



REPORTING 2017:

Communicating progress

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1. Introduction

The UN Global Compact Network Spain hereby releases its 12th Report. Herein are contained the principal conclusions and trends relating to Corporate Social Responsibility (CSR) included in the progress reports and sustainability memos for the Spanish organisations involved in the initiative.

The entities adhering to the Global Compact are obliged to present a regular report wherein they recap their key advances in the fields of human rights, labour, environment and anti-corruption, detailing their main contribution to these themes as approved by the Sustainable Development Goals (SDGs). This exercise in transparency enables us to observe the way in which organisations develop in terms of CSR and to detect what the key trends, opportunities and risks are in relation to this subject.

In addition to the importance that we have as an organisation, the information in these records is acquiring a key role in the decisions taken by the various interested parties. Every one of them wants to know what lies behind a corporate body, a brand, a service, or a product. Their decisions do not simply depend on economic factors; they also include many other factors in their deliberations (social, ethical, and environmental factors, and so on). The sustainability memos unite these factors, and for years have been converting themselves into an essential measure for all corporations: both small and large, and both public and private.

Because of all this, the current report analyses the 2017 project with the aim of compiling the largest possible amount of information about the social responsibility of the businesses who are signatories to the initiative in Spain, and to place this information at the disposal of all interested parties.

The analysis is divided into the following sections:

- General data: in this section can be found the details relating to the report on the project in 2017, specifying the number of current reports, the key sectors involved and the levels at which reporting was conducted, among other details.
- Analysis of the COP's: here are detailed the key conclusions and trends drawn from the reports published in 2017, deploying the reporting tool created by the Spanish Network of the Global Compact, and including a section relating specifically to the SDGs.
- IBEX 35 index: here we present the results of the analysis of the IBEX35 businesses, evaluating their level of transparency, the level at which they have applied the 4 principles of the Global Compact, and the level of reporting of SDGs of every one of the 35 businesses that form part of the stock index.

2. General data

The Spanish Network is, as we have already explained in the previous reports, one of the foremost regional networks of the Global Compact, as much in terms of the level of its activity as in terms of its number of participants and its presentation of progress reports or sustainability memos.

Currently, the Spanish Network has a total of 2610 participating corporation, a figure which has caused the Network to rise up to the first place globally in terms of the number of participants. The distribution of corporations remains stable with respect to last year. 15% of these businesses are large businesses, and among them one will find 31 of the 35 IBEX 35 business, or in other words, 89 % of the same. For the rest, 76% of the participating corporations are SMEs and microbusinesses and the remaining 9% are non-business corporations (third sector, business associations, and educational institutions).¹

With respect to the reports presented by the participating corporations, the Spanish Network also occupies the first place. During the project a total of 859 Progress Reports and sustainability memos have been released by the Network, and this figure equates to 10% of the reports published on a global level. Comparing the current figures with those from previous publications, the number of reports published has increased by 4%. This increment is principally caused by an increase in the number of reports created by SMEs.

Global Compact categorises the reports created by SMEs and large businesses as Learner, Active or Advanced depending on the level of the report. Taking into account this system of categorisation, 9,4 % of the reports presented by Spanish corporations have been recognised as Advanced (the highest possible qualification that can be granted); the number of businesses being awarded this qualification has risen in 2017 from 63 to 71. With respect to the other levels, 84.4% of the businesses are Active, and 6.2% of them are Learner.

Comparing these facts with those relating to the rest of the world, the Spanish Network is the Network that has published the largest number of Advanced reports (12% of Advanced reports belong to Spanish businesses). At the Active and Learner levels, the percentages are 10% and 8% respectively.

Finally, analysing the details from a sectoral point of view, and taking into account the type of report that has been presented, public services and construction and engineering are the sectors with the largest representation if we count the number of Progress Reports published in an online format. Considering all formats, the top 5 sectors are headed by construction and engineering, other, and professional services. Notably, foundations and associations have fallen from the top 5.

SDGs in the Global Compact.

From September 2016, the Global Compact used a voluntary online questionnaire to measure the contribution to the SDGs made by the corporations that published their Progress Report or sustainability memo.

¹ Microbusinesses are included in the analysis.

In 2017, a total of 720 large businesses and SMEs in Spain responded to this questionnaire, providing the following conclusions:

Just as was the case in 2016, the corporations worked most at Sustainable Development Goals 8 and 5 corresponding to decent working conditions and economic growth, and gender equality, respectively. Given their close relationship to business activity and economic development, these SDGs also occupy the pole position in the analysis of the Progress Reports and that of the IBEX35 businesses.

The next most reported on SDGs are health and wellbeing (SDG 3) and responsible production and consumption (SDG 12). With respect to this last mentioned goal, its position has improved since 2016. This trend has been noted throughout the analyses: each time, businesses are more conscious of the need to control their production and evaluate their supply chains.

At the other end of the ranking, SDG 14 relating to submarine life, and SDG 2 relating to zero hunger have come to be the goals that are least tackled by the Spanish businesses that responded to this questionnaire.

When comparing types of business, the number of SMEs that responded to the questionnaire was greater than that of large businesses (426 SMEs as opposed to 294 large businesses). If we assume that the weighting of the SDGs is very similar, analysing the two types of business notably indicates that SDG 5 was given more attention by large businesses than by SMEs. To give concrete percentages, 67% of the large businesses dealt with this SDG in their reports, but this percentage drops to 48% for SMEs.

3. Analysis of the CoPs.

This year, the Spanish Network continues using its tool for report analysis. The tool, adapted to all types of organisations, facilitates the optimisation of the process of analysing Progress Reports and the identification of the advances made in the field of Corporate Social Responsibility.

We advocate a model of reporting that involves an analysis of the challenges associated with a given business's activity with respect to its most significant interest groups. In concrete terms, the tool enables one to identify the key interested parties for a given organisation, to determine the challenges or the CSR trends associated with every group of interested parties, to classify them in terms of risks and opportunities, and to formulate strategies for meeting these challenges via the implementation of ideas and the establishment of specific objectives. What is novel for the present exercise, though, is the inclusion of a table of the correlations between the challenges worked on and the Sustainable Development Goals.

- Interested parties: the various interested parties are picked out from every report, and the possible differences between types of business are analysed.
- Challenges: every one of the challenges or other CSR themes selected for the corporations are analysed with respect to every interested party. Every challenge is correlated with a Principle of the Global Compact and evaluated by the businesses regarding whether they envisage it to present a risk or an opportunity –that is to say, whether it is well or poorly managed by the organisation.

- Ideas: for each challenge, one analyses which are the key policies, actions, tools, and indices that the businesses have chosen to follow.
- Objectives: information is compiled about every one of the objectives marked out for every policy, action, tool, and index.
- Sustainable Development Goals: the link between the selected challenges and every relevant SDG is studied.

In order to be able to complete this analysis, the entirety of the Progress Reports presented during the project are taken into account using this tool. 18% of the reports correspond to large business whilst 82% belong to small businesses and other entities. All of this information enables us to analyse CSR and reporting trends, and we will see the conclusions regarding the SDGs in the following sections.

3.1 Stakeholders

As we have already covered in previous sections and projects, the Spanish Network's reporting tool is based in a methodology that focused on the interested parties. In the present day, it is indubitable that the success of a business's strategies and activities lies in affording due importance to the opinions of interested parties. This fact makes it necessary to maintain a firm agreement with them and to communicate this by means of a public document such as a Progress Report.

With the aim of getting to know the key interested parties identified in these reports, here we collect together the key conclusions related to this section:

As already occurred in previous exercises, 100% of large businesses have identified employees and clients as significant interested parties with regard to their activities in their Progress Reports. If last year suppliers were found in third place, this year they have been the main interested party with respect to the environment, making up 96% of those in this category and thereby regaining the place they had occupied in previous years. Environmental regulations and the importance of the effects of climate change have been increasing in relevance to large businesses in the past years.

In the case of SMEs and other entities, as occurred in previous years, employees continue to form the group that holds the first position in the ranking. Clients and suppliers are situated in second and third place, with 95% and 91% respectively – both of these percentages have risen with respect to the previous year. It is important to note, as we have already been indicating, that there has been an increase in the community as an interested party, up to 51%. This detail demonstrates that their impact on their communities wherein they develop their activities is a major preoccupation for SMEs.

3.2 The 4 areas of Principles in the CoPs

Now that we know whom the main interested parties are for these corporations, it is important to study the challenges of working with each one of them. As we have already foreshadowed in the previous sections, every one of the challenges selected by the organisations is linked to the Principles of the Global Compact. In this way, we can get to know which are the challenges that are most worked on for each set of Principles, which interested party they are linked to, and what are the key policies, actions, tools, tracking indicators, and designated objectives. With all of this information to hand, we can elucidate the key trends for CSR for the organisations that have created a Progress Report.

In order to do so, for each set of Principles the three key challenges are explained. For each challenge, we pick out the four ideas that are most worked on which bring us to get to know which are the key policies, actions, and tracking elements which the businesses are working on in the present time in order to manage their sustainability.

Finally, we analyse the quality of the objectives marked out for the corporations. It is essential that the corporations establish specific objectives for every one of the sets of Principles and make them public by means of their Progress Reports. This message is sent out to the corporations from year to year, and as we explained in the previous exercise, objectives have been reported for 50% of the ideas marked out in the reports.

Human rights

Human rights is the first of the four area and it includes the first two Principles of the Global Compact:

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

This area has been strategically significant for the Spanish Network in the past years. The organisation has been contributing at the national level to the dissemination of knowledge and understanding about the topic of human rights among Spanish businesses, with the aim of creating a total respect on the part of the business sector towards employees, consumers, business partners, and interested parties in a general sense. This work is beginning to bear fruit, and each time more businesses include challenges, actions, policies and monitoring tools focused on the protection of human rights in their memos. The businesses that wrote up a report, as we shall see presently, are beginning their work on some basic challenges.

Human rights challenges that are most being worked on

2016

Satisfaction Surveys
Management of incidences
Quality Policies
Quality and environmental policies

Client satisfaction

2017

Satisfaction Surveys
Management of incidences
Quality Policies
Code of ethics/conduct

2016

Quality policy
Audits
Satisfactions Surveys
Management of incidents

Promoting quality at all levels**2017**

Quality policy
Audits
Management of incidents
Satisfaction Surveys

2016

Training
Annual evaluation
Percentage of trained employees
Hours of training per employee

**Training as a means of improving
professionalism****2017**

Training
Training and development plan
Welome training kit
Annual evaluation

In terms of human rights, both the large businesses and the SMEs and other entities have applied themselves, as they have in previous years, to work on the challenges of client satisfaction, enhancement of quality, and the creation of means to improve their employees' professionalism.

Despite the fact that in terms of challenges trends have remain similar to the previous year, there have been certain variations in the way in which strategies relating to these challenges have been put into action. There has been a gradual improvement in the management and integration of the question of human rights in the corporations' activities. Proof of this can be seen in the fact that the proportion of the selected challenges in this block that are considered to provide opportunities rose from 75% to 79%.

If we analyse every one of the challenges in a detailed form, we can observe this trend whereby many of the elements that were identified as needing further work last year have been put into practice this time around via concrete action.

Client satisfaction: satisfaction is without a doubt a crucial factor for a business. Clients are more demanding every time, and in order to convert them into repeat clients it is not enough to provide products or services with competitive prices. Because of this, businesses should listen to their clients' needs and work within standards of quality that do not just encompass the organisation itself but also its whole chain of values. These actions are already integrated into the corporations that created a Progress Report using our tool, such that first and foremost they are using satisfaction surveys in order to identify the key risks and opportunities. In addition, in the majority of cases we have seen the appearance of a formalised quality policy. And finally, businesses are trying to manage incidents that could cause any kind of derailment of this quality in terms of their ethical values or conduct. If we observe how the same challenge was approached last year, we see that the policy of quality control has improved with respect to managing incidents, and that codes of ethics are appearing as one of the key policies that provide a reference point for the business's operations. Indubitably, the fact that businesses have been putting their efforts in to maintaining quality standards and listening actively to their clients has meant that the management of incidents has become more low key and has become less of a hugely strategic question.

Fostering quality at all levels: in line with the previous challenge and given the close relationship that exists between these two challenges, the second challenge most worked on is quality. Businesses should follow standards of quality that ensure that the integrity of all of their interested parties is never put into danger. Sharing this crucially important premise, the businesses have been working, in secondly place, with policies relating to quality, completing audits that measure the extent to which these policies have been achieved, trying to manage incidents, and listening to their clients by means of surveys. Practically the same pattern was followed last year. The only difference is that this year, in terms of quality, one can observe a greater preoccupation with the management of incidents.

Creating the means to improve the professionalism of employees: in order that the two aforementioned challenges can be accomplished, it is important that the employees, as integral parts of the organisations, are well trained. In order that the training is effective, corporations are working to develop plans for professional development that are adapted to their employees' needs, creating welcome kits, and annually evaluating all of their activities to determine whether they are sufficient. With regard to the activities that the corporations were developing last year, important variations can be observed.

Way had been made for a major effort in terms of initial training, though a certain amount of interest in measuring this has been lost. This is seen in the fact that, of all of the ideas most worked on for this challenge, only one referred to tools or mechanisms for monitoring.

It is important to note, whilst reading the reports, that the training provided is in the majority of cases not related exclusively to the topic of human rights. This fact is also repeated for the IBEX35 businesses, as will be seen in the relevant chapter.

Objectives for human rights

For this set of Principles, we can observe that in an aggregated form 50% of the ideas do not have objectives, 41% identify objectives but do not quantify them, and only 9% both identify and quantify them.

If we analyse the information by type of business, the SMEs and other organisations win the battle over the large businesses, such that 46% of them do not identify objectives as opposed to 62% of large businesses; 44% (31% in the case of large businesses) identify objectives but cannot quantify them, and 10% (7% for large businesses) identify objectives that are measurable and quantifiable.

If we compare the situation with the last exercise, we see that the large businesses have worsened in terms of their focus on objectives. Last year, 47% of the ideas did not have objectives identified, as opposed to 53% where some type of objective was identified. In the case of SMEs and other entities, the situation has improved. Last year, the number of ideas without objectives was 52%.

These results can partly be due to the greater margin for improvement that SMEs had in terms of human rights compared to the large businesses which already had these issues more integrated into their management strategies. For this reason, the percentage of focus on these types of objective, whether measurable or not, has been elevated.

3.2.1. Labour

The set of Principles relating to Labour is the second block and it involves the largest number of Principles of the four sets.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

The Principles relating to labour are fundamental for any corporation as they principally affect the interested party that is most integrated within the organisations: the employees. Correctly managing labour brings multiple benefits such as the improvement in communication with employees, the retention of talent, the increase in productivity, and a greater identification of employees with the organisation. These benefits have not slipped the notice of the corporations adhering to the Global Compact; they are working towards a better management of all aspects of their business that relates to the employees.

Challenges most worked on for Labour

2016	Good working environment	2017
<ul style="list-style-type: none"> Suggestion box Code of ethics/conduct Team meetings Means of conciliation 		<ul style="list-style-type: none"> Suggestion box Code of ethics/conduct Means of conciliation Teams meetings
2016	Conciliation between work and family life	2017
<ul style="list-style-type: none"> Means of conciliation % employees with conciliation means Conciliation policy Code of ethics/conduct 		<ul style="list-style-type: none"> Means of conciliation % employees with conciliation means Conciliation policy Code of ethics/conduct
2016	Gender equality	2017
<ul style="list-style-type: none"> Code of ethics/conduct Equality plan Internal sensitisation % composition of governing bodies 		<ul style="list-style-type: none"> Equality plan Code of ethics/ conduct Suggestions box HR Policy

For this area of Principles, the challenges most worked on in an aggregated form are a good working environment, family reconciliation, and gender equality. Despite the fact that these three themes are picked out by large businesses as much as by small businesses and other entities, the large businesses have done most of the heavy lifting when it comes to equality as opposed to reconciliation.

As occurred with human rights, the challenges have not varied with respect to last year, and indeed there have not been huge changes in how the businesses work on the challenges. The fundamental motive is that the Principles in this block are already quite well integrated in the organisations' management strategies and even though they have shown advances in labour conditions, the margin for improvement is smaller than for human rights. An indication of this is seen in the way in which businesses have evaluated these challenges. 84% marked the challenges as opportunities. This ratio has risen substantially with respect to last year, when 74% of the same challenges were marked as opportunities. Continued work is gradually improving the ratio.

If we analyse each of these challenges in a detailed form, we can extract the following information and identify the following trends:

Good working environment: the working environment of organisations is being prized more and more by their employees and is turning into a fundamental element for the retention of talent. According to the Randstad survey,² it is the third priority for workers after economic considerations and safety. This question has not been ignored by the organisations that have filled in a Progress Report, and because of this part of their ideas are oriented towards listening to the needs of their employees and establishing actions to prevent the possible risks. As was the case last year, the suggestion box was the most used tool for collecting employees' requests, whilst team meetings were used to create closer bonds and to resolve possible conflicts. The code of ethics is the principal policy selected in order to put forth the company's values and this is also used to create a better working environment. Finally, all of the petitions that were collected need to be realised in the form of concrete action. In this case the corporations count on conciliation methods in order to motivate their employees and improve the working environment. As one can observe, there have been few variations in the way in which this challenge is being worked on compared to the previous exercise.

Reconciliation between work and family life: the businesses are conscious of the importance of this, and for years have been working on conciliation measures as a differentiating value. Signs of this are seen in the key actions that have taken to meet this challenge, with distance working and flexible scheduling taking the top spot. To see its effectiveness, the second idea most worked on is the percentage of employees who take advantage of conciliation methods. Finally, many organisations are formalising the said actions by means of their conciliation policy or, in the absence of this, by means of their code of ethics. The trajectory of work is continuous here, and changes have not been detected with respect to previous exercises.

Gender equality: as the OECD already foreshadowed with their study "Equality in business as a competitive factor"³, "management of equality in a company is a strategic and social question, and should be integrated as a competitive factor in business". The organisations adhering to the Compact have already begun the process of the integration of these question, situating this challenge as their third priority in the block, and as was the case with the two previous challenges, these efforts have been reflected in the main ideas that they have been working on. In the present exercise, the Equality Plan occupies first place, rising up a position from last year to dethrone the code of ethics. This fact shows a great development in policies specifically focused on equality. Finally, we have the suggestion box and the equality policies that complete the conjunction of mechanisms for integrating equality into an organisation.

²Randstad Award. 2016. Employer branding: when perception becomes reality.

³OECD CEPYME. Oct 2015: Equality in business as a competitive factor

Objectives for labour

The corporations have delineated fewer objectives for the labour block than in the previous year. From the analysis of the figures we can observe in an aggregated form that only 44% of the ideas have some kind of objective attached to them. Last year this figure was somewhat better, 47%. This figure places the labour block in the last position compared to the other blocks, something which shows as we commented earlier, that this block is very much integrated into the corporations and has thus produced few advances. If we continue on to analyse the information according to business type, SMEs once again are at the helm of the work done for the objectives. 49% do not identify objectives opposed to 74% of large businesses, 45% (20% in the case of large businesses) identify objectives but do not quantify them, and 6%, tying this time with the large businesses, identify measurable and quantifiable objectives.

If we compare the situation with the previous exercise, we see that the large businesses have notably worsened, as in 2016, 53% of ideas did not have objectives identified, compared to 74% in the present day. In the case of SMEs, the situation, by contrast, is somewhat more positive without there being substantial differences. Last year, the number of ideas without objectives was 53% compared to 49% now.

3.2.2 Environment

The third area of principles is related to the environment. **It comprises three important principles:**

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

The environment is without doubt a question affecting us all, but in the past years businesses have come to take on a fundamental role in protecting it. Society's demands and the development of the concept of social responsibility are gradually transforming businesses from agents of contamination into guarantors for the future of the environment. Traditionally the reduction in contamination was seen to be a problem for a business's competitiveness, but now it is, without doubt, an opportunity that brings with it many benefits: the reduction in consumption and the saving of costs, the anticipation of risks, the ability to obtain advantageous financial and insurance services, new opportunities for the business, and so on. Conscious of all of this, the entities adhering to the Global Compact work daily to improve their impact and take advantage of new opportunities.

Challenges most worked on for environment

<p>2016</p> <ul style="list-style-type: none"> Good practice in the use of paper Evaluation of environmental objectives Direct consumption of energy Recycling policy 	<p>Galvanising sentiment in favour of environmental topics</p>	<p>2017</p> <ul style="list-style-type: none"> Environmental information Recycling policy Good practice in the use of paper Evaluation of environmental objectives
<p>2016</p> <ul style="list-style-type: none"> Good practice in the use of paper Paper consumption per year Quality and environmental policies Recycling policy 	<p>Optimising paper usage</p>	<p>2017</p> <ul style="list-style-type: none"> Good practice in the use of paper Paper consumption per year Recycling policy Quality and environmental policies
<p>2016</p> <ul style="list-style-type: none"> Technologies for saving resources Good practice in the use of paper Evaluation of environmental objectives Quality and environment policies 	<p>Technologies that respect the environment</p>	<p>2017</p> <ul style="list-style-type: none"> Technologies for saving resources Good practice in the use of paper Evaluation of environmental objectives Quality and environment policies

In terms of the environment, the challenges most worked on are: to galvanise sentiment in favour of environmental topics, to optimise the use of paper and finally the use of new technologies with respect to the environment.

In an aggregated form, the challenges are sustained from one year to another as has been occurring with previous blocks. However, if we separate the data out for different types of entity, we meet with a different challenge. All types of entity count environmental sensibility and the use of new technologies among their first three challenges but, for their part, the large businesses introduce the challenge of the identification of the environmental aspects of their working environment whilst the small businesses and other corporations include the theme of the use of paper. If we analyse this difference in challenges, we can draw interesting conclusions. The large businesses have a bigger preoccupation with identifying their possible risks and establishing means for minimising their impact. By contrast, the small organisations, with smaller risks to deal with and with fewer staff, are more preoccupied with small actions that they can take in order to make a contribution such as the optimisation of their use of paper.

Despite these differences, the trend of viewing these challenges as opportunities continues. 74% of the corporations consider their environmental challenges to be opportunities, rising 2% compared to the previous year.

If we proceed to an analysis of the challenges that are most commonly selected by corporations in an aggregated form, we obtain the following information:

Galvanising sentiment in favour of environmental topics: sensitising and guiding sentiments with respect to any theme is crucial in order to obtain results and, indubitably, it is vital in the field of ecology. It is necessary to educate in order to reduce environmental impact and to begin acting in a different way. The corporations adhering to the Compact have been interiorising this message for

some time. As a result, the first idea resulting from this block, gaining strength compared to last year, is informing and sensitising with respect to the environment. One way of translating the idea into action is by means of establishing good practices. The businesses situate this idea in third position, giving it somewhat less importance compared to previous years, but still situating it among their principal ideas. They use the policy of recycling as their key policy, a policy which has held firm since last year, and which is very useful for controlling these corporations' risks with little environmental impact. Finally, measuring and evaluating fixed objectives remains a notable monitoring tool.

Optimising the use of paper in the corporation: paper is used daily in any type of corporation. Given the huge problem posed by deforestation in the present day, such that according to a study from the FAO⁴ we have lost 129 million hectares of forest since 1990 (a surface area almost the same size as South Africa), businesses ought to optimise and reduce its use. Alert to this situation, businesses that have completed a Progress Report are working on this challenge, orienting their activities and policies towards responsible practices. Herein, we find that just like last year the use of paper is foremost among the good practices. As we indicated in the discussion of the previous challenge, sensitisation is fundamental for the essential task of creating an environmental conscience and good habits. We find that good practices are sufficient when it comes to the objective of controlling paper consumption. In order to regulate and formalise their actions, the majority of businesses indicate that a recycling policy and a quality policy are useful for establishing basic values. No significant changes have been produced with respect to the previous exercise.

Use of technologies in a way that respects the environment: without doubt, new technologies are able to contribute to the improvement of the environment and the minimisation of environmental impact. Without going any further, and with respect to the previous challenge, new technologies are becoming huge allies in the fight against the reduction of the use of paper. Due to this and other factors, the most salient idea for this challenge is the use of new technologies in a generic form. In second place, as we saw with the previous challenges, we find good practice. Sensitisation and the guiding of sensibilities is vital for education and for extracting the most benefit from new technologies. Evaluation mechanisms are important for detecting whether technologies are being used correctly in order to fulfil their environmental objectives, and all of this follows plans for quality marked out in the company policy. As occurred with the previous challenges, there have been no changes in the way that this challenge has been worked on this year compared to the working trends noted in the previous exercise.

Objectives for Environmental.

50% of the ideas identified by the businesses do not have objectives, 38% identify objectives but do not quantify them, and 12% both identify and quantify objectives. A small improvement can be seen compared to last year as in 2016 58% of the ideas did not have objectives.

If we carry out the analysis with respect to business type, we see that the situation varies little compared to the other blocks. Again, the SMEs are in a better situation than the big businesses but there is little difference between them. 49% of SMEs do not identify objectives compared to 54% of large businesses, 39 % (35% for large businesses) identify objectives but cannot quantify them, and 12%, almost tying with the large businesses, identify measurable and quantifiable objectives.

⁴ FAO 2015. Global Forest Resources Assessment.

With respect to last year, the situation has only improved for SMEs in that in the previous exercise 58 % of their ideas did not include objectives. The situation has worsened for large businesses, as last year no type of objective was identified for 47% of the ideas.

3.2.3 Anti-Corruption

The last area is related to the anti-corruption and comprises a single Principle:

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

As with the block relating to human rights, this block of Principles has been very strategic for the Spanish Network in the last few years. Different guides and tools have been created in order to work on transparency within organisations with the objective of making the risks of corruption palpable and then facing up to them, whilst making readily available the information necessary to put in place a system of prevention and correction. Without doubt, when Principle 10 is managed correctly, businesses will report multiple benefits such as the reduction in penalisations, the improvement in the corporate image and permission to enter new markets. Motivated by all of these advantages and materialising the efforts made in previous years, we find that each time more corporations are working fully on this block in their reports.

Challenges most worked on in the anti-corruption

2016	Transparency in activity with clients	2017
<ul style="list-style-type: none"> Code of ethics/ conduct CSR Policy Audits Number of complaints received and results 		<ul style="list-style-type: none"> Code of ethics/conduct Communication Audits Number of complaints received and results
2016	Fulfilment of norms	2017
<ul style="list-style-type: none"> Code of ethics/ conduct Purchasing process Dissemination of policies Purchase policy 		<ul style="list-style-type: none"> Purchase Policy Code of ethics/ conduct Quality and environmental policies Dissemination of policies
2016	Regulating the acceptance of gifts	2017
<ul style="list-style-type: none"> Code of ethics/ conduct Gift policy Dissemination of the policy Complaints received and results 		<ul style="list-style-type: none"> Code of ethics/ conduct Gift policy Dissemination of the policy Number of complaints received and results

For this area of Principles, the challenges most worked on in an aggregated form are transparency in activity with clients, fulfilling set norms, and regulating the acceptance of gifts. Trends have remained

continuous compared to last year, though the fulfilment of norms has acquired more relevancy, rising up one position into the second place.

As occurred with the environmental block, if we differentiate in terms of type of entity, we now reveal sizeable differences. The challenges most worked on for large corporations are the regulation of the acceptance of gifts and transparent contracts with public administration. By contrast, the priorities change for the small businesses and other entities. For these organisations, the key challenges are transparency in the exercise of activities with clients, fulfilling set norms, and money laundering. As one can observe in these results, the small businesses are working on more basic themes in terms of transparency, whilst large entities have begun to include policies and more formal elements in their regulation of the matter.

If we analyse whether the entities consider these challenges to be risks or opportunities, 75% consider them to be an opportunity. A slight improvement in this figure can be seen with respect to last year, when it was 70%. Here, the organisations' advancement can be seen in a more visible form.

If we proceed to analyse the challenges in an aggregated form, as we have done with the previous blocks, we obtain the following information:

Transparency in carrying out activities with clients: transparency is one of the basic pillars in the fight against corruption. A corporate attitude that is transparent and that has integrity does not just avoid negative consequences; it also brings with it a differentiating value with respect to other businesses. The entities that completed the Progress Report, conscious of these benefits, have placed this challenge in first place. In order to put it into practice, they have worked especially on the code of ethics as a fundamental policy that aids the communication of their values. In order to control communication such that it follows the criteria laid out by organisations, they use audits and control the number of complaints, which enables them to detect possible deviances. If we compare this with the ideas worked on in the previous exercise, we see a reduction in the number of policies that are being worked on to make way for this action.

Fulfilling set norms: in addition to being transparent, entities ought to fulfil both internal and external existing norms. A first step towards fulfilling these norms consists in formalising them in written policies in order to afford them value. As a result, the majority of the ideas worked on for this challenge by the entities are policy related. The first three ideas relate to purchasing policy, the code of ethics, and quality policies. The first two policies are carried over from the previous exercise, so entities have continued working on and formalising concepts that were begun in the past. Finally, a key step for putting the policies in action consists in disseminating them among the distinct interested parties who are affected.

Regulation of the acceptance of gifts: integrated with the challenges of transparency and the fulfilment of norms, one of the key questions that businesses most frequently include within the block related to the fight against corruption is the acceptance of gifts. This general theme affects various interested parties and corporations are working on it to create strong values by means of a code of ethics, in which it appears as the first anticorruption policy. As a complement to these values, many businesses have gone further and created their own policies related to gifts. Currently, in order to put these policies into practice, they rely on disseminating them and sensitising people to them so that the message reaches the interested parties. As a rule, it is important to recognise that complain procedures exist in order to ensure that all of the activities put into practice are sufficient. We observe no appreciable differences here with the trajectory of work identified in the previous exercise, where the development of policies played a key part.

Objectives for Anti-Corruption.

In general terms, the situation remains average for the anticorruption block. 51% of the ideas identified by businesses do not have objectives, 41% identify objectives but do not quantify them, and 9% identify quantifiable objectives. The situation remains practically the same as with the previous exercise.

Great differences can be seen, however, when data is considered by type of business. In this case, again, the situation for SMEs is notably better. 45 % of the ideas identified for this block do not have objectives but for large businesses the figure almost doubles to 72%. 45% of the ideas of the small businesses and other entities have unquantified objectives, whilst for the large businesses the figure only reaches 25%. Finally, SMEs have identified measurable objectives for 10% of their ideas, as opposed to 3% for large businesses.

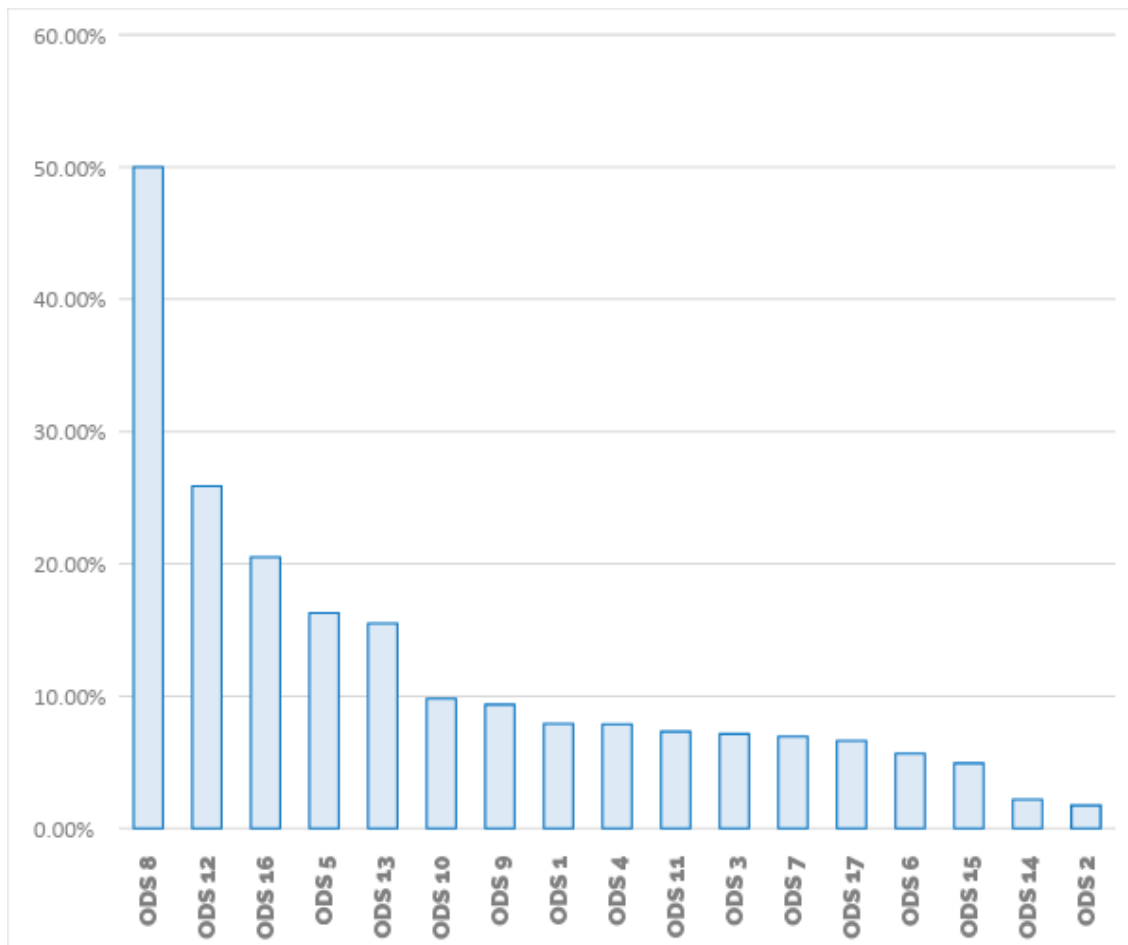
If we compare the figures with the previous year, as with the previous blocks the trend continues. The SMEs have improved since the previous exercise when 51% of their ideas did not have objectives. The situation for large businesses has changed appreciably, such that last year 58% of ideas had no objectives as opposed to 72% this year.

3.3 Sustainable Development Goals

The Sustainable Development Goals, approved in the General Assembly of the United Nations on September 25th 2015, presuppose a change in the work paradigms of the UN. For the first time, the private sector is considered a key actor in terms of attaining development at both national and local levels. In this sense, businesses and other non-business entities are beginning to delineate their actions and policies with respect to corporate social responsibility and to sustainable development within the scope of the SDGs.

Following this trend, the Spanish Network of the Global Compact, has correlated the challenges described in the Progress Report tool with every one of the 17 SDGs. Through this work, one aims to identify what themes businesses that published a report using this tool have been working on most, and to link this information to the Sustainable Development Goals.

Taking into account this correlation and the number of policies, actions, indicators and tools identified by these businesses, the results are as follows:



Percentage of ideas correlated with each of the SDGs

The SDG most worked on by the businesses who used the Progress Report tool is number 8, which relates to decent work and economic growth. Nearly 50% of the policies, actions, tools and indications that were reported relate to this Goal. There is no doubt that this is an objective that cuts across all sectors in the field of business.

Responsible production and consumption, related to SDG 12, is another of the fields of action most worked on by the businesses in the Spanish Network. Challenges such as how to 'promote quality in the business at all levels', 'evaluation of providers' and 'optimum treatment of client databases' are delineated within this Goal.

SDG 16 is related to one of the four blocks of Principles of the Global Compact, viz. the fight against corruption. This Goal, with respect to peace, justice, and steadfast institutions, is based in factors such as following legislation, training for employees and providers on topics relating to transparency, and the re-establishment of reclamation systems at the operational level. 20% of the policies, actions, tools and indicators selected within the tool correspond to this Goal.

SDGs 5 and 13 hold a similar weight and are in fourth and fifth position; approximately 15% of ideas are related to each one of these Goals. Some of the ideas related to these Goals include: "conciliation between work and family life" and 'gender equality' (SDG 5), and 'to galvanise sensibility regarding environmental themes' and 'optimise the use of paper in the corporation' (SDG 13).

If we differentiate, in our analysis, between large businesses and SMEs and other corporations, the results are practically identical. The only thing is that we note a greater tendency for large businesses to report information relating to SDG 5 relating to gender equality and SDG 10 relating to the reduction in inequalities, whilst in small businesses and other corporations, SDG 13 related to the environment and SDG 9 relating to industry, innovation, and infrastructure hold more weight.



If we differentiate, in our analysis, between **large companies** and **SMEs and other corporations**, the **results** are **practically identical**. The only thing is that we note a greater tendency for large businesses to report information relating to SDG 5 relating to gender equality and SDG 10 relating to the reduction in inequalities, whilst in small businesses and other corporations, SDG 13 related to the environment and SDG 9 relating to industry, innovation, and infrastructure hold more weight.

4. Analysis of IBEX35 index

As part of their sustainable development agreement, the Spanish Network of the Global Compact, has analysed the sustainability reports of the IBEX35 companies. This analysis was carried out through the lens of the 10 Principles and the Sustainable Development Goals, and it evaluated the level of transparency within the corporation, the integration of the four areas of Principles of the Global Compact, and – something new for this exercise – the reporting of the SDGs.

35 companies in total were subjected to this analysis, which identified strong points and areas to improve on in their sustainability reports, creating both a general and a sectoral analysis. In order to carry out this analysis, the businesses were grouped into four sectors:

- Industry, infrastructure and telecommunications
- Goods and services
- Financial services: banking and insurance
- Energy and utilities

The following table enumerates the businesses that were analysed as part of this study, categorised by sector:

IBEX35 Index Companies		IBEX35 Sector
DIA Iberia Inditex Mediaset	Melia Hotels Grifols Merlín Viscofan	Goods and services
AENA Amadeus Arcelormital Abertis Acerinox ACS	Cellnex Ferrovial INDRA Técnicas Reunidas Telefónica	Industry, infrastructure and telecommunications
Banco Popular Banco Sabadell Banco Santander Bankia	Bankinter BBVA CaixaBank MAPFRE	Financial services: banking and insurance
Acciona Enagás Endesa Gamesa	Gas Natural Iberdrola Red Eléctrica Corp. Repsol	Energy and utilities

IBEX35 businesses by sector

4.1. Transparency

The first part of the analysis evaluated the level of transparency in the IBEX35 index. Transparency is a key factor in business management, generating confidence in both internal and external stakeholders and facilitating the management of risks and opportunities in the corporation.

In order to measure this factor, we take into account the principles of creating reports laid down by the Global Reporting Initiative in their G4 Guide document about the writing up of sustainability memos⁵:

- Participation of interested parties
- Exhaustiveness
- Balance
- Comparability
- Precision
- Context of sustainability
- Material
- Punctuality

⁵Global Reporting Initiative. 2013. G4 Guide for writing sustainability memos.

- Clarity
- Reliability

Four evaluation criteria have been delineated for each of these Principles, verifying the extent to which a sustainability memo fulfils each of them. A scale of 0 to 4 has been used, with evaluations taking the following form:

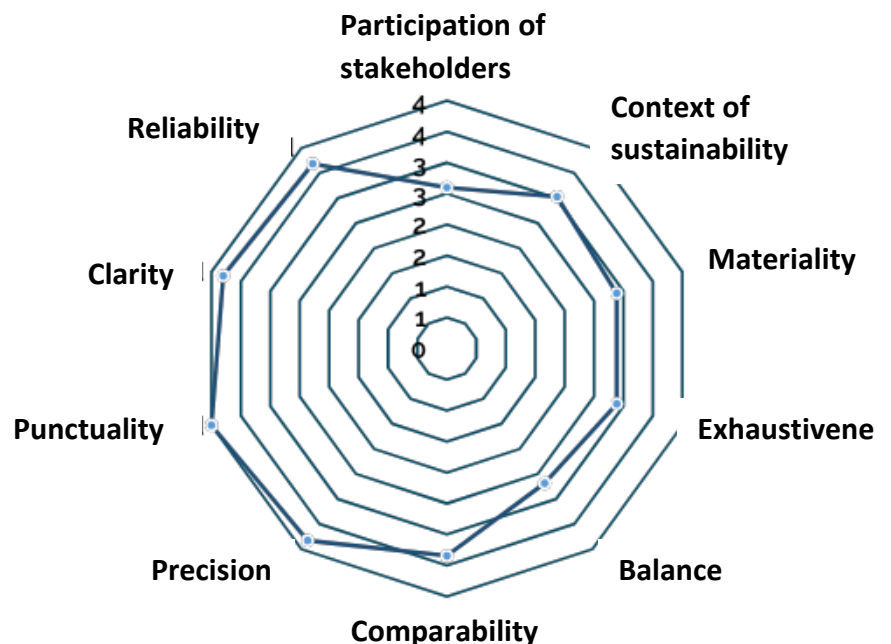
No evaluation criteria have been fulfilled	0
One evaluation criterion is fulfilled	1
Two evaluation criteria have been fulfilled	2
Three evaluation criteria have been fulfilled	3
Four evaluation criteria have been fulfilled	4

Transparency evaluation criteria for the IBEX35 businesses

Transparency in the IBEX35 Index

We now present the **quantitative results** of this analysis, categorised in terms of reports writing principles:

3,27 over 4
Average level of transparency in the IBEX35 Index' sustainability reports



In general terms, the IBEX35 index have a high level of transparency. The companies on the stock index publish their memos in an orderly and regular fashion, and they report both quantitative and qualitative data in clear language without an excess of technical terms. These factors make it easier

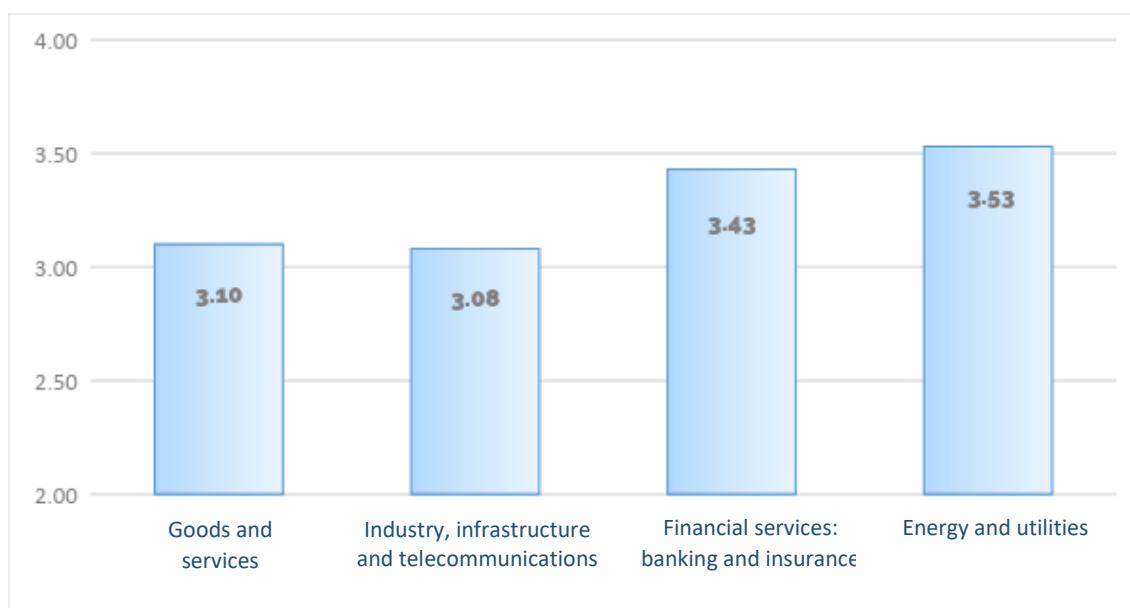
for interested parties to stay as informed as they should be about the achievements of these corporations with respect to social and environmental factors.

In addition, the majority of them (29 of the 35) make use of auditing processes, carried out during the process of writing the memo. The auditing processes are both internal, by means of a specific department, and external, carried out by a third party. This suggests that the information reported by the businesses on the stock index is highly reliable.

The main factors to improve on relate to the principle of exhaustiveness. Data relating to negative effects in the corporation, such as social and environmental risks, are found in just 17% of the memos. This is a general trend in the sustainability memos, where the information reported on tends to have a positive bias, without providing information about the negative impacts of their activity, nor about the corrective measures that are carried out as required.

Transparency at the sectoral level

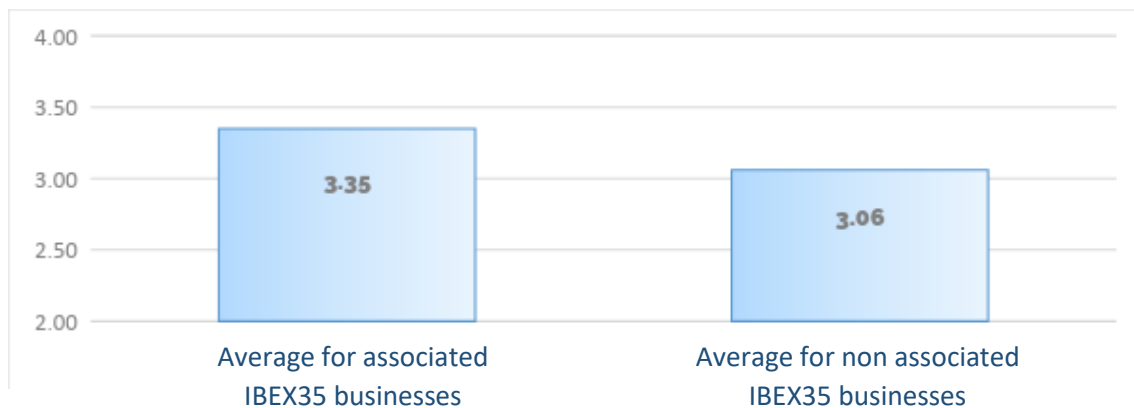
At the sectoral level, two blocks can be observed. Companies in the categories “Goods and services” and “Industry, infrastructure and telecommunications” have a low level of transparency whilst “Energy and utilities” and “Financial services: banking and insurance” achieve more points. This trend can also be observed at the level of the blocks of the Global Compact, as can be seen in section 4.2. The 4 blocks of Principles in the IBEX35.



Level of transparency by sector

Transparency in terms of status in the Spanish Network of the Global Compact

The associated corporations that belong to the IBEX35 (26 of the 35) obtain a higher level of transparency than the non-associated corporations, most of all in principles relating to interested parties and materiality. This difference highlights the clear commitment to transparent reporting on corporate social responsibility and sustainability made by companies adhering to the Global Compact.



Level of transparency by status in the Spanish Network of the Global Compact

4.2. The four areas of Principles in the IBEX35

The Spanish Network of the Global Compact of the United Nations advocates for the integration of the 10 Principles into all of the activities of a business and its chain of values in a transversal manner. Because of this we have analyzed the level at which the 10 Principles have been implanted, taking into account the four blocks into which they are grouped: human rights, labour, environment, and anti-corruption.

In order to measure them, we have relied on the correlation of GRI indicators laid down by the Global Reporting Initiative and the Global Compact in the document called Making the Connection⁶.

A points value from 1 to 3 has been determined for every one of the indicators, based on the integration of the indicators related to the Principles of the Compact, and evaluated in the following form:

⁶Global Compact, Global Reporting Initiative. 2013. Making the Connection: Using the GRI G4 Guidelines to Communicate Progress on the UN Global Compact Principles.

The business makes use of concrete policies and actions and information about the indicator is complete	3
The business makes use of limited policies and actions and information about the indicator is incomplete	2
The business does not make use of concrete policies and actions and there is no information about the indicator	1

Criteria for evaluating the integration of each of the 10 Principles.

4.2.1. Human Rights

The **average points value** awarded to the IBEX35 index for the **human rights** block is as follows:



Average points value of the IBEX35 businesses in the human rights block

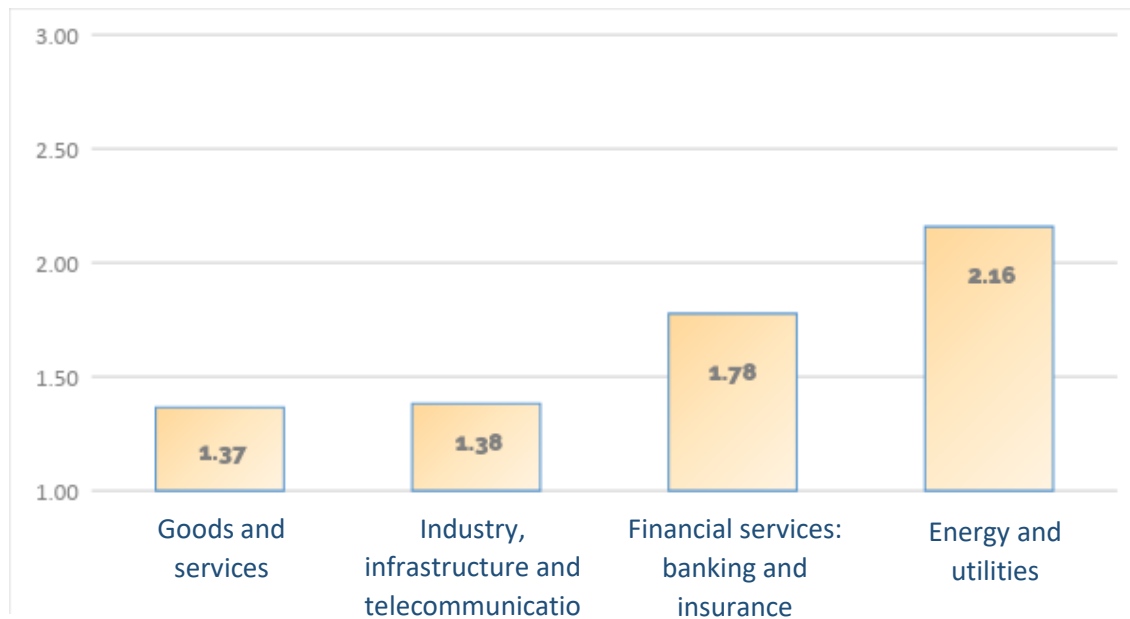
Human rights is the least worked on of the four blocks of Principles of the Global Compact. The businesses analysed include a clear commitment to human rights in both their activities and in their chain of values. However, the businesses report little quantitative information on this theme beyond this commitment. This fact is reflected in factors such as templates for human rights training, something particularly important for corporations active in developing countries: 19 of the 35 businesses do not mention any kind of training in this field in their memos.

29 of the 35 businesses on the stock index are active in countries with an indigenous population, most of all in Latin America. These groups are especially vulnerable, having been directly affected by business activities, and experiencing a vulnerability in their rights, particularly their rights to land, territory, and natural resources. In this sense it is significant that of these 29 businesses, only 34% collect information regarding their impact on these populations. Thus, this is one of the main areas to improve on with respect to this block.

Finally, keeping in mind Principle 2 of the Global Compact, “businesses should make sure that they are not complicit in Human Rights abuses”, correct supply chain management is essential. The analysis conducted regarding the IBEX35 businesses establishes that whilst 23 businesses report an evaluation of their providers' Defence of Human Rights, only 13 report whether they have identified impacts as a result of these evaluations. Thus there exists a high level of supply chain control with respect to human rights, but little transparency in the reports regarding the results of this.

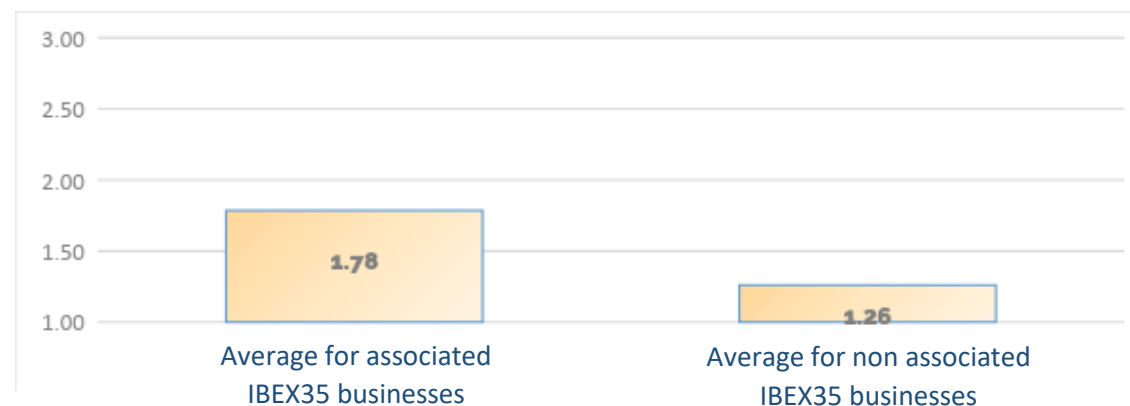
Human rights at the sectoral level

Given the nature of the sector, the utility and energy companies have a larger human rights impact, and hence have a different score to other sectors such as 'Industry, infrastructure and telecommunications' or 'Goods and services'. Even so, it is important that whatever their activities are businesses report on how they manage this theme. For example, just 2 of the 8 businesses in the sector of goods and services report templates for human rights training, whilst almost all energy and utilities companies include this factor.



Human rights in terms of status in the Spanish Network of the Global Compact

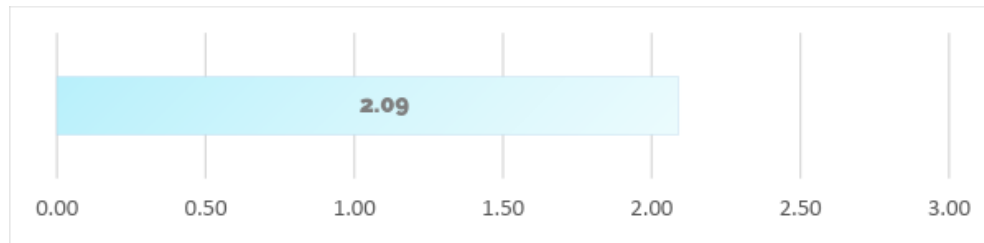
The scores awarded in this field to associated IBEX35 businesses is significantly larger than those given to non-associated companies. It is notable that the Spanish Network of the Global Compact has given more potential to the human rights block than other blocks, by means of training, interactive tools, and sensitisation days; especially with respect to supply chain management.



Average score in the human rights block by status in the Spanish Network

4.2.2. Labour

The **average score** awarded to IBEX35 index in the **labour** block is as follows:



Average score of the IBEX35 businesses in the labour block

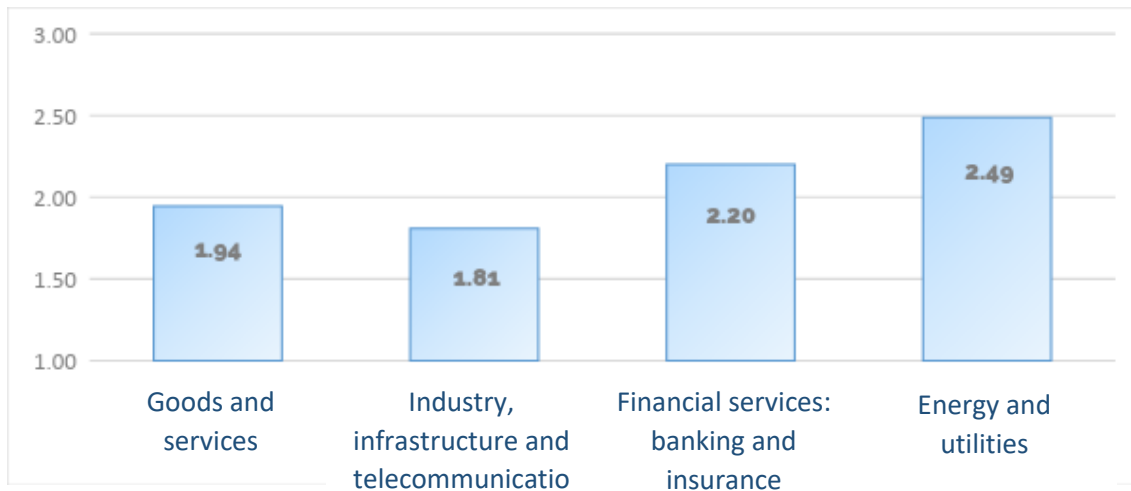
The IBEX35 index achieve an average score for this block, and the main areas to work on are information relating to the eradication of child labour and forced labour, corresponding to Principles 4 and 5 of the Global Compact. 15 of the 35 businesses analysed do not report any information about their commitment to, nor mechanisms and measures for the elimination of, these practices. It is significant that 11 of these 15 businesses are active in developing countries.

On a more positive note, practically all of the sustainability memos contain tabulated information about the number of employees categorised by sex, work contract, type of contract, region, etc. or the percentage of workers covered by collective agreements. This information is standard in all sustainability memos, which for better comparability report not just on the current exercise but also on previous years.

Finally, there is a notable lack of information regarding salaries in the sustainability memos. Just 34% of the businesses analysed report on the relationship between men's base rate salaries compared to women's in a quantitative form. This is one of the most relevant indicators of gender equality in the workplace, and so ought to be an essential part of sustainability memos. On the same topic, just 8 businesses provide complete information about the relationship between initial salary and the local minimum wage, categorised by sex.

Labour at the sectoral level

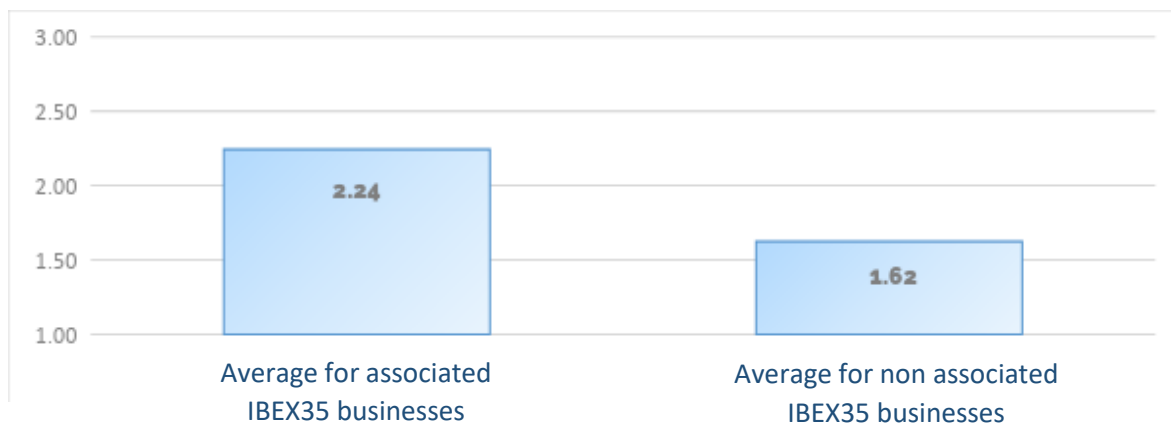
The 'Energy and utilities' sector has come to be the highest achiever in this block, with energy and utilities companies providing information in an optimised form about plans and evaluations for their achievements. At the tail end of the ranking we find the 'Industry, infrastructure and telecommunications' sector, where there are most of all gaps in information about the businesses' commitment to the abolition of forced labour and child exploitation. Even if the majority of businesses have a low risk in this respect in terms of their own internal activities, thanks to the large quantity of controls and evaluations they carry out, it is equally important to control the supply chain. As a result, establishing mechanisms and measures for identifying these practices in all parts of the supply chain is indispensable.



Labour in terms of status in the Spanish Network of the Global Compact

A large proportion of the non-associated corporations in the Spanish Network of the Global Compact include little quantitative information with respect to this block, especially with respect to information related to retributive systems and the risks they have identified in this field. As a result, the difference between associated and non-associated corporations is a large one.

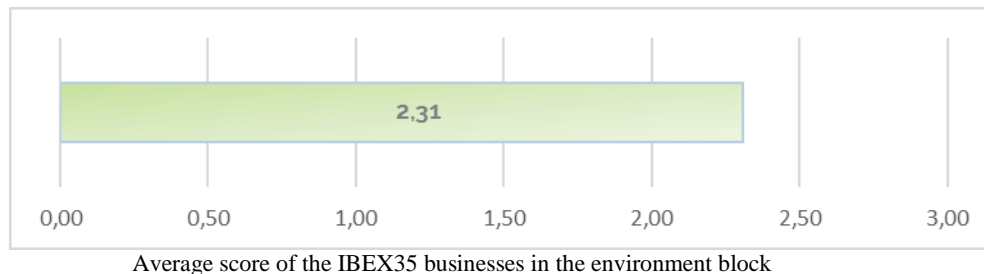
Average points value in the labour block by sector



Average score in the labour block by status in the Spanish Network

4.2.3. Environment

The average score given to the IBEX35 businesses in the **environment** block is as follows:



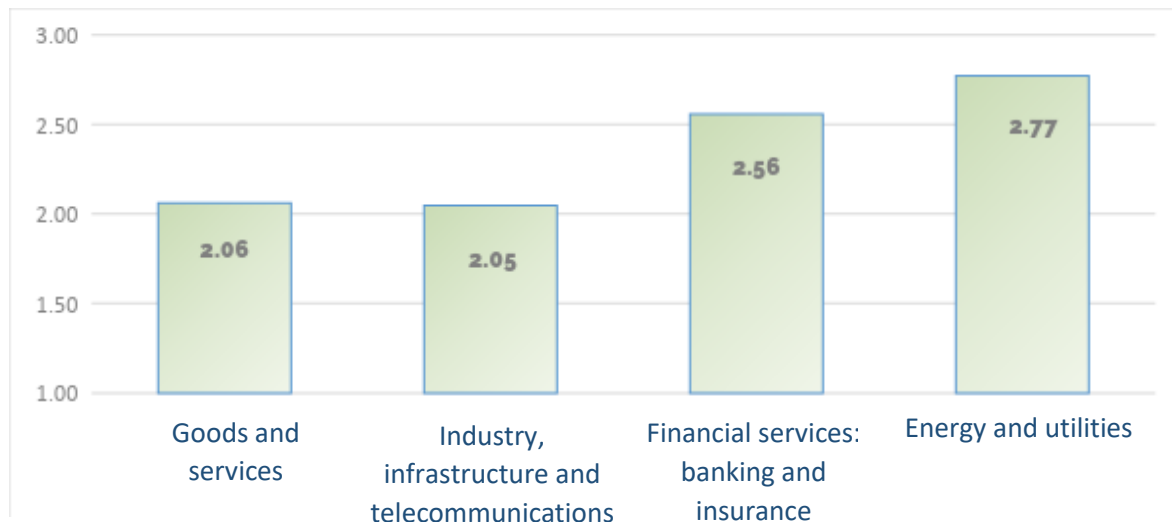
The environmental area has the second highest score of the four blocks of Principles of the Global Compact. Due to the IBEX35 companies' great experience in reporting information on this topic, almost all businesses on the stock index report their consumption of electricity and fossil fuels and their emissions of greenhouse gases in their sustainability memos, relating to Principles 1, 2 and 3.

Reuse and recycling is one of the most important aspects of the environmental topic. On this note, in the analysis carried out, 46% of the businesses analysed do not report any information about recycled materials. Additionally, it is relevant that just 29% report on reused and recycled water, which is a discrete factor with a high environmental impact.

Finally, with respect to the supply chain, 28 of the 35 businesses evaluate their suppliers with respect to environmental considerations. 18 of these corporations provide information about whether they have identified any impacts as a result of these evaluations. Remembering the case of human rights (23 businesses evaluate their suppliers on human rights issues, and 12 of them provide information on their impacts), one can confirm that the supply chain controls with respect to the environment are significantly better.

Environment at the sectoral level.

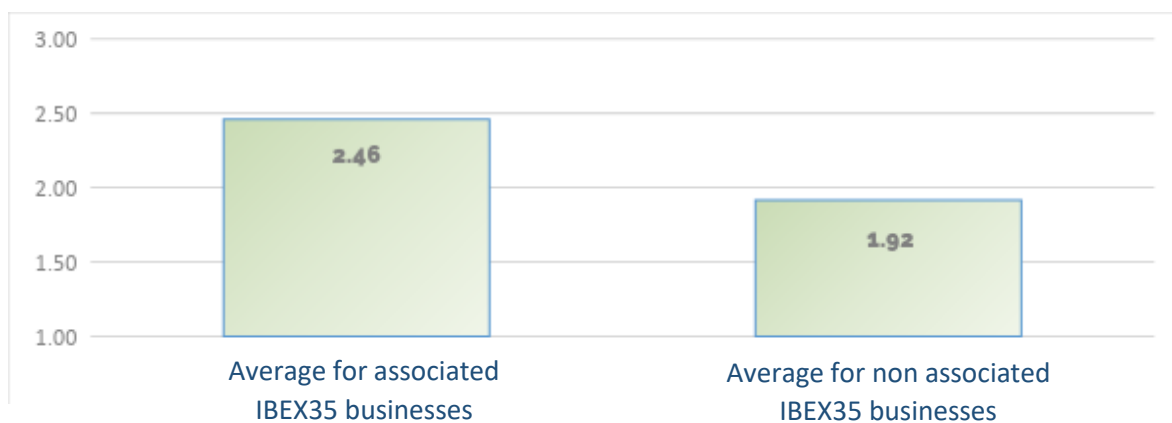
Due to its nature, the 'Energy and utilities' sector achieves near perfection in its environmental efforts. 'Financial services: banking and insurance' stays in second place in the sectoral ranking, whilst other sectors have come to achieve somewhat lower. It is useful to add that, according to the methodology followed, the corporations that do not have a high environmental impact (such as 'Financial services: banking and insurance') are not evaluated according to some of the specific indicators.



Average score in the environmental block by sector

Environment in terms of status in the Spanish Network of the Global Compact

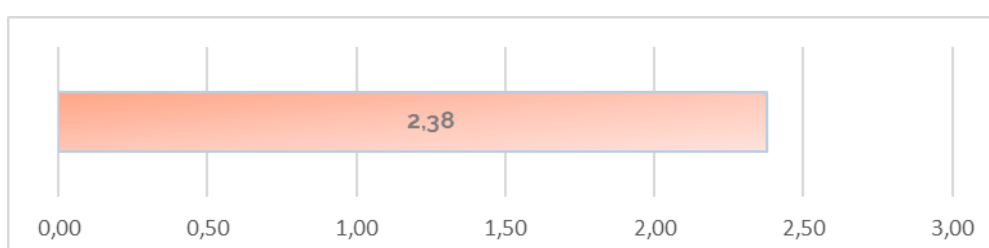
The majority of corporations associated to the Spanish Network have a high environmental impact due to their activities and the sectors they belong to: 58%, a significantly higher proportion than that for non associated corporations: 33%. Even though the environmental analysis is more exhaustive for corporations with a high impact, it remains relevant that the average score of corporations associated to the Spanish Network is higher than non associated corporations.



Average score in the environment block by status in the Spanish Network

4.2.4. Anti-corruption

The **average score** of the IBEX35 companies in the **anti-corruption** area is as follows:



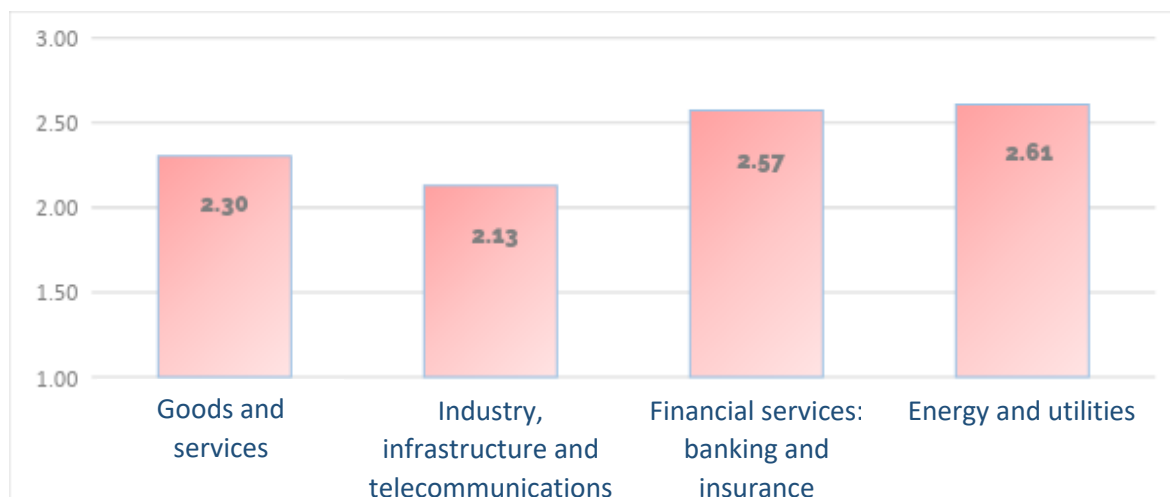
The anti-corruption is the most worked on of all four areas of Principles of the Global Compact. All the entities expound their corporate values in their sustainability memos and make available a code of ethics in which they commit to fight against corruption. In addition, many of them extend these commitments via their code of ethics along the supply chain to encompass their providers, a mechanism becoming more and more widespread among the IBEX35 index.

In the same way, all of the businesses in the stock index provide a channel for complaints. However, the level of the reporting of these complaints differs depending on the type of entity. Whilst some only report the number of complaints received per year, others offer more information, parsing them into different types or regions, or reporting the number of complaints in previous years for better comparability.

Finally, one of the least reported on indicators for this block is confirmed cases of corruption and the measures adopted. Whilst 24 of the 35 businesses offer some information on this matter, just 15 of them report on it in the optimum form. In general terms, though businesses do include the number of confirmed cases, many do not include information about these cases or the measures adopted subsequently.

The anti-corruption at the sectoral level.

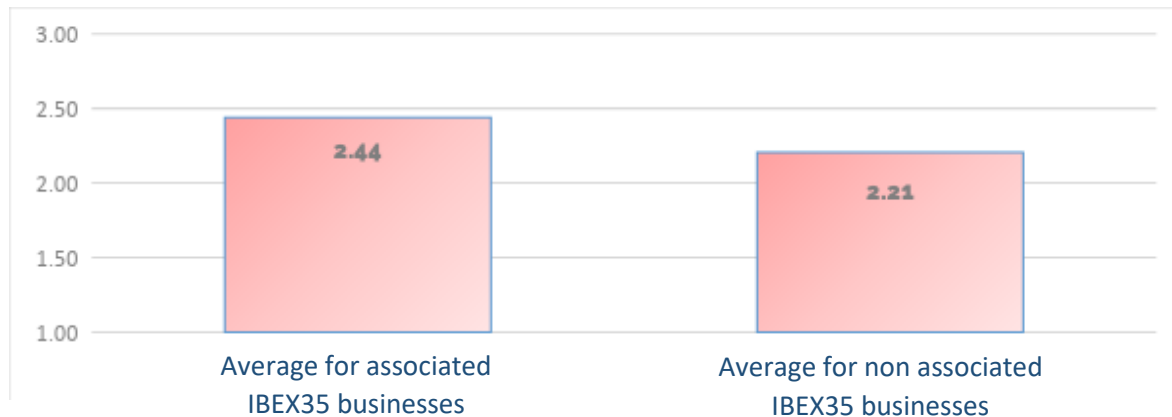
With respect to a sectoral comparison, 'Energy and utilities' and 'Financial services: banking and insurance' remain at the top of the ranking. Despite this, the fact that banking companies obtain a very low grade for the indicator of confirmed cases of corruption catches the attention as this is exactly the sector where this matter is most thoroughly monitored. 'Industry, infrastructure and telecommunications' is the lowest achieving sector, with points for improvement in almost all of the fields analysed. For example, just 2 of the 11 corporations in this sector provide information on whether they fulfil their policies.



Average score in the anticorruption area by sector

The anti-corruption in terms of status within the Spanish Network of the Global Compact

Though the difference is not so large as in the other area, again we see the same tendencies as in the other factors we have analysed. The businesses associated with the Spanish Network of the Global Compact obtain a better score than non associated corporations.



Average score in the anticorruption block by status in the Spanish Network

4.3. Sustainable Development Goals

Across the two years and more since the approval of the Sustainable Development Goals, more and more Spanish businesses are reporting on their contribution to these objectives via their sustainability memos. The IBEX35 index are no different, and 74% of them include some information about the Sustainable Development Goals in their sustainability memos.

In order to measure the level of reporting on the SDGs, we have taken the four following criteria into account:

- The report details the business's commitment to the Sustainable Development Goals.
- The business identifies the SDGs that affect it as an organisation.
- A correlation is included between the SDGs and GRI indicators, material matters, or sections of the memo.
- The business provides, and reports on, specific training in the SDGs for its employees.

As with transparency levels, the fulfilment of all of the goals in the sustainability memos is verified using a scale from 0 to 4 as follows:

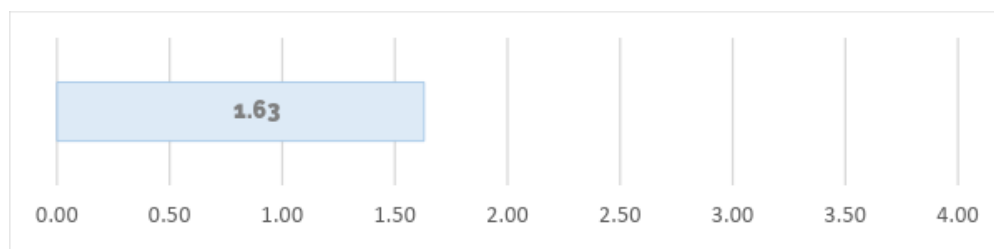
No evaluation criteria have been fulfilled	0
One evaluation criterion is fulfilled	1
Two evaluation criteria have been fulfilled	2

Three evaluation criteria have been fulfilled	3
Four evaluation criteria have been fulfilled	4

Criteria for evaluating the level of reporting of the SDGs

Report on the SDGs for the IBEX35 index

The **average score** of the IBEX35 companies for **the level of reporting on the SDGs** is as follows:



Average score of the IBEX35 businesses for level of reporting on SDGs

26 of the 35 IBEX35 companies include a commitment to the Sustainable Development Goals within their sustainability report, a pretty high number given that the information reported on corresponds to 2016 when only one year had passed since the approval of these Goals. This figure makes manifest the hugely conscious work performed in the Spanish private sector with respect to the SDGs.

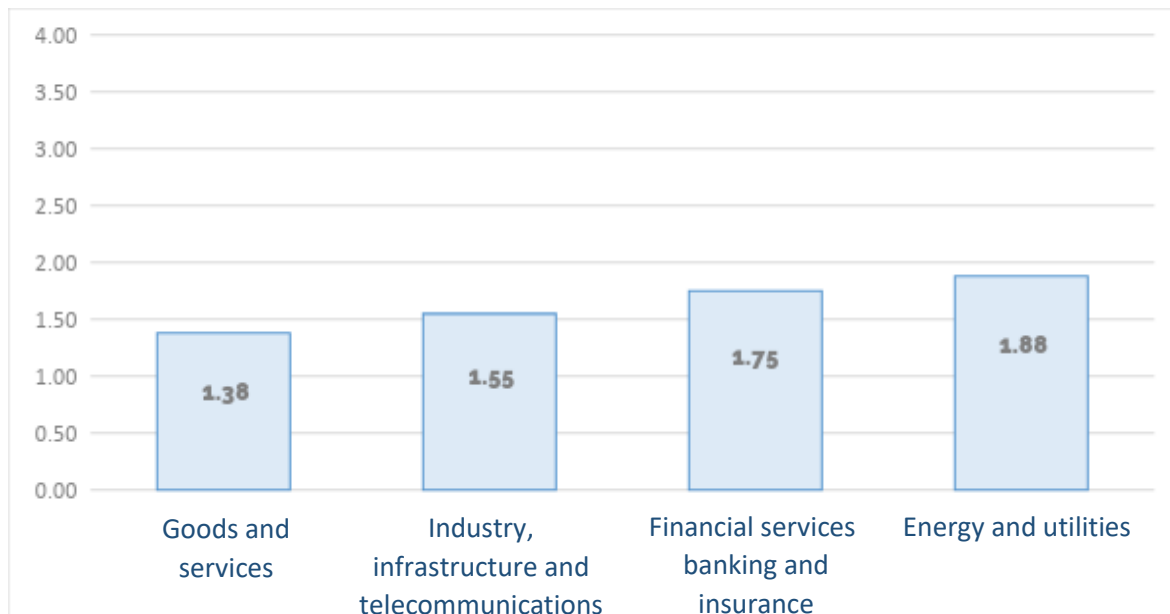
20 of the 35 businesses of the stock index have carried out an internal analysis, identifying the Sustainable Development Goals to prioritise. This exercise turned out to be fundamental, as it enables the delineation of priority objectives related to the core of the business, and thus enables businesses to work on them in the most efficient way.

31% of businesses included a correlation of the Sustainable Development Goals with GRI indicators, material matters or sections of the memo. Though this figure is not very high, every time more businesses demonstrate their interest in aligning their sustainability memos with the SDGs and other standards.

Finally, none of the IBEX35 index recounts training on the SDGs for employees or suppliers in their sustainability memos. This is a key question for trying to integrate the Goals into the corporation's business culture.

SDG reporting at the sectoral level.

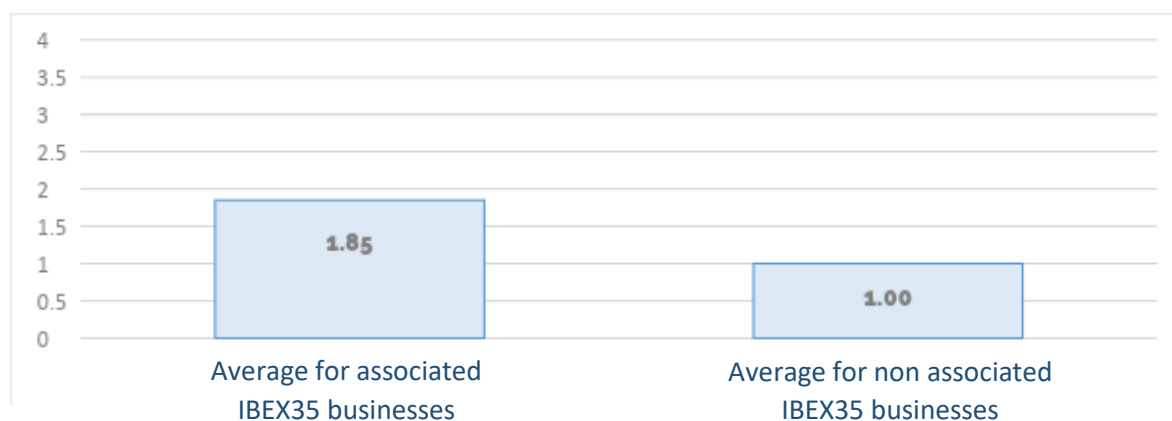
The differences between sectors are not hugely notable for the IBEX35, though greater commitment can be seen for 'Energy and utilities' companies, and 'Financial services: banking and insurance'.



Average score for SDG reporting by sector

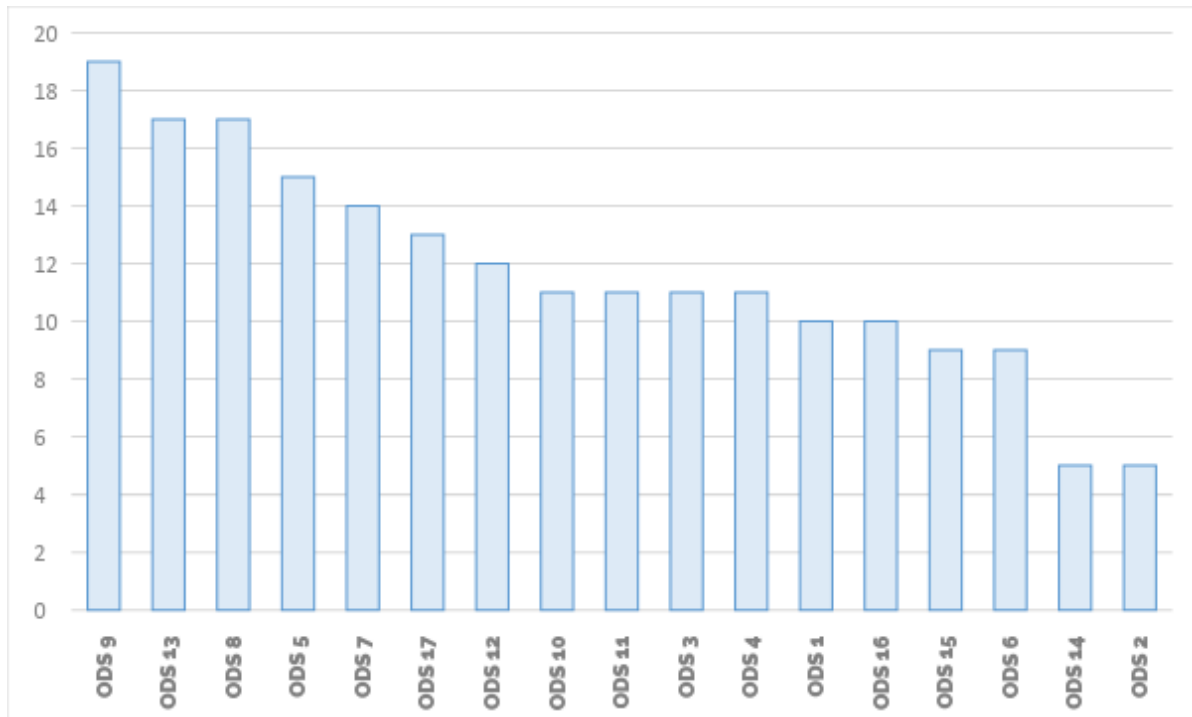
SDG reporting in terms of status in the Spanish Network of the Global Compact

There is a big difference in the level of SDG reporting between the businesses associated to the Spanish Network and non associated corporations. Whilst 84% of associated corporations report information on these Goals, the percentage reduces to 55% for non associated corporations.



SDGs prioritised by the IBEX35 index.

As has already been noted, 57% of the IBEX35 companies have already identified their **priority SDGs** in line with their business strategy. **The aggregated result** of this exercise is below:



Priority SDGs identified by the IBEX35 businesses

19 of these companies, practically all of those that identify specific SDGs to work on, identify SDG 9 as a priority. This Goal is related to innovation in work, promoting the use of renewable fuel, and investment in efficient and sustainable technologies.

SDG13, related to “Action for the climate”, is in second position. Each time, more businesses take these aspects of their activities into account, even if they do not have a high environmental impact (as is the case of banking corporations). In addition, many businesses on the stock index have already created public commitments to support the Paris Agreement.

In third place we find SDG8 “Decent work and economic growth”, an objective that has equal weight in all the sectors analysed, and which is related to factors like the promotion of employment for young people, improvement of the supply chain, and guaranteeing dignified labour conditions.

Priority SDGs at the sectoral level

The results **separated out by sector** are as follows:



The results are pretty similar among the sectors of the stock index. On this note, SDGs 9, 13 and 8 play a key role in all 4 sectors. However, some specific SDGs stand out as having more weight in each sector:

- SDG 7, “Affordable and clean energy”, is strongly linked to the 'Energy and utilities' sector. Not without reason is this Goal present in the sustainability memos of all corporations in this sector. The businesses contribute to this Goal by substituting fossil fuels for renewable energy, or by establishing an energy policy.
- SDG 3, related to health and wellbeing, is a priority for 'Goods and services' businesses. In this sector are included catering businesses and textile companies that prioritise aspects of health such as security and hygiene measures or the promotion of healthy ways of life.
- SDG 11, relating to “Sustainable cities and communities” stands out for the 'Industry, Infrastructure and Telecommunications’ industry. Construction and technology businesses identify this Goal as a priority due to its relation to community and civic services such as shelter, basic services, and means of transportation.
- Finally, the businesses in the “Financial services: banking and insurance” sector prioritise SDG 5, related to “Gender equality”. Though, the majority of IBEX35 businesses identify this Goal as a priority, the businesses in this sector contribute most of all to this SDG.

5. Appendices

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