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01

Working paper of the Social Impact Chair

ESG PRINCIPLES AND VALUE CHAIN: FROM REPORTING TO SOCIAL IMPACT

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Summary

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The working paper collection of the social Impact Chair

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The economic, labour and social impact of the 2008 financial crisis is still very much present today both in developed and underdeveloped countries, and has worsened under the current coronavirus pandemic. Besides the already known but no less pressing environmental challenges (climate change, loss of biodiversity, air pollution, access to water), other challenges have arisen, mostly of a social an economic nature, such as unemployment, loss of households' purchasing powers, a high percentage of the population at risk of poverty and the new manifestations of such poverty, lack of equal opportunities in access to education caused, among other issues, by the digital divide, uncontrolled migratory movements, etc.

Businesses are realizing that having a clear purpose creates trust both in managers and stakeholders, and may entail a competitive advantage in times of change and uncertainty, and, at the same time, may be used as a tool to address the economic, social and environmental challenges faced by humankind. The business sector is increasingly aware of its key role in providing a solution of the aforementioned challenges. For this reason, the goal of this first paper included in the collection "Working papers of of the Social Impact Chair" has the goal of identifying the different practices through which sustainability can become the backbone of a business throughout its value chain, transforming their activities and processes involving their employees, their customers and suppliers the development of their businesses, their investment practices or their own community action.

For all the above, Universidad Pontificia Comillas, Open Value Foundation, Fundación Repsol and Management Solutions have joined forces to create a Social Impact Chair with the mission of promoting knowledge, research and innovation regarding impact investment, business philanthropy, its corresponding metrics and, in sum, the relationship between sustainable growth and businesses and its increasing association to social and environmental impact. This helps to further the mission of ICADE: to provide training and education for competent, conscious, critical and compassionate business leaders, set on changing the world.

In this sense, the goal of this Working Papers Collection is to assist in this mission and to help the Spanish society, based on meticulous academic principles and with a focus on practical proposals, to be aware and understand in depth certain issues within its scope of study. These Workbooks intend to explain these issues, in a straightforward and accessible language, and to both propose specific solutions and provide keys for further research. We hope to contribute to public debate, propose solutions and help advance towards the 2030 Agenda.

The purpose of the 17 Sustainable Development Goals is to establish global indicators, priorities and goals in this sense. The academia, businesses, the third sector, public administrations and organizations, citizens, and, in sum, the society at large feel called to contribute to this goal, which is no less than making this planet more habitable, and a true home for all.

Foreword

Cristina Sanchez

Executive Director if the UN Global Compact in Spain

It could be said that the publication of this first Working Paper of the Social Impact Chair, titled *ESG Principles and Value Chain: from Reporting to Social Impact* could not be more timely. Not only do we find ourselves amidst a regulatory wave leaded by the European Union and aimed at promoting sustainable development, but also we are entering a time for reconstruction in which businesses need to remember, and, in some cases, re-think, the purposes for which they were created, and which is the subject of a necessary and through analysis in this workbook.

In this sense, in my capacity as the Director of the UN Global Compact in Spain, I feel very identified with the spirit and the principles of this workbook, which focuses on the value of the purpose of businesses and highlights their relevant contribution, both to financial development and to general (social and environmental) development. Concepts historically regarded as antagonistic are now, under the principle of sustainability, finally seen as complementary, and the efficiency and the opportunities entailed by this new approach at all levels is evidenced and recognized. The United Nations Global Compact constantly tries to reinforce this vision, since we fervently believe that businesses sustainability is the future, not only as a way to ensure the well-being of person and of the planet, but also as a guarantee of market financial stability.

We are, thus, considering the impact that a sustainable approach creates in businesses. Intention and results. Goals and effects. Because words must be supported by acts, and that is why António Guterres, the United Nations Secretary General, proclaimed the following ten years the Decade of Action. The purpose is to carry out actions with an impact. And in the United Nations Global Compact we firmly believe that businesses are a force for good. That is, that their impact needs to be a positive one. They must be part of the solution.

For this purpose, they must necessarily implement environmental, social and governance (ESG) as the backbone of their management, integrating them throughout the value chain and thus transforming their internal strategies and processes. Such a decision must be led by the senior managers, considering that business leaders are those in charge of making the big decisions within a company and therefore may change their business practices to more sustainable models. Such leadership must not be limited to their own business, but extended to their sectors and to the entire business ecosystem.

