



Sustainability Reporting: NO MORE ISOLATION



Speaker background, to fully understand some of the messages based on experience as data preparer and user and sufferer 2

- 25 years at BBVA
 - Chief Sustainability Officer
 - NFI reporting (preparer first, user as SRI later)
 - Policies (HH.RR, Env, Defense,...)
 - Standards active participation and representation
 - SRI board SpainSIF
- 2 years at the IIF (voice of the industry)
- Now
 - ESG advisor to AERI (traded companies)
 - IIRC ambassador
 - Independent consultant on NFI reporting

Sustainability reporting started 20 years ago, and right after that some standards came along

Global Reporting Initiative

From Wikipedia, the free encyclopedia



This article needs to be **updated**. Please update this article to reflect recent events or newly available information. (May 2015)

The **Global Reporting Initiative** (known as **GRI**) is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and corruption.

Under increasing pressure from different stakeholder groups – such as governments, consumers and investors – to be more transparent about their environmental, economic and social impacts, many companies publish a [sustainability report](#), also known as a corporate social responsibility ([CSR](#)) or environmental, social and governance ([ESG](#)) report. GRI's framework for sustainability reporting helps companies identify, gather and report this information in a clear and comparable manner. First launched in 2000, GRI's sustainability reporting framework is now widely used^[1] by multinational organizations, governments, small and medium enterprises ([SMEs](#)), NGOs and industry groups in more than 90 countries.^[2] In 2017, 63 percent of the largest 100 companies (N100), and 75 percent of the Global Fortune 250 (G250) reported applying the GRI reporting framework.^[3]

The most recent of GRI's reporting frameworks are the GRI Standards, launched in October 2016. Developed

GRI



Founded	1997 Boston, United States
Type	Non-governmental organization
Purpose	Sustainability reporting
Headquarters	Amsterdam, Netherlands
Region	Worldwide



Sustainability reporting started 20 years ago, and right after that some standards came along

- CSR with no specific definition
- CSR as voluntary
- CSR as pure PR vs CSR as the integration of ESG variables in the business for the business



An then The United Nations launched the Milenium Development Goals, The Global Compact, The Global Compact Lead....

- MDGs and SDGs 17 2030
- Global Compact , 10 principles
- And then the Comms and Brand people went crazy and loved it
- And then the big four and other\$ followed the CSR and Sustainability movement for a better world
- And then they realized that no longer people believed empty CSR reports
- CSR wa manged by Comm people in total isolation from the business



An then the business started to realize about market pressures and they started to do something. Still under Comms&Brand

- Equator Principles
- Principles for Responsible Investment
- CDP
- Green Bond initiatives
- Think tanks all over the world
- This started to mean: business integration. I want to know what my societal impacts (positive and negative) are
- And then the ESG concept was born under the analyst world and the growing integration(proxy advisors like ISS and Glass Lewis, and proxy solicitors like Sodali or Georgeson)
- And then companies were rated by the non financials too



An then companies decided to deal with it and allow some Governance involvement

- Some board Committees increase their scope to CSR or Sustainability
- Even some specific ones were created to deal with the societal impacts of the company. Maninly utilities



And then analyst improved dramatically and wanted to know everything

Corporate Sustainability Assessment Results

	Company Score	Percentile Ranking	Industry Average	Industry Best	Average Score of DJSI Members					Weight (%)
					World	Europe	North America	Asia Pacific	Emerging Markets	
Total Sustainability Score:	84	81	58	94	88	86	82	81	83	100
Economic Dimension	80	79	63	94	85	84	83	79	81	46
Anti-crime Policy & Measures	90	70	73	100	93	93	88	88	94	4
Codes of Business Conduct	89	83	70	100	87	85	87	85	87	7
Corporate Governance	64	54	61	87	74	76	81	65	63	7
Customer Relationship Management*	76	54	67	100	91	90	90	89	91	4
Financial Stability and Systemic Risk	100	100	88	100	94	91	93	98	100	3
Impact Measurement & Valuation	58	96	9	100	32	30	15	23	21	2
Information Security & Cybersecurity	100	100	55	100	90	93	90	85	90	3
Materiality	68	61	49	100	92	90	90	84	88	3
Policy Influence	64	76	40	100	73	57	77	67	64	3
Risk & Crisis Management	83	60	75	100	96	97	93	88	92	7
Tax Strategy	90	91	55	100	85	88	60	72	70	3
Environmental Dimension	92	86	55	99	93	92	88	86	89	21
Business Risks and Opportunities	100	100	60	100	97	95	94	91	93	8
Climate Strategy	78	63	50	100	96	93	92	86	94	4
Environmental Policy & Management Systems	92	92	57	100	86	85	77	80	82	2
Environmental Reporting	100	100	60	100	97	95	90	88	95	4
Operational Eco-Efficiency	76	81	40	100	78	83	71	75	68	3
Social Dimension	83	83	54	96	88	86	78	79	83	33
Controversial Issues, Dilemmas in Lending & Financing	86	78	59	100	89	87	82	76	81	4
Corporate Citizenship and Philanthropy	100	100	59	100	93	93	88	87	91	2
Financial Inclusion	100	100	58	100	95	94	85	85	90	4
Human Capital Development	92	90	51	100	85	79	82	78	85	6
Human Rights	73	85	40	96	76	73	47	63	68	2
Labor Practice Indicators	93	90	65	100	88	93	75	83	88	2
Occupational Health and Safety	80	83	42	96	84	83	69	77	77	3
Social Reporting	93	86	57	100	92	89	83	85	88	4
Talent Attraction & Retention	49	46	52	100	86	88	77	79	76	6
Minimum Total Sustainability Score for Index Inclusion	85	84	75	74	81					

Explanations: Percentile ranking, industry average, and industry best scores are presented for comparison within the industry. Average scores on criteria-based are provided for index membership within each industry. The minimum lowest scores for



And then Larry Fink started sending his letters to the main CEOs



Larry Fink

Chairman and Chief Executive Officer

[> Read more](#)

LARRY FINK'S 2019 LETTER TO CEOs

LARRY FINK'S **Purpose & Profit**

Purpose & Profit

LARRY FINK'S 2018 LETTER TO CEOs

A Sense of Purpose

A Sense of Purpose

Prior letters

[2019](#) | [2018](#) | [2017](#) | [2016](#) | [2015](#) | [2014](#) | [2012](#)

[2013](#) | [2012](#) | [2011](#) | [2010](#) | [2009](#) | [2008](#) | [2007](#) | [2006](#)



And then the European Commission decided it was about time to do something meaningful

15.11.2014

EN

Official Journal of the European Union

L 330/1

I

(Legislative acts)

DIRECTIVES

DIRECTIVE 2014/95/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 22 October 2014

amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups

(Text with EEA relevance)



And then the European Commission launched the Sustainable Finance Action Plan

First published on

08 March 2018

Author

Financial Stability, Financial Services and Capital Markets Union

Topics

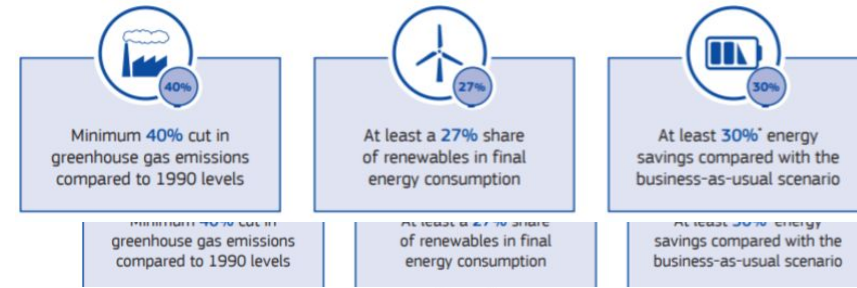
Banking and financial services

The action plan on sustainable finance adopted by the European Commission in March 2018 has 3 main objectives

- reorient capital flows towards sustainable investment, in order to achieve sustainable and inclusive growth
- manage financial risks stemming from climate change, environmental degradation and social issues
- foster transparency and long-termism in financial and economic activity

FINANCE CAN MAKE THE DIFFERENCE

The EU has committed to three ambitious climate and energy targets by 2030:





And then the EU countries had to transpose it to local laws



BOLETÍN OFICIAL DEL ESTADO



Núm. 314

Sábado 29 de diciembre de 2018

Sec. I. Pág. 129833

I. DISPOSICIONES GENERALES

JEFATURA DEL ESTADO

17989 *Ley 11/2018, de 28 de diciembre, por la que se modifica el Código de Comercio, el texto refundido de la Ley de Sociedades de Capital aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio, y la Ley 22/2015, de 20 de julio, de Auditoría de Cuentas, en materia de información no financiera y diversidad.*

FELIPE VI

REY DE ESPAÑA

A todos los que la presente vieren y entendieren.

Sabed: Que las Cortes Generales han aprobado y Yo vengo en sancionar la siguiente ley:



And then Mark Carney and FSB and Bloomberg came along and brought the climate change risks

TCFD

TASK FORCE ON CLIMATE-RELATED
FINANCIAL DISCLOSURES

Our Mission



The FSB Task Force on Climate-related Financial Disclosures (TCFD) will develop voluntary, consistent climate-related financial

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Press release

Press enquiries:

**FOR IMMEDIATE RELEASE:
WEDNESDAY, JUNE 05, 2019
8AM EDT, 1PM BST, 2PM CEST, 8PM HKT**

Second TCFD Status Report Shows Steady Increase in TCFD Adoption

Nearly 800 organizations have now expressed support for the TCFD and its recommendations

New York, June 5, 2019 – The Task Force on Climate-related Financial Disclosures (TCFD) published its [2019 Status Report](#) to the Financial Stability Board (FSB) today. The TCFD's second status report provides an overview of disclosure practices aligned with the Task Force's recommendations between 2016 and 2018. The report also examines the decision-usefulness of existing climate-related financial disclosures to users of disclosure, and evaluates disclosures of strategy resilience and the challenges faced by preparers using scenario analysis. At the time of publication, nearly 800 organizations have expressed their support for the TCFD recommendations, a more than 50% increase from the publication of the first status report in September 2018.

An artificial intelligence (AI) review of reports from over 1,100 large companies across multiple sectors in 142 countries found that the average number of recommended disclosures per company has increased by 29% from 2.8 in 2016 to 3.6 in 2018. At the same time, the percentage of companies that disclosed information aligned with at least one of the Task Force's recommendations grew from 70% in 2016 to 78% in 2018.



And then Mark Carney and FSB and Bloomberg came along and brought the climate change risks

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

CONSULTATION DOCUMENT ON THE UPDATE OF THE NON-BINDING GUIDELINES ON NON-FINANCIAL REPORTING

Table 5 - Key Performance Indicators (Type 1)						
Theme	KPI	Unit of Measure	Example	Rationale	Alignment with Other Reporting Frameworks	EU Policy Reference
GHG Emissions	Scope 1: Direct GHG emissions	Metric tons CO ₂ e ²⁷	270.900 tCO ₂ e	This KPI ensures companies are accurately measuring their carbon footprints from direct emissions.	TCFD Metrics and Targets, CDP Climate Change Questionnaire, GRI 305; CDSB Framework, SASB	EU emissions trading system (ETS) 2030 climate & energy framework
	Further guidance: - Companies should disclose 100% of their Scope 1 GHG emissions. This will help to improve the quality of other companies' GHG emissions reporting. If a company cannot collect reliable data for a proportion of its Scope 1 GHG emissions, it should make a reasonable estimate for that proportion in order to arrive at a figure for 100%. In that case, the company should also disclose (1) the % of emissions for which reliable data have been collected and the % of emissions that have been estimated, (2) the reasons why reliable data could not be collected for a proportion of the emissions and (3) the methodology used to estimate the proportion of emissions for which reliable data could not be collected.					
	Scope 2: GHG emissions from the generation of acquired and consumed electricity, steam, heat, or cooling (collectively referred to as "electricity")	Metric tons CO ₂ e	632.400 tCO ₂ e	This KPI ensure companies are measuring emissions from purchased or acquired electricity, steam, heat, and cooling.	TCFD Metrics and Targets, CDP Climate Change Questionnaire, GRI 305; CDSB Framework	2030 climate & energy framework
	Further guidance: If necessary, companies should explain whether there are any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 2 GHG emissions within their selected reporting boundary for which GHG emissions could not be calculated or estimated.					
	Scope 3: all indirect GHG emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.	Metric tons CO ₂ e	4.383.000 tCO ₂ e	For most companies, the majority of emissions occur indirectly from value chain activities. This KPI helps to gauge the thoroughness of companies' accounting processes and to understand how companies are analysing their emissions footprints.	TCFD Metrics and Targets, CDP Climate Change Questionnaire, GRI 305; CDSB Framework	2030 climate & energy framework



And then a bunch of regulators, investors, companies, SSBs, accounting professionals and NGOs realized there were too many standards and frameworks to report NFIs. INTEGRATION

The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs. The coalition is promoting communication about value creation as the next step in the evolution of corporate reporting.

Mission

The IIRC's mission is to establish integrated reporting and thinking within mainstream business practice as the norm in the public and private sectors.

International <IR> Framework



The International <IR> Framework establishes the Guiding Principles and Content Elements that govern the overall content of an integrated report, and explains the fundamental concepts that underpin them.

[read more](#)

Integrated report defined

An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term.

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At least we have a law to follow, although those many frameworks...

- (9) In providing this information, undertakings which are subject to this Directive may rely on national frameworks, Union-based frameworks such as the Eco-Management and Audit Scheme (EMAS), or international frameworks such as the United Nations (UN) Global Compact, the Guiding Principles on Business and Human Rights implementing the UN 'Protect, Respect and Remedy' Framework, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the International Organisation for Standardisation's ISO 26000, the International Labour Organisation's Tripartite Declaration of principles concerning multinational enterprises and social policy, the Global Reporting Initiative, or other recognised international frameworks.

Non financial information reporting objectives:

- identify risks to improve sustainability and increase investors, customers and society trust



Directive 2014/95/EU Transposition: Law 11/2018

NON-FINANCIAL INFORMATION STATEMENT (NFIS) (Law 11/2018) & GRI indicators			
A	B	C	
NON-FINANCIAL INFORMATION STATEMENT (NFIS) (Law 11/2018) & GRI indicators			
Content	Description	GRI Standards indicator	
Business model	A brief description of the group's business model, including its business environment, organization and structure, the markets in which it operates, its objectives and strategies, and the main factors and trends that may affect its future evolution	102-2, 102-4, 102-6, 102-7, 102-15, 102-10	10 A
Policies applied by the group	Policies applied by the group, including the due diligence procedures applied to identify, assess, prevent and mitigate significant risks and impacts, and to verify and control, as well as the measures that have been adopted	103-2, 103-3, 102-16	A
Main risks	Main risks related to those issues linked to the group's activities, including, where relevant and proportionate, its commercial relations, products or services that may have negative effects in those areas, and how the group manages those risks, explaining the procedures used to identify and evaluate them in accordance with the national, European or international reference frameworks for each subject. This should include information on the impacts that have been identified, giving a breakdown of these impacts, in particular on the main risks in the short, medium and long term	102-15, 102-11, 102-30	A
Information on ENVIRONMENTAL MATTERS			
	Current and foreseeable impacts of the company's activities on the environment and, as the case may be, on health and safety	102-15, 102-29, 102-31	A
	Procedures for environmental assessment or certification	102-11, 102-29, 102-30	A
	Resources dedicated to environmental risk prevention	102-29	A
	Applying the principle of precaution	102-11	A

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	Applying the principle of precaution	102-11	A
	Amount of provisions and guarantees for environmental risks	307-1	A
Pollution	Measures to prevent, reduce or repair CO2 emissions that seriously impact the environment.	103-2, 302-4, 302-5, 305-5, 305-7	A
	Measures to prevent, reduce or repair emissions that generate atmospheric pollution (including noise and light pollution)	416-1	A
Circular economy and waste prevention and management	Waste prevention, recycling, reuse and other forms of waste recovery and elimination measures	103-2, 301-1, 301-2, 301-3, 303-3, 306-1, 306-2, 306-3	A
	Actions to combat food wastage		A
Sustainable use of resources	Consumption and supply of water in compliance with local limitations	303-1, 303-2, 303-3	A
	Consumption of raw materials and measures in place to ensure more efficient use of raw materials	301-1, 302-2, 302-3	A
	Direct and indirect energy consumption and measures in place to improve energy efficiency and use of renewable energies	302-1, 302-2, 302-3, 302-4, 302-5	A
Climate change	Important aspects relating to the greenhouse gas emissions generated by the company's activities (including both goods and services)	305-2, 305-3	A
	Measures in place to adapt to the consequences of climate change	102-15, 103-2, 301-2, 305-5	A
	Goals for reducing greenhouse gas emissions in the medium and long run and measures put in place to reduce greenhouse gas emissions	103-2	A
Protecting biodiversity	Measures put in place to conserve or restore biodiversity	304-1, 304-2, 304-3	A
	Impact caused by activities and operations in protected areas	304-1, 304-2, 304-3	A
Information on SOCIAL and EMPLOYMENT matters			
Employment	Total number and distribution of employees by gender, by age, by country and job category	102-7, 102-8, 405-1	A
	Total number and distribution of employment contract by type	102-8	A

Directive 2014/95/EU Transposition: Law 11/2018



Directive 2014/95/EU Transposition: Law 11/2018

- 66 indicators
- GRI equivalences on your own
- Further regulation required
- No KPI methodologies
- Still lack of comparability

LATER REGULATED BY FOUNDATIONS AND NON-PROFIT ENTITIES			415-1
A	B	C	203-2, 204-1,
58	Information on the FIGHT against CORRUPTION and BRIBERY		
59	Measures put in place to prevent corruption and bribery	103-2, 205-2, 205-1, 205-3	A
60	Anti-money laundering measures	103-2	A, 413-1
61	Contributions to foundations and non-profit entities	103-2, 201-1, 203-2, 415-1	A
62	The impact of the company's business on employment, local development and the natural environment	203-1, 203-2, 204-1, 413-1, 413-2	A
63	Relations with agents from the local communities and forms of dialog with such associations and people	102-43, 413-1	A, 413-1
64	Information on SOCIETY		
65	Company commitments to sustainable development	203-1, 203-2, 204-1, 413-1, 413-2	A
66	Relations with agents from the local communities and forms of dialog with such associations and people	102-43, 413-1	A
67	Association or sponsorship actions	102-13, 203-1, 203-1	A, 308-1, 308-2, 409-1, 414-2
68	Subcontracting and suppliers	103-3	A
69	Making its social and environmental responsibility values part of its relations with suppliers and subcontractors	102-9, 308-1, 308-2, 407-1, 409-1, 414-1, 414-2	A
70	Oversight systems, audits and troubleshooting processes	308-1, 308-2, 414-2	A, 416-2,
71	Consumers	Measures to improve the health and safety of consumers 417-1	A
72	Reporting and whistleblowing systems and grievances received and resolved	418-1	A
73	Tax information	Profits obtained by country	201-1
74		Taxes paid on profits	201-1
75		Public subsidies and aid received	201-4
76			
77			



Compulsory reporting with some great achievements

- verified information by independent assurance provider
- within the Management Report or separated one but with the very same legal requirement in formulation and approval by every single member of the board of director
- lot's of info missing yet but at least we got 66 indicators from which to start building



Why trying to simplify it all did not count on all the key players?

Reunión Comisiones de Estudio AECA: RSC, Nuevas Tecnologías y Principios Contables

Centro de Innovación BBVA. Madrid, 26 de abril, 2012

PROPUESTA DE DOCUMENTO AECA

"Información Integrada - *Integrated Reporting*.
Cuadro Integrado de Indicadores (CII-FESG) y su Taxonomía XBRL"

Ponentes del Documento:

Francisco Flores, José Luis Lizcano, María Mora y Manuel Rejón

Con la colaboración de

BBVA

aeca

Asociación Española de Contabilidad
y Administración de Empresas

www.aeca.es



Take aways

- NFI: **compulsory** vs voluntary
- Less isolation.
- Sustainability reports or CSR reports are over?
- Less uncertainty, more clarity
- Less busine\$\$ around
- Real integration and board implication
- Less Comm & PR and more risks management
- Less CSR and more business management
- Digitazation required. XBRL
- Reporting: a management tool (balance score card) not a compliance thing



THANK YOU

