FINAL PROJECT

Bachelor's degree in Business Administration and Management

Title: Sustainability reporting: *A comparative study on non-financial reports in the Spanish IBEX35.*

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Abstract:

The aim of this TFG is to understand what the future of sustainability reporting looks like and what improvements need to be made. In order to do that, the concept of sustainability reporting is explained, and its history is illustrated. After viewing the Spanish Government's response to the UN's 2030 Agenda sustainable development goals, guidelines on how to use two of the most significant and widely used sustainability reporting frameworks -GRI and Integrated Reporting- are detailed. Furthermore, the sustainability reports of two companies of the Spanish IBEX35 -Naturgy and Acciona- of 2021 are analysed and compared. In order for sustainability reporting to be as effective as possible, companies need to set high standards for themselves, adhere to rigorous guidelines and be held accountable by society.

Key words: sustainability reporting, CSR, ESG reporting, Sustainable Development Goals (SDG), GRI standards, Integrated Reporting, IBEX35, Integrated Thinking

Resum:

L'objectiu d'aquest TFG és entendre com serà el futur dels informes de sostenibilitat i quines millores cal fer. Per fer-ho, s'explica el concepte d'informe de sostenibilitat i s'il·lustra la seva història. Després de veure la resposta del govern espanyol als objectius de desenvolupament sostenible de l'Agenda 2030 proposada per l'ONU, es detallen les directrius sobre com utilitzar dos dels marcs d'informes de sostenibilitat més significatius i utilitzats -GRI i Informes integrats-. A més, s'analitzen i comparen els informes de sostenibilitat de dues empreses de l'IBEX35 espanyol -Naturgy i Acciona- de l'any 2021. Per tal que els informes de sostenibilitat siguin el màxim efectius, les empreses han d'establir estàndards elevats per a si mateixes, complir directrius rigoroses i ser responsables vers la societat.

Paraules clau: informes de sostenibilitat, RSC, informes ESG, Objectius de desenvolupament sostenible (ODS), estàndards GRI, informes integrats, IBEX35, pensament integrat

Table of Contents

I. INTRODUCTION

Society in the 21st century is increasingly more concerned with social, environmental and governmental issues. Scientists have been warning of the catastrophic events that will follow if change is not done soon. This, in addition to easy access to information and with the internet giving everyone a platform has led to a rise of social activism like the world has never seen before. Consequently, it is an undeniable fact that society is evolving into a more sustainable way of living. However, there is only so much that individuals can do. Hence, it is imperative for organisations to do their part in this revolution.

The first step organisations need to take towards ensuring a future in which the aforementioned issues are no longer a threat – or at least they are minimal - is to set daring goals, difficult as they might be to achieve. Nevertheless, making sure that corporations are doing their part can prove difficult. Therefore, it is crucial for them to publish reports providing information on their operations that reflect a true image of the company. Having access to this information can help stakeholders and the decision makers of the companies to make decisions accordingly.

Sustainability accounting is then born from a necessity for corporations to be held to high standards to safeguard the so deeply desired future.

Despite all the efforts put into creating sustainability reporting standards, developing guidelines, and implementing corporate social responsibility (CSR) goals for companies to follow, society is nowhere near where it needs to be and there is still a lot of work to be done.

In private social activism -the one carried out by individuals- more often than not this activism is purely performative and at the end of the day the people claiming to fight for change often do not actively do so. Organisations are no exceptions to this rule. Whilst some provide very detailed and extensive reports explaining all the activities they carry out to fight for change, there are others that give as little information as possible so that they can say they have done their part, to check a box. There are many reasons behind this phenomenon, but one of the most important ones is the difficulty of really implementing these changes and shifting decades-sometimes centuries-long mindsets that focus solely on the immediacy of financial results.

There are certainly companies that at the end of the day do their part, but their efforts alone are sadly not enough. Radical change to such a scale is only possible if everyone does their part but carrying out these initiatives is definitely not easily done, and they carry significant expenses. And even though CSR activities certainly have benefits, these can only be seen in the long term.

Furthermore, as a Spanish citizen one might then ask themselves whether businesses in Spain are acting with social integrity.

There are many companies that pertain to the Spanish IBEX 35, and every one of them has different approaches they follow and tools they use. Therefore, this study will focus on 2 different companies that show different sides of sustainability accounting and will compare their approaches as well as evaluate their results.

Finally, the question arises of how we can ensure that our businesses are on the right side of history. The first step towards building a better future is the setting of goals that encompass a wide array of subjects in economic, social, and environmental areas within their governmental framework. Afterwards it is crucial to hold decision makers accountable, making sure that their business activities align with the proposed goals. Leaders need to understand the impact of their actions, not only within their company but the earth and thus the corporation's responsibility towards the world. Only then will true, revolutionary change be possible.

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II. UNDERSTANDING SUSTAINABILITY REPORTING

1. What is sustainability reporting?

The term sustainability reporting refers to a set of non-financial accounting rules that focus on the development of environmental, social, and governmental goals. These tools are used to disclose companies' sustainability performances as well as the effect these activities have on the world.

Often, when people think about how companies create value, the first thing that comes to mind is money and financial success. Value is equated to net worth. However, value can be created through many means and sustainability reporting can be a very helpful tool for that. This practice is highly important as it can bring several benefits to both companies and their stakeholders.

Firstly, sustainability reporting can help improve transparency as it provides detailed and comprehensive information about a company's social, environmental and economic performance to their stakeholders. Consequently, the company's credibility increases, and stakeholders have a higher sense of trust in the company.

Secondly, customers increasingly place more value on sustainable practices. Therefore, if a company can prove that they follow sustainability guidelines, its reputation will most likely increase. Then, not only will the company gain more potential customers, but employees will also be happier and proud to be a part of this change, increasing employee retention, all of which will also increase investor confidence.

Thirdly, environmental, social and governance issues carry very high risks. Thorough sustainability reporting can help identify where these risks may lay and the company can then find a way to manage them, so these risks are minimal or non-existent. Identifying these risks in time can minimize potential negative impacts and reduce costs associated with them.

Building on the previous point, sustainability reporting can identify opportunities to reduce waste, optimize the supply chain or reduce energy waste, and much more, thus assisting companies not only to improve their efficiency but also reduce costs.

Finally, sustainability reporting can help companies comply with social, environmental and governance regulatory requirements set by governments and institutions and consequently avoid the penalties that are linked to their transgression.

These benefits can be evidenced by how many companies use sustainability reporting tools. According to a survey by KPMG conducted in 2020, the global average sustainability reporting rate was 77%, with 80% of the companies worldwide choosing to report on sustainability. Around one-quarter - 14 of the 52 countries and jurisdictions covered by this survey - sustainability reporting rate higher than 90 percent. Among these countries, Japan and Mexico had a percentage of 100% and Spain one of 98%, which was a 1%, 10% and 11% increase respectively since 2017.

In summary, there is a wide range of benefits to sustainability reporting for the companies, stakeholders, investors, and the world, which results in the increase of popularity on the use of non-financial reporting.

2. The history of sustainability reporting

As social and environmental issues became more apparent and started gaining importance in people's day to day life, society evolved, and corporations had to adapt alongside it. In order to understand why sustainability reports are filed in the manner they are nowadays, as well as how these might look like in the future, it is necessary to understand its beginnings and evolution.

It can be argued that the idea of corporate sustainability reporting (CSR) first came to fruition with the industrial revolution at the beginning of the 19th century and the women's rights movement shining a light on social inequalities, leading corporations to write reports that included elements on social responsibility.

Furthermore, multiple scientists and scholars contributed to creating awareness of environmental issues in the late 60s and late 70s by publishing studies such as *Silent Spring* (Rachel Carson, 1962), *The Economics of the Coming Spaceship Earth* (Kenneth Boulding, 1966) or the *Limits of Growth Report* (Club of Rome, 1972), all of which linked economic development practices to environmental factors.

In an effort to face the aforementioned problems not only in a national but in a global scale, the United Nations Conference on Human Environment was held in Stockholm in 1972 and it was decided to create the UN Environment Programme (UNEP) later that year. This organisation consists of 58 member countries and is considered "the global authority that sets the environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the UN system and serves as an authoritative advocate for the global environment." (UN Environment Programme)

Despite the UNEP's efforts, the environment was still threatened by countries carrying out growth-oriented operations. In the 1980s the relationship between the economy and nature was emphasized by both scientists and economists. In other words, corporate social responsibility had become undeniable. Some European countries already had made attempts at introducing standardized social reporting – Germany with the *Sozialbillanz*, France with the *Budget Social* and the UK with Social audits (Markota Vukić, Vuković, & Calace, 2017)- but joint efforts were needed in order to guarantee change in a larger scale. In response to this, theoretical approaches were developed through reports and organisations such as The *World Commission Strategy*, the *World Commission on Environment and Development* and *Our Common Future Report*. Here the principle of sustainable development was introduced for the first time and its three principles - economic growth, environmental protection, and social equality- were erected.

As a result of the environmental impacts as well as the expenses incurred from the Exxon Valdez oil spill, stakeholders became more invested in their company's sustainability activities, requesting more information on those. Moreover, in the 1990s the areas that CSR encompassed were broadened as ethical corporate practices were gaining importance in society. Some of these were "environment, governance, human rights, accountability, workplace practices, and marketplace" (Hazarika, 2015). During this time the concept of the "Triple Bottom Line" (TBL) was introduced in order for companies to develop a three-dimensional perspective to measure development instead of solely focusing on financial results.

Over time, the term CSR shifted and the term ESG (Environmental, Social and Governmental) Reporting was introduced in order to encompass wider areas. This term started gaining more relevance after being introduced in 2004 by the United Nations Global Compact. The growing popularity and importance of ESG Reporting since the 1990s has led to the development of various reporting standards and frameworks.

A turning point in the history of sustainability accounting was 1997 when The Coalition for Environmentally Responsible Economies (CERES) along with the Tellus Institute established the Global Reporting Initiative (GRI). The GRI's main function was to create an environmental and social reporting framework as well as practical guidelines that could be used worldwide -

to address the need for a common framework and language for sustainability reporting by businesses and organizations. It can be argued that this was the point in which environmental accounting became social accounting.

The G1 guidelines were developed in the year 2000. These were the GRI's first version of sustainability reporting guidelines. These guidelines were updated and refined over the years, while gaining widespread recognition and adoption. The latest GRI-specific standards were finally introduced in 2016. These will be explained more thoroughly in point III.1. Nowadays, thousands of companies and organizations use the GRI standards to report on their sustainability performance.

All in all, over time the usage of ESG reporting has grown exponentially, and it is considered an essential tool for corporations as it shows a commitment to the sustainable development goals (see I.3.1). Additionally, it can be argued that the importance of non-financial reporting will only continue to grow as potential investors, stakeholders and other information users put a lot of value in ESG factors while making investment decisions.

3. The 2030 Agenda

3.1 The 2030 Agenda and the Sustainable Development Goals

On the 25th of September of 2015 a General Assembly was held in the United Nations (UN) in order to come up with a highly ambitious plan of action that would help combat the climate, economic and social challenges the world had been facing for the last several decades. The main goal of this meeting was to guarantee Human Rights for everybody. People, planet, prosperity, peace and partnership are the 5Ps that constitute the areas that the General Assembly focused on for the creation of the aforementioned plan. As a result from this Assembly, the 2030 Agenda was introduced along with its 17 Sustainable Development Goals (SDGs), which included 169 targets, which all 193 Member States unanimously agreed to. The SDGs are as follows:

- Goal 1. End poverty in all its forms everywhere
- Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- Goal 3. Ensure healthy lives and promote well-being for all at all ages
- Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- Goal 5. Achieve gender equality and empower all women and girls
- Goal 6. Ensure availability and sustainable management of water and sanitation for all
- Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all

- Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- Goal 10. Reduce inequality within and among countries
- Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable
- Goal 12. Ensure sustainable consumption and production patterns
- Goal 13. Take urgent action to combat climate change and its impacts*
- Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- Goal 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
- Goal 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
- Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development"

(The United Nations' General Assembly, 2015)

These goals being difficult to achieve, leads to each member state being urgently called to action and to implement a plan that will be adopted in a regional, national. and global scale. In order to make sure that the goals are being properly adopted, and the proposed timeframe is being kept, these will also be followed and periodically reviewed.

However, such an ambitious project is not easily achieved and carries very high costs, making its funding a critical component to ensure a successful implementation. The UN Social Development Group estimates this project to cost between $5-7 trillion USD per year, and these funds will need to be mobilized from a variety of sources.

On the one hand, a big significant role in its funding will be played by official development assistance (ODA). These will have a particularly important role in the least developed countries. Besides specific funds that were specifically created to aid in sustainable development by multilateral development banks like the Green Climate Fund, other international financial institutions, such as the World Bank have pledged their support to the development of the 2030 Agenda. These will provide low income economies with financing for development and debt relief.

On the other hand, in order to fund the 2030 investment from the private sector is imperative because of its innovative mindset, expertise and resources which can all help in achieving the SDGs. Therefore, it is encouraged for organisations to align their strategies with the goals set by the 2030 Agenda and incorporate sustainability to their operations. Governments and innovative financing mechanisms such as social impact bonds or crowdfunding also have an important role in the funding of the Agenda. The former can increase the tax base by promoting economic growth, mobilising resources through taxation and even investing in social programs and infrastructure. The latter can incentivise private institutions as well as individuals to support the SDGs.

Furthermore, the "Secretary General's strategy for financing the 2030 Agenda for Sustainable Development" was created. This is a strategy that proposes a way for the aforementioned public and private, and domestic and international financial flows to be organised and it presented three main objectives:

1. *Aligning global economic policies and financial systems with the 2030 Agenda*
2. *Enhancing sustainable financing strategies and investments at the regional and country levels*
3. *Seizing the potential of financial innovations, new technologies and digitalization to provide equitable access to finance*

(UN Secretary General, 2018)

The roadmap proposed to carry out this strategy consists of 6 action areas regarding advocacy and engagement, as well as 15 key "asks" calling to action policy makers and regulators, the financial industry, shareholders and citizens, IFIs, and the UN system.

Such an ambitious initiative can only be achieved through cooperation and teamwork, that is why the concept of Global Partnership is imperative in the development and carrythrough of these proposals and each member state is commanded to devise a strategy for its fulfilment.

3.2. The Spanish Action Plan for Implementing the 2030 Agenda

The high ambition of the 2030 Agenda urged each member state to design a plan that would allow them to catch up and fulfil the goals set by this project. As Spain was developing the action plan for implementing the Agenda, the government first had to examine the state in which each of the SDGs were. In order to do that, they analysed each goal by national and regional standards and furthermore looked at the differences in sex, age, and type of home from the year 2008 to 2017. Having concluded the diagnostics, the plan was elaborated and presented in 2018, and signed by the president of the government.

First, each of the 17 goals is divided into an average of 30 tasks and assigned to the corresponding ministries. The intersectionality of these goals means that multiple ministries have to collaborate in one goal -in average each ministry collaborates in 10 SDGs.

After having set this division of the goals and actions to be taken by the ministries, the compromise of the autonomous communities and local governments is shown by having each one develop their own plan to ensure the compliance with the SDG goals. The next step is to form an alliance with all the actors – civilians, companies, trade union organisations, universities, and liberal professions – so they commit to the proposed goals and actions. However, territorial cohesion is imperative and an essential condition in order to reach the SDG goals.

Furthermore, lever policies have been created in order to propel action on nine areas that have been deemed a priority some of which include: the Prevention and Fight Against Poverty, inequality and social exclusion, The Climate Change and Energy Transition Law, The Spanish Urban agenda, and the Open Government Plan.

The disparities between rural and urban areas are undeniable, and with the amount of people moving from rural areas to cities, these disparities are bound to increase. Rural areas become poorer while big cities get richer. Therefore, a cohesion approach, connecting the different regions and furthering rural development is an essential step to the long term sustainable development in Spain.

Setting the foundations for the implementation of the 2030 Agenda, Spain pledged to make this Agenda the "centre of Spain's identity" by promoting its implementation with determination both on a national scale as well as on international forums and institutions. Alliances between private and public, and lucrative and non lucrative sectors will also be promoted as part of an "all hands on deck"- approach that states that all actors need to participate in the implementation of these goals. Moreover, as the weight of the fourth sector on the Spanish economy grows, measures to empower sustainability in this sector have increased.

In order to achieve goal 4.7 by 2025, schools, graduate and postgraduate programs as well as teacher training programs will incorporate instruction on the 2030 Agenda and its goals. This is a measure to raise awareness and give guidance to the younger generations. Additionally, a communication strategy will be created by public and private administration to share the goals set in the Agenda, conducting studies periodically on the awareness of the SDG goals and adapting the strategy according to the results. The government also acknowledges that the key to such radical transformation lies in culture, therefore it will create programs to reduce inequalities and promote and make the access to culture easier. Furthermore, all workers employed by public entities or the State will be aware of the SDGs by 2020 and will receive training to ensure the application of the goals.

Facing such an ambitious set of goals involves quite some financial weight, thus it is important for each ministry department to align their budget to include the application of SDGs, as well as aligning public purchase with them. Starting in 2019 it would be mandatory for any new regulations set by the General Courts to be accompanied by an analysis of its impact on the 2030 Agenda and the SDGs. Moreover, the National Reform Programme that needs to be reported to the EU annually will need to integrate the implementation of the 2030 Agenda and the SDGs.

Finally, the implementation of the Agenda will be followed through a control panel which will track the implementation of three types of indicators: the global indicators set by the UN, indicators used by EUROSTAT and indicators specific to Spain. Furthermore, an annual report will be written and evaluated to ensure their validity and accuracy.

III. SUSTAINABILITY REPORTING FRAMEWORKS

According to a survey on sustainability reporting conducted by The KPMG Group, sustainability reporting practices are very widespread, with 77 percent of the N100 companies and 84 percent of the G250 groups using sustainability reporting tools in 2020. Here, the GRI (Global Reporting Initiative) stood out as the most often used standard, as around two-thirds of N100 reporters and around three-quarters of G250 reporters used this tool.

The aim of this section of the TFG is to provide insight into how the GRI and IIRC - two of the most important and commonly used sustainability reporting tools - should be used, providing a step by step guide, as well as clarification on the most significant aspects.

1. The Global Reporting Initiative (GRI)

1.1. *General information*

The purpose of the GRI standards is to aid organisations in the disclosure of the most notable effects of their practices on the environment, economy and people, as well as how these are dealt with. The standards can be used by any organisation size, type, geographical location or reporting experience notwithstanding.

The GRI Standards are divided into three main categories: Universal Standards, Sector Standards and Topic Standards. The GRI Universal Standards apply to all organisations as the name suggests. These are further divided into three more categories.

GRI 1: Foundation 2021. - This standard provides requirements and principles for using the GRI Standards

GRI 2: General Disclosures 2021. - This standard provides disclosures about the reporting organisation.

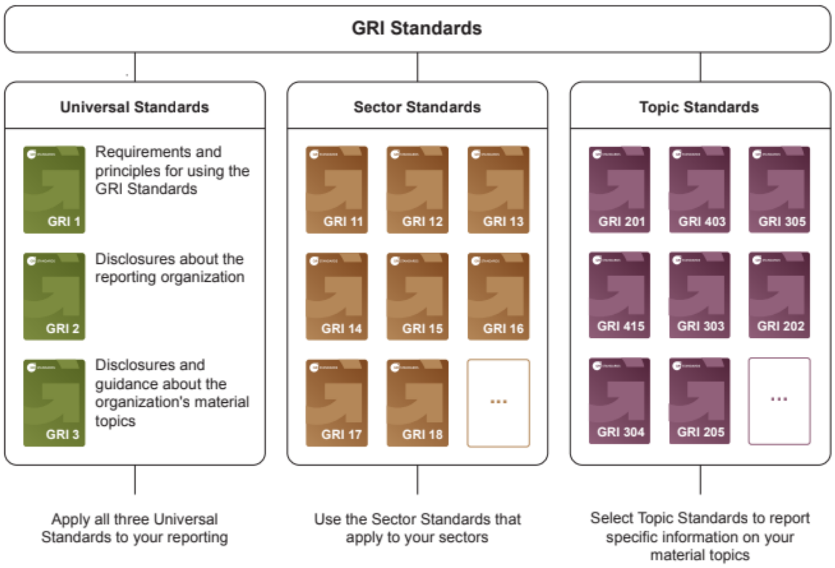
GRI 3: Material Topics 2021. - This standard provides disclosures and guidance about the organisation’s material topics.

These provide a general understanding of how the reports should be presented using this tool.

After applying all three universal standards to the reports, it is imperative for organisations to analyse which sectors their work falls into and apply the corresponding Sector Standards. There are 40 sectors for which standards are developed with the ones with the highest impact - oil and gas, agriculture, aquaculture, and fishing - being at the very beginning.

Finally, Topic Standards are used to disclose specific information on the company's material topics. Some of these can include waste, occupational health and safety, and tax.

Figure 1. GRI Standards: Universal, Sector and Topic Standards



Source: Global Reporting Initiative. A Short Introduction to the GRI Standards. Page 3.

Going forward, this TFG will focus on the three Universal Standards to provide a better understanding of how this reporting tool works.

1.2. *GRI 1: Foundation 2021.*

GRI 1 is the first standard that should be consulted when preparing a report using the GRI standards. It starts by explaining the purpose and system of the GRI Standards and clarifies that not only organisations but also stakeholders and investors can be users of this tool, as it provides information that can be useful to them in order to assess how they might be affected by the organisation's practices and make informed decisions. Moreover, it specifies the requirements and reporting principles that the GRI expects organisations to follow.

The GRI standards have two types of indications: requirements and recommendations. The former are presented in a **bold font** and are accompanied by the word "shall." These are mandatory for organisations to follow in order to provide a correct report. Furthermore these are often accompanied by guidance, which provides clarification on difficult concepts. The latter are accompanied by the word "should" and while being encouraged, they are not mandatory. Finally, there are also definitions of terms that are underlined and explained in a glossary.

The effective date of GRI Standards is the date from which an organisation must publish certain information making use of a particular GRI standard. For instance, if a standard has an effective date of the 1st of January of 2023, that means that organisations must use this standard on or after that date.

The GRI1 defines 4 key concepts as the foundation for sustainability reporting. The first one is impact and it refers to how organisations' business practices affect the economy, environment and people and points out that these do not stand alone but are interrelated instead. The second concept is Material Topics which are the most significant impacts for the organisation. These will be explained further in the GRI3 section. Due diligence is the third concept and it recounts the process through which an organisation "identifies, prevents, mitigates, and accounts for how it addresses its actual and potential negative impacts." Lastly, the standard defines Stakeholders as individuals or groups such as business partners, employees or governments that are or could be interested in the organisation's practices.

There are nine requirements explained in GRI1 that an organisation needs to abide by according to the GRI Standards. The first requirement is for the report to apply the reporting principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability to ensure that the report will have high quality information that information users can benefit from. Secondly, an organisation needs to report all the relevant disclosures in "GRI 2: General Disclosures 2021." These will be explained more thoroughly in the next section of the TFG. Organisational details, Entities included in the organisation's sustainability reporting, Reporting period, frequency and contact point, Restatements of information and external assurance may not be omitted and if an organisation can not abide by one of them, they need to indicate it in the GRI content index accompanied by an explanation.

Third, the organisation has to determine their material topics based on their particular situation by using the pertaining sector standards (see III.1.3). If the organisation finds any topics in their corresponding sector standards that they consider not to be material, they need to list it in the content index along with an explanation. In relation with the previous requirement, the report needs to include the disclosures in GRI 3: Material Topics 2021. Here the organisation needs to explain how the material topics were determined, compose a list of the material topics and finally describe how these topics are being managed. The fifth requirement is to report disclosures from the GRI Topic Standards for each material topic, providing as much relevant information as possible on their effects for information users. However, only those disclosures that have the most significant impact on the selected topics need to be included. In other words, only those disclosures that have the highest relevance for the organisation. In order to address a material topic, the organisation can use more than one topic standard. Furthermore, the applicable Sector Standards should be used when one of the selected material topics is covered by them and in the case that a disclosure needs to be omitted, a reason needs to be provided in the content index. This leads us to the sixth requirement which is to "Provide reasons for omission for disclosures and requirements that the organisation cannot comply with". There are four accepted reasons for omission: the disclosure not being applicable, there being legal prohibitions, confidentiality constraints and finally if the information is unavailable or incomplete. These need to be included in the GRI content index specifying what requirement can not be complied with along with an explanation. As mentioned several times throughout this section, the seventh requirement is to publish a GRI content index or a link or reference to it when the index is not included in the report itself. This should include:

- "the title: GRI content index;
- the statement of use;
- the title of GRI 1 used;
- the title(s) of the GRI Sector Standard(s) that apply to the organization's sector(s);
- a list of the organization's material topics;
- a list of the topics in the applicable GRI Sector Standard(s) determined as not material and anexplanation for why they are not material;
- a list of the reported disclosures, including the disclosure titles;
- the titles of the GRI Standards and other sources that the reported disclosures come from;
- when the organization does not report GRI Topic Standard disclosures for a material topic from the applicable GRI Sector Standard(s), a list of the disclosures and the required reason for omission;
- the GRI Sector Standard reference numbers for the disclosures from the applicable Sector Standard(s);
- the location where the information reported for each disclosure can be found;
- any reasons for omission used;"

(Global Reporting Initiative. Consolidated Set of the GRI Standards.)

Moreover, the eighth requirement states that the organisation provides a statement of use declaring the name of the organisation as well as the start and end dates of its reporting period.

This should look something like “[Name of organization] has reported in accordance with the GRI Standards for the period [reporting period start and end dates].”

Finally the organisation shall notify the GRI providing information about “the legal name of the organisation, the link to the GRI content index, the link to the report, if publishing a standalone sustainability report, the statement of use and a contact person in the organisation and their contact details” by sending an email to reportregistration@globalreporting.org.

Additionally, the GRI 1 recommends publishing their sustainability reports for the same reporting periods as their financial reports and including the same group of entities. Furthermore, the organisation may enhance the credibility of their sustainability reporting by setting up internal controls, seeking external assurance independent from the organisation to ensure the qualitative and quantitative information is accurate and rigorously reported and finally holding stakeholder or expert panels to ensure their views on sustainability reporting are aligned with the organisation’s and be advised when necessary.

1.3. GRI 2: General Disclosures 2021.

As the name suggests, GRI 2: General Disclosures 2021 is composed of a list of disclosures that organisations have to provide about their reporting practices. The main areas to be disclosed are: “The organisation and its reporting practices, Activities and workers, Governance, Strategy, policies and practices and Stakeholder engagement.” The goal of disclosing this information is to provide impact into the profile and size of the organisation and raise awareness of their possible impacts.

The first set of disclosures inform stakeholders and information users of the organisational details of the organisation - legal name, nature of ownership and legal form, location of the headquarters and countries of operation-, its sustainability practices, which entities are included in the report and what reporting period the report takes place in as well as how frequently their sustainability reports are written. Additionally, it provides a contact point in case any questions arise when reading the report. If at any point the organisation needs to restate information that was presented in a previous reporting period, the reasons as well as the effect of this restatement need to be disclosed in this section. Finally, policies and practice of external assurance need to be disclosed in this section and in cases where external assurance was used in the organisation’s sustainability, the organisation needs to provide a link to the external report or statement and disclose which items have been assured and by which standards. The next section provides insight on the organisation's activities, employees and workers. First the sectors in which the organisation is active such as public or private or industry specific categories shall be reported, describing its value chain from its activities to its supply chains and the downstream from their activities, reporting their most significant business relationships and finally describing any important differences that occurred since the previous period. The following disclosure requires organisations to report how many employees they have and information on their gender and region, how many of those are employed permanently, temporarily, full-time or part-time or do not have guaranteed hours again broken down by gender and region. Furthermore the organisation needs to define which methodologies and assumptions they used to collect the data, including any context that would be necessary to understand this data and communicate if there have been any significant fluctuations in the amount of employees either during that reporting period or between reporting periods. The previous information also needs to be provided for the number of workers who are not direct employees of the organisation but whose work is controlled by it, as well as explaining what type of activities these workers perform, the most common types of workers and what the contractual relationship between them and the organisation is.

The third section contains thirteen disclosures on the organisation's company structure composition, knowledge, roles, and remuneration. Some of these include: "Governance structure and composition", the "Role of the highest governance body in overseeing the management impacts," "Communication of critical concerns," and "Annual compensation ratio." The importance of this section lies in the fact that it is essential to understanding how the management of the organisation's impact on the economy, environment, and people - such as their impact on Human Rights - comes into play in terms of organisational strategy and operation. It also provides insight on how governance bodies are set up, their roles and responsibilities, and the skills the organisation has in order to manage their impacts.

Understanding an organisation's sustainable development strategies, policies and practices is imperative in a sustainability report. Thus, the fourth section of the GRI2 deals with strategy, policies and practices, demanding a statement on sustainable development strategy and disclosures on "policy commitments", "embedding policy commitments," "processes to remediate negative impacts, mechanisms for seeking advice and raising concerns," "compliance with laws and regulations," and membership associations. Instead of focusing on material topics this section provides knowledge on how the organisation ensures responsible business conducts. This includes abiding by laws and regulations, protecting human and workers' rights, combating corruption, and ensuring that their negative impacts are addressed.

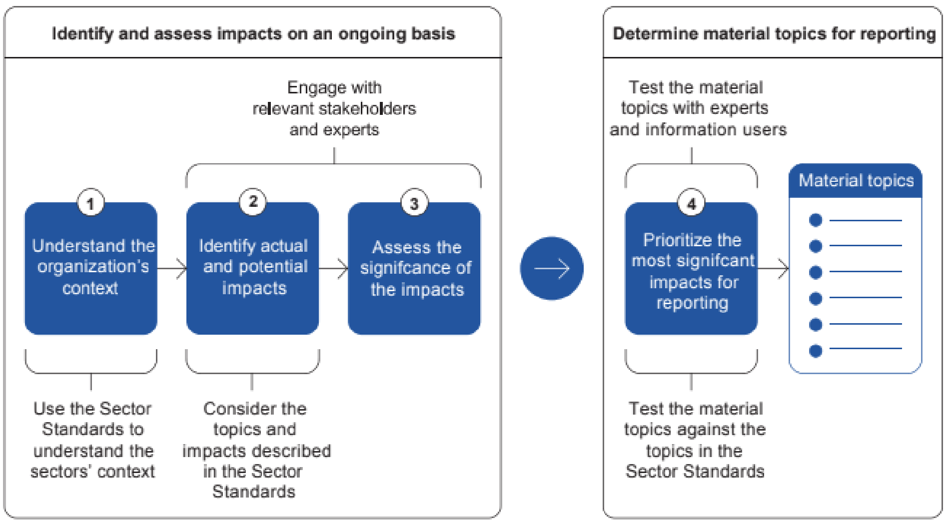
Lastly, the last section of the GRI2 provides information on stakeholder engagement undertaken as part of its ongoing activities. Here, the organisation is demanded to explain their approach in engaging with stakeholders. In order to do so it should define how the different stakeholders are categorised and how these can be identified, what purpose the stakeholder engagement has - e.g. identifying potential and actual impacts. Finally, it should disclose how meaningful engagement with the stakeholders are ensured. In order to do this, mutual communication is essential.

1.4. GRI 3: Material Topics 2021

GRI 3 describes how to determine the most notable impacts that the organisation has on the economy, environment and people. These impacts are denominated as an organisation's "material topics". Furthermore, this standard explains how sector standards can be applied.

The first section explains in detail how organisations can determine the material topics they are going to use for the report. As seen below, there are four steps to determining material topics. The first three are carried out on a day-to-day basis and serve as a basis for the fourth step and need to be performed before the fourth step can be implemented.

Figure 2. Process to determine material topics



Source: GRI Standards. (30 / 06 / 2022). Page 103

In order to understand the organisation's context (Step 1), the GRI 3 states one should look at their organisation's activities, business relationships, sustainability context and stakeholders.

The first aspect includes the purpose, value and business model, etcétera of the organisation as well as type of activities such as marketing or distribution, where these activities take place, the products and/or services offered and which sectors of the economy are affected by this.

Business relationships not only refers to their business partners, but also other organisations in their value chain or any entity that is somehow affected by its operations, products or services. In analysing these relationships, the organisation should keep in mind the form these relationships take - for instance a franchise, - the activities that are performed by the entities the organisation works with, their business relationship and where those activities are being carried out. The effect on the economy, environment, and human rights should be assessed when analysing an organisation's sustainability context. This aspect includes both laws created by the own organisation to ensure compliance with social responsibility as well as laws and regulations set by governments. Stakeholders are any individuals or groups who are or could be affected by the organisation’s work, regardless of whether they have a direct relationship or those stakeholders have a say in the organisation’s activities. A list of all of the different stakeholder groups should then be written down and classified in a way that the organisation finds most relevant.

Step two answers how to identify actual and potential impacts. Actual impacts refer to those which have already happened and potential impacts to those which have not happened yet but could happen in the future. To carry out this task, the organisation will most likely have to use multiple sources: inside sources such as grievance mechanisms, third-party sources or external sources like audits or safety inspections. In this step it is highly important to take into consideration the worries of the organisation’s stakeholders, as these are directly affected by their actions. Additionally, the organisation has to look at which sector standards are applicable and assess whether their impacts affect the corresponding sector standards Furthermore, in order to comply with the principle of due diligence, it is imperative for the organisation to identify actual and potential negative impacts their activities directly caused or contributed to as well as potential ones born from its business relationships. It is considered that an organisation caused a negative impact when this impact is a direct result from their business activities. In cases where another entity was led, facilitated or incentivised by the organisation to cause an impact, it is said that the organisation contributed to the impact. Finally, negative impacts born from business relationships -even if not directly caused by the organisation-, are considered to be directly linked to the organisation. Lastly, positive impacts born from an organisation’s activities and practices that lead to sustainability development should also be identified and analysed.

Once the organisation has identified their potential and actual impacts, their significance has to be assessed so these can be prioritised.

Negative impacts are assessed by their severity. In order to determine their significance, their risk - a combination of severity and the chance of it happening- is considered. The severity is determined by “how grave the impact is” (scale), “how widespread” it is (scope), and “how hard it is to counteract or make good the resulting harm” (irremediable character. If human rights are being infringed, the severity of that impact is considered more important than its likelihood. Positive impacts, however, are determined by their scale and scope which refer to the magnitude of their benefits - how many people are helped or how many environmental resources are improved - as well as the possibility of it happening.

The last step is to prioritise the most significant impacts. These will be the material topics the organisation will then report on. For this step, the organisation should look at the significance of the impacts which it previously determined and rank them from most to least important. The organisation should furthermore provide a list which explains the criteria used to prioritise the impacts in order to ensure transparency. Furthermore, to facilitate the understanding of the report, the organisation should group impacts which are related to each other into topics.

After an initial assessment of the material topics, these should be tested against the topics in the corresponding GRI Sector standards to see if these are really applicable. Then, after being tested, the highest government body of the organisation or senior executives should approve the material topics. Finally, the organisation should decide which aspects of the selected material topics to report on as determined by the GRI 1. Nevertheless, there are two disclosures that the organisation needs to provide on their material topics.

Firstly, the process used to decide the material topics needs to be described from the identification of the impacts to their prioritisation. Moreover, stakeholders and experts that were consulted during this process should also be mentioned. Finally, the organisation needs to provide a list of the material topics explaining any changes that may have happened since the previous reporting period.

All in all, the GRI standards is a very thorough and fairly comprehensive and intuitive tool for sustainability reporting that is very schematic and uncomplicated to understand even from an outsider perspective. Thus, it is no wonder that it is used by the majority of organisations.

2. The International Integrated Reporting Council (IIRC)

The second sustainability reporting framework that will be analysed in this TFG is Integrated Reporting (IR). This tool was created by the International Integrated Reporting Committee (now International Integrated Reporting Council -IIRC) in 2009, after HRH Prince of Wales called a high-level meeting to work on the Prince's Accounting for Sustainability Project.

The IIRC believes IR can create value for an organisation and illustrates how an organisation will profit from IR in the short, medium and long term. This urges stakeholders to think about value creation in a much broader sense instead of just thinking about financial profit. Furthermore, it also requires that the different departments of an organisation start working together instead of on their own. Even though IR reports were initially developed for the for-profit private sector, an abundance of other stakeholder groups can benefit from IR.

In order to determine what should be included in the report, IR believes in three fundamental concepts that need to be considered before starting any part of the report. These are:

1. Value creation for the organisation and for others
2. The capitals
3. The value creation process

Then, one should consider what capitals make a business successful: financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital, and natural capital. Furthermore, there are seven guiding principles to be applied during the preparation of an integrated report in order to include the necessary contents and present the report properly. These are characteristics crucial to the correct presentation of an integrated report:

1. *Strategic focus and future orientation*
2. *Connectivity of information*
3. *Stakeholder relationships*
4. *Materiality*
5. *Conciseness*
6. *Reliability and completeness*
7. *Consistency and comparability*

(Adams, C. (2013); page 38)

According to the IIRC there are ten steps that need to be taken before an organisation can begin to write their report. These fall into three categories: preparation, getting buy in, and developing integrated thinking.

Preparation involves establishing sustainability reporting and examining the adequacy of stakeholder engagement techniques to finding issues important for creating the report. The former step is for organisations which have not yet begun preparing a report or collecting information that will be relevant to carrying out the report. Getting buy in requires two main interest groups to accept and express willingness to actively support and participate in sustainability reporting. The main groups that should be addressed in this step are senior management (e.g. the CEO oro CFO) and the board of stakeholders. Finally, this step requires the organisation to obtain consensus on the way the sustainability report will be done. Here the organisation must decide whether they want to embrace the framework all at once or they will adopt parts of it gradually.

Moreover, using IR requires that organisations change their mindset and develop an integrated thinking. The international IR framework defines this as:

"the active consideration by an organization of the relationships between its various operating and functional units and the capitals that the organization uses or affects. Integrated thinking leads to integrated decision-making and actions that consider the creation of value over the short, medium and long term."

In order for integrated thinking to be developed the organisation first needs to determine their material issues (as seen in the previous chapter) and obtain consensus on the company model and how it relates to the six capitals -financial, manufactured, intellectual, human, social and relationship, and natural capital-. The IIRC places a lot of importance in developing a value creation story which should involve the aforementioned capitals and relates to the business model. Building on this, the organisation's strategy should be expressed. Lastly, it is imperative to review information that might be connected across the organisation's integrated report and through their other financial and non-financial reports. That way, an organisation can ensure they are presenting a reliable report.

There are a lot of misconceptions about what it means to create value in a company and how sustainability reporting should be done. Therefore, the IIRC calls for organisations to fix gaps in their integrated thinking. Amongst other actions this may involve:

- Eradicating the belief that monetary terms are the only determinants of value for a business.
- Modernising organisation structures that no longer relate to the intricacies of the present-day, globalised business environment.
- Substituting "territorial and hierarchical" leadership styles for other leadership styles to shift the culture of the organisation and promote diversity.
- Making sure the organisation's leadership is not predominated by people who do not possess a moral compass and hence authority, which could lead to bigger issues.

An organisation's value creation story has been mentioned a couple of times throughout this chapter as it can increase a company's value. The value creation story explains how an organisation intends to create value not only in the short term but also in the medium and long term. Here value refers to much more than financial profit. To begin writing the value creation story, the organisation needs to have a concise idea of their vision, which will be the starting point for developing their strategy and shape the meaning of value. To further step away from outdated ways of thinking about an organisation and its value, the IIRC encourages companies to think about their business model more broadly. This can be achieved by considering people, infrastructure, relationships, natural resources, and other non-financial aspects as part of their business input, instead of just thinking of funds. Stakeholders are highly interested in how the organisation identifies and manages ESG risks, as these can have highly negative consequences. Businesses need to discover creative ways to report on their business model and critically examine how well they grasp the intricate relationship between all of its inputs, activities, outputs, and outcomes. Finally, after all that previous work, the organisation can begin writing all the previously acquired information down and start working on the actual report. There are multiple resources that can aid in presenting a proper integrated report such as The IIRC's Emerging Integrated Reporting Database or The CorporateRegister.com online database of company reports.

However, there are a number of characteristics that integrated reports should always include. First, an organisational overview and analysis of the external environment needs to be carried out, as well as an analysis on governance. Then the business model needs to be explained along with the organisation's risks and opportunities. Afterwards, the strategy and resource allocation are defined, followed by performance and outlook. Lastly, the basis of preparation and presentation along with the general reporting guidance is presented. After the integrated report is finalised, it should be able to answer the following questions:

- "What does the organization do and what are the circumstances under which it operates?"
- "How does the organization's governance structure support its ability to create value in the short, medium and long term?"
- "What is the organization's business model?"
- What are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how is the organization dealing with them?"
- "Where does the organization want to go and how does it intend to get there?"
- "To what extent has the organization achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?"
- "What challenges and uncertainties is the organization likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?"
- "How does the organization determine what matters to include in the integrated report, and how are such matters quantified or evaluated?"

(Adams, C. (2013); page 64)

Furthermore, the IIRC states that "An integrated report should be a designated identifiable communication." As different stakeholders and audiences have different interests, there is a need for an organisation to provide both financial and non-financial reports and for these to be easily comprehended. Therefore, this framework demands for integrated reports to be filed separately. Nevertheless, the different types of information presented still need to be able to relate to each other. More precisely it is crucial for the content sections of an integrated report, the relationship between past performance and future strategy, the six capitals and integrated report and other corporate reports to be linked. To achieve this successfully the organisation should have a culture that fosters cross functional communication and collaboration.

Overall, IR is a flexible and holistic framework that aims to integrate the needs and wants of both the company's investors, as well as the interests of external environmentalist groups (De Villiers, C. & Dimes, R. 2023).

3. Other sustainability reporting frameworks

3.1. UN Global Compact Strategy (UNGC)

The UNGC was established in the year 2000 and has a focus on integrating a set of 10 principles into an organisation's strategy and activities. These principles fall into the categories of human rights, labour, environment and anti-corruption. Organisations that adhere to the UNGC have to submit a Communication on Progress (CoP) report every year explaining how they complied with these principles. In 2023 a new digital platform for CoP submissions was introduced, swapping the previous narrative style for a standardised questionnaire. Nowadays over 47.000 reports have been filed using this framework.

3.2. The Sustainability Accounting Standards Board (SASB)

The SASB was created by the Sustainability Accounting Standards Boards and published in 2018. This offers guidelines on how financially significant sustainability information can be reported across 77 industries including subdivisions of ESG issues for each of these industries. This framework stands out for including markets for different IT products and services. A study conducted in 2022 by TechTarget's Enterprise Strategy showed that 66% of IT professionals found the framework most useful when evaluating ESG programs of IT vendors. The SASB was assimilated into the IFRS Foundation after being combined into the Value Reporting Foundation and will continue to be applicable until the new IFRS standards are published.

3.3. The Climate Disclosure Standards Board (CDSB) Framework

This framework was created in order to facilitate the incorporation of ESG reporting in common business reports and it initially concentrated on challenges related to climate change. However, when an update was released in 2015 it started to include wider environmental reporting and in 2022 it even introduced data on ESG social components. While wildly popular at its peak, with 374 businesses in 32 nations utilising the framework, after merging with the IFRS in 2022 it was no longer available for usage.

3.4. International Financial Reporting Standards (IFRS)

In 2021 the IFRS foundation established the International Sustainability Standards Board with the goal of developing a universal set of disclosure guidelines that may be used to report ESG information to investors and stakeholders. In order to do that the IFRS merged with the SASB, as mentioned above, and replaced the CDSB Framework. Two sets of requirements, which are expected to be released in the middle of 2023, were being worked on. The first one related to general disclosures of financial information linked to sustainability, whilst the other focused on specialised disclosures of information about risks and opportunities related to climate change.

IV. ANALYSIS OF SUSTAINABILITY REPORTS

1. Naturgy's sustainability report of 2021

1.1. General information

Naturgy is a multinational energy group based in Spain that was established over 175 years ago and operates in 20 countries across 5 continents. It distributes gas and electricity, generates and commercialises electricity -offering a mix of energy-, and creates gas infrastructure, procures it and commercialises it.

Naturgy's sustainability report is made of 390 pages and consists of 9 sections - Objectives and commitments, Business model and sustainable strategy, Integrity and trust, The opportunity of environmental challenges, Customer experience, Commitment and talent, Innovation and new business development, social responsibility, and Annexes- in addition to a six pages long letter from the Chairman at the beginning. This letter explains how the company sees itself as an organisation that focuses on transformation, growth, climate neutrality, excellence, social responsibility, people, integrity, reliability and transparency, and is globally recognised.

The company's most used framework in order to write the sustainability report, were the SDG goals set by the UN's General Assembly in the 2030 Agenda. The report has identified goals 7, 11 and 13 - affordable and clean energy, sustainable cities and communities, and climate action- to be the ones this company directly contributes to. However, it indirectly contributes to all the other SDGs except Goal 2. Figure 1 of the annex shows the main drivers listed in the report with a summary of the lines of action taken, listing the SDG goals each of these contribute to either directly or indirectly, as well as their alignment with their Corporate Responsibility Policy commitment. Furthermore, the report was written in accordance with various reporting frameworks. For one, it was written taking into account the recommendations given by the GRI standards. A list of 14 material aspects was provided in the annex for that purpose, explaining the stages of the value chain where these issues have greatest impact for both gas and electricity, the impact of the aspect inside and/or outside the organisation by stakeholder and where to locate that information in the report. Another standard that was used was the AA1000AP (2018). Specifically, the principles of inclusivity, relevance, response capacity and impact were significant for this standard. In order to ensure compliance with human rights the UN Guiding Principles on Business and Human Rights were also used. Finally, the report was also written in accordance with the SASB standards to help investors identify the information that has the biggest significance to them.

1.2 Objectives and goals

In July 2021, the company introduced a new Strategic Plan to be conducted until 2025 which had ESG aspects at its core. This plan is divided into six drivers - which are mentioned in the introduction of this chapter and will be analysed later in this chapter- with twenty-one action lines and seventy-four objectives all of which comply with the goals set by the 2030 Agenda.

There are three main goals to be achieved by 2025 at the core of the company. In order to achieve them, approximately fourteen billion Euros will be invested - 8,700 million Euros towards renewables and 4,100 towards networks.

- First, the company strives to achieve zero net emissions by 2025, which would imply a reduction of total CO_2 emissions by 24% by 2025 in comparison to 2017 and protecting diversity for which over 350 projects to preserve ecosystems have been put in place.
- On the social side, gender parity should be achieved by 2030. This will be done by encouraging inclusivity through having representation of over 40% of women in managerial roles and by expanding the implementation of ESG policies across the supply chain, reaching a coverage of 95%.
- Third, on the side of governance, remuneration linked to management that is aligned to ESG goals will be sought. This includes introducing a remuneration structure that aligns 10% of management compensation with ESG objectives as well as incorporating climate change risk reporting and taxonomy to uphold prominent positions in sustainability indices.

The aim of the report is to provide the company's stakeholders with the sufficient information to be aware of how the company is acting, know their effects and be able to make decisions accordingly. In order to write this report, the activities of all the companies that comprise the Naturgy Group all over the globe have been taken under account. The stakeholders that were identified by the group were: "shareholders and investors, suppliers, business partners, employees, analysts, market agents, society, public administration, regulatory bodies, financing groups, customers, and insurance and reinsurance agencies."

1.3 Driver 1: Integrity and Trust

Naturgy places immense importance on responsible and transparent practices, aiming to be a trustworthy and integrity-driven company for its stakeholders. This will be achieved through a series of policies, procedures and governing bodies that have been implemented. These include:

- Rules and a Code of Ethics to guide the conduct and management of the company by both directors and employees.

- Good Corporate Governance practices implemented by the Board of Directors and through which an annual analysis of the organisation's risk profile is carried out.
- A Risk Management Model which involves regular reviews of internal audit and compliance procedures to ensure predictability of the company's performance in a multitude of areas important to stakeholders.
- Cybersecurity governance which manages risks associated with information systems.
- A Supplier Code of Ethics which aids in the selection and management criteria of suppliers to ensure compliance with the principles outlined in the Code of Ethics, minimise risks and have effective management of the value chain.

Moreover, this driver expresses a set of principles it commits to. Firstly, it rejects corruption, fraud, and bribery for which it implements prevention and combating measures that include internal channels for denouncing irregularities while remaining anonymous. Secondly, Naturgy complies with its internal regulations, as well as national and international laws and standards to ensure the upholding of human rights, labour, governance, and business ethics. Third, the company commits to responsible management, fulfilling fiscal obligations transparently in all jurisdictions, and collaborating with tax authorities. Moreover, fair competition that prevents misleading, fraudulent or malicious conduct to provide an unfair advantage, is upheld by the company. Additionally, transparency is promoted through "responsible, truthful, efficient, complete and timely" reporting on both financial and non-financial information on the company's activities which are published regularly. Finally, it seeks to maintain ongoing dialogue with stakeholders through appropriate and accessible communication channels.

As explained at the beginning of this chapter, there are 74 monitoring indicators that are used to track the company's performance. For driver 1, there are 17 of them. These can be found in figures 2 and 3 of the annex. These figures show significant improvement on most indicators. Firstly, "sustainable financing and/or financing compatible with energy transitions" has doubled from 3,155 million euros to 6,337 million euros, even surpassing the target that was set for 2025. Secondly, cybersecurity incidents per millions of attacks have been reduced to almost a third of what they were, also improving beyond the target that was set for 2025. Purchase volume with acceptance of the code of ethics has improved by 5 percentage points from 2020, only 0,8 percentage points below the 2025 target, and Compliance with the critical infrastructure governance model has doubled in a year, even though it is still below 50% of the target for 2025.

There are other areas such as "Naturgy Energy Group BitSight International Index" and "Coverage level of ESG audits over purchase volume with high ESG risk" that, although they show improvement, also are far from reaching the proposed goals. "Meetings held with ESG investors" have increased only by one meeting, although that can be explained by the Covid 19 crisis and health precautions making meetings like this more difficult to conduct. Moreover "Implementation of the ESG risk quantification methodology" has been enforced and the scale is only 0,2 points away from the desired goal and the Tax Transparency report has been put in progress so that it can be published by 2025. "Maintain and renew ISO37001 and UNE19601 Certification (anti-bribery and criminal compliance management)," "Criminal indictments for corruption-related offences (number)," "Annual external audit of the Crime Prevention Model in accordance with article 31 bis of the Criminal Code," "Non-financial indicators with qualifications (number)," "Degree of compliance with the new recommendations of the CNMV' Good Governance Code" have remained the same compared to the previous year. Finally, "implementation of the Social Media Management and Use Policy" has not yet been carried out. (Naturgy. (2021); Pages 42, 43)

1.4 Driver 2: The opportunity of environmental challenges

This driver is made up of 13 indicators related to climate change (figures 4 and 5 in the annex). Climate change is the biggest global challenge of the 21st century, which is why the transformation of the energy sector is crucial to Naturgy. Achieving carbon neutrality by 2050 at the latest and reducing greenhouse gas emissions - scope 1 (direct emissions), 2 (indirect emissions created by the company), and 3 (indirect emissions created by the customers) - in line with the 1.5ºC-2ºC pathways of the Paris Agreement is one of the main objectives for the company, which will be guided by the principles of a just transition.

In order to do that, the company will primarily focus its investments on activities that meet the criteria of the EU Taxonomy, therefore the development of new renewable generation facilities will be developed, aiming to reach an installed capacity of nearly 60% by 2025. Another priority for Naturgy is the production of carbon-neutral renewable gases, so that 1TWh is injected into gas networks by 2025. Furthermore, the company acknowledges the importance of smart and adaptable energy grids in facilitating the energy transition. Finally, another aspect identified as a priority within this plan is biodiversity as it plays a considerable role for climate change.

The indicators for Scope 1 and Scope 2 of absolute greenhouse gas (GHG) emissions have shown an improvement, being reduced by 2 points from the previous year. Nevertheless, indirect emissions from customers (scope 3) have increased significantly from 123.2 million tCO2eq to 136.5 million tCO2eq, stepping further from the 2025 goal. Another improvement shown in these indicators is "Total water consumption and (hm3)" and "Total waste production (hazardous + non-hazardous) (kt)" both of which have been significantly reduced from 20.3 hm3 to 15.2 hm3, and from 159.2kt in 2020, to 98kt respectively in 2021 surpassing even their targets for 2025. However, the percentage of total waste recycled and recovered has worsened by 4 percentage points. So even though there has been an improvement in total waste production, the percentage of that waste that gets recycled has declined. An increase in “Generation mix from renewable sources measured in installed capacity over the total of the group (%),” and “Renewable gas production or injection capacity (TWh)” have also shown improvement. Furthermore, the number of “Initiatives to improve biodiversity throughout the life cycle of the facilities (construction, operation, dismantling)” has also increased significantly from the previous year. Two indicators are still in progress. The first one is the hectares of environmentally restored cumulative area, for which the 2025 objective is yet to be defined. The second one is the “Implementation of a methodology for the decentralised determination of climate risks according to TCFD.” (Naturgy. (2021); Pages 43, 44)

1.5 Driver 3: Customer experience

Naturgy recognises the importance of customer satisfaction, as these can have very high repercussions on the company’s performance, market share, operations and reputation. Thus, customers are considered key stakeholders alongside employees.

Therefore, Naturgy commits to providing customers with high-quality products and services that are safe and easy to use and stay competitive, to provide customers support during energy transitions, and to promote open communication, tailoring the responses to each specific situation. Moreover, it pledges to simplify and unify operations, so customer relationships become easier, to offer innovative products and services that aid in the advance of sustainability, to provide the different customer segments with value propositions that are adjusted to them. Finally, the company vows to utilise technological innovation to supply energy more efficiently and in a sustainable manner.

This driver is by far the one in which the most improvement needs to be done with the Net Promoter Scores (NPS) percentages of Spain (global marketing, customer service of electricity networks, and customer service of gas networks), Brazil, Chie, and Mexico showing significant declines, deviating from their target percentages. There is a slight improvement of Argentina’s global NPS percentage and the customer service NPS of Panama has almost doubled from last year, although it is still extremely far from the goal.

On the positive side, the percentage of customers that use online billing in Spain and the percentage of interaction with digital channels have increased significantly. In addition, the number of contracts per customer in Spain, the percentage of “ Units with Crisis Management

Plans prepared and tested (years/actual case), with respect to the total number of units/ countries that should have one," and the number of partnerships with third parties providing value-added solutions for customers in Spain have remained the same. The indicators for this driver can be found in figure 6 of the annex. (Naturgy. (2021); Page 44)

1. 6 Driver 4: Commitment and talent

This driver deals with talent management and inclusion, as the well-being and satisfaction of employees is essential to the core values of the company. In order to achieve this, Naturgy commits to identify, attract and retain talent through fair and non-discriminatory practices. Furthermore, they aid in the professional development of their employees by providing them with the necessary means, programs and tools to improve their skills and expertise. Another important aspect that is considered in this driver is having a work setting that motivates the employees through recognising their efforts, allowing them to have autonomy to innovate, all of which will be compensated fairly. Moreover, flexibility mechanisms allowing personal development will be implemented to ensure a positive work-life balance. Protecting diversity and equal opportunities for all employees are also essential for Naturgy. Therefore, the company fosters respect, understanding by dialoguing, the inclusion of disabled persons not only for the employees but also towards suppliers and other collaborating companies. Finally, the company values feedback and collaboration with their worker's representatives in decision-making processes.

This driver, made up of 17 indicators found in figures 7 and 8 in the annex, has either improved or stayed the same in most areas. Out of the aforementioned indicators, five - People trained out of the total number of employees included in talent transformation programmes, Geographic diversity in executive and managerial positions (of total) (%), Absenteeism rate due to common contingency (%), Response time to test (PCR or antigens) in response to a possible contagion alert (hours), and Response time vs. notification in app/SAE (hours/days)- have already surpassed the goal set for 2025. However, it is notable that the percentage of women in management posts, diversity of skills have diminished and the number of days lost as a result of work accidents per 200,000 hours worked has increased indicating these accidents have been more severe. (Naturgy. (2021); Pages 44, 45)

Furthermore, one can observe a tendency towards remote work, as 21% of the staff is currently working from home 20% of their working time. The goal for 2025 is for 40% of the staff to work remotely 30% of the time. (Naturgy. (2021); Pages 44, 45)

1.7 Driver 5: Innovation and new business development

Because of the ecological transition, a new energy model centred around innovation and the development of new businesses to achieve climate neutrality is needed. There are four main elements that will support this transition. The first one is innovation for growth which includes new practices, business models and technology for digitalization, automation and process optimization. This will enhance efficiency and ensure long-term competitiveness and customer focus. Secondly, they aim to optimise renewable energy by using innovative systems that improve energy efficiency, integrate with the environment and buildings, reduce costs and are more reliable. Third, flexible electricity consumption methods will be adopted as well as other methods that will help store energy for future use. Finally, the production of renewable gases (hydrogen and biomethane) in non-electrifiable sectors is crucial.

Overall, Naturgy is heavily investing in renewable energies and exploring new business areas some of which include "renewable gases, hydrogen and biomethane, storage and sustainable mobility." All of this is in order to promote sustainable innovation.

The indicators for this driver can be found in figure 9 of the annex. The most significant increases in this driver are the number of recharging points for electricity vehicles and customers acquired for self-consumption products which increased from 1 to 352 and 77 to 560 respectively in one year. Furthermore, managed recharging points for NG-LNG vehicles increased by 1 point. Energy billed for mobility services was already beyond the goal in 2020 but still managed to be increased in 2021. On the other hand, the indicators for amount of stored energy, number of energy storage solution projects and the number of renewable gas projects in service have stayed the same in comparison to the previous year - 0, 0, and 2 - and are still very far away from the goal set for 2025 which are higher than 82, higher than 6 and higher than 30 respectively. Moreover, the number of challenges and proofs of concept with the start-ups in open innovation programmes have been reduced from 12 to 5, diverging from the goal of reaching more than 100 challenges by 2025. Finally, the percentage of spending and investment in innovation over EBITDA has increased significantly, almost reaching the goal of the indicator being higher than 2%. This supports Naturgy's statement of prioritising innovation. (Naturgy. (2021); Page 45)

1.8 Driver 6: Social responsibility

Naturgy is dedicated to promoting the economic and social progress of the regions in which it operates. This involves sharing knowledge and expertise, as well as setting aside a portion of its profits towards social investments within their territories.

In order to do that, they commit to a fluid, two-way dialogue in the local communities, respecting their culture, rules and environment. Additionally, Naturgy will assess its social impact by identifying and mitigating adverse effects and fostering positive ones. Initiatives for positive social impact in energy projects will be implemented in an effort to create shared value. Moreover, social investment is a key commitment to the company. Therefore, they will promote education, cultural wealth, health, research, and the inclusion of underprivileged groups. Another important commitment is to collaborate with academia and supply chain to share knowledge and values with society. Finally, the company aims to uphold collaboration between public-private and the third sector to alleviate the impact on vulnerable groups and address energy poverty.

Figures 10 and 11 of the annex show the indicators for this driver. There, a decrease in the number of attendees at energy efficiency workshops in Spain of 78 people can be observed, which deviates from the target number for 2025. Furthermore, the percentage of initiatives with impact assessment has remained at 0, even though the goal is to reach 100%. Another decrease that can be seen is the decrease of the percentage of purchase volume assigned to local suppliers. However, even with the decrease, the indicator is still more preferable than the goal that was set for 2025 so it is not too significant for the report. The total social investment has remained at 10 million euros and is also above the objective that was initially set. Finally, the strategic plan for 2025 intends to develop and implement a methodology for measuring natural and social capital, which in 2021 is still in process. (Naturgy. (2021); Pages 45, 46)

1.9 Quality of the information

After analysing the drivers, it is important to assess whether the data that was provided by the report is reliable and complete.

In order to prepare the Sustainability Plan, the company carried out both an internal and an external analysis. The former included the following aspects: “the company’s strategy, a risk map, annual reports, corporate responsibility policy, code of ethics, and other internal policies and internally developed documentation on ESG performance.” The latter tool into consideration “regulatory and industry trends, analyst and investor requirements, competitor analysis, news from different media, and the change of context resulting from the COVID-19 crisis” In addition to the analysis performed by the company itself, KPMG also analysed the performance of the company and verified the reliability of the report.

The credibility of the sustainability report and the company's efforts to act responsibly and being transparent can also be supported by Naturgy's presence in multiple sustainability indices such as the FTSE4GOOD, the ISS ESG or the CDP Water's A List 2021 index. However, there is still room for improvement, as the company has fallen out of the Dow Jones Sustainability Index after obtaining a rating from S&P Global that was much lower from previous years. This can however be partly explained by the difficulties caused by the COVID-19 crisis and actions to improve this situation have already been put in place.

The report can furthermore be considered accurate, as there is all the information stakeholders would need to make decisions in ample detail. Showing both positive and negative aspects of the company's actions indicates that the report is balanced. Moreover, the information is easily understandable, providing explanation in areas that might be difficult, and uses graphs, diagrams and indicators to explain the results of the report in a more accessible way. Thus it can be said that the report complies with the principle of clarity. Additionally, the consistency of the report allows it to be compared with both the company's own performance throughout the years as well as with other companies. Finally a sustainability report along with a non-financial information statement is made available to stakeholders annually.

2. Acciona's Sustainability Report

2.1. General information

Acciona is a global development group based in Spain and present in 40 countries across 5 continents, which offers sustainable infrastructure solutions to confront water and energy demands. To do so, the company provides creative processes which "generate progress, a new way of doing business, oriented to designing a better planet."

Acciona's sustainability report is made of 156 pages and consists of 8 sections - Business as Unusual, Degree of fulfilment of commitments, People centric, Planet positive, Exponential leadership, Integrate to transform, Impact per region, and Appendices- in addition to a two page long letter from the Chairman at the beginning. This letter explains how the company plans to lead a new sector and accelerate their positive impact. The former will be done through three main pillars: strengthening the capacity to invest in the sustainable transformation of the economy, maintaining an authentic long-term commitment, and equating the management and control of the social and environmental impact with the economic impact of their activity. The latter aims to reach their goals by focusing on people, reducing greenhouse emissions, using renewable energies, reducing water waste, creating exponential leadership, and creating projects aimed to transform the world we live in into a more sustainable one.

The main sustainability reporting framework used for this report are the GRI standards. In order to comply with these guidelines, the company identified sixteen (16) material topics and developed Sustainability Master Plans (SMPs) accordingly. The material topics that were identified are as follows:

1. Water, which includes issues such as “water consumption, effluents and its treatment.”
2. Sustainable supply chain, which includes the issues of “procurement practices, supplier assessment, co-creation with supply chain partners.”
3. Climate change. The issues related to climate change identified by acciona are “Mitigation, adaptation and resilience to climate change, energy, air quality, green finance.”
4. Natural capital. The issues dealt with in this topic are “Biodiversity, ecosystem services, environmental compliance, environmental risk management, discharges.”
5. Cybersecurity, which deals with “Data protection, cyber-attacks, customer privacy.”
6. Communities. This topic informs about “Living conditions, community relations, culture and heritage, social licence, access to basic services.”
7. Human rights. This includes “Social safeguards, labour relations, collective agreements, modern slavery, child labour, rights of indigenous peoples.”
8. Local development. This topic deals with “Local work, local investment, indirect economic impact, livelihoods.”
9. Diversity and inclusion. Here the issues of “Gender equality, multiculturalism, anti-racism, accessibility, non-discrimination, insertion” are included.
10. Circular economy, which discusses the issues of “resource efficiency, reuse, recycling, hazardous waste, sustainable materials.”
11. Work environment and safety. This topic relates to “Accident prevention, occupational diseases, anti-contagion measures, wellbeing, satisfaction, reconciliation, disconnection.”
12. Ethics and anticorruption. Here, the company works towards “Anti-corruption, anti-competitive behaviour, codes of conduct, relations with public administrations, third parties.”
13. Responsible taxation, which, as the name says, relates to tax contributions.
14. Corporate governance. This topic discusses “Governing and executive bodies, internal control, relations with shareholders, authenticity, tone at the top.”
15. Customer satisfaction, which includes “customer relations, feedback, customer health and safety, labelling, product quality.”
16. Talent, dealing with the issues of “Selection, evaluation, development, leadership, compensation, training, turnover, young talent.”

(Acciona. (2021). Pages 129, 130)

The description related megatrends and principal stakeholders of these topics can be found in figures 12 and 13 of the annex.

2.2 Goals and objectives

In the Business as Unusual section the reader is presented with plan to create change for a better planet, which is divided into different areas - energy, transport, water, cities, social, real estate and finance - by “connecting supply and demand”, having a “resilient and balanced portfolio”, “broadening the sustainable contribution of infrastructure projects” and by being “pioneers in sustainable financing products.”

The following chapter presents the progress in the SMP pillars in the year 2021. These pillars are: People centric, planet positive, exponential leadership, and integrate to transform (figures 16 to 19 of the annex). For each of these pillars, there are several goals called levers that the company wants to achieve by 2025. Furthermore, each of the SMP pillars consist of various material issues explained in section IV.2.1, and are all interrelated.

Exponential leadership is made up of responsible taxation, ethics and anti-corruption, corporate governance, cyber security and customer satisfaction. In the people centric pillar, the topics of work environment and safety, talent, diversity and inclusion, and human rights can be found. Integrate to transform consists of local development and communities. Positive planet includes the topics of circular economy, climate change, natural capital, and water. And finally, sustainable supply chain is its own topic.

For the “people centric” pillar, which wants to ensure a future in which everyone is safe and has a good quality of life, there are six commitments to be achieved by 2025.

1. Developing a leadership model that emphasises competencies, commitment, accountability and allows the personnel to grow.
2. Implementing recruitment programmes which are unbiased towards gender and ensure equality.
3. Placing emphasis on critical technical roles and positions that require high-performance capabilities.
4. Facilitating mobility between the different business areas of the company and its countries through mobility programmes.

5. Assisting in the achievement of a positive work-life balance through the implementation of a flexible work model.
6. Creating a comprehensive system that allows workers to assess social safeguard risks and comply with management.

The planet positive pillar, which aims to go from net zero to a positive contribution towards ending climate change, consists of 6 levers as well. These are:

1. Creating projects to ensure the achievement of the climate goals.
2. Developing a "Scope 3 decarbonisation strategy"
3. Incorporating targets for nature that are rooted in science.
4. Incorporating circular alternatives into procurement proposals
5. Developing a highly effective and "water positive" plan that focuses on identifying and prioritising operations in regions experiencing water stress.
6. Building a foundation through the development of supply and sanitation solutions.

The third SMP pillar, which aims to ensure authenticity and transparency in the company, is made up of 5 levers.

1. Redefining the company's purpose, commitment, and core values
2. Fostering regenerative innovation initiatives
3. Evaluating Acciona's progress towards becoming a B-Corporation
4. Expand the responsibilities of the Board's Sustainability Committee
5. Examining and improving the due diligence practices for implementing "No-Go" policies when collaborating with suppliers.

The final SMP pillar is made up of four levers and believes in making a difference in every project through connecting all the different business areas of the company and countries it operates in. These levers are:

1. Integrating the assessment and coordination of differential sustainable capacities in management procedures and the designs of projects
2. Identifying and creating an archive that summarises sustainable differences.
3. Establishing a network of local collaborations in countries where the platform operates.
4. Encouraging the advancement of impactful projects with positive or regenerative outcomes by developing innovative financial frameworks.

2.3 Results of 2021

Firstly, in the Business as unusual section of the report, the 2021 results for energy, construction, concessions, water, other infrastructure activities of the company and other businesses related to the company are shown. The results, as seen in figures 14 and 15 of the annex, show an overall improvement from the previous year. The areas where the biggest improvement can be seen are Acciona Energía (energy) and construction. The turnover of the former increased by €703 million, its EBITDA by €218 million, the installed capacity by 551 MW, and the total production by 466 GWh. The latter increased its turnover by €850 million, the EBITDA by €113 million, and finally the number of employees increased by 1897 people. The only area where a significant decline can be observed is the area of concessions, where turnover decreased from €98 million to €53 million, EBITDA from €67 million to €46 million and the number of concessions in portfolio decreased in 1 unit.

Secondly, in the chapter of degree of fulfilment of commitments the reader can see to what capacity the objectives set for 2025 have been achieved. In the table below the evolution of the most significant indicators can be found.

Evolution of the SMP 2025 key indicators

	2019	2020	2021	Variation 2020-2021
Social				
Women in management and executive positions (%)	20.3	20.7	21.7	+ 1 pb
Workforce with disabilities in Spain (%)	3.96	3.97	3.96	0%
Accidents: global frequency rate (employees and subcontractors)	2.5	1.9	2,1	+ 11%
Accident severity rate, employees and contractors	77	62	61	- 2%
Environmental				
CaPex aligned with the European taxonomy for sustainable activities (%)*	93	85	93	-
GHG emissions Scope 1+2 (millions tCO_2e)	0.17	0.13	0.17	+ 31%
Renewable and recycled resources (%)	9	10	27	+ 17 pb
Percentage of waste to landfill (%)	25	23	13	- 10 pb
Total water consumption (hm³)	3.7	4.7	5.0	+ 6%

** 2019 and 2020 data not comparable to that of 2021 as they were not calculated and audited according to the same criteria of the current regulatory documentation at year end.*

Source: Acciona's sustainability report of 2021. Page 17

In the social area, it can be observed that there was a 1 percentage point increase in women in management and executive positions from the previous year. Nevertheless, this is still less than 1 fourth of the company, which shows some inequality still remaining. Moreover, the percentage of workers with disabilities has stayed constant. Finally, the rate in which accidents happen has increased significantly (11 percent) even though their severity has decreased. As for the environmental aspects, the CaPex aligned with the European taxonomy for sustainable activities is currently at 93%, improving from the previous year but staying the same as two years before. On a positive note, there is a notable increase in the percentage of renewable and recycled resources and a decline of waste going to landfill can be observed. Yet two of the environmental indicators have experienced a downfall with a significant increase in GHG emissions that the company directly contributes to and another increase in water consumption. However, as there were different criteria used for the data in 2019 and 2020 compared to the criteria used to gather the data from 2021, these results shown in this table are not fully reliable and cannot be objectively compared.

Diving deeper, out of the six levers to be achieved by 2025 in the People centric category, only “on critical technical and high-performance positions” and “develop an integrated social safeguard risk assessment and compliance management system” have been completely activated whilst the other levers have only been partially activated and have some work ahead still. Furthermore, several milestones were reached in 2021 in this section. For one, features of an internal tool that supports the employee life cycle were expanded. Then, after approving a policy that fosters diversity and inclusion, renewing their policy of Human rights to ensure due diligence, and incorporating an internal control system that protects the social well-being, Acciona Spain received a top employer of 2021 award proving excellence in people management and was named. Finally, the recurrence of accidents declined significantly from two years ago. Despite these achievements, the company set goals to be accomplished in 2022. First, the leadership model defined in this section’s strategy will be solidified, and the stakeholder relations policy renewed. The number of women in high positions will also need to be increased, as well as the scope of regulations defending the well-being of migrant workers. The amount of accidents will need to continue being reduced. Finally, Acciona hopes to also be awarded with the Top employer certification in Mexico, USA, Brazil, Canada and Australia and the continental seal in North America.

In the second SMP pillar, one can observe that the first and sixth lever have been completely activated -meaning the goals have been reached, - the second and fourth lever have been partially activated - meaning the company has started to work towards these goals but has not fully succeeded yet,- and finally, the third and fifth lever have not yet been activated. This is due to the fact that the advance in science-based targets are predicted to start in 2022 alongside the Taskforce on Nature-related Financial Disclosures (TNFD), and water consumption has remained constant in countries suffering from water stress. Additionally, Acciona’s GHG emissions were reduced by 19% and 28% in scopes 1&2 and scope 3 respectively in comparison to 2017, thus maintaining carbon neutrality in its direct operations. Also, the company voluntarily planted 74.947 trees, a little over 1 fourth of its raw materials and material resources were either recycled or renewable, and it supported a new policy pertaining to a circular economy. The goals set for the following year are to further reduce their GHG emissions, in order to aid in the achievement of the 1.5ºC reduction target for 2030. Furthermore it will continue on investing 90% of the CapEx in sustainable activities approved by the European taxonomy, plant an additional 232.500 trees, further reduce the amount of waste that dissent to landfill, continue to use resources from renewable or recycled sources, and, finally, minimising by 11% the utilisation of surface water, ground water and municipal water in comparison to 2020.

The exponential leadership pillar has fully completed its third and fourth goals for 2025 after the creation of an audit and sustainability committee and the approval of the change of bylaws by the AGM so that the company's future activities can better be aligned with its sustainability goals. The first and fifth goal will be implemented in 2022, and, finally, the second goal of promoting regenerative innovation initiatives has yet to be activated. Moreover, the goals that were achieved in 2021 in this area were: establishing an innovation programme that supports projects that have an impact on SDGs, unifying the Audit and Sustainability Committee, adapting the governance rules to comply with the new modifications of the Capital Companies Act, implementing compliance systems ISO 37001 and UNE 19601 in the water business line, sharing the advantages of the regenerative approach in major international forums, and, finally, signing 94% of contracts with suppliers from the immediate area. Nevertheless, there are also challenges that will need to be faced in 2022 such as increasing the efficiency and security of the business processes through the usage of technologies specialised in data collection and artificial intelligence, modifying the Directors' Remuneration Policy to comply with variations in the Capital Companies Act, implementing compliance systems ISO 37001 and UNE 19601 in the energy business line, modernising the objective and Code of Conduct to encourage cultural empowerment, establish a system of local partnerships in platform countries, and, lastly, officialising the Internal Control Framework for Non-financial Reporting.

The fourth and final SMP is Integrate to transform. It can be observed that the first two levers have been activated yet they still have work to be done. The third goal "Develop a network of local partnerships in platform countries" has not yet been activated but is expected to do so within the first semester of the following year. Finally, a plan to promote compliance with ESG goals has been designed and funding for it has been obtained, which means the fourth goal has been reached. In this chapter, the milestones that can be observed were reached in 2021 are the fact that the socio-economic impact analysis of 68 projects was improved, the High Impact Solutions in Line 6 of the Sao Paulo underground were introduced, the amount of projects that have social impact management increased by 68%, over €12,2 million were invested in social initiatives from which 2 million people benefited, contributed initial funding of €3,300 million as part of the ESG "double impact" initiative, and ultimately receiving the Global Sustainability Yearbook Award 2022 from S&P Global.

There are however some challenges for 2022 in this chapter as well. These include enforcing a process that evaluates ESG projects, seeing achievements in the four lines of work of the High Impact Solution in the Sao Paulo underground, updating the process for Social Impact Management to SIM+, advocating for employee awareness of the regenerative component by developing a "regenerative playbook," including employees in building local trust ecosystems through volunteer participation in projects, and, lastly, using sustainable financing or undertaking adjacent projects funded by multilateral entities to achieve a competitive edge.

2.4 Quality of the information

When analysing a sustainability report, it is crucial to understand how the information was gathered. This implied a materiality analysis which consists of 5 phases:

1. Identifying the issues, which would later be grouped in the SMPs.
2. An external assessment based on a non-financial approach.
3. An internal evaluation with a financial approach.
4. Prioritising the issues in accordance with the results found in the internal and external assessments.
5. Validating the information that was found.

The stakeholders that were contacted for this analysis were: employees, investors, customers, competitors, suppliers, regulatory bodies, ESG prescribers, local communities, observatories and the media. The scope of the information presented in the report is all the significant aspects from the group companies all around the world, including information from previous years to facilitate the comprehension and analysis. However, the sustainability report for Acciona Energía is presented individually and is not included in this report.

For the external analysis, which dealt with non-financial issues, Acciona consulted different sources for each stakeholder such as internal communication engagement data, consulting the law or analysing other firms' sustainability reports. Additionally, the company communicated with employees, regulatory bodies, and observatories in a company level, with investors, customers, competitors, suppliers, and ESG prescribers through a business line, and with local communities and the media, on a country level.

When conducting the internal assessment, which dealt with financial impacts, the departments that were consulted to gather information from the employees were Internal communication and Human Resources. To understand the effect for investors, the consulted department was investor relations. To comprehend the significance of customers and competitors the business development department was consulted. Procurement and Regulation and compliance were the reviewed departments used to inspect the impact on suppliers and regulatory bodies respectively. Sustainability, social and environmental departments were examined when analysing the information that pertained to ESG prescribers, local community and observatories. Finally, when analysing the impact on media, the press was studied.

Once the report was finalised, on the 24th of February of 2022, KPMG conducted an analysis of it, and issued an independent assurance report that ensured a good quality of the report and the compliance with various sustainability reporting frameworks.

All in all, it can be said that the report complies with the principles of materiality and relevance, and reliability. However, as different criteria were used when gathering some data in 2021 compared to previous years, the principle of compatibility is not fully met.

3. Comparison results

After analysing Naturgy's and Acciona's sustainability reports for the year 2021, it can be observed that there are both similarities and differences between them.

The first thing that catches the reader's eye are the format, length and presentation of the reports. Naturgy's report is made up of 390 pages and is presented in a vertical format. It includes lengthy explanations of every project supported with tables showing their results, offering comparisons to the previous year and the ultimate goal, as well as some images and graphs. The text is written in dark blue and has some orange accents to emphasise the start of a new section.

Acciona's sustainability report is made up of 156 pages and is presented in a horizontal format that is divided into two columns. Initially it seems as if the report had much less information because of the difference of pages, however considering that the font size is much smaller in order to make the two columns fit, a lot more information fits on each page than one would expect. This sustainability report is also accompanied by a multitude of graphs and tables, although not as many pictures as Naturgy's report. The text here is written mostly in black, with red accents to signal the start of each new section or to place emphasis on something. Furthermore, it uses light blue as the background of projects that want to be highlighted. The report also includes a grid on the right of the page that shows the structure of the report and allows easy and quick navigation between chapters.

As for the structure of the reports, Naturgy's is divided into 9 chapters and a letter from the Chairman at the beginning, which is not considered a chapter. Acciona's is also divided into 9 chapters but the letter from the chairman is considered one of the chapters. These letters explain the companies' fundamental values. For both of the reports, the objectives, goals and commitments are listed at the beginning of the reports, and each major objective is assigned a chapter. Moreover, both reports end with an annex where additional information about the reports, the individual objectives, and results can be found.

Looking into the content of the report, one can observe that the scope of both companies include the actions taken in all the countries and areas they operate in. However, Acciona leaves out Acciona Energía, as this section of the group presents a sustainability report independently. Additionally, each report uses a different framework: Naturgy uses the 2030 Agenda's Sustainable Development Goals, classifying their issues into drivers whereas Acciona uses the GRI standards, sorting their issues into material topics and later on into SMP pillars.

Additionally, examining the objectives, it can be concluded that both companies deeply care for the well-being of employees and workers, contributing to the fight against climate change and fostering innovation and creative projects. The areas in which the companies excel at are ensuring a quality of life and inclusive future for workers and other stakeholders in the case of Acciona, and acting with integrity, thus fostering trust in the company in the case of Naturgy. This can be seen by how many of the objectives pertaining to each category have been achieved or shown significant improvement.

However, there are also areas in which the companies will have to face some challenges. On the one hand, Naturgy needs to significantly improve their customer experience, as right now most of the goals relating to this driver have either not been started yet, have worsened or are very far from the goal. Another area that needs improvement in this company is innovation and new business development. On the other hand, Acciona needs improvement in the area Planet Positive, which deals with the impact their actions have on the planet and the environment, as only 33% of the levers were reached in 2021, and the rest were either only partially achieved or had not been started yet. The other area in which improvement is needed is Integrate to

Transform, which strives to make a difference through each of their activities, since only 25% of the levers were fully achieved.

In my opinion, both reports do a very efficient job at presenting their information, which is backed by the fact that *el Economista* ranks both of their reports very highly in the ranking of sustainability reports from the Spanish IBEX35 of 2021, giving them a grade of 81.73 out of 100 and 80.45 out of 100 to Acciona and Naturgy respectively. However, it is important to observe that Acciona ranked 5 positions lower from previous years whilst Naturgy ranked 3 spots higher. Furthermore, it is notable to say that Acciona Energia's independent report was introduced for the first time in the ranking and ranked number 3, achieving a mark of 86.88 out of 100. This could potentially explain why Acciona ranked lower than it previously had.

V. CONCLUSIONS

After understanding what sustainability reporting is, its history, how to use different frameworks, and analysing two sustainability reports, the question arises of what the future of sustainability reporting looks like.

Integrated Reporting was one of the first frameworks that were introduced and it aimed to combine the interests of all stakeholders of the company. This included investors that worried about the financial risks of the company's action, as well as external stakeholders who were concerned with the company's environmental effects. Its creation was revolutionary and allowed a lot of progress to be made in the fight towards sustainability.

IR is known for being a broad and flexible framework that encompasses a lot of areas. This can have several advantages, as it facilitates the integration and use of this tool into the company's reporting and assists in the communication of sustainability action plans and strategies to both internal and external stakeholders (De Villiers, C. & Dimes, R. 2023).

Nevertheless, there are instances in which this lack of precision can lead to confusion and possibly misuse of the tool in favour of investors, leading to companies to switch to other frameworks such as the GRI standards or SDGs (De Villiers, C. & Dimes, R. 2023) with more concrete guidelines and steps to follow. This is evidenced by the rise of significance and use of other frameworks in comparison to IR, which is slowly losing the relevance it once had.

However, I do believe that the concept of Integrated Thinking- regardless of the usage of IR- will and should prevail in combination with other, more precise sustainability reporting frameworks such as the GRI or the United Nations' SDGs, as it urges organisations to think outside the box and include different aspects of sustainability into their operations.

Furthermore, with the implementation of the 2030 Agenda, I believe that increasingly more companies will change the sustainability framework they were previously working with, in favour of using the Sustainable Development Goals.

The importance of having a framework ensuring ethical and sustainable behaviour from organisations that companies adhere to, can not be denied. Furthermore, the world is currently facing several crises -climate, health, financial, and social crises- that require immediate action. Hence, I believe that the only way to move forward is for all companies and organisations to set high standards and audacious goals for themselves so they can contribute to ensuring a positive and sustainable future. Individual action is very important, however organisations can have a much greater impact than any individual, as their reach is much broader. The need for more precise guidelines that companies can follow is therefore evident.

If we want to see change and ensure a better future for everyone, there is no time to waste and radical action needs to be taken now.

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ANNEX

Figure 1: Naturgy's 6 sustainability drivers

Driver	Line of action	SDG	CR Policy commitment
Integrity and trust	Governance and reporting. Risk management. Compliance.	8 10 12 16 17	Integrity and transparency. Responsible supply chain.
The opportunity of environmental challenges	Climate change and energy transition. Circular economy and eco-efficiency. Natural capital and biodiversity. Governance and environmental management.	3 6 7 9 11 12 13 14 15	Responsible environmental management.
Customer experience	Customer experience. Digitalisation. Services with value-added. Service quality.	7 9 11 12 17	Service excellence.
Commitment and Talent	Transformation. Talent management. Diversity. Health and safety.	3 4 5 8 9 10	Interest in people. Health and safety.
Innovation and new business development	New business. Optimisation. Innovation.	7 8 9 11 12 13 15 17	Commitment to results. Service excellence.
Social responsibility	Energy vulnerability. Social contribution. Just Transition.	1 3 7 8 10 11 12 17	Social commitment. Responsible supply chain. Integrity and transparency.

Source: Naturgy sustainability report 2021 page 41

Figure 2: Monitoring indicators for Driver 1: Integrity and trust

	Target 2025 (1)	**2021**	2020
Driver 1. Integrity and trust			
Sustainable financing and/or financing compatible with energy transitions (green finance, transition bonds...) (million euro)	*5.492	**6,337**	3,155
Meetings held with ESG investors (number)	50	**16**	15
Implementation of the ESG risk quantification methodology (scale 0 low risk - 5 high risk)	1.9	**2.1**	Not available
Cost of resolving cybersecurity incidents (direct, indirect and reputational cost) (€) / IT disbursement (%)	0.30	**0.0**	0.50
Cybersecurity incidents / Millions of attacks (%)	4.30	**3.7**	10.3
Naturgy Energy Group BitSight International Index	790	**690**	680
Coverage level of ESG audits over purchase volume with high ESG risk (%)	95.0	**72.2**	69.6

Continues ›

Source: Naturgy's sustainability report of 2021 page 42

Figure 3: Monitoring indicators for Driver 1: Integrity and trust (2)

	Target 2025 [1]	2021	2020
Driver 1. Integrity and trust			
Purchase volume with acceptance of the Code of Ethics (%)	95.0	**94.2**	89.2
Implementation of the Social Media Management and Use Policy.	Implanted	**No**	No
Maintain and renew ISO37001 and UNE19601 Certification (anti-bribery and criminal compliance management)	Renew	**Yes**	**Yes**
Criminal indictments for corruption-related offences (number)	0	**0**	0
Annual external audit of the Crime Prevention Model in accordance with article 31 bis of the Criminal Code.	Favourable outcome in all subject countries	**Favourable outcome in all subject countries**	**Favourable outcome in all subject countries**
Infrastructure projects (counterparties and new investors) with human rights due diligence (%)	100	**Not available**	Not available
Non-financial indicators with qualifications (number)	0	**0**	0
Publish the Tax Transparency Report.	Publish the Tax Transparency Report	**In progress**	Not available
Degree of compliance with the new recommendations of the CNMV' Good Governance Code (%)	Absorb all modifications to the CNMV's recommendations that may arise and undertake to comply with any others that are not related to the composition of the shareholding structure and the right to proportional representation, or related to previously acquired commitments.	**81**	81
Compliance with the critical infrastructure governance model (%)	95	**40**	20

Source: Naturgy's sustainability report of 2021 page 43

Figure 4: Monitoring indicators for Driver 2: The opportunity of environmental challenges

Driver 2. The opportunity of environmental challenges			
Absolute GHG emissions Scope 1 and Scope 2 (million tCO_2eq)	11.4	**13.5**	15.5
Absolute GHG emissions Scope 3 (million tCO_2eq)	114.1	**136.5**	123.2
CO_2 intensity in electricity generation (tCO_2/GWh)	171	**261**	297
Generation mix from renewable sources measured in installed capacity over the total of the group (%)	56	**33**	29

Continues >

Source: Naturgy's sustainability report of 2021 page 43

Figure 5: Monitoring indicators for Driver 2: The opportunity of environmental challenges (2)

	Target 2025 [1]	2021	2020
Driver 2. The opportunity of environmental challenges			
Renewable gas production or injection capacity (TWh)	1	**0.14**	0
Total water consumption (hm^3)	15.6	**15.2**	20.3
Total waste production (hazardous + non-hazardous) (kt)	110.0	**98.0**	159.2
Total waste recycled and recovered (hazardous + non-hazardous) (%)	75	**57**	61
Initiatives to improve biodiversity throughout the life cycle of the facilities (construction, operation, dismantling) (number)	350	**302**	265
Environmentally restored cumulative area (ha)	Pending definition	**In progress**	In progress
ISO 14001-certified industrial ebitda (%)	95.0	**93.1**	92.2
Implementation of a methodology for the decentralised determination of climate risks according to TCFD	Implanted	**In progress**	Not available
Capex eligible and aligned with European Taxonomy (%)	80.0	**61.2**	Not available

Source: Naturgy's sustainability report of 2021 page 44

Figure 6: Monitoring indicators for Driver 3: Customer experience

	Target 2025	2021	2020
Driver 3. Customer experience			
Net Promoter Score (NPS) Spain marketing (global) (%)	40.0	**18.5**	23.8
Net Promoter Score (NPS) Spain electricity networks (customer service) (%)	30.0	**22.3**	28.5
Net Promoter Score (NPS) Spain gas networks (customer service) (%)	39.0	**18.9**	24.7
Net Promoter Score (NPS) Argentina (global) (%)	55.0	**34.0**	32.0
Net Promoter Score (NPS) Brazil (global) (%)	68.0	**56.5**	60.2
Net Promoter Score (NPS) Chile gas (global) (%)	70.0	**64.3**	68.2
Net Promoter Score (NPS) Mexico (global) (%)	27.0	**11.8**	22.0
Net Promoter Score (NPS) Panama (customer service) (%)	24.0	**3.0**	1.7
Global satisfaction with service quality (1-10)	8.0	**7.5**	7.7
No. of complaints registered / No. of contacts (%)	<3	**4.8**	2.2
Customers with online billing. Spain (%)	>50	**41.0**	35.0
Contracts per customer. Spain (number)	>1,75	**1.56**	1.56
Units with Crisis Management Plans prepared and tested (years/actual case), with respect to the total number of units/ countries that should have one (%)	90	**15**	15
Partnerships with third parties providing value-added solutions for customers. Spain (number)	*5	**5**	1
Interaction with digital channels (%)	53.8	**48.7**	41.4

Source: Naturgy's sustainability report of 2021 page 44

Figure 7: Monitoring indicators for Driver 4: Commitment and talent

Driver 4. Commitment and talent			
People trained out of the total number of employees included in talent transformation programmes (%)	*>50	**69.94**	61.73
Training per employee (hours)	>35,0	**28.8**	26.6
Unwanted rotation in key positions (structural positions)(%)	<0,5	**0.90**	1.00

Continues ›

Source: Naturgy's sustainability report of 2021 page 44

Figure 8: Monitoring indicators for Driver 4: Commitment and talent (2)

	Target 2025 (1)	**2021**	2020
Driver 4. Commitment and talent			
Employees subscribed to the benefits platform (%)	49.7	**8.9**	6.5
Women in management posts (%)	>40	**21.2**	22.6
Geographic diversity in executive and managerial positions (of total) (%)	14	**15**	14
Diversity of skills (out of total) (%)	2.5	**1.1**	1.4
Diversity of profiles. Different qualifications (number)	Pending definition	**150**	Not available
Employee satisfaction (eNPS) - 0 to 100. Number of actions with an impact on overall satisfaction (%)	40	**24**	Not available
Own staff lost time accidents frequency rate (OSHA criterion)	*0,12	**0.10**	0.04
Own personal lost time accident severity rate (OSHA criterion)	*6,15	**2.61**	4.14
Absenteeism rate due to common contingency (%)	*≤3,0	**2.0**	2.4
Response time to test (PCR or antigens) in response to a possible contagion alert (hours)	*<72	**<72**	<72
Response time vs. notification in app/SAE (hours/days)	*<72	**<72**	<72
Staff working from home (%)	40	**21**	15
Weekly working hours carried out remotely (%)	30	**20**	20
Staff eligible for the efficient vehicle leasing service. Spain (%)	36	**19**	17

Source: Naturgy's sustainability report of 2021 page 45

Figure 9: Monitoring indicators for Driver 5: Innovation and new business development

Driver 5. Innovation and new business development			
Energy billed for mobility services (GWh)	*>500	**939**	822
Managed recharging points for NG-LNG vehicles (number)	19	**12**	11
Recharging points for electricity vehicles (number)	5,000	**352**	1
Customers acquired for self-consumption products (number)	2,886	**560**	77
Amount of stored energy (GWh)	>82	**0**	0
Energy storage solution projects (number)	>6	**0**	0
Renewable gas projects in service (number)	>30	**2**	2
Signals remotely monitored / MW installed renewable technologies (number)	240	**123**	95
ICEIT. Spain (minutes)	*36,4	**35.8**	39.5
Spending and investment in innovation over ebitda (%)	>2	**1.7**	1.1
Challenges and proofs of concept with start-ups in open innovation programmes (number)	>100	**5**	12

Source: Naturgy's sustainability report of 2021 page 45

Figure 10: Monitoring indicators for Driver 6: Social responsibility

Driver 6. Social responsibility			
Attendees at energy efficiency workshops in Spain (number)	7,900	**3,861**	3,939
Energy rehabilitations. Spain (number)	>5.000	**769**	721
Volunteers (number)	1,000	**477**	418

Continues ›

Source: Naturgy's sustainability report of 2021 page 45

Figure 11: Monitoring indicators for Driver 6: Social responsibility (2)

	Target 2025 [1]	**2021**	2020
Driver 6. Social responsibility			
Collaborating social entities (number)	20	**18**	14
Initiatives with impact assessment (%)	100	**0**	0
Develop and implement a methodology for measuring natural and social capital	Measurement in 2021 with targets for improvement from first measurement	**In process**	Not available
Total social investment [2] (million euro)	*>8	**10**	10
Purchase volume assigned to local suppliers (%)	*> 85,0	**92.2**	95.2

[1] The objectives marked with an asterisk (*) are objectives under review, since less information was available at the time of their definition than is currently available, which means that their level of ambition should be reconsidered.
[2] Includes social investment in the local community and philanthropic investment. It is estimated that when a methodology for assessing social impact is available, these figures will vary and definitive objectives will be established.

Source: Naturgy's sustainability report of 2021 page 46

Figure 12: Annex of itemized indicators

ANNEX OF ITEMIZED INDICATORS

DEFINITION OF MATERIAL TOPICS (GRI 3-2)

The matters affecting ACCIONA are a reflection of the global megatrends identified in works like the WBCSD Vision 2050 and the Global Infrastructure Hub's Infrastructure Futures Report.

Material topic	Pillar and area of the SMP	GRI	Issues included	Description	Related megatrends	Principal stakeholders
Water	Planet Positive/ *Water*	303	Water consumption, effluents, water treatment	Appropriate management of water use includes catchment, consumption, treatment and associated effluent in such a way that the total net impact on the water resource is regenerative.	Increase in natural disasters and resilient infrastructure	Customers Local communities
Sustainable supply chain	Exponential leadership/ *Transparency*	204 308 414	Procurement practices, supplier assessment, co-creation with supply chain partners	Social, environmental and ethical criteria are relevant for selecting suppliers. This includes establishing policies, corrective measures in cases of non-compliance, risk assessment and the identification of suppliers' water and carbon footprints. In the infrastructure sector, local procurement and the use of products with positive life cycle footprints are considered relevant.	Shift in demand towards the emerging economies Globalisation and international trade	Suppliers
Climate change	Planet Positive/ *Climate*	302 305	Mitigation, adaptation and resilience to climate change, energy, air quality, green finance	Strategy adopted for attaining a net-zero resilient economy in 2050: financing and investing in renewable energy, promoting energy efficiency, reducing greenhouse gas emissions, using carbon pricing, adapting projects or assets to extreme weather events.	Increase in green energy sources Escalating climate change	Customers Suppliers Investors Public administrations
Natural capital	Planet Positive/ *Biodiversity*	304 307	Biodiversity, ecosystem services, environmental compliance, environmental risk management, discharges	The impact management carried out by the company on the natural capital and biodiversity comprises measures such as establishing policies, analysing the state of the ecosystems affected, implementing actions for protection and solutions based on nature/ natural climatic solutions. It also includes environmental risk management, the precautionary principle and regulatory compliance.	Increased number of larger, more complex projects	Local communities
Cyber-security	Exponential leadership/ *Transparency*	418	Data protection, cyber-attacks, customer privacy	Digital transformation and cyber-attacks give rise to the need for IT security to guarantee the privacy and protection of customers and the strategic data and systems for a company to function.	Greater security risk	Customers
Communities	Integrate to transform/ *Regenerative ecosystems*	413	Living conditions, community relations, culture and heritage, social licence, access to basic services	The impact of the company's activity on the local communities has to be managed, starting with having appropriate dialogue with them, in order to conserve the social licence to operate. The effects on the local surroundings include aspects such as population displacement, visual impact, citizen safety and indigenous culture and heritage.	Global division and increase in social inequality	Local communities
Human Rights	People centric/ *Access*	402 407 408 409 410 411 412	Social safeguards, labour relations, collective agreements, modern slavery, child labour, rights of indigenous peoples	Measures introduced to respect the Human Rights of stakeholders and mechanisms to safeguard any possible violations, both in social and labour relationships, including suppliers.	Global division and increase in social inequality	Employees Local communities Suppliers

Source: Acciona's sustainability report of 2021 page 129

Figure 13: Annex of itemized indicators (2)

Material topic	Pillar and area of the SMP	GRI	Issues included	Description	Related megatrends	Principal stakeholders
Local development	Integrate to transform/ *A sustainable difference in each project*	201 203	Local work, local investment, indirect economic impact, livelihoods	A company's activity has a positive repercussion on the local economy, for example by generating wealth, providing jobs and new sectoral financial ecosystems. This impact can be extended with additional adjacent projects having an entrepreneurial, sustainable business model involving the economic (not only the social and environmental) aspect.	Infrastructure and population growth Ageing infrastructures	Local communities Customers
Diversity and inclusion	People centric/ *Diversity*	405, 406	Gender equality, multiculturalism, anti-racism, accessibility, non-discrimination, insertion	Measures that guarantee diversity and equality of opportunity, from hiring people at risk of social exclusion or multiculturalism training. Additionally, actions implemented for overcoming the salary divide are taken into account.	Global division and increase in social inequality	Employees
Circular economy	Planet Positive/ *Circularity*	301 306	Resource efficiency, re-use, recycling, hazardous waste, sustainable materials	The circular economy promotes change towards an economy efficient in the use of material resources, taking into account an analysis of the complete life cycle of the products and services associated to the value chain. Proper waste management includes updating policies, research into new uses for waste and how to recycle it.	Collaborative economy Increase in new materials and substances Scarcity of resources and increased circular economy	Customers Suppliers Partners
Work environment and safety	People centric/ *Environment*	403	Accident prevention, occupational diseases, anti-contagion measures, wellbeing, satisfaction, reconciliation, disconnection	A reduction in occupational accidents and worker and contractor illnesses requires identifying and reducing the risks, and training. A sustainable work environment also includes measures for the organisation of working hours.	Increased concern for health and safety	Employees Suppliers
Ethics and anti-corruption	Exponential leadership/ *Governance*	205 206 415 419	Anti-corruption, anti-competitive behaviour, codes of conduct, relations with public administrations, third parties	As part of a company's good governance, an anti-corruption policy and a code of ethics need to be established, in addition to promoting regulatory compliance and integrity in bidding and tenders. Any activity in public policy has to be transparent and relations with third parties must be safeguarded through due diligence.	Increase in distrust and the pressure for greater transparency	Public administrations Partners Employees
Responsible taxation	Exponential leadership/ *Governance*	207	Tax contributions	Transparency in the breakdown of tax payments is relevant for companies with multinational presence.	Increase in distrust and the pressure for greater transparency	Public administrations
Corporate governance	Exponential leadership/ *Governance*	2	Governing and executive bodies, internal control, relations with shareholders, authenticity, tone at the top	A high degree of transparency, efficiency and thoroughness in the functioning of the governing bodies is a decisive aspect for generating long-term trust and commitment on the part of stakeholders.	Multipolar world	Investors
Customer satisfaction	Exponential leadership/ *Authenticity*	416 417	Customer relations, feedback, customer health and safety, labelling, product quality	Establishing mechanisms for collecting customer opinions, and thus being able to measure their satisfaction and managing the relationships with them. Ensuring the quality and safety of the products supplied.	Pressure for businesses to increase efficiency and productivity	Customers
Talent	People centric / Leadership and *Acknowledgement*	202 401 404	Selection, evaluation, development, leadership, compensation, training, turnover, young talent	Strategy and schemes to attract and retain leadership talent, and also to reduce staff turnover, performance assessment procedures, investment in training and instruments for motivating commitment such as scholarships or incentives linked to personal targets and sustainability.	Ageing of the population and the workforce	Employees

Source: Acciona's sustainability report of 2021 page 130

Figure 14: Acciona's results of 2021

2021 RESULTS

ACCIONA ENERGÍA

ACCIONA Energía is the largest global energy operator exclusively dedicated to renewable energies, with no ties or legacy related to fossil-fuel technologies. It has significant presence in 16 countries on five continents. It produces clean and emission-free energy for the equivalent of 7.5 million homes. It has a unique company profile, integrated in all the phases of the value chain: development, financing, engineering and construction, supply chain, operation, maintenance and the marketing of energy.

	2020	2021
Turnover (million €)	1,769	2,472
EBITDA (million €)	868	1,086
Installed capacity (MW)	10,694	11,245
Total production (GWh)	24,075	24,541

INFRASTRUCTURES

Construction

This line of business is at the forefront in R&D&I and ACCIONA is one of the world's leading companies in the sector, using the most advanced techniques for the execution of its works. It covers all aspects of construction through business units specialised in bridges, roads, railways, tunnels, ports, hydraulic works, as well as engineering and industrial areas.

	2020	2021
Turnover (million €)	2,776	3,626
EBITDA (million €)	50	163
N.º of employees	10,189	12,086

Concessions

Concessions is one of the world's private infrastructure developers, both in numbers of projects and turnover. It is based on a team with an approach fully adapted to local needs and peculiarities.

	2020	2021
Turnover (million €)	98	53
EBITDA (million €)	67	46
Concessions in portfolio (nº.)	14	13

Source: Acciona's sustainability report of 2021, page 10

Figure 15: Acciona's results of 2021 (2)

Water

Access to water is a basic resource in which ACCIONA is focused to cover the main needs of society. ACCIONA's end-to-end management solutions for the whole water cycle are leaders in different parts of the world. Its activity focuses on serving citizens, ranging from water collection, desalination, to drinking water purification, supply, treatment and return to the environment. It also manages integral services covering all the stages involved in water treatment.

	2020	2021
Turnover (million €)	976	1,052
EBITDA (millones €)	85	100
Treated water (hm3)	923	1,033

Other infrastructure activities

ACCIONA intends to speed up the implementation of a circular economy model through its solutions in waste management and the regeneration of the natural environment with its management of ecosystems and green spaces. The company is also committed to health with its health transport management.

	2020	2021
Turnover (million €)	145	165
EBITDA (millones €)	12	14
N.º of employees	N/A	2,066

OTHER BUSINESSES

It includes the business of Bestinver, a financial services firm that offers fund management and stock brokerage; Real Estate, one of the leading housing development companies; ACCIONA Cultural Engineering, a world leader in the creation of cultural and brand experiences; Mobility, a company with the largest shared electric motorcycles fleet in the world; and other series of services..

	2020	2021
Turnover (million €)	953	1,055
- Bestinver	114	128
- Real estate	201	190
- Corporate and other	637	738
EBITDA (million €)	79	104

Other businesses include in 2021 several activities that were previously consolidated in the infrastructures division

Access to water is a basic resource in which ACCIONA is focused to cover the main needs of society

Source: Acciona's sustainability report of 2021, page 11

Figure 16: Acciona's SMP pillar 1: People Centric

SMP pillar	Main levers 2025	Activation	Progress 2021
PEOPLE CENTRIC *quality of life, inclusive future* **Our advantage comes from people**	New ACCIONA leadership model based on competencies, commitment, accountability and people growth		We have been working on the new leadership model that will be presented in 2022.
	Gender-based recruitment programmes		Extend sustainable 50:50 projects. Improving the percentage of women in management positions.
	Focus on critical technical and high-performance positions		Several development programmes for high-performance staff.
	Promote a consistent programme of mobility between business areas and countries		More than 4,500 internal applications for vacancies. Pending to extend experiences to all business areas.
	Develop a flexible work model that promotes work-life balance		Implemented a pilot Home Office programme.
	Develop an integrated social safeguard risk assessment and compliance management system		The system for Internal Control of Social Safeguards was launched in 2021.

Totally activated lever   Partially activated lever   Lever to be activated

Source: Acciona's sustainability report of 2021, page 16

Figure 17: Acciona's SMP pillar 2: Planet Positive

SMP pillar	Main levers 2025	Activation	Progress 2021
PLANET POSITIVE *From net zero to positive contribution* **Invest to regenerate the planet**	Translate climate ambition and neutrality into projects		14 project-level initiatives funded by the decarbonisation fund.
	Develop a Scope 3 decarbonisation strategy		Progress has been made in the reduction of the carbon footprint of materials.
	Incorporate Science Based Targets for Nature		Advances estimated in 2022 in parallel to the advances of the Taskforce on Nature-related Financial Disclosures (TNFD).
	Develop circular alternatives in bids		Launch of projects to obtain resources from sea and waste water, recovering composites and biomass combustion slags.
	Identify and prioritise operations in areas of water stress by developing an ultra-efficiency water-positive plan		Water consumption in water-stressed countries has kept constant in 2021.
	Develop supply and sanitation solutions for the basis of the pyramid.		Reliable water and sanitation services have been taken to rural communities in Peru and Mexico.

Source: Acciona's sustainability report of 2021, page 16

Figure 18: Acciona's SMP pillar 3: Exponential Leadership

SMP pillar	Main levers 2025	Activation	Progress 2021
EXPONENTIAL LEADERSHIP *Authenticity, transparency* **We pursue a purpose**	Redefine the company's purpose, promise and principles		The new definition of purpose, promise and principles will be presented in 2022.
	Promote regenerative innovation initiatives		Regenerative component still to be included in innovation.
	Analysis of the company's adaptation to become a B-Corporation		The AGM approved the change of the bylaws to include the present and future alignment of the enterprise's activities with sustainable development models.
	Extend the functions of the Board's Sustainability Committee		The Audit and Sustainability Committee has been created.
	Review practices of due diligence when executing "No-Go" policies for suppliers		Reinforcement of "No-Go" policies for suppliers to adapt them to the social safeguard controls in place and ending in 2022.

Source: Acciona's sustainability report of 2021, page 17

Figure 19: Acciona's SMP pillar 4: Integrate to transform

SMP pillar	Main levers 2025	Activation	Progress 2021
INTEGRATE TO TRANSFORM *Connect to affect* **Difference in every project**	Incorporate the analysis and coordination of differential sustainable capacities into the project design and management process		The evaluation tool of sustainable capabilities in the value chain was developed.
	Identify and develop a catalogue of sustainable differences		A "regenerative playbook" is being developed to activate sustainable difference, to be completed in 2022.
	Develop a network of local partnerships in platform countries		To be activated within the first six months of 2022.
	Promote innovative financing structures that encourage the development of positive or regenerative high impact projects		Frameworks have been designed and funding linked to ESG two-fold impact has been obtained: corporate and local.

Totally activated lever   Partially activated lever   Lever to be activated

Source: Acciona's sustainability report of 2021, page 17