Some are still nervous to start this journey, either by lack of resources, guidelines or knowledge on the opportunities entailed by such a transition, one of which is to adapt to market trends such as sustainable investment, which has the benefit of offering a higher value to stakeholders. This workbook delves in precisely that aspect, presenting global theory on the different methods for integrating ESG principles in the organization's strategy, and helping CEOs to identify these opportunities.

I would like to highlight the enormous effort made to find real and current examples of activities carried out by businesses with the purposes of integrating ESG principles in their respective business models through the transformation of processes throughout the value chain.

In this respect, I would like to highlight responsible management of the value chain, as described in the third chapter, as especially relevant. As the representative of an initiative that promotes businesses sustainability, I consider that it is imperative to work on the supply chain management from a human rights perspective (included under the "S" in ESG), since these supply chains handle 80% of global commerce and employ millions of persons. Paraphrasing Guy Ryder, ILO General Director, "if the production and distribution of goods and services does not stop at national borders, neither does the responsibility to respect decent work conditions and human rights".

In this sense, management under the ESG principles must not stop either, and it must become transversal to the global management of the company, and not an afterthought. Although this vision may seem too ambitious, the reality that we are facing, in which the COVID-19 pandemic has caused a reduction of rights, including the works rights of the most vulnerable groups, demands business to make all necessary efforts to achieve sustainable management methods.

It is now that we must change, once and forever, financial value for shared value, and align successful companies with thriving communities. This is not charity - this is business intelligence. Businesses cannot prosper in impoverished communities. This spirit of shared value is, in fact, enshrined by the 2030 Agenda, the plan of United Nations for Humanity. The 2030 Agenda gives a prominent role to businesses in sustainable development, considering that, as the drivers of economy, they can "hit the button" to activate a change of system by re-thinking new products and services or re-organizing businesses, among other actions. The 2030 Agenda is the current framework for business sustainability. However, when its term expires -which will happen in only ten years- the sustainable management model which still yields profits shall prevail. And the principles and proposals of this Workbook can be perfectly projected into the future.

Although it is true that this path involves great challenges, because it entails a radical change of mindset and of structures, it is the only way if we wish to live in a fair, equitable and prosper world.

For this reason, publications such as this one become more necessary than ever, in that they help raising awareness and providing guidelines to the business community on the urgency of change from an academic perspective. The intended purpose can only be achieved, as it stated in its conclusion, through collective action. The last pages of this workbook clearly state that all professionals working in any business project have a key role in creating more production methods which are more sustainable and more valuable for persons and the planet. The decisions and the works of each and every one of them count.

In this way, it is my wish that this workbook helps to encourage organizations to join and start a transition towards a more sustainable business model. A model that balances social good, environmental protection and financial profit. A model that meets the needs of a society and helps us to bring about the world we want.

Readers, employees, business leaders: here you will find guidelines and tools to bring about such change. It must be construed from the perspective that we needed transformation, and not just reconstruction of models that have already proven unsuccessful. There is not a maximum doses of ambition in face of this challenge. It is the responsibility of us all of us.

Businesses and Social & Environmental Impact

Economics deals with society's fundamental problems; it concerns everyone and belongs to all. It is the main and proper study of every citizen.

(Ludwig Von Mises)

1.1. The Purpose of Businesses

What is the purpose of businesses? What is their goal? Which is the key element that structures and defines business activity? All these questions refer to the purpose of a business. This approach goes beyond vision and mission, concepts currently used as key elements that guide the strategies of businesses and which intend to answer the question of *what* and *how* within each organization, without going into the *why* or the *what for*.

Indeed, the sense of a purpose intends to answer the company of why to carry out a particular business activity, the rationale behind its creation as a response to a social need with an specific sense.

As proposed by S. Sinek (2013) it its famous concept of the *"Golden Circle"*, in the key of any successful organization lies in its reason for doing what it does. Its purpose and rationale are the core elements that determine the sense of its activity.

From a historic perspective, business development has always been linked to both economic and social development. In this sense, a business in the context of market economy becomes the quintessential interface between mankind and its expectation of development, as well as the way in which individuals have been able to related to their ecosystems and their territories. In fact, the evolution of the organizational characteristics and business structure have had a fundamental role in the transformation and creation of new social systems, as well as in the development of civil rights and its corresponding participation structures, this contributing to define the so-called welfare state.

Therefore, in each development stage, business have always intervened, to a greater or a lesser degree, in each dimension of the "triple bottom line" as defined by J. Elkington (1998). The concept of "triple bottom line" allows to frame all the *whys* regarding business philosophy and performance that should be shared by the entire organization in terms of the value it develops in financial, social and environmental issues.

- In financial terms, it is obvious that business are created with the primary goal of generating positive financial results for its members as efficiently as possible. The principle of maximizing profits and value for shareholders as the ultimate goal of a business had it best advocate in the 1976 Nobel Prize laureate Milton Friedman and the famous Chicago School of Economics. Indeed, profit must be considered as a fundamental goal intrinsic to any business, both at internal level, by means of the exchange of labour power for a salary, and at internal level, by the generation of new capital investments.
- In social terms, companies are born from an association and organizational development initiative with the goal of being socially useful from different angles, meeting and offering new solutions to human needs[1]. Thus, businesses contribute to societal development by promoting their own employees, through their organizational structures and initiatives, as well as through the sale of products and services that meet the needs and requirements of consumers.

1 According to the theories proposed by Martinelli (1985), referring to the admiration that J. Shumpeter (1954), expressed in *The historic of economical analysis* towards the "entrepreneur" figure, it could be argued that entrepreneurs, and, consequently, businesses, are vehicles for transformation and economic development through the exercise of innovation and leadership.

- Finally, in environmental terms, any business obviously, must consider the ecosystem in which it functions, its resources and the impact caused by the business activities. In search of a necessary balance between the development of these three factors, in the mid-20th century the concept of sustainability (referring to environmental sustainability) was created, and its relationship with the businesses environment began to be assessed. Thus, one of the main representatives of the Austrian School, on *Human Action: A Treatise on Economics*[2], regards nature as a finite and destructible production factor, which needs to be handled under the same criteria as any other production factor integrated in productive processes[3]. For the first time, exploitation of natural resources and of the so-called Mother Earth myth were considered, thus challenging Ricardo's thesis on the indestructibility of the planet and its resources and advocating organized social action on production factors.

In this theoretical framework, it seems obvious that businesses exist with a purpose that goes beyond their purely financial goal, focused on obtaining maximum profits, and endeavour to become also relevant social agents developing its activities in a given environment or ecosystem which affects, and is in turn affected, by a particular business' activity.

1.2. What is Social and Environmental Impact?

Over the past few years, the term "social and environmental impact" has become a byword in conversations at all levels, thanks to international regulations on business development that reference it, media that frequently quote it, strategic business plans that pursue it, and consumers of all types of products worldwide who demand it.

By way of example, according to Good Finance (2020), a British organization promoting social impact in the businesses and investment ecosystem of United Kingdom (a country pioneering this type of initiatives), the term "social impact" has about 1,710 million Google searches.

Although there are multiple definitions of this concept, all of them refer to the output, effect or influence of an organization in the community in which it is inserted.

In this sense, ES Impact (2020)[4] defines social impact as any effects or positive changes that happen for persons and communities as a consequence of the incidence of any action /(business initiatives, projects, policies, programmes, etc.) developed by organizations of any type or nature (public or private, profit-seeking or pro bono, etc.)..

According to this definition, it can be said that social impact is an added value element, arising and determined by many factors such as decisions regarding production and consumption, and, of course, investment, of millions of natural and legal persons, and directly related to balanced and sustainable development of the planet in all aspects (economic, social, environmental, work, etc.).

Therefore, it is easy to see that "corporate purpose" - that, as stated in the above paragraph, exceeds purely financial purpose- and "social impact" are closely related. This is consistent with the fact that the evolution of business practices over time and its increasingly relevant role in society and its ecosystems involves a smilar development of the concept of corporate social impact.

Since the first occurrence of the concept of Corporate Social Responsibility in the mid-20th century to our days, the different economic theories have evolved towards a more pronounced integration of social and environmental impact in the business' value chain, long getting over the approach that saw this element as an after-

2 Misses V. (1949). Human Action: A Treatise on Economics Unión Editorial.

3 Piña, 2004. El desarrollo sustentable: aportaciones de la escuela austríaca de economía.

4 ES Impact is one of the most important Spanish organizations working on the goal of creating knowledge and raising awareness with regard to management and measurement of social impact.

thought, a complementary aspect but not fully related to the core business (please see the section on "Historic evolution of the relationship between businesses and social and environmental impact").

In this sense, environmental practices have evolved in such a way that currently there are may businesses seeking to integrate social impact actions in their respective strategies and business models, in order to meet certain social and environmental needs[5]. This is at the origin of new economic concepts, such as the Stakeholder Capitalism developed by the World Economic Forum.

All this leads to the idea that business, economic, social and environmental elements are all interrelated and feed back to each other until they have reached a level of development that now the global trend is to consider them as two sides of the same coin.

1.3. A Global Ecosystem. Challenges and Opportunities

As suggested by the World Economic Forum[6] its 2021 Global Risk Report (see figure 1), the current global ecosystem presents a series of large scale challenges (and opportunities), for which sustainable business activities, mindful of its social and environmental impact, shall be instrumental for maintaining appropriate levels of social and economic development worldwide:

- Climate change is one of the main risks faced by the planet and the global society. It is advancing more intensely and quickly than expected. Many scientific studies have shown that continuous emission of greenhouse gases are causing an increase in the Earth's average temperature, which, in the middle term, is bound to have serious environmental social and economic consequences at global level[7]. Such consequences[8] arising from climate change entail a planet-level emergency which are already causing the loss of lives, the accelerated impairment of habitats and many material damages. These circumstances inevitably cause losses for the companies that suffer the negative effects of the increasingly frequent and intense extreme climatic events (material risks) and entail important challenges for the companies who are seeking to adapt their productive models to a low-emission economy (transitions risks)[9].
- On the other hand, and from a social perspective, the social and economic impact caused by the major health crisis caused by COVID-19 raging throughout the planed cannot be ignored, as it threatens to revert years of progress towards reduction of poverty and inequalities. The loss of thousands of jobs exacerbates disparities in health, education, financial stability and access to resources. For this reason, the work crisis, the livelihood crisis, the feeling of disappointment among young people, the digital divide and financial

5 The 4th Report on Social Impact of Businesses issued by Fundación SERES and Deloitte (2019) intends to describe the social and economical contribution of businesses in the Spanish ecosystem through their Corporate Social Responsibility actions: 71% of businesses plan to expand their CSR actions and fully integrate them in their business models throughout their respective value chains.

6 In the 2020 Annual Meeting in Davos, a precedent was set through the main issue addressed; *"Stakeholders for a Cohesive and Sustainable World"*, in which it considered new global circumstances, and tried to aim at overcoming income inequalities, social division and climate crisis. The result of the event was the publication of the *Davos Manifesto 2020* , an executive summary which takes as theoretical reference the *Stakeholder Capitalism theory*, with the aim of creating a roadmap consisting in a list of actions to be addressed by the entire business ecosystem.

7 The IPCC (Intergovernmental Panel on Climate Change) of United Nations has remarked that, above a 1.5°C temperature increase with respect to pre-industrial temperature levels, impacts arising from climate change shall be considerably increased. Besides, the Paris Agreement established the goal of not exceeding a temperature increase of 2°C and preferably 1.5 °C

8 Some of the potential impact of climatic change are; temperature increase, sea level rise, decline of the Arctic ice, acidification of oceans, change in climate patterns, increased frequency and severity of extreme climate events such as hurricanes, storms, floods, draughts and wildfires, decreased essential resources such as water and food and degraded ecosystems and natural species. Management Solutions (2020).

9 For more information on the risks that climate change entails to businesses, see *"La gestión de riesgos asociados al cambio climático"*. Management Solutions (2020) *(Link)*.

Historic evolution of the relationship between businesses and social and environmental impact

The first definitions of "social impact" appear in the mid-20th century, when Bowen (1953) first mentioned the so-called "social responsibility of the businessman", referring to the obligations of business owners to pursue policies, make decