waste, or favouring universal access to goods or services)	— Need to design tools, processes and projects in terms of strategy, linked to future challenges

In addition to opportunities, the companies set forth a series of factors that interfere when adopting and contributing to the SDGs. In this connection, they draw a distinction between facilitating factors and factors that act as a barrier, and between internal and external factors.

	FACILITATORS	BARRIERS
<b>Internal factors</b>	— The SDGs having credibility	— Lack of knowledge and support from management
	— The SDGs being a well-known language, present in the companye	— Difficulty in converting the SDGs into instruments for strategic decision making
	— Clear conviction and vision from presidency	— The SDGs being peripheral, non-core factors
	— Knowledge of the business by the person (or unit) in charge of the SDGs	— Difficulties and lack of tools and methodologies to explain the SDGs internally
	— Establishment of standardised protocols and methodologies in each country where they operate	— Absence of persons in charge or lack of scheduled time to dedicate to the SDGs
	— Approval of SDGs coinciding with review of strategic plan	— Cognitive dissonance within the company
<b>External factors</b>	— Contextual challenge derived from a crisis or a critical incident (the need for a paradigm shift becoming evident)	— Doubts as to how to start and in connection with action protocols
	— Investors (and other stakeholder groups) voicing expectations in connection with the SDGs	— Difficulties in measuring the intangible
	— A common language and new scenarios for action shared with other companies and organisations	— Different and non-comparable measurements
	— Peer pressure within the sector	

### 3

## RECOMMENDATIONS FOR THE APPLICATION OF THE SDGS BY ENTERPRISES

### Learning to focus and prioritise the contributions

In the light of the results and taking several reports as a point of reference, we propose the following **considerations and recommendations**:

01. The SDGs are not aimed only at large corporations; SMEs too can and should contribute to them.
02. Not all the SDGs are equally relevant for the firm. It is essential to understand the SDGs properly, identify those that affect each of the company's business areas directly, and know where they can really provide value.
03. Adopting a strategic focus for the SDGs, the first thing to do is to assess the current, potential, positive and negative impacts that the company's activities have on the SDGs throughout the value chain (from raw materials and suppliers, for example, to distribution, product use and end of product life). This will help to identify where positive impacts can be scaled up and where negative impacts can be reduced or avoided.
04. As company resources are limited and must be optimised, it is preferable to select and prioritise only certain SDGs and targets, and avoid dispersion.
05. It is important to establish simultaneously the link between the SDGs and corporate strategy and the link between the SDGs and the best contributions and impacts the companies can have in the regions where they operate.
06. The construction of a smooth and inclusive relationship with the company's stakeholders, both external and internal, is crucial for this process.
07. It is also important to develop, both internally and externally, communication policies to explain what type of contribution is being made at present and is intended for the future.
08. Enterprises need to have measurement and evaluation systems or indicators related to their contributions to the SDGs.

## ADOPT AN ORDERLY ACTION PROCEDURE ESTABLISHING THE FOLLOWING:

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>01. Which SDGs the company will work on and why</li> <li>02. How the SDGs will (or will not) be integrated into corporate strategy</li> <li>03. What resources will be available to carry out this task consistently and sustainably in the long term</li> <li>04. What priority activities will be carried out</li> <li>05. What partnerships will be established with which players</li> </ul> | <ul style="list-style-type: none"> <li>06. What results are expected and within what timeframes</li> <li>07. What impacts will be achieved</li> <li>08. What indicators will be used to measure these impacts</li> <li>09. How the activity carried out will be periodically reported</li> <li>10. Which unit will take care of leadership, monitoring, commitment and fulfilment of the SDGs throughout the organisation, etc.</li> </ul> |
|---|--|

## AVOID THE MOST COMMON MISTAKES AND LEARN FROM GOOD PRACTICES

In order to avoid the SDGs contributing to corporate greenwashing (or SDG-washing), i.e., companies not doing what they claim to be doing or doing less than they claim to be doing, some reports set forth the most common mistakes and propose a list of good practices regarding impact measurement and reporting:

### MOST FREQUENT MISTAKES

- Rewriting reports while business is run as usual; i.e., without making any real change
- Adjusting the goals to initiatives that were already under way internally
- Leaving negative aspects out of the reporting
- Evaluating inputs/outputs instead of outcomes/impacts
- Using inconsistent reporting methods and indicators instead of producing transparent, accurate and consistent reports with the SDG goals and indicators, allowing credible progress monitoring

### RECOMMENDED GOOD PRACTICES

- Commitment to comprehensive quantification of impacts and target setting:
  - Set ambition in line with best practice
  - Make sure negatives are part of the equation
  - Include value chain impacts in the reporting
  - Involve relevant stakeholders in the process
- Make good use of third-party verification and certification:
  - Credibility
  - Accuracy and comparability
  - Avoidance of greenwashing (or SDG-washing)
  - Certification of impacts by a credible agent
  - Civil society recognition
  - New revenue streams
- Embed SDG quantification and reporting into internal decision-making processes



## DATASHEETS



**SDG  
Observatory**



# SUSTAINABLE DEVELOPMENT GOALS OBSERVATORY

The SDG Observatory is a partnership (SDG 17) between actors committed to the SDGs representing various approaches and generating different modes of social impact (SDG-aligned corporate leadership, social debate and public awareness, knowledge generation, etc.), based in Barcelona and Madrid.

The main aim of the Observatory is to facilitate commitment by the private sector to the Global Agenda, by acting as a benchmark and source of inspiration, and to give support in the field of sustainable development.

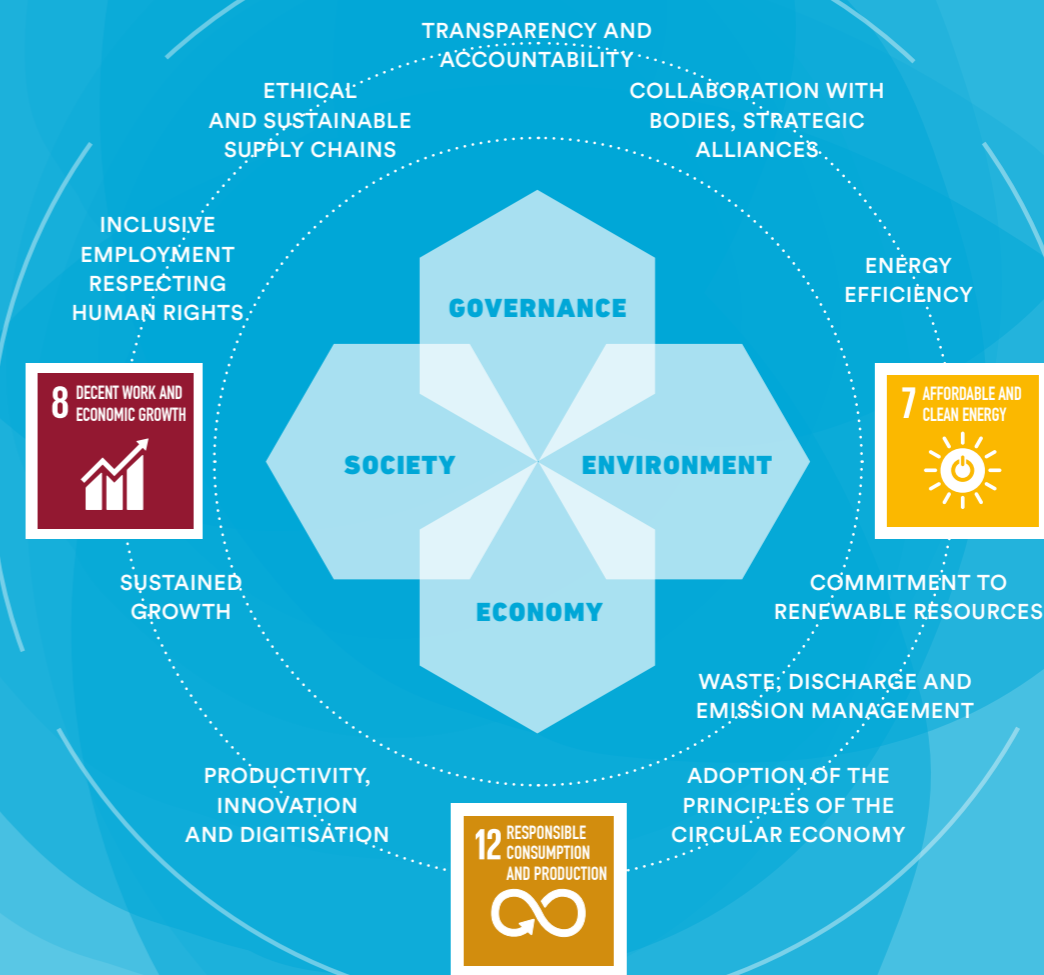
## SDG OBSERVATORY

Focused on the long term (2030 Agenda)



## THE MISSION OF THE OBSERVATORY IS:

01. To improve the understanding and conceptualisation of the nature and forms of the role taken by the private sector in its contribution to the achievement of the SDGs.
02. To conduct cross-sectional and longitudinal observation of the fulfilment of the SDGs by a relevant and sectorally representative group of Spanish enterprises.



This experience of dynamic collaboration makes it possible to improve knowledge of the SDGs, optimise their practical application, especially by Spanish enterprises, by bridging the habitual gap between academia and business, and monitor over time their evolution and achievements, through the periodical publication of reports and the convening of forums for debate and reflection.



## 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 (UNO) approved the Sustainable Development Goals (SDG). The document in question 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 next 15 years in order to adopt measures to combat 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

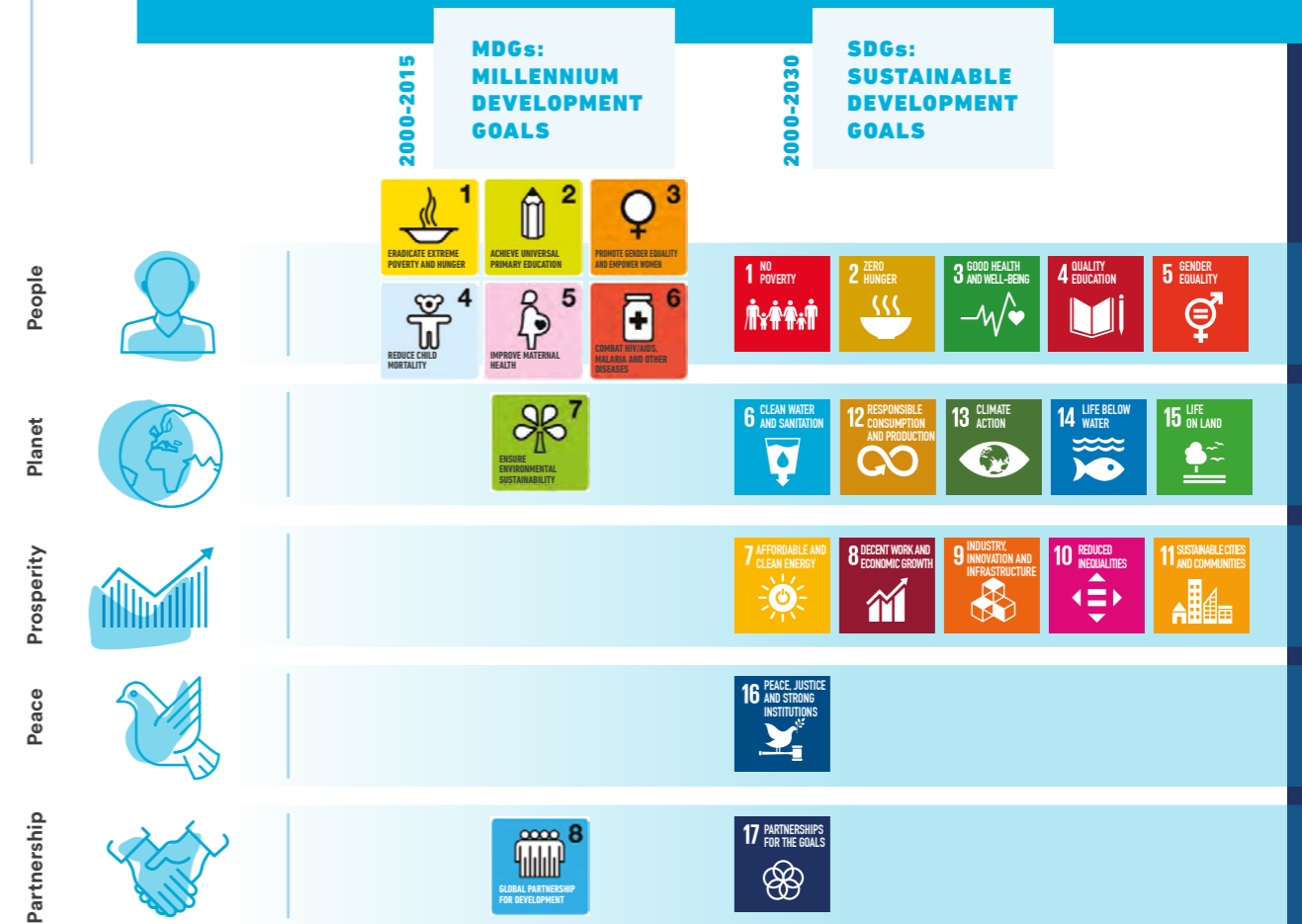
Responsibility for these objectives rests with governments, business and civil society in general, on the understanding that they are an opportunity to reinforce dialogue between all of them and to contribute to their responsible, collaborative, coordinated action in partnership.

The SDGs are not mandatory, but 193 states undertook to apply them when they signed the UNO resolution. A series of incentives have also been deployed to involve the private sector, from microenterprises to multinationals.



## FROM THE MDGs TO THE SDGs

The SDGs lead on from and extend the 8 Millennium Development Goals (MDGs) and their 18 corresponding targets, proposed by a UNO technical panel for the period 2000-2015, focusing mainly on developing countries.



## THE LEADING ROLE OF BUSINESS

The United Nations Organisation considers business to be a key player for achieving the SDGs, both locally and globally.

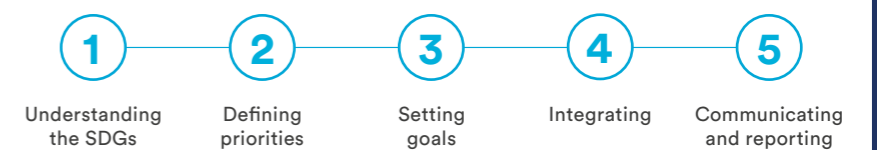
The Global Compact is the United Nations initiative that has the mandate to get the SDGs across to the private sector and make it possible for enterprises to contribute to their fulfilment.

Through reports like *SDG Compass: A Guide for Business Action to Advance the SDGs*, companies are recommended to follow a five-step action process: (1) Understanding the SDGs; (2) Analysing their possibilities and defining their priorities; (3) Setting a programme for action, establishing indicators and publicly announcing the commitment made to the SDGs; (4) Integrating the programme into the company, and (5) Reporting and communicating the achievements.

In the justification of the involvement of companies in the SDGs, an appeal is made not only to their responsibilities to society but also to a reason of corporate strategy: the new business opportunities that the SDGs will represent in sectors that will be key in the future world economy.

### FIVE STEPS

To help companies maximise their contribution to the SDGs\*



\* Based on *SDG Compass: A Guide for Business Action to Advance the Sustainable Development Goals*.

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### Companies interviewed

**CaixaBank:** Sandra González and Meritxell Ripoll; **DKV:** Silvia Agulló and Alicia Bové; **Ferrovial:** Cristina Moral; **Gas Natural:** Antonio Fuertes; **Iberdrola:** Ramón Mancheño, Miguel Ángel Muñoz and Mónica Oviedo; **Inditex:** María Morell and Carlos Piñeiro; **Inmobiliaria Colonial:** Carmina Ganyet, Carlos Khromer and José Luis Pérez; **Meliá Hotels:** Lourdes Ripoll; **Repsol:** Patricia del Val; **SUEZ España:** Alicia Alemán, Dulcinea Mejjide and Nerea Plaza; **Telefónica:** Arantxa Lorenzo, Elena Valderrábano and José M. Bolufer

### Advisory Board

Joan Batalla (FUNSEAM), Ignasi Calvera, Àngel Font and Josep Ollé (Fundación Bancaria “la Caixa”), Maite Costa (UB Chair of Energy Sustainability), Enric Fernández, Estel Martín and Meritxell Ripoll (CaixaBank), Isabel Garro (REPM), Rafael Vilasanjuán and Leire Pajín (ISGlobal)

### ESADE

Daniel Arenas, Ignasi Carreras, Eva Jané, Josep M. Lozano, Pep Mària, Janette Martell and David Murillo

## FULL REPORT

This document contains only a brief summary of an exhaustive investigation conducted throughout 2017 by ESADE using quantitative and qualitative methods.

For an enhanced understanding and justification of the various subject areas, we recommend the reader to download the full document from the link below:

Download the full document in Spanish.



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