SUSTAINABILITY REPORTS FROM THE PERSPECTIVE OF THE SDGs.

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Abstract:

The 17 Sustainable Development Goals emerged in 2015 and, since then, they have revolutionised the outlook of non-financial disclosure in sustainability reports. Therefore, the aim of this final degree project is to delve deeper into the report that companies make on the SDGs, specifically on the SDG 12. To achieve this goal, we seek to answer the following questions: How can companies integrate the SDGs into their business strategy? How are companies reporting on SDG 12? We have reviewed the literature on the subject and, among the findings, it stands out that, although companies are committed to the SDGs and their reporting, small and medium-sized companies are far behind the large ones. The study of the SDF 12 report is an early topic, although it has caught the attention of different researchers. However, the report focuses on the production dimension, making commitments in relation to responsible and sustainable consumption invisible.

Keywords: sustainability reporting, SDG reporting, SDG 12 reporting, sustainable production, and consumption.

Index

Index of Tables

Index of Figures

1) Introduction

Years ago, making sustainability reports was seen by companies from a strategic and reputational point of view. In recent years, this practice has considerably increased, and it has become a very important tool for decision making and for companies' development.

In 2015, the 17 Sustainable Development Goals emerged. Since then, they have represented a revolution in terms of disclosure of non-financial information as they are considered to be the way to achieve sustainability in the world. The business world is a fundamental agent for the fulfilment of the 2030 agenda since these goals allow companies to measure, guide and quantify the environmental, social and economic impact, both positive and negative, of their activities and to identify where they are on the road to sustainability (United Nations, 2020).

These objectives are not compulsory, since they are voluntarily applied to organizations, generating multiple benefits and opportunities. (Official State Gazette,2018).

That is why the first objective of this study is to find out the importance of reporting non-financial information and the procedure that companies must carry out to integrate the SDGs into their business strategy. To do so, it has been necessary to explain the Global Reporting Initiative (GRI) standards, which will serve as a basis for incorporating the SDGs into sustainability reports using the SDG Compass tool. (GRI, UN Global Compact & WBCSD, 2015).

In order to give more depth to the work, we have decided to focus on a single objective, the SDG 12: "responsible production and consumption". This is an objective applicable to most companies because all of them are engaged in production, consumption or both. The implementation of SDG 12 is necessary because we live in an era of abusiveconsumption and irresponsible production, thereby destroying and wasting part of the natural resources we have. That is why it is necessary to change production and consumption systems, in line with this SDG, so that development and sustainability go hand in hand. As a second objective set in the work, we will see how this SDG shows the goals to be met by organizations so that this transaction can be possible. (United Nations, undated).

For this purpose, a bibliographic compilation has been made in order to find out what has been researched and published about this objective and how companies are reporting it.

Therefore, this study consists of two parts: firstly, we will answer how companies can integrate the 17 SDGs into their business strategy; secondly, we will address how organizations are reporting on SDG 12 and if they actually are doing this report.

This research is structured as follows: section 2 describes the methodology followed; section 3 the first objective of the study is addressed by developing the first question raised; section 4 compiles the bibliography used to answer the second question raised; and finally, the conclusions are exposed.

2) Methodology

This present research has been divided into two parts: the first one more explanatory and general about the SDGs as a whole, explaining the benefits and the steps to follow for their reporting; and the second one more detailed focusing on SDG 12 in particular about its disclosure by companies.

The first part has been elaborated by looking for scientific, institutional and legal information on the 17 Sustainable Development Goals and their reporting in the sustainability reports of companies. To this end, we have studied the importance of reporting these reports and the origins of the non-financial information reports (EINF) included in the management report accompanying the annual accounts already introduced by Law 11/2018. We have also studied how the SDGs can be integrated into sustainability memories using the Global Reporting Initiative standards, through a platform called SDG Compass.

For the development of the second part of the research we have resorted to the Web of Science database which contains scientific publications. In this sense, we have been able to know the publications made by countries and by authors that have once existed since 1999. (MICINN, undated).

This platform allows us doing searches by relating several chosen keywords, obtaining as a result the different scientifically recognized articles that exist in that field,along with their authors, references and quotations obtained.

Specifically, for the formulation of this part, we looked for the following concepts in Web of Science:

"Sustainable Development Goal 12" and "sustainability reports".

As a result of this search, we found a total of 74 peer-reviewed scientific articles, which have a total amount of 1817 citations. These articles have undergone an evaluation process in order to determine and verify their quality, therefore the information they provide is true and reliable.

In a second step, we proceeded to manually delete those articles found that do not adhere to the goal of this research for different reasons:

1) Because they explain SDG 12 without referring to the non-financial disclosure process.
2) Because they explain the 17 SDGs as a whole, referring to SDG 12 simply because of its target 12.6, which explains the importance of reporting sustainable information in their reports. SDG 12 is therefore masked by the other objectives and cannot observe the specific efforts that companies make for it.
3) Because they don’t talk about SDG 12 at the enterprise level, focusing on the measures that governments can take from a macroeconomic perspective.

Therefore, after the elimination of those articles that do not conform to our objective, we focused on 7 of them, since they are the ones that focus on the report of SDG 12 in organizations.

After reading in detail each of them, to explain how companies are actually reporting their reports under the SDGs and if they are performing them, we rejected 4 articles. The discard of the remaining ones has been made because, although they do explain their report, they only do so in a generic way. In this sense, they explain their importance, but they do not provide evidence on which sectors, which indicators, which companies or what percentage of them are applying it. Therefore, although they have been useful to get a general idea, only 3 of these articles allow us to delve into how organizations are reporting SDG 12 in their sustainability reports, what indicators they can use and how many companies are using it.

3) Non-financial disclosure and SDGs.

3.1) The importance of non-financial reporting in the annual accounts.

The need for companies to communicate information not only of a financial nature has already been highlighted in Directive 2014/95/EU of the European Parliament and of the Council, being the starting point for corporate social responsibility in Europe (Official Journal of the European Union, 2014). This made the disclosure of non-financial information mandatory for certain companies as this disclosure is essential for the transition of companies towards a sustainable and inclusive economy. In 2018, the European directive was completed by Law 11/2018 Spanish, whose purpose is to identify risks to improve sustainability while increasing the confidence of investors, consumers, and society in general (Official State Gazette, 2018).

Both in the directive and in the commented law, they already recognized the importance of expressing environmental, social, and economic aspects in the information reported by companies, since these have gone from being only economic agents to fundamental allies to achieve social cohesion and preservation of the planet. Therefore, the objective of these sustainability reports is focused on measuring, disseminating and improving accountability to the different stakeholders, whether internal or external in terms of sustainability. What is achieved with this information is a more transparent, faithful picture, thus being able to discover risks and opportunities of a financial and non-financial nature so that companies grow accompanied by good social and environmental protection.

Law 11/2018 speaks of a non-financial information report (EINF) included in the management report accompanying the annual accounts, in order to improve the consistency and comparability of this information. That report shall include a description of the business model together with the policies implemented in terms of sustainability, the results achieved and main risks of those policies as well as key indicators to measure these non-financial results. In addition, information on environmental, social and personnel issues, respect for and observance of human rights, the fight against corruption and bribery, as well as additional information from society should be provided to supplement this information.

According to this law, the obligation to disclose non-financial information extends, from January 1, 2021, to companies that have a number of employees greater than 250 and that meet one of the following requirements for at least two consecutive years: a) its assets exceed EUR 20 million, (b) its turnover exceeds EUR 40 million.

In addition, companies considered to be of public interest which have to present consolidated accounts, must also submit this information provided that the group is classified as large, and that the number of employees considered by all the companies belonging to the group exceeds 500. Although subsidiaries are exempted from submitting this information when it is included in the consolidated management report by another company, usually the dominant company. (Official State Gazette, 2018).

3.2) Disclosure of non-financial information through GRI

GRI standards were founded in Boston in 1997, when after a public outcry over the environmental damage caused by an oil company. The non-profit organizations CEREZ and the Tellus Institute, along with the participation of the United Nations Environment Programme, decided to create a mechanism to ensure responsible environmental behaviour by companies that adhere to it. Later the objective was broadened, being of interest not only environmental issues, but also social and economic. (GRI Mission and history, without date).

The first GRI standards were published in 2000, when a reference framework for reporting sustainable issues was first created. These standards help companies to know and understand their impacts on the economy, social and environmental issues and they also contain tools that will allow measuring this impact, resulting in better accountability and greater transparency in the disclosure of information. They can be used by any type of organization regardless of their size, type, geographic location or experience in preparing reports to understand and report on these issues so that dissemination is as transparent as understandable and comparable as possible. The implementation of this framework should therefore provide a comprehensive picture of the most significant aspects of both the positive and negative contributions that organizations are making towards the achievement of their sustainability goal.

They are the most used standards for more than two decades by most companies in the world. In 2021, 673,000 downloads of the standards were made, 73% of the companies of the G250, that is, the companies considered the largest in terms of income reported the information under this standard in 2020 and 67% of Global Fortune 500 companies used this framework for the realization of their sustainability reports in 2021. (GRI Mission and history, undated).

These standards present an interrelated modular structure, thus representing the optimal design for reporting these issues. This structure is constituted by universal, sector, and topic standards. (Goenaga, 2018). This structure can be seen in Figure 1:

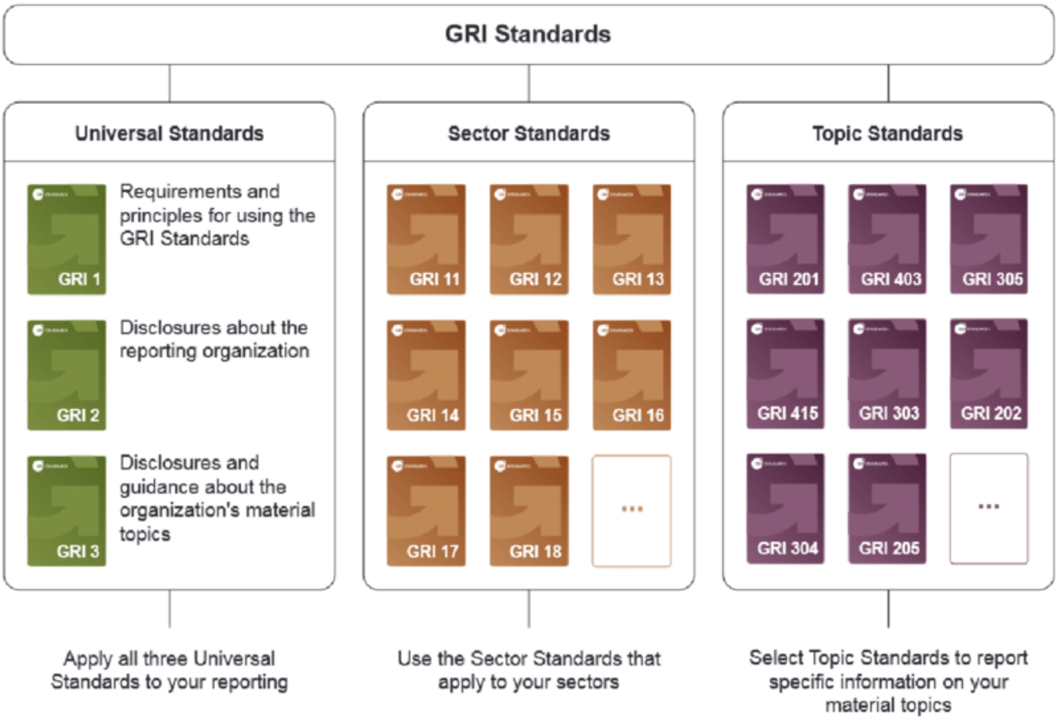

Figure 1: Universal, Sector and Topic Standards. Source: Global Reporting Initiative.

First, universal standards are what all organizations have in common. These are the starting point for the use of this tool and for the use of sector standards.

- (101) GRI 1: Foundation 2021. The basic requirements and principles to be followed for the elaboration of the sustainability reports in accordance with the GRI standards.
- (102) GRI 2: General Disclosures 2021: We find information about the company that is reporting, such as the contents that the organization uses to report on its activities in the reports, the activities it performs, the governance and the policies applied.
- (103) GRI 3: Material Topics 2021: It guides and explains how to determine the material topics that affect the organization and explains how to manage and report on each topic.

Next, sector standards are those that help to increase the quality and consistency of the information since they are applied to specific sectors to determine the material issues affecting that sector and the information that companies must submit in relation to those material topics. Therefore, the aim of these standards is to provide information to the company about possible material topics.

Within the sector standards that acquire more relevance and therefore are explained in more detail by the GRI website, we find GRI 11, 12 and 13. GRI 11 provides information on potential material topics to oil and gas organisations; GRI 12 indicates potential material topics in the coal sector; and GRI 13 indicates those in the agriculture, aquaculture and fishery sector. The first GRI undertaken is already being implemented by organizations, since its implementation was on January 1, 2023, while the remaining two will be implemented on January 1, 2024.

Finally, we find the thematic rules, which include a wide variety of topics, and provide an overview of the topic and how to approach and disseminate information about it. The organization will use these topic standards depending on the list of the material topics that have been defined in GRI 3 "Material Topics 2021".

Within these standards we identified 3 series. The first one, numbered with the number 200, belongs to economic issues; the 300 series corresponds to environmental issues; while the 400 series refers to social aspects. Likewise, these series are broken down into more specific topics. In each of these specific topics, the GRI guide indicates the requirements, recommendations, and guidelines to be completed for each of these topics. (GRI Standards Glossary, 2022). A summary of all GRI topics can be seen in Table 1.

GRI 200	GRI 300	GRI 400
GRI 201: Economic Performance 2016	GRI 301: Materials 2016	GRI 401: Employment 2016
GRI 202: Market Presence 2016	GRI 302: Energy 2016	GRI 402: Labor/Management Relations 2016
GRI 203: Indirect Economic Impacts 2016	GRI 303: Water andeffluents 2018	GRI 403: Occupational Health and Safety 2018
GRI 204: Procurement Practices 2016	GRI 304: Biodiversity 2016	GRI 404: Training and Education 2016

GRI 205: Anti-corruption 2016	GRI 305: Emissions 2016	GRI 405: Diversity and Equal Opportunities 2016
GRI 206: Anti – competitive behavior 2016	GRI 306: Effluents ad Waste 2016	GRI 406: Non-Discrimination 2016
GRI 207: Tax 2019	GRI 308: Supplier Environmental Assessment 2016	GRI 407: Freedom of Association and Collective Bargaining 2016

Table 1: Material Topics GRI. Own creation.

3.3) Sustainable Development Goals

On 15 September 2015, UN Member States approved a set of 17 goals, accompanied by their respective targets for a total of 169 goals. All of them shape the 2030 Agenda to achieve the path towards a sustainable development. These goals were designed to replace the already existing Millennium Development Goals (MDGs), set in 2000 by 192 members of the United Nations, which had eight human development purposes such as the eradication of extreme poverty and hunger, the reduction of infant mortality, ensuring environmental sustainability and universal access to primary education among them. (MITECO, 2015).

Therefore, based on these MDGs, the 17 Sustainable Development Goals appear to resolve the weakness that the previous goals presented since the SDGs present the particularity of involving all countries in the world, regardless of their wealth and size, to take the necessary measures to protect and save the planet. Moreover, they are more ambitious than their predecessors in recognizing that initiatives to end poverty must be accompanied by initiatives that favour economic growth and social protection, thus incorporating goals aimed at education, health, social protection and employment opportunities, while fighting climate change and focusing on better environmental protection. (SDGF, undated).

United Nations considers that SDGs are the way to achieve sustainable development and a powerful tool to face the most serious problems in today's world because, although its implementation is not legally mandatory, countries are expected to take the necessary steps to achieve them. As the same organization emphasizes, the success of the 2030

Agenda requires global action, ranging from national policies to the participation of individuals and companies. This is why it is so important that companies commit to these objectives and in turn make sustainability reports from this perspective. (United Nations, 2020).

As a result, many authors are aware of the need for new solutions to respond to these global problems, and therefore the emergence of new opportunities that large companies can take advantage of. (Goenaga, 2018). These opportunities can be used by companies to develop and implement new solutions for these issues still to be resolved, being able to generate new technologies that can address the world's greatest risks in terms of sustainability. These opportunities and benefits will be discussed in more detail below and they can be synthesized by saying that these SDGs generate changes that can lead to the emergence of more sustainable businesses.

Figure 2: Sustainable Development Goals. United Nations.

3.3.1) SDGs Benefits

To understand the importance of this magnitude, it is important to comment on the positive aspects that a company can benefit from by understanding and reporting non-financial information from the perspective of the SDGs and why it is so interesting to incorporate them into the business strategy. (GRI, UN Global Compact & WBCSD, 2015).

First, the SDGs allow **new opportunities to be identified** for those companies that are able to offer innovative solutions. As a result, new and growing markets appear where companies can offer different and innovative solutions leading to transformative change.

Secondly, this dynamic makes it possible to **improve sustainable value** at enterprise level. Thanks to all the additions made at all levels of the company in terms of sustainability, integrating SDGs will allow companies to know themselves better and therefore protect themselves and create value for themselves.

Thirdly, it will also be beneficial in **strengthening relationships** between different stakeholders, as it will strengthen the bond and commitment you have with your customers, employees, suppliers, and other stakeholders. Those companies that decide not to apply the SDGs will be exposed and may be affected by different risks such as legal risk, reputations, as well as other business risks.

Fourthly, companies destined to fail are the result of a society that is failing in environmental and social terms. Therefore, the implementation of the SDGs at the enterprise level will **improve the pillars of societies** since it will stabilize and improve both the society itself and the markets. It will also benefit from transparent and non-corrupt financial markets and systems.

Finally, if companies start to become aware and the number of companies using this method increases, **a common language and a shared purpose** would be created, not only at the business level but also as a society. This would help companies to understand and to communicate in a more coherent and effective way. (GRI, UN Global Compact & WBCSD, 2015).

3.3.2) Determinants for the adoption of the SDGs in business.

The IMI New Delhi in India prepared a bibliographic study to gather information about the determinants that can influence organisations on reporting sustainability reports. It establishes that there are a number of factors that influence companies on adopting the SDGs in these reports, and it also carries out the study of each factor individually to isolate the joint effect of them. (IMI New Delhi, 2022).

DETERMINANTS of the SDGs	
- Organization size.	+
- Profitability obtained.	+
- Sector in which it operates, public or private sector.	Private sector
- Independent and extended sustainability report.	Independent report
- Implementation or not of the GRI standards.	GRI
- Obligation to submit non-financial information.	Mandatory standards
- Mandatory corporate social responsibility spending.	+
- International Presence	+

Table 2: SDGs Determinant. Own creation based on the IMI New Delhi, 2022.

The **size** of the organisation and its profitability may influence whether or not the SDGs are implemented in the business strategy. The companies with the largest size and the highest financial performance are most likely to incorporate the SDGs into their business strategy.

The **sector** in which the company operates is also of great relevance, with the private sector more involved in the SDGs. This is firstly explained because the public sector does not have specific guidelines for the production of these reports, and moreover, they do not benefit from incorporating the SDGs into their strategy as this would not develop a competitive advantage.

The **typology of reports**, independents or incorporated into other reports, as well as their length, can have a very significant influence on the incorporation and the divulgation of the SDGs. The quality of independent sustainability reports is higher than that of the integrated ones and therefore the information they report will also be. Therefore, the typology of the reports is considered to have a positive correlation with the disclosure of the SDGs.

Fourthly, as we have already explained, if a company reports its non-financial information according to the **GRI standards**, it will be much easier to relate this information presented with the SDGs. In addition, the guide that SDG Compass provides is very useful when integrating the SDGs into the business strategy because it explains the steps to follow in great detail and depth.

Obligation to submit non-financial information and mandatory corporate social responsibility are also important determinants. Regarding the obligation by law to submit this information there are different opinions. Some authors think that companies usually adopt the SDGs to report their information when they are obliged to submit it by order. Other authors think that this obligation discourages the companies while reporting this information because they believe that these will be limited to simply complying with established content standards. (IMI New Delhi, 2022). On the other hand, **corporate social responsibility** has a very strong positive correlation with the SDGs, since when organizations accomplish their corporate social responsibility in relation to education, health and employment activities are simultaneously promoting the compliance with the SDGs.

The last determinant considering is the **internationalization of the company**, since the most internationalised companies are the most exposed to very varied regulations and standards in addition to being influenced by many companies from different countries. That is why they are most likely to improve in terms of sustainability and therefore they will implement the SDGs in their strategy. (IMI New Delhi, 2022).

3.3.3) SDGs Report

Not all sectors incorporate the SDGs in their reporting equally, with some of them being more intensive than others in this practice. This report is also influenced by the priority that the company has for each objective, not all objectives being equally important for each company depending on the sector in which it operates and the objectives that it wants to achieve in its business strategy (La Caixa Foundation and Ramón Llull University, 2018).

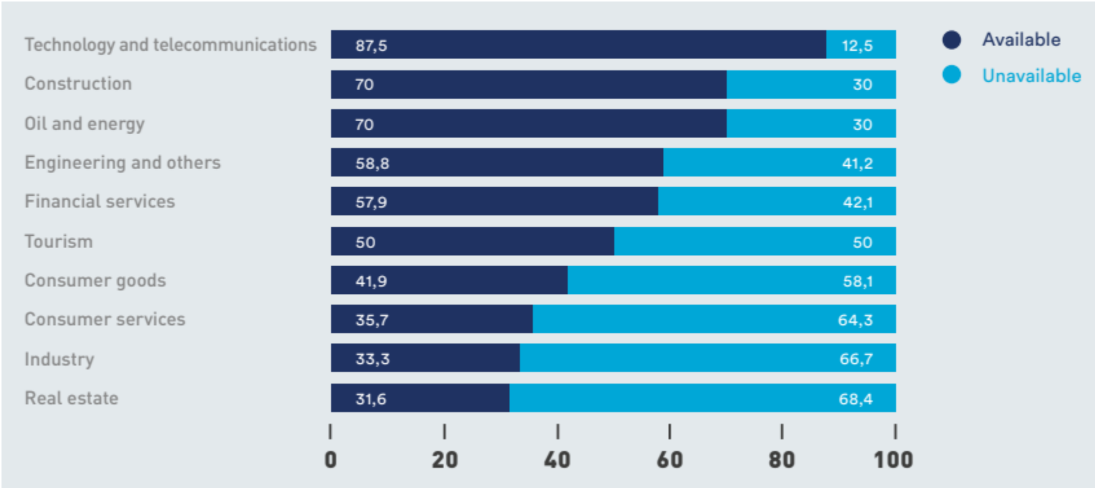

Figure 3: Importance of the SDGs for companies (% of companies that mention them). La Caixa Foundation and Esade (2018).

With Figure 3, we found that the presence of the SDGs in corporate disclosure practices is quite varied depending on the sector in which they operate. Technology, energy and construction sectors are the ones that most use SDGs, since 62.5% of the companies in the technology sector report their information from the perspective of the SDGs, while energy and construction companies only account for 60%. The remaining sectors are below 50%, that is less than half of the companies is using this practice to report their information.

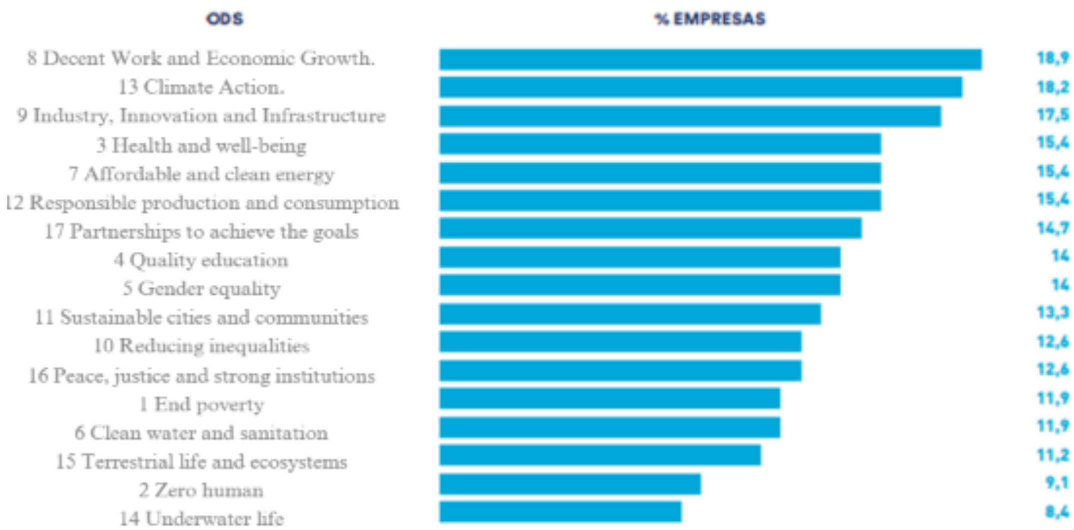

Figure 4: Importance of the SDGs for businesses (% of companies that mention them in their reports). La Caixa Foundation and Esade (2018).

In terms of priority for SDGs, companies cannot strive to contribute equally to all of them.

They usually become more involved with those more present in the sector in which they operate and taking into account the objective of their business strategy. The objectives that stand out the most in companies are SDG 8, 13 and 9. This can be proved because more than 17% of companies name them in their reports. SDG 3, 7 and 12 are followed by more than 15% of companies which incorporate them into their business strategy.

It highlights the positive development that companies have experienced in terms of the SDGs report, since in 2016, 29% of the companies adopted this practice; in 2017, 38%; and in 2018, 47%, representing an increase of 18% in those years. Even so, less than half of the companies mention the SDGs in their sustainability reports. As for the companies listed on the IBEX, this figure is much higher since 88% of the companies listed on the stock exchange incorporate the SDGs in their reports. (La Caixa Foundation and Ramón Llull University, 2020).

After a study carried out in Spain to approximately 1900 companies about the current state of the implementation of the SDGs in the business fabric of the country, it was obtained as a result that 89% of the companies consulted are involved in this new framework. Moreover, they report and reflect their impact from the perspective of the sustainable development goals (Global Compact Spanish Network, 2020). The report concludes that approximately 81% of companies in the country are aware of this new legal framework for reporting sustainable information, which means that most Spanish companies are contributing, to a greater or lesser extent, to the achievement of the 2030 Agenda.

The truth is that Spain has a significant proportion of small and medium-sized companies compared to large companies. There are a total of 2,924,303 SMEs, including micro, small and medium-sized enterprises, while the number of large enterprises is 5,273. This is of great relevance, since if we disaggregate the datum mentioned above, we find that most large companies, in particular 99%, are involved and carry out their activity in alignment with the SDGs, while the percentages of SMEs and self-employed represent the 83% and the 61%, respectively. (Global Compact Spanish Network, 2020).

This is in line with the results of the report of the International Management Institute New India (IMI New Delhi, 2022) which points out the importance of the size of the organisation in the adoption of the SDGs, so that a larger company is more likely to report its SDGs information than a smaller company. The fact that Spain has a small population of large companies, where 99.8% of Spanish companies are considered SMEs and self-employed, that is, they have a small size, is a major obstacle to progress towards the SDGs report. These companies have fewer technical, financial and human resources to incorporate, measure and disseminate the SDGs, although they implement sustainable policies. This has a great weight and relevance in the development of the 2020 Agenda in Spain.

3.4) SDG Compass Integrated Disclosure Framework

3.4.1) What is the SDG Compass integrated framework?

Presenting GRI sustainability reports and also reporting the degree of compliance with the different SDGs has been possible since 2015. Companies count on the SDG Compass tool, a reference framework that emerged from a project created in 2015 by UN Global Compact together with the World Business Council for Sustainable Development (WBCSD) and the Global Reporting Initiative (GRI). This tool shows the procedure to be followed by a company to start reporting sustainability reports from the perspective of the Sustainable Development Goals, based on the GRI standards (GRI, UN Global Compact & WBCSD, 2015). It also contains specific indicators with which organisations can measure the impacts of their activities so that it can be determined at what point along the way they are in terms of sustainability. (Goenaga, 2018).

These indicators are used and they help to measure, in total or per unit, certain material topic, such as energy consumption, total water used, energy requirement of products and services sold, as well as reducing the environmental impacts of these, greenhouse gas emissions that have been avoided thanks to recycling practices, the percentage of products and packaged materials, etc.

3.4.2) Procedure to be followed

SDG Compass makes available to companies a guide with 5 steps where we can learn and better understand the procedure to be followed by them to incorporate SDGs into the business strategy and report non-financial information from their vision, regardless of the size of the organization. (GRI, UN Global Compact & WBCSD, 2015).

Firstly, the 17 Sustainable Development Goals must be **understood and internalised**, as the company must be aware of its importance in the 2030 Agenda and understand the significance of this. To do this, each of the objectives will be known, the opportunities that can generate in the company, as well as the responsibility that the company has in this area.

Secondly, once we know the opportunities that this can bring in society, it will be time to establish the **priority** that the company has to comply with the SDGs. It is very likely that it does not have the same priority for developing all objectives in the same way, which is why it must decide which objectives and goals are most relevant in order to detect the opportunities and risks that this entails.

Therefore, you should know the areas of the company with the greatest and least impact, positive and negative, as well as current or foreseeable that are directly related to the issues that the SDGs represent. That is why this impact will be evaluated by means of a high-level mapping of the value chain and as a result we will obtain in which areas the company decides to minimise the negative impact and in which others decide to maximise the positive impact.

In order to carry out this mapping, it will be necessary to quantify the impact of the different areas with various indicators that best explain the relationship between the company's activity and its impact on the sustainable development. That is why this tool contains an inventory of business indicators related to the 17 SDGs and their goals, therefore the company will choose the indicator or the indicators that best understand the different potential areas detected. It is also important to know that these indicators come from recognised sources or standards, one of them the GRI standards.

Thirdly, it is time to **set sustainability targets**, which are clear and detailed over time. A planning will be carried out where the most relevant objectives are shown and therefore the commitment of the entity is reflected.

In this step, the scope and ambition of the objectives will be defined, and it will be at this moment when the KPIs will be selected, understood as the set of specific indicators that the company has chosen and that will represent the impact. In addition, the objectives that have been set by the company will be made public as this can be an effective tool because it highlights the company's aspirations in terms of sustainable development.

The fourth step includes **integration**, as it is essential to incorporate sustainability into the main activity of the company by integrating goals into the main functions of the activity which help to achieve these detailed objectives. That is, once we have clearly defined, specific and detailed objectives over time, it is time to implement them by introducing them into the routine activity of the company.

To do this, it is essential the participation of senior officials, the board of directors, as well as the administrative board and managers, but also highlights the relevance of the company's departments such as R&D, business development, procurement, operations and human resources. It is imperative that all members of the company understand that moving forward according to these sustainable objectives can create value for the company and, at the same time, can complement with other business objectives such as financial, strategic and operational.

Therefore, the mission, vision and purposes of the company must also be defined from the point of view of sustainability, highlighting therefore the dependence with which the company has in front of the success of these objectives.

3.4.3) Disclosure of information

We already know the procedure that a company has to follow to start seeing the future from the perspective of sustainability and SDGs compliance. But we need to be aware that it is just as important to meet the goals and targets set, as it is reporting on them. The SDG 12.6 makes clear that it is important to encourage companies to implement these sustainable practices, but equally important is that they report on their sustainability in the relevant reports. That is why the last step comprises how the company continuously discloses and communicates information regarding its progress against SDGs.

To do so, there is the SDG Compass tool (GRI and UN Global Compact, 2017), an integrated framework that links each of the 17 SDGs and their targets to the GRI indicators. In this way, sustainability memories based on GRI standards can be easily complemented with the information derived from the compliance of the different SDGs. To the extent that the company has been involved in all of the phases listed above, disclosure of SDGs will be closer to reality.

We must be aware of the importance of reporting this information, not only for the benefit of the stakeholders, but also because it can be a very effective process for building trust and supporting business value creation. By this involvement in the value chain during the SDG implementation procedure, this tool can stimulate very important internal changes and be a tool that helps decision-making.

In order to ensure the success of the report, the continuous development and regulation of legal standards is essential to lead to more cohesive disclosure and to ensure the success of these reports. Therefore, in some cases companies, in addition to official reports, are opting to use new means to communicate their progress in terms of sustainability, such as social networks, their websites, events or offering products and services that communicate them. This is done because they are aware of the strategic benefits that this can bring them.

Therefore, we are on the way to doing reports that relate this information more effectively, and that is why it is recommended that entities focus these texts on the material aspects. Understanding these aspects as the economic, social and environmental impacts, either positive or negative that are of great relevance to the entity, and that if we remember, we have located them in the second step. We also understand by material aspect those that influence the evolution of the company, as well as those that intervene in the decisions of the different interest groups.

4) Dissemination of the SDG 12: "Sustainable production and consumption"

4.1) Importance of reporting in companies

Nowadays, global consumption and production depend heavily on the use of natural resources and the environment in a way that is harmful and unsustainable to them. That is why, in recent years, when we heard about economic progress, we imagined that it was accompanied by environmental degradation which endangers the different resources we have in the future to get on, that is, to survive. Therefore, the aim is to ensure the well-being of the population through access to water, food, energy or other goods. (United Nations, undated).

In order to be aware of the challenge we face, we are going to explain some of the consequences highlighted by the United Nations caused by non-responsible production nor consumption. From the point of view of consumption, it is estimated that one third of the food produced ends up wasted in garbage cans as a result of overproduction, poor transport or poor harvesting practices. In terms of production, if the planet reaches the 9600 million people expected in 2050, the natural resources available will not be enough, requiring at least three planets to meet global demand. In addition, water is being polluted faster than nature can recycle and purify, along with land degradation, reduced soil fertility and marine degradation among other catastrophes, causes a decline in the capacity of natural resources to supply food.

This is where the importance of this objective lies, since sustainable consumption and production are the solution to produce more and better, but in a more sustainable way, not linking economic growth to environmental degradation and starting to think that these concepts can go hand in hand. This will be achieved by changing the current model of production and consumption, increasing the efficiency of resources, as well as promoting the optimal use of them, launching processes to prevent the loss of food, using ecologically chemicals, reducing waste generation and promoting sustainable lifestyles, as there is no point in producing sustainably if consumers are not educated to consume in this way. Therefore, companies have to learn to be able to meet their own needs, developing an activity that will bring benefits but being aware that the result of that activity cannot compromise the capacity and well-being of future generations. (Spanish Global Compact Network, no date).

Within this objective, we find 8 fundamental goals. Of these, six are focused on achieving sustainability in terms of production and consumption. Specifically, two are associated with consumption and four with production, as we can see in Table 3.

SUSTAINABLE CONSUMPTION	**SUSTAINABLE PRODUCTION**
12.3) Reduction of food waste by 2030, both at retail, consumer level, and in production and supply chains.	12.2) Willingness to achieve sustainable management together with efficient use of resources.
12.8) People all over the world have the information and knowledge to carry out sustainable development and are able to live a lifestyle in harmony with nature.	12.4) To achieve a reduction and better management of chemicals, such as waste throughout their life cycle and to try to reduce their harmful effect on the environment and people.
	12.5) Reduce waste generation through prevention, reduction, recycling and

	reusing practices.
	12.6) To alert companies, particularly large and transitional companies, of the importance of contributing to and integrating sustainable practices into their production processes, as well as reporting on them in their sustainability reports.

Table 3: SDG 12 targets associated with business consumption and production. Own creation.

4.2) Comprehensive SDG 12 report by companies: literature review

As already explained in the methodology section, when introducing the key words "Sustainable Development Goal 12" and "Sustainability Reports" in the Web of Science platform, a total of 74 peer review articles appeared at the time of the search (March 2023).

In the following table (Table 4), we can see in which countries and in which year's most of the articles have been made until March 2023. We can see that most of the articles come from developed countries and address to large companies (IMI New Delhi, 2022), leaving the underdeveloped countries very underrepresented. This is why large companies in developed countries are more likely to report their sustainability reports from the SDGs perspective.

USA	20
SPAIN	10
ENGLAND	9
ITALY	7
AUSTRALIA	6
SWEDEN	6
GERMANY	5
NETHERLANDS	4
PEOPLE'S REPUBLIC OF CHINA	4
PORTUGAL	4
CANADA	3

INDIA	3

Table 4: Countries publishing articles. Reporting SDG 12. Own creation based on Web Of Science.

These results allow us to bring to the table a weakness of the SDGs with respect to their predecessors the Millennium Development Goals (MDGs), since theoretically the SDGs were created to serve as a guide in each and every country. As we can see, this does not seem to be the case, because the scientific interest in this subject is overwhelmingly based on the developed countries.

Additionally, Figure 5 shows the number of articles and their respective citations annually published on the Web of Science platform. It can be seen how the research on sustainability reporting involving SDG 12 is something very recent, it can be said that it has emerged in the last decade and that it reached its maximum in 2021. We see how COVID-19 greatly slowed down the progress of the 2020 Agenda because in such a difficult financial situation, most organisations limited themselves to subsisting. This also affected the publication of articles in this field.

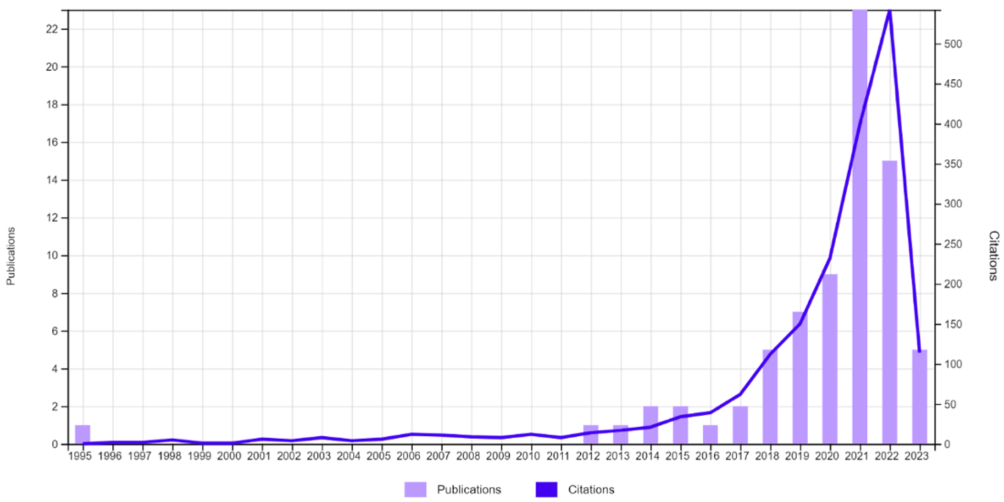

Table 5: Years of published articles. Own creation based on Web of Science.

This is a very early field of study, so it is not surprising to find few articles or articles that analyse deeply SDG 12, that is, sustainable consumption and production, instead of covering all 17 SDGs.
To learn more about how SDG 12 is being reported in companies, we have analised the content of the three articles resulting from applying the methodology (see Section 2). These articles have been obtained from the Web of Science platform. The other articles found, although they deal with the report of this SDG, focus on more descriptive and

theoretical aspects, specifically on what the report of SDG 12 consists of and why this report is important. However, none of the papers deal with the report empirically nor do they provide evidence of how many companies are carrying it out, which sectors and how they are doing it.

Thus, Gomez et al. (2021) conducted an explanatory study whose purpose was to show how private companies, without specifying the sector in which they operate or the type of entity, can measure and manage their contribution to SDG 12.

The result of this work is to obtain different metrics and indicators based on the GRI standards that can be used to measure the contribution of companies to SDG 12. Data from 854 companies in different sectors of the WikiRate platform were used. The study analyses the metrics for measuring sustainable production and the extent to which these are useful for the study of SDG 12 and applies it to companies between the period 2002 and 2018.

For the authors, CO_2 emissions, waste generation, recycling and the responsible use of water and energy are essential aspects in achieving SDG 12. Therefore, the chosen metrics are adequate to report SDG 12, since proper management of these factors indicates how companies are managing their production and waste management processes in a more sustainable way.

As for the different metrics numbered in the work, useful for analysing alignment with SDG 12, there is the GHG indicator (direct greenhouse gas emissions). The unit of measurement for this metric used is CO_2 equivalent tones (GRI 305-2).

The emission of NO_x (nitrogen oxide), used to measure the atmospheric emissions of companies and tons (GRI 305-7), the control of which is very important for responsible production.

The article also shows that different metrics have been created to cover the management, reduction and elimination of waste, such as the total waste sent to landfills, as well as the method for its elimination, the total recycled waste sent to landfills, the total percentage of recycled waste. It is sometimes more useful to show this metric in percentage as it will be useful to make comparisons between companies in terms of the proportion of total waste that is recycled. It is not surprising that the companies reporting the highest amounts of waste and its recycling are those related to the mining sector.

As the last metric, the authors analyse responsible energy use as a major contributor to achieving SDG 12, being able to measure it by the total energy consumption within the organisation in metric tons or by the total water discharge measured in cubic meters. These metrics are very useful because they will show the footprint that the company leaves as a result of its production.

In conclusion, the authors note that positive progress has been made after analysing the initiatives and metrics. However, it is clear that progress towards achieving sustainable consumption and production is different across companies, since it is obvious that not all companies are moving at the same pace. In addition, this conclusion is reinforced by the fact that SDG 12 does not affect all sectors equally, having a greater impact on the most intensive production sectors, such as the agricultural, livestock, fisheries and coal sectors, as well as gas, oil and food industries. On the other hand, we also find the percentage of companies that claim to be involved in this objective, but when measuring their impact and reporting the goals achieved together with the respective indicators, they do not clearly report it. That is to say, they benefit from the good image that is supposed to be aligned with the 2030 Agenda without being making the report properly.

The second study that analyses how companies report SDG 12 is the study conducted by the United Nations (2020). This work shows that only 50% of Spanish companies apply an environmental policy and, although some of them have these policies, not all apply concrete measures to implement them.

In addition, of this set, only 28% measure the impact of their activity against CO_2 emissions. Although 63% of large companies do measure their impact in addition to committing to reducing it, SMEs do not even represent 20%, in addition to emphasizing the self-employed who only 5% of them implement this practice.

In relation to the process of waste management, reduction, recycling and reuse of the resources used, 43% of these companies are actively carrying it out. These results show that to a greater or lesser extent, SDG 12.5 is being fulfilled.

It does not show any progress in terms of sustainable consumption, which is a worrying sign because it may mean that detailed practices are not being carried out to achieve improvement in this area. That is why, in practice, SDG 12.3 and SDG 12.8, aimed at reducing food waste and increasing consumers' awareness of sustainable development, are assumed not to be implemented or not having sufficient success.

To close the analysis of the study of the report and achievement of SDG 12 by companies, Vallet et al. (2022) addressed in their study the contribution of Spanish food retail companies to the achievement of SDG 12. Using the integrated SDG Compass tool that links GRI indicators to SDG 12 SDGs targets, which builds indicators to measure the degree of alignment with SDG 12 of these companies. The results show quite low scores in the different indicators that measure the quality of the SDG 12 report. The authors conclude that Spanish companies devoted to this sector, compared to other sectors, do not communicate information in relation to SDG 12 adequately when they report according to the GRI standards. This is due to poor alignment and commitment to this objective and a deficient disclosure of activities directly related to it. Furthermore, aspects related to production are better reported, whereas aspects related to the promotion of the circulating economy and sustainable consumption are given less interest.

The study shows the remarkable effort by these companies in reporting certain actions related to energy efficiency and gas reduction, while highlighting the lower effort dedicated to disclosing other actions such as environmental spending and extended producer responsibility. As a result, these companies report more information on SDG 12.4 and SDG 12.2, related to environmental content, while SDG 12.5 and SDG 12.8 related to the incentive of the circular economy and sustainable consumption are more sidelined and with less coverage for this type of companies. In short, paradoxically these entities leave out of the report those activities that make up the core of the activity.

More specifically in the information report, as we have just commented, Spanish food retailers present weaknesses when reporting this information due to the combination of several reasons: the lack of integration of SDG 12 in the company’s strategies, more specifically in the commercial one; a poor communication of the impact on the retail sector in relation to other sectors and the lack of a more adequate framework to link the SDGs with the GRI indicators in which most companies report.

Thus, although half of the companies consider SDG 12 as a priority for them, they do not reflect it when doing their sustainability reports, because the quality of information on this SDG is very poor. The authors argue that it may be due to greenwashing practices and also to the typology of the sustainability memory (level of adherence to GRI standards).

5) Conclusions

The Sustainable Development Goals have become the most effective way to achieve sustainability in the world, with the business world being a fundamental agent for achieving them. These appeared in 2015 representing a revolution in terms of disclosure of non-financial information, since the SDGs allow organisations to measure, guide and quantify their environmental, social and economic impacts so that they can determine where they are on the sustainable path. (United Nations, 2020).

The 17 SDGs are of voluntary compliance by organizations, although their implementation to report non-financial information in their sustainability reports can be very beneficial for companies. (Official State Gazette, 2018). Therefore, the first objective of this research has been to analyze how companies can integrate the 17 SDGs into their business strategy.

To give more depth to the work, we have focused on SDG 12: "responsible production and consumption" since it is an objective that involves most organisations because all of them perform production or consumption activities. Currently, it is necessary to change production and consumption systems, just as this objective sets, in order to live in a more sustainable and better world. That is why the second objective addressed in the study has been to analyze more specifically how organisations are reporting information on SDG 12. That is, are they really doing this report?

To accomplish the first objective, we analyzed the SDG Compass tool. This represents a reference framework created in 2015 which shows the procedure to be followed by a company to start reporting sustainability reports from the vision of the Sustainable Development Goals, based on the GRI standards. (GRI, UN Global Compact & WBCSD, 2015).

There are determinants that influence companies when adopting SDG in their activity, such as the sector in which they operate, the size of the organization, the profitability obtained, the model of the sustainability report and its extent, the adoption of the GRI standards, the obligation to present non-financial information, corporate social responsibility spending and international presence. They all intervene when deciding whether or not to use SDGs for reporting their non-financial information. (IMI New Delhi, 2022).

Currently, the implementation of the SDGs in the sustainability reports presents a great weakness in Spain. Although 81% of Spanish companies know the SDGs for the reporting of sustainable information, the percentage of SMEs and self-employed who carry out it is much lower than the percentage of large companies. This can be explained by the fact that the first ones are not obliged to submit this information and that these companies also have fewer technical, financial and human resources to incorporate the SDGs and to measure and to reveal the impact of their activity. (Spanish Global Compact Network, 2020). This is of great relevance to the 2030 Agenda given the high percentage of SMEs and self-employed people in the country.

As for SDG 12 in question, as we have commented, the transition to a new model of production and consumption is necessary, leaving behind environmental degradation, so that more can be produced but in a more sustainable way. Business development and growth can go hand in hand with sustainable development. (United Nations, undated).

To analyze the report being made on this SDG 12, we have conducted a bibliographic search. The main conclusions are as follows: First, the report on SDG 12 is a very early research topic but one that is of great interest to the scientific community. This is explained by the high production of articles in such a short time. Most of the articles were published in 2020, so it is not surprising that they are very gathered.

Secondly, after the importance of measuring and quantifying the impacts of business activity in order to determine where the company stands on the SDG path (section 3.4), outlines some of the indicators that scientists believe may be of interest to be applied in measuring SDG 12. These include greenhouse gas emissions, nitrogen oxide emissions, total waste sent to landfills, as well as recycled waste, and total energy consumption. All of them, however, represent only one of the dimensions of the SDG 12: production. The consumption dimension, however, is more invisible.

As we have already mentioned, one of the determinants when reporting sustainability information on the SDGs by companies is the sector in which they operate and the size of the organization. This idea is evidenced by the articles consulted, showing how the agricultural, livestock, fishery, coal, gas, oil and food industry sectors are more involved in the implementation of this objective compared to sectors such as finance or tourism. In addition, large companies perform this practice more consistently.

Fourthly, the bibliography seems to indicate that companies are committed to SDG 12, but the reality of their reports shows the opposite: poor quality of information on this objective. This can happen for different reasons: either because companies use the SDGs as a good brand image and simply as a marketing strategy, not really interested in fulfilling this objective in all its extension (recall that distribution companies play a very important role connecting producers with consumers, but that the dimension of consumption is invisible), either because of the typology of the sustainability memories themselves (not in tune with the SDGs) or also because of the costs involved in making sustainability reports in relation to the SDGs (in case of small companies).

Finally, we highlight a greater involvement of organisations to meet SDG 12 targets related to sustainable production compared to responsible consumption.

This research has several limitations: the research articles found are in English and we have left out research articles in other languages as well as publications of other typologies (reports, book chapters...). In addition, in the part of the study focused on the SDG 12, we have used articles from the Web of Science platform, so articles on the subject included in other databases may be excluded.

On the subject, various lines of research are opened, beginning by expanding the bibliographic review carried out to obtain greater empirical evidence of the content of the SDG 12 report in the organisations and its compliance, especially from the perspective of responsibility in sustainable consumption. Future studies may also focus on a specific sector to observe how the SDG 12 report is being handled in more sectors and industries.

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