

The background is a solid green color. In the upper right corner, there is a faint, abstract graphic consisting of several concentric circles and dots of varying sizes, all in a lighter shade of green.

Session 1

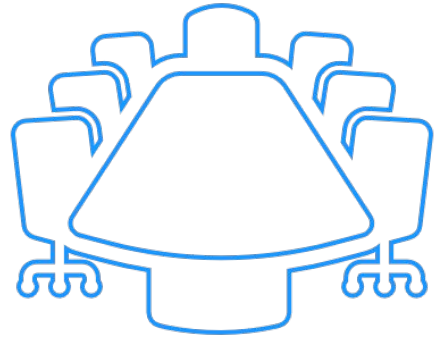
Corporate Sustainability



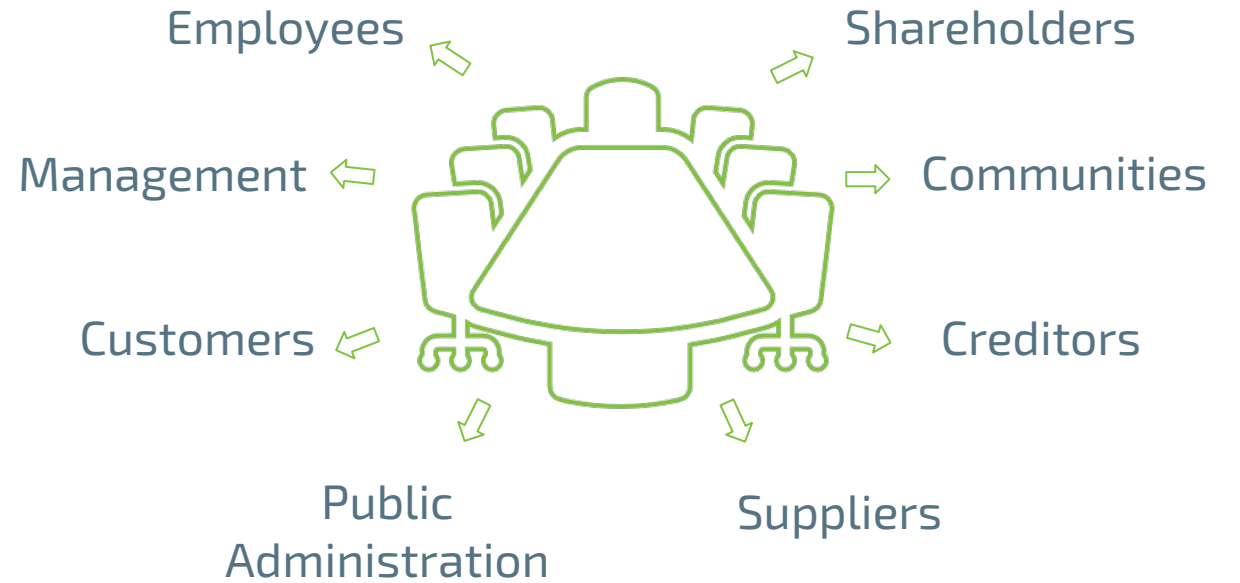
Corporate Sustainability

Development that meets the needs of the present without compromising the capacity of future generations, guaranteeing a balance between economic growth, care for the environment and social welfare

Shareholder theory vs. stakeholder theory



Shareholders



Stakeholders



Triple bottom line





Corporate sustainability. Why?

- **REGULATION**

Law 11/2018 Statement of non-financial information
CNMV Code of Good Governance
Europe

- **INVESTORS**

The value of global assets that apply environmental, social, and governance data to drive investment decisions has nearly doubled in four years, and more than tripled in eight years, to \$80 trillion in 2020.

- **CUSTOMERS (B2B)**

One out of every two companies includes sustainability criteria in its purchasing policy from suppliers. 26% have a specific sustainability code of conduct for suppliers, and 19% include sustainability clauses in commercial contracts with them. (EY)

- **CONSUMERS**

76% of consumers expect brands to acquire a certain level of ecological commitment and 28% consider that, in addition, they have a moral obligation to be respectful of the environment. (GfK)

- **EMPLOYEES**

83% of employees believe that their companies should be more committed to sustainability

Sustainable Development Goals





Sustainable Development Goals



Sustainability regulation - Environment

EU GREEN DEAL



- A higher level of EU climate ambition for 2030 and 2050.
- Achieve zero pollution in an environment without toxic substances.
- Clean, affordable and secure energy supply.
- Preservation and restoration of ecosystems and biodiversity.
- Mobilization of the industry in favor of a clean and sustainable economy.
- Achievement of a fair, healthy and environmentally friendly food system.
- Efficient use of energy and resources in construction and renovation.
- Acceleration of the transition to sustainable and intelligent mobility.

CLIMATE CHANGE SPANISH LAW



Objectives

- Reduce by 2030 the greenhouse gas emissions of the Spanish economy as a whole by at least 23% compared to 1990.
- Achieve in the year 2030 a penetration of energies from renewable sources in final energy consumption of at least 42%.
- Achieve by 2030 an electricity system with at least 74% generation from renewable sources.
- Improve energy efficiency by reducing primary energy consumption by at least 39.5%, with respect to the baseline in accordance with community regulations.

Key points

- Renewable energy and energetic efficiency
- Energy transition and fuels
- Emission-free mobility and transportation
- Adaptation measures to the effects of climate change
- Just transition measures

Sustainability regulation - Environment

CIRCULAR ECONOMY ACTION PLAN



- Make sustainable products the norm in the EU.
- Empower consumers.
- Focus on sectors that use more resources and have a high potential for circularity.
 - Electronics and ICT
 - Batteries and vehicles
 - Containers and packaging
 - Plastics
 - Textile products
 - Construction and housing
 - Foods
- Ensuring that less waste is produced.

SPANISH CIRCULAR ECONOMY STRATEGY



2030 Goals

- Reduce by 30% the national consumption of materials in relation to GDP, taking 2010 as the reference year.
- Reduce waste generation by 15% compared to what was generated in 2010.
- Reduce the generation of food waste throughout the food chain: 50% reduction per capita at the household level and retail consumption and 20% in the production and supply chains from the year 2020.
- Increase reuse and preparation for reuse up to 10% of municipal waste generated.
- Improve efficiency in water use by 10%.
- Reduce the emission of greenhouse gases below 10 million tons of CO2 equivalent.



Sustainability regulation - Social

DIRECTIVE ON THE DUE DILIGENCE OF COMPANIES IN THE FIELD OF SUSTAINABILITY AND HUMAN RIGHTS



This proposal applies to the activities of the company, its subsidiaries and its value chains (commercial relationships established directly or indirectly). To comply with the due diligence duty of companies, they must:

- Integrate due diligence into your strategies
- Determine actual or potential negative effects on human rights and the environment
- Prevent or mitigate possible negative effects
- End real negative effects or minimize them
- Establish and maintain a grievance procedure
- Monitor the effectiveness of the strategy and due diligence measures
- Communicate publicly about due diligence.

DRAFT LAW FOR THE PROTECTION OF HUMAN RIGHTS, SUSTAINABILITY AND DUE DILIGENCE



- Regulate with a binding and general nature the obligation of companies to respect human and environmental rights in all the activities carried out throughout their value chains
- Provide legal certainty to economic relations between States and avoid unfair competition practices
- Regulate a system of infractions and sanctions for companies that fail to comply with the obligations of respect, protection and promotion of human and environmental rights
- Guarantee access to justice to demand effective reparation for all people or communities that have been victims of human and environmental rights violations derived from the activities carried out by the previous companies.
- Guarantee the right of all people to be informed by the companies mentioned above of the risks that their activities pose to human rights and the environment
- The appointment of a competent, public and independent authority to monitor compliance with the law
- Guarantee the implementation of the 2030 Agenda and the Sustainable Development Goals

Sustainability regulation - Governance

CORPORATE SUSTAINABILITY REPORTING DIRECTIVE



Who is affected by:

- Companies with more than 500 workers, whose balance exceeds 20 million or invoice more than 40 million Euros per year. This would not apply to subsidiaries that consolidate with other companies.

Matters to be reported

- Environmental impact – and where appropriate – effects on health and safety, greenhouse gases, use of renewable energy, water and air pollution.
- Social and employee – equal opportunities, implementation of ILO conventions, working conditions, respect for trade union rights, health and safety, dialogue with local communities and actions to ensure the protection and development of these communities.
- Human Rights – abuse prevention measures.
- Fight against corruption and bribery – measures and instruments to prevent bad practices.

NON FINANCIAL INFORMATION AND DIVERSITY LAW



Who is affected by:

- Average workforce of more than 250 employees and companies considered entities of public interest.
- Or that during the last two years they meet two of the following three circumstances:
- Assets greater than 20 million euros.
- Annual turnover of more than 40 million euros.
- That the average number of workers employed during the year is greater than 250.

Matters to be reported

- Environmental issues
- Social and personnel issues
- Human rights, corruption and bribery issues, as well as society
- Information about the company
- Commitments to sustainable development, information on suppliers and consumers, tax information, etc..





ESG KPIs

E

- Energy efficiency
- Greenhouse gases
- Carbon footprint
- Sustainable Mobility
- Circular Economy
- natural capital
- Biodiversity

S

- Diversity
- Conciliation
- Corporate volunteering
- Inclusion
- Accessibility
- Human rights
- youth employment
- Training
- Wage gap
- Occupational Health & Safety
- cybersecurity
- Social action

G

- Ethics Management System
- Anti-corruption policy and fight against fraud
- Transparency in remuneration Board of Directors
- Evaluation of the Board of Directors and committees
- tax transparency
- Communication shareholders, investors and proxy advisors



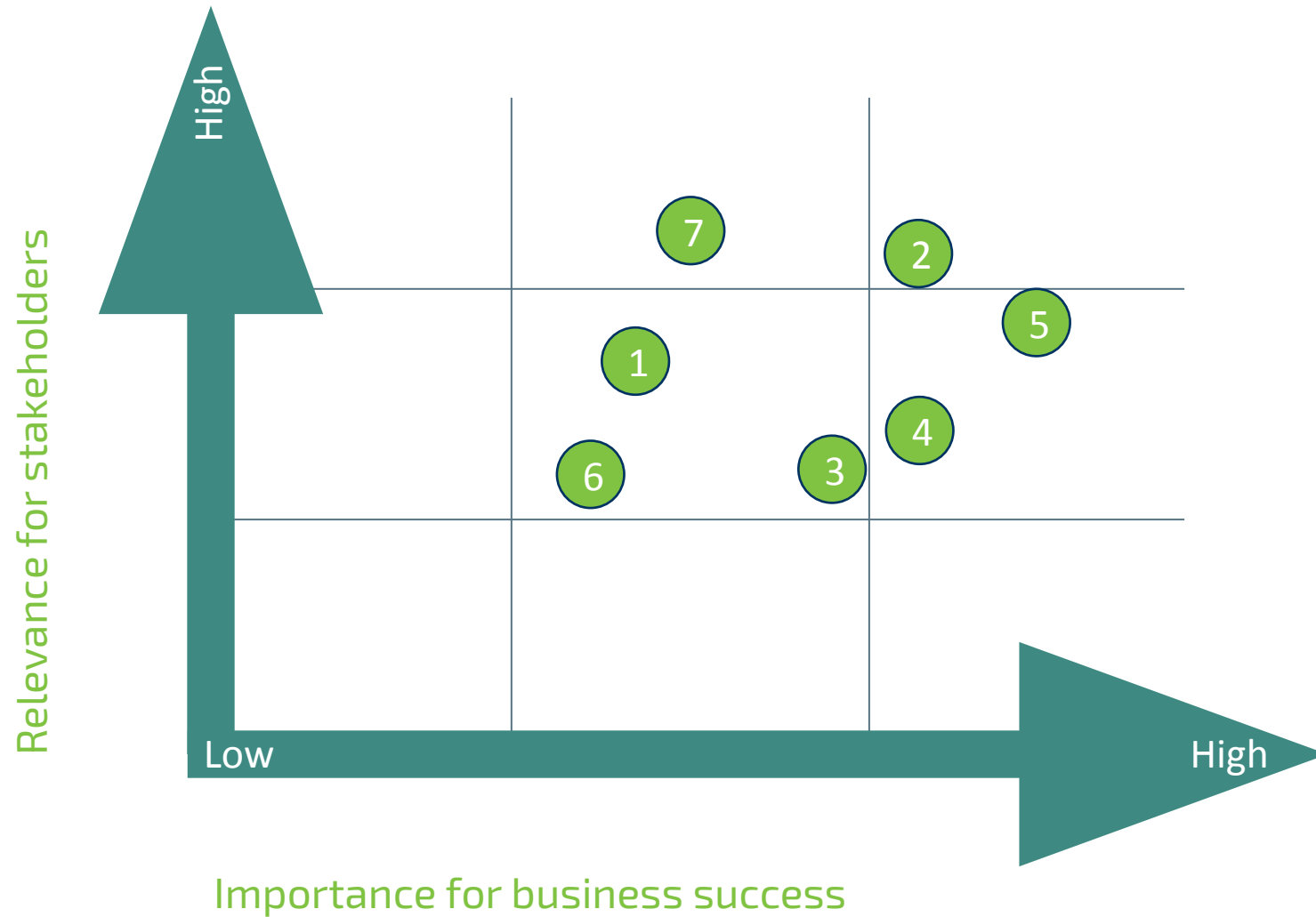
Materiality Assessment

- Identify those sustainability issues that are considered important by the company and by its stakeholders
- The materiality analysis allows companies to know the opinion, expectations and needs of their stakeholders, as well as determine their environmental, social and economic impacts on the environment. Based on this, the topics to be communicated in the sustainability report can be defined.





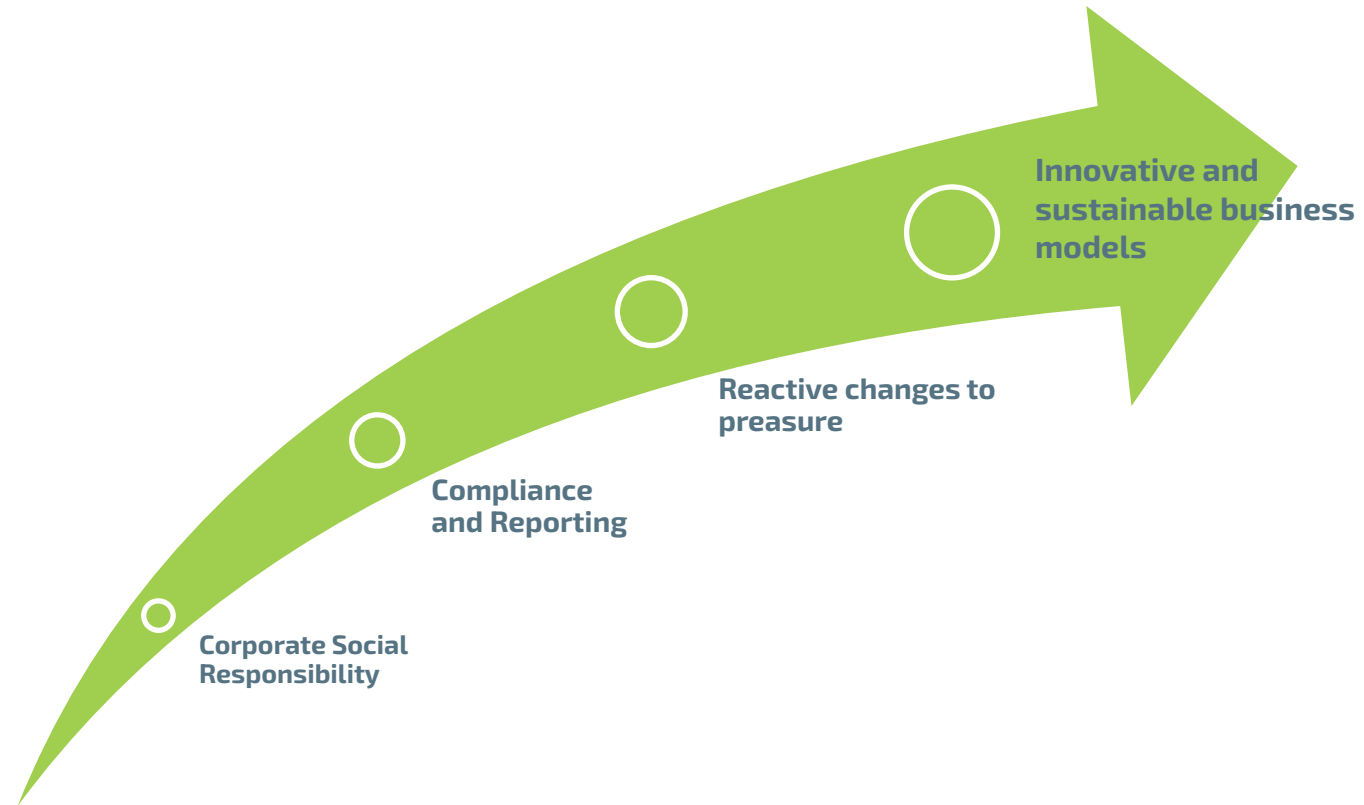
Materiality assessment



1. Ethics and Compliance
2. Gender equality
3. Waste
4. Material consumption
5. Climate change and emissions
6. Biodiversity
7. ...
8. ...
9. ...



The journey to sustainability





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