SUSTAINABILITY REPORTING USING INTEGRATED REPORTING AND SUSTAINABLE DEVELOPMENT GOALS (SDG). THE CASE OF IBEX 35 COMPANIES.

Abstract: In this paper there is a general glimpse in the Integrated Reporting and in the Sustainable Development Goals as tools for sustainability reporting. In the second part we offer an analysis of the application of both guidelines in the case of the companies included in the IBEX 35 of the Spanish stock exchange market.

Purpose: The purpose of this paper is to outline two general landmarks of sustainability reporting: Integrated Reporting (IR) and Sustainable Development Goals (SDG), and offer a general glimpse about their use in the case of the companies included in the IBEX 35.

Design/methodology/approach: The approach is to outline a presentation of IR and SDG, and make a review of their use for a set of outstanding Spanish companies.

Originality/value: This paper offers a general view on a subject that is a challenge for entities oriented to the implementation of sustainability in their values and also in their reporting.

Keywords: Integrated reporting, IIRC & Sustainability reporting.

JEL Codes: M14: Corporate Culture • Diversity • Social Responsibility. M41: Accounting

INTRODUCTION

Today, decision makers, companies and other organizations have the information they need to change the way they operate, but this information often goes unused. Information alone, therefore, does not necessarily lead to change; it can only do so if it is used in decision-making processes that are guided by a vision. Leaders – companies, NGOs, regulators and other stakeholder groups – have a role to play in creating a vivid image of our desired future. By establishing audacious goals, reporting organizations share their aspirations for a future that they may not have imagined possible.

Although the exercise of measuring and reporting has other purposes – such as to inform companies and their stakeholders about the impacts business activities have on people and the environment, and to help companies understand and manage risks, foresee opportunities and improve performance – the most important purpose is to measure and report towards a sustainable economy.

But evidence shows that both reporting on sustainability impacts and the decision-making processes that disclosure informs will have to evolve if they are to promote the changes we need to make in the next decade to achieve – or even get close to – a sustainable economy.

There are two forms of corporate social responsibility (CSR) programs: the kind where corporate leaders talk a lot about what their firms are doing (but don't actually do very much or generate much impact), and the kind where socially responsible activities are being carried out on a material scale and significant results are actually being achieved. Sadly, at this stage in our history, there is still far too much of the former—and not nearly enough of the latter.

The reasons for this are not far to seek. First, there are some payoffs from just talking about CSR or running low-impact CSR programs—critics can sometimes be mollified and stakeholders reassured if a firm develops and describes a small collection of well-intentioned and plausible-sounding "citizenship" initiatives. Second, going beyond a few simple, nice-sounding initiatives to develop significant programs that build both business and social value is much more difficult than it might appear.

Ultimately, the real policies of an organization are not what its leaders say they are; the real policies are what the people in the organization are actually doing. It is easy for corporate leaders to talk about the “business case for social responsibility”—the idea that doing things in a way that improves social and environmental outcomes will also build greater business value (often with the caveat “. . . in the long run”)— but talking about it is a far cry from making it be what is actually happening throughout the firm.

So, if you do actually want to make social responsibility be what your firm is doing, what do you need to do? You will need to articulate a combination of business, social, and environmental goals and then build structures, systems, and procedures within your firm that will focus attention on the combined goals—and enact your stated policy by embedding it in the ongoing actions and decisions of the firm. Unless and until the wide range of consequences of business activities—impacts on customers, revenue, markets, cost, social conditions, and environmental outcomes—are viewed at the same time and within the same discussions and analyzed and examined with the same rigor, CSR-related programs will remain sideline, non-strategic, secondary activities.

DESIGNING SUSTAINABILITY DISCLOSURE TO PROMOTE CHANGE

Today, transparency – or disclosure of corporate sustainability information – is common practice across a variety of industries. As of this writing, CorporateRegister.com lists over 100,000 sustainability reports across more than 16,000 organizations covering nearly every aspect of corporate behavior. But the cause-and-effect relationship between reporting and emission reductions, today's proliferation of sustainability reports begs the question: is corporate sustainability reporting in its current format truly driving results?

The main problem with today's version of transparency is its breadth. We measure almost everything that can be measured. Not only is it impractical for companies to manage this large scope of issues, but reporting on a dizzying array of topics can obscure important issues by overemphasizing the merely interesting. This is not to say that transparency reporting is wrong, or to discount the gains that have occurred because of it. The issue, rather, is whether we are reaping enough of a return on our investment in corporate sustainability reporting.

But while transparency can drive comparison – and action – too much transparency can, ironically, work against the end goal of improving performance. Today's sustainability ratings address factors ranging from environmental emissions to the diversity of the workforce to the compensation of the CEO. These myriad measurements, summed up under the umbrella of "environmental, social and governance" (ESG) metrics, are rarely presented in a way that enables easy comparison between companies. In essence, when we measure too much, we can lose the signal in the noise.

One good example of this is the Global Reporting Initiative, which advertises as the de-facto global standard for corporate sustainability reporting. It encompasses about 90 "key" performance indicators, which require companies to gather together reams of information.

Not only are these reports a lot of work, but their complexity makes them inaccessible to most people. Several firms attempt to function as a go-between, summing up these disclosures into easily-digestible sustainability ratings and rankings. But the broadness of the ESG spectrum makes these ratings nearly meaningless.

Boiling down these numerous issues under the “corporate sustainability” label – which can include almost anything – requires tough choices. Stakeholders need to align on the issues that are most critical and that have the highest potential payoff for people and the planet.

As an example, the US Food and Drug Administration’s food labeling may be a good model for sustainability reporting. Faced with a wide array of diet-related health issues, the administration was tasked with creating a standardized disclosure that was easily understood and which allowed easy comparison between foodstuffs. Its solution – the ubiquitous FDA nutrition label – accomplished that goal with a flexible and responsive reporting instrument that consumers could easily use. People who are trying to lose weight can easily scan calories and carbs. People with high blood pressure can scan sodium content. In essence, the FDA took complex and vital information and made it actionable.

Creating a sustainability reporting “nutrition label” is possible, but difficult. Getting agreement on a critical few items for consistent, comparable reporting will take a lot of work, but, the payoff of getting this right could be massive. Imagine the impact if consumers could easily compare the sustainability performance of competing products at the point of purchase. Or, if socially conscious investors were able to review the sustainability performance of companies as easily as their financial reports. It could change the nature of reporting and of market involvement in sustainability.

Now that sustainability reporting is commonplace, perhaps we can re-think our approach to get more value from our investment in transparency. By simplifying corporate sustainability reports to generate meaningful and comparable data, we could fuel a race to the top by unleashing competition to achieve the best performance on the most important sustainability issues.

REPORTING WITH A FOCUS ON INVESTORS' INTERESTS * THE CASE OF INTEGRATED REPORTING

In 2004, the Prince's Accounting for Sustainability Project (A4S) was formed, and A4S developed a reporting framework in 2007 and a reporting "how to" guide in 2009, which explain how all areas of organizational performance can be presented in a connected, integrated way, reflecting the organization's strategy and the way it is managed.

Following the success of the work undertaken by A4S and others, at the A4S Forum event on 17th December 2009 His Royal Highness The Prince of Wales, on behalf of A4S, the Global Reporting Initiative (GRI) and International Federation of Accountants (IFAC), called for an "International Integrated Reporting Council" (IIRC) to be established to oversee the development of an international connected and integrated approach to corporate reporting.

A4S works to promote the Integrated thinking that is required if organizations are to achieve successful IR. Only once organizations are thinking in an integrated way, can this be demonstrated through IR.

Integrative Thinking is the ability to constructively face the tensions of opposing models, and instead of choosing one at the expense of the other, generating a creative resolution of the tension in the form of a new model that contains elements of the both models, but is superior to each. The Rotman School from the University of Toronto is a business school that focuses on understanding and analyzing how people use mental models in their everyday lives and in the management of business, but it is not addressed specifically to the reporting of organizations.

The IIRC was set up in 2010 comprising an international cross section of leaders from the corporate, investment, accounting, securities, regulatory, academic and standard-setting sectors as well as civil society.

According to the A4S web-site, the IIRC's foundation is to be traced to a speech made by the Prince of Wales in December 2009 in which he called for the establishment of this body. In his speech, he mentioned the GRI and, when the IIRC was formally set up in August 2010, A4S and the GRI issued a joint press release, which set out the rationale for the creation of the IIRC in the following terms:

> “The world has never faced greater challenges: over-consumption of finite natural resources, climate change, and the need to provide clean water, food and a better standard of living for a growing global population. Decisions taken in tackling these issues need to be based on clear and comprehensive information; but, as the Prince of Wales has said, we are at present ‘‘battling to meet 21st century challenges with, at best, 20th century decision making and reporting systems’’.

The IIRC’s remit is to create a globally accepted framework for accounting for sustainability... The intention is to help with the development of more comprehensive and comprehensible information about an organization’s total performance, prospective as well as retrospective, to meet the needs of the emerging, more sustainable, global economic model’’ model’’ (See Press Release “Formation of the International Integrated Accounting Committee” available of the IIRC’s web-site at http://integratedreporting.org/wp-content/uploads/2011/03/Press-Release1.pdf)

REPORTING ON THE CONTRIBUTION TO ACHIEVING THE SUSTAINABLE DEVELOPMENT GOALS

What are the sustainable development goals?

The sustainable development goals (SDGs) are a new, universal set of goals, targets and indicators that UN member states will be expected to use to frame their agendas and political policies over the next 15 years.

The SDGs follow and expand on the millennium development goals (MDGs), which were agreed by governments in 2001 and were due to expire at the end of 2015 year.

There is broad agreement that, while the MDGs provided a focal point for governments – a framework around which they could develop policies and overseas aid programmes designed to end poverty and improve the lives of poor people – as well as a rallying point for NGOs to hold them to account, they were too narrow.

The eight MDGs – reduce poverty and hunger; achieve universal education; promote gender equality; reduce child and maternal deaths; combat HIV, malaria and other diseases; ensure environmental sustainability; develop global partnerships – failed to consider the root causes of poverty and overlooked gender inequality as well as the holistic nature of development. The goals made no mention of human rights and did not specifically address economic development. While the MDGs, in theory, applied to all countries, in reality they were considered targets for poor countries to achieve, with finance from wealthy states. Conversely, every country will be expected to work towards achieving the SDGs.

As the MDG deadline approaches, about 1 billion people still live on less than $1.25 a day – the World Bank measure on poverty – and more than 800 million people do not have enough food to eat. Women are still fighting hard for their rights, and millions of women still die in childbirth.

What are the proposed 17 goals?

1) End poverty in all its forms everywhere

2) End hunger, achieve food security and improved nutrition, and promote sustainable agriculture

3) Ensure healthy lives and promote wellbeing for all at all ages

4) Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

5) Achieve gender equality and empower all women and girls

6) Ensure availability and sustainable management of water and sanitation for all

7) Ensure access to affordable, reliable, sustainable and modern energy for all

8) Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all

9) Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation

10) Reduce inequality within and among countries

11) Make cities and human settlements inclusive, safe, resilient and sustainable

12) Ensure sustainable consumption and production patterns

13) Take urgent action to combat climate change and its impacts (taking note of agreements made by the UNFCCC forum)

14) Conserve and sustainably use the oceans, seas and marine resources for sustainable development

15) Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation, and halt biodiversity loss

16) Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

17) Strengthen the means of implementation and revitalise the global partnership for sustainable development

Within the goals are 169 targets, to put a bit of meat on the bones. Targets under goal one, for example, includes reducing by at least half the number of people living in poverty by 2030, and eradicating extreme poverty (people living on less than $1.25 a day). Under goal five, there's a target on eliminating violence against women, while goal 16 has a target to promote the rule of law and equal access to justice.

How were the goals chosen?

Unlike the MDGs, which were drawn up by a group of men in the basement of UN headquarters (or so the legend goes), the UN has conducted the largest consultation programme in its history to gauge opinion on what the SDGs should include.

Establishing post-2015 goals was an outcome of the Rio+20 summit in 2012, which mandated the creation of an open working group to come up with a draft agenda.

The open working group, with representatives from 70 countries, had its first meeting in March 2013 and published its final draft, with its 17 suggestions, in July 2014. The draft was presented to the UN general assembly in September 2014. Member state negotiations followed, and the final wording of the goals and targets, and the preamble and declaration that comes with them, were agreed in August 2015.

Alongside the open working group discussions, the UN conducted a series of "global conversations". These included 11 thematic and 83 national consultations, and door-to-door surveys. The UN also launched an online My World survey asking people to prioritize the areas they'd like to see addressed in the goals. The results of the consultations were fed into the working group's discussions.

Are governments happy about the proposed 17 goals?

The majority seems to be, but a handful of member states, including the UK and Japan, aren't so keen. Some countries feel that an agenda consisting of 17 goals is too unwieldy to implement or sell to the public, and would prefer a narrower brief. Or so they say. Some believe the underlying reason is to get rid of some of the more uncomfortable goals, such as those relating to the environment. Britain's prime minister at the moment, David Cameron, had publicly said he wants 12 goals at the most, preferably 10. It's not clear, though, which goals the UK government would like taken out if they had the choice.

Amina Mohammed, the UN secretary general's special adviser on post-2015 development planning and since February 2017 the Deputy Secretary-General of the United Nations, said it had been a hard fight to get the number of goals down to 17, so there would be strong resistance to reducing them further.

Some NGOs also believe there are too many goals, but there is a general consensus that it is better to have 17 goals that include targets on women's empowerment, good governance, and peace and security, for example, than fewer goals that don't address these issues.

How will the goals be measured?

The launch of *The Sustainable Development Goals Report 2018* is accompanied by the Global SDG Indicators Database, which presents country level data and global and regional aggregates compiled through the UN System and other international organizations.

How will the goals be funded?

That's the trillion-dollar question. Rough calculations from the intergovernmental committee of experts on sustainable development financing have put the cost of providing a social safety net to eradicate extreme poverty at about $66bn (£43bn) a year, while annual investments in improving infrastructure (water, agriculture, transport, power) could be up to a total of $7tn globally.

https://nextbillion.net/the-7-trillion-dollar-question-can-sustainable-financial-products-close-the-sdg-financing-gap/

In its report last year, the committee said public finance and aid would be central to support the implementation of the SDGs. But it insisted that money generated from the private sector, through tax reforms, and through a crackdown on illicit financial flows and corruption, was also vital.

A major conference on financing for the SDGs, held in the Ethiopian capital Addis Ababa in July 2015, failed to ease concerns that there will not be enough cash to meet the aspirational nature of the goals. The UN said the Addis Ababa action agenda (AAAA for short) contained "bold measures to overhaul global finance practices and generate investment" for tackling the challenges of sustainable development. It included a recommitment to the UN target on aid spending – 0.7% of GNI – set more than 40 years ago and pledges to collect more taxes and fight tax evasion. But civil society groups were less impressed, saying the summit had failed to produce new money to fund the goals, or offer ways to transform the international finance system. Calls for a new international tax body fell on deaf ears.

THE REPORTING OF THE IBEX 35 COMPANIES

Almost 74% of the IBEX 35 mention the SDGs in their reporting, although only a few companies align strategies with the United Nations' Agenda for Sustainable Development.

Companies such as Acciona, Inditex and Endesa have identified the relevant and material SDGs for their operations and aligned their targets and objectives with their SDG commitments, showing a good level of integration.

Sustainability reporting used to be about activities and actions whereas today it is more about impacts and intentions. Substantiated intentions, that is, by which I mean T-A-R-G-E-T-S. Yes, that awful, threatening, potentially blood-pressure-raising concept of actually making a public commitment to making a difference. One of the things most frustrating about many sustainability reports is the extreme lengths companies go to in order to describe their mission, vision, what's important to them, what's important to stakeholders, what's important to the world and why it's ALL so important ("Sustainability is in our DNA" and "The world is about to end") .... but when it comes to saying what they plan to do about it: radio silence. Vague intentions, aspirations, declaratory blurb - it's all very nice but, well, no teeth.

Other aspects of target setting are coverage and quality. Coverage is the extent to which a company discloses targets for all material sustainability aspects versus targets that are limited to one area, say, environmental impacts which is the most popular. Quality is the extent to which targets are SMART. You know what SMART means. SMART is not: "Continue to improve our environmental impacts". Just saying.

Many of the reports reviewed are in fact GRI-based and claim to be in accordance with GRI, even in the cases that they are identified as "integrated reports" Standards at core or comprehensive level. Now, GRI has made reporting of goals and targets mandatory in the Management Approach Disclosures. Disclosure 103-2 requires (the organization SHALL report) disclosure of goals and targets. Well, sort of. The mandatory part is diluted by the addition of some small print: if the management approach includes that component.

So, according to GRI, for GRI compliance, reporting of targets is mandatory if you have them. If you don't, no problem. Well, no problem is exactly how most reporters approach the Approach. It's so easy to say "we are committed to", "we place great importance upon", "we are passionate about" and all those other gloriously positive affirmations, but when it comes to the crunch, it's apparently more convenient to ignore the bits that bolt those commitments down in the organization and give stakeholders something to believe in. I believe disclosing targets should be a mandatory element of material topic reporting. Every single GRI Topic-specific Standard should include a requirement to disclose SMART targets - not IF they exist, but BECAUSE they should exist. And if they do not exist, conformance to GRI Standards should not either.

There is no doubt that the inclusion of public commitments is both a way to reinforce trust with stakeholders and a tool to catalyze performance improvements. Several leading companies are doing this really well, and I tend to agree with the analysis above that more are doing so these days than in the past. However, the leading companies across the world represent only a small fraction of the entire population of reporting companies, and many of them do not even hint at targets or commitments.

So, let's be clear: If you want stakeholders to believe you are serious about sustainability, or whatever you call it in your organization, make SMART public commitments in key areas of impact and report your progress against this year on year.

Just three years after the approval of the Sustainable Development Goals (SDG) by the United Nations – the global roadmap that sets out the objectives of the international community in the period 2016-2030 to eradicate poverty and promote sustainable and equal development – 80% of the IBEX35 companies are already committed to 2030 Agenda. They accomplish through their sustainability reports, explicitly reporting this responsibility.

The figure is slightly higher than the one recorded in 2017 (74%) and includes 28 companies from the main index of the Spanish Stock Exchange. It should also be noted that 26 are members of the Spanish Global Compact Network, the most important initiative for the sustainability of the private sector.

The involvement of the IBEX35 in the adoption of measures relating not only to economic aspects but also social and environmental is crucial, as they are a benchmark for other companies in the country.

To this end, a fundamental step is that companies carry out a detailed evaluation of their value chain in order to identify which Objectives can be aligned with their core business. This practice has already carried out by 77% of the IBEX35 (27 of the 35). In this sense, an important advance can be observed with respect to 2017, when only 20 companies carried out this exercise. It should be highlighted that not all companies explain in their sustainability reports how they are contributing to these Objectives in a specific way. Specifically, only 20 explain how they work to achieve these.

The most reported SDGs

This guide also delves into the SDGs most reported by the IBEX35. Goal 13 – Climate Action – is positioned at the forefront. The reason for this is that the landmark Paris Agreement of 2015 and its revisions in Marrakech (2016) and Bonn (2017) have enabled large corporations to address this issue and implement measures to reduce emissions and optimize natural resources. It is followed by SDG 8 – Decent Work and Economic Growth – due to its importance in creating quality employment. SDG 9 -Industry, Innovation and Infrastructure-, which led the ranking last year, drops to third place on this occasion, although companies continue to bet on research and the promotion of technology as elements of development..

On the other side, the Objectives least present in the sustainability reports are SDG 2 – Zero Hunger – and SDG 14 – Submarine Life – as these are not so aligned with the core business of the companies on the stock market index.

Another of the most remarkable aspects of the report is the wide margin for improvement in order to establish measurable and quantifiable targets once companies have set their priority Objectives: only 17% of the IBEX 35 (6 of the 35) have detailed this information.

Need for exemplary leadership and strategic alliances

In order to guarantee a business culture oriented towards SDGs, the involvement of senior management is an essential factor because, as Pes has pointed out, ‘it is the leaders who have the capacity to align business strategies with sustainability, and make this element go down transversally throughout the organization’.

In the same way, it should be noted that an ambitious agenda such as the one configured by the SDGS requires global and joint action. 'Companies -together with other actors such as the Public Administration, educational entities, social or civil action institutions – must share their resources and tools with the intention of optimizing the work carried out around the SDGs', stated Pes. This aspect is even more important when it comes to IBEX companies, due to their capacity to carry out actions on a large scale and at a multi-stakeholder level. For this reason, all of them carry out partnerships to promote sustainable development. However, only 13 have aligned these synergies within the framework of the SDGs. 'This indicates that the scope for improvement is still high. However, we still have 12 years ahead to materialize Agenda 2030 and build, among all, a full, inclusive and forward-looking society,' he concluded.

Taking stock of sustainability: The sustainability reporting performance of the IBEX 35, FTSE 100 and CAC 40

http://tinyurl.com/yy62b7nf

COMPANIES HIGHLITED IN THE research into the Sustainability Reporting Performance of businesses listed on the FTSE 100, IBEX 35 and CAC 40 indices appears a ranking

ACCIONA - 89%

2020 Sustainability Master Plan

Acciona considers critical to lead the transition to low-carbon business models. To this end, it commits to achieve carbon neutrality in its operations through energy efficiency and by offsetting its emissions, becoming the first Spanish company in the IBEX 35 to achieve carbon neutrality.

Additionally, Acciona was recognised as a world leader for its sustainable water management approach by CDP. Both of these objectives are part of their 2020 Sustainability Master Plan, a strategy which encompasses a variety of targets related to their value chain, the environment and climate change.

TELEFONICA 84 %

The company has decided to focus on what they consider to be their most important asset and the centre of all their operations: the client. Leading the transition towards a circular economy, Telefónica are focusing primarily on sustainable innovation and resource optimisation throughout the entire value chain.

To engage their clients with their circular approach, Telefónica have undertaken a variety of initiatives such as the “buy-back” programs, which facilitate the recycling of terminals’ components, or the “O2 Refresh” program, which helps clients reduce their environmental footprint by enabling the possibility to reuse terminals in some of their markets through leasing or through the sale of second-hand terminals. Additionally, the organisation provides environmental information about the different terminals through “Ecorating”, a label which assesses the environmental impact of the entire lifecycle of mobile phones, allowing the client to choose the most ecoefficient terminal.

Finally, we want to highlight Telefónica’s vision of using sustainable innovation as an essential instrument for digital revolution, promoting solutions that tackle their company’s greatest sustainable development challenges.

IBERDROLA 83 %

Marrakech, it is clear that the global energy system is set to be noticeably affected by the 60% of energy that will have to come from renewable sources in 2040. Considering current and forecasted population growth trends and the likely growing energy needs that will arise from it, Iberdrola consider the current setting to be a unique opportunity to grow in line with their sustainable business strategy.

In line with their mission of creating value sustainably, Iberdrola is fully aligned with the Paris agreement and with the Sustainable Development Goals. In fact, Iberdrola has incorporated the Sustainable Development Goals defined by the United Nations for the 2015-2030 horizon into the company’s strategy and its Sustainability Policy. Their commitment to sustainable development is further exemplified by its inclusion in indices such as the DJSI, the FTSE4Good or the CDP Index, where it has been recognised as an international sustainability leader.

IBERDROLA will be Carbon neutral in 2050 and will compensate the emissions in that year. We are estimating a 91% reduction in absolute figures, 2.8 million tonnes maximum would be compensated. IBERDROLA sent the form to the World Resources Institute - Science Based Target Initiative. They have not approved our target because we do not have targets to reduce a category in scope 3 that is not included in our externally audited inventory. IBERDROLA is still negotiating with SBT in order to get its Science Based Target approved.

The integrated report that Iberdrola published on March, 2017 becomes the first runner-up of the Best Integrated Report in the CR Reporting Awards 2018.

FERROVIAL 83 %

The fight against climate change is not only a priority for governments around the world, but also for private organisations – a fight in which Ferrovial is establishing itself as an example to follow. For instance, Ferrovial have become the first Spanish company to have their carbon reduction targets certified by the Science Based Target Initiative (SBTi). The company has committed to a 32% reduction of its Scope 1 (direct emissions from owned or controlled sources) and 2 (Indirect emissions of greenhouse gases by energy. Includes the emissions associated with the generation of electricity acquired and consumed by the Company) emissions by 2030, having 2009 as the baseline year. Additionally, they wanted to go one step further and commit to also reduce their Scope 3 (all indirect emissions not included in scope 2 that occur in the value chain of the reporting company, including both upstream and downstream) emissions by 20%, using 2012 emissions as a reference.

In addition to these ambitious targets, Ferrovial have demonstrated leadership by creating a new line of action dedicated to the establishment of a Carbon Price in the “Shadow pricing” modality as a tool to quantify the risks and opportunities of new investments. This leadership is further exemplified by their willingness to influence its customers and supply chain to behave more sustainably and their active participation in the COP22, The Prince of Wales’s Corporate Leaders Group or the Spanish Green Growth Group.

INDITEX 70 %

The company recognizes the need to grow sustainably by following an ambitious roadmap that integrates circular economy into the business model, establishing ambitious goals and targets such as the achievement of zero waste within their own operational scope. To achieve this, not only have they focused on their own waste management but also on the development of projects like “Closing the Loop”, an initiative targeting second-hand clothes, or “Green to Pack”, which contributes to efficiency in logistics.

With such a varied and geographically widespread value chain, managing potential risks within it is a key factor for Inditex.

It is for this reason that the company has created a number of initiatives looking to continuously improve both their own environmental performance and that of their suppliers.

Amongst these projects we highlight “Ready to Manufacture”, which promotes the implementation of responsible manufacturing practices; “Green to Wear”, which is based on the Clean Factory approach and promotes the best existing practices in environmental management; and finally, “The List by Inditex”, a unique program in the clothing industry, pioneering the research for better or improved chemical products that are used in the manufacturing process.

TABLE NUMBER 1 WITH INFORMATION ABOUT THE LAST SUSTAINABILITY REPORTS AVAILABLE FOR IBEX 35 COMPANIES

CONCLUSIONS

We have achieved three main conclusions in our research.

First of all, the so spread use of the GRI sustainability guidelines in the reporting, as we had expected prior to the beginning of the research.

The second one is a misleading point around “integrated reporting”. The majority of the so called “integrated reports” in fact are sustainability reports with GRI indicators and only some mention about the integrated report process.

The third one is about the urgency of achieving an “integrated social-ecological system perspective” (Norström et al, 2014) and “integrated targets” (Griggs et al, 2014) to ensure that trade-offs between the SDGs are managed and synergies maximized. As these authors recognize, achieving the SDGs requires an understanding of social change processes and social, political and regulatory constraints and opportunities.

International business and trade has a significant impact on sustainable development issues including: the environment, particularly climate change; global wealth distribution; natural resource consumption and price stability; food security; and, gender inequality

The SDGs cannot be achieved without collaboration between governments, private and public sector organizations and civil society organizations. National governments, who are ultimately responsible for the achievement of the SDGs, might seek to achieve this by setting expectations through legislation or soft regulation and holding organizations to account. Stock Exchanges can influence the private sector through the listing requirements that they set.

REFERENCES

Aras, G., & Crowther, D. (2009). Corporate sustainability reporting: a study in disingenuity? *Journal of Business Ethics*, *87*(1), 279–288.

Bebbington, J., & Larrinaga, C. (2014). Accounting and sustainable development: An exploration. *Accounting, Organizations and Society*. http://doi.org/10.1016/j.aos.2014.01.003

Brown, J., & Fraser, M. (2006). Approaches and perspectives in social and environmental accounting: an overview of the conceptual landscape. *Business Strategy and the Environment*, *15*(2), 103–117.

Carbon Clear (2017) *Taking stock of sustainability: The sustainability reporting performance of the FTSE 100, IBEX 35 and CAC 40*. available on line: http://tinyurl.com/yy62b7nf

Cheng, M., Green, W., Conradie, P., Konishi, N., & Romi, A. (2014). The International Integrated Reporting Framework: Key Issues and Future Research Opportunities. *Journal of International Financial Management & Accounting*, *25*(1), 90–119. http://doi.org/10.1111/jifm.12015

de Villiers, C. J. U., Rinaldi, L., & Unerman, J. (2014). Integrated Reporting: Insights, gaps and an agenda for future research. *Accounting, Auditing & Accountability Journal*, *27*(7), 1042–1067. http://doi.org/10.1108/AAAJ-06-2014-1736

Deegan, C., Cooper, B. J., & Shelly, M. (2006). An investigation of TBL report assurance statements: UK and European evidence. *Managerial Auditing Journal*, *21*(4), 329–371.

Eccles, R. (2012). Get ready: Mandated integrated reporting is the future of corporate reporting. *MIT Sloan Management Review*. Retrieved from http://www.scopus.com/inward/record.url?eid=2-s2.0-84860491478&partnerID=tZOtx3y1

Eccles, R. G., & Krzus, M. P. (2010). *One report: Integrated reporting for a sustainable strategy*. John Wiley & Sons.

Eccles, R. G., & Krzus, M. P. (2014). *The Integrated Reporting Movement: Meaning, Momentum, Motives, and Materiality*. John Wiley & Sons.

Eccles, R. G., & Serafeim, G. (2011). Accelerating the adoption of integrated reporting.

Flower, J. (n.d.). The International Integrated Reporting Council: A story of failure. *Critical Perspectives on Accounting*, (0) .https://www-sciencedirect-com.sire.ub.edu/science/article/pii/S1045235414000744

GRI & United Nations Global Compact (2018). *Business reporting on the SDGs*. https://www.globalreporting.org/resourcelibrary/GRI_UNGC_Business-Reporting-on-SDGs_Analysis-of-Goals-and-Targets.pdf

Griggs, D., Smith, M. S., Rockström, J., Öhman, M. C., Gaffney, O., Glaser, G., … Shyamsundar, P. (2014). An integrated framework for sustainable development goals. *Ecology and Society*, *19*(4). https://doi.org/10.5751/ES-07082-190449

Hopwood, A.G., Unerman, J. and Fries, J. (Eds) (2010). (2010). *Accounting for Sustainability. Practical Insights*. London: Earthscan Publications.

Integrated reporting: On the need for broadening out and opening up. (2014). *Accounting, Auditing & Accountability Journal*, *27*(7), 1120–1156. http://doi.org/10.1108/AAAJ-04-2013-1313

Kolk, A., & Perego, P. (2010). Determinants of the adoption of sustainability assurance statements: an international investigation. *Business Strategy and the Environment*. Retrieved from http://onlinelibrary.wiley.com/doi/10.1002/bse.643/abstract

Morrós Ribera, J., & Vidal Martínez, I. (2014). *Responsabilidad social : sostenibilidad, GRI e ISO 26000*. Madrid : Fundación Confemetal. Retrieved from: http://cataleg.ub.edu/record=b2117907~S1*cat

Norström, A. V, Dannenberg, A., McCarney, G., Milkoreit, M., Diekert, F., Engström, G., Sjöstedt, M. (2014). Three necessary conditions for establishing effective Sustainable Development Goals in the Anthropocene. *Ecology & Society*, *19*(3), 8. http://doi.org/10.5751/ES-06602-190308

Scherer, A. G., & Palazzo, G. (2011). The new political role of business in a globalized world: A review of a new perspective on CSR and its implications for the firm, governance, and democracy. *Journal of Management Studies*, *48*(4), 899–931.

Soyka, P. A. (2013). The International Integrated Reporting Council (IIRC) Integrated Reporting Framework: Toward Better Sustainability Reporting and (Way) Beyond. *Environmental Quality Management*, *23*(2), 1–14. http://doi.org/10.1002/tqem.21357

Thomson, I. (n.d.). ‘But does sustainability need capitalism or an integrated report’ a commentary on ‘The International Integrated Reporting Council: A story of failure’ by Flower, J. *Critical Perspectives on Accounting*, (0). https://www.sciencedirect.com/science/article/pii/S1045235414000756

White, A. L. (2005). New wine, new bottles: the rise of non-financial reporting. *Business for Social Responsibility Business Brief*.

Xiao, Y., Norris, C. B., Lenzen, M., Norris, G., & Murray, J. (2017). How Social Footprints of Nations Can Assist in Achieving the Sustainable Development Goals. *Ecological Economics*, *135*, 55–65. http://doi.org/10.1016/J.ECOLECON.2016.12.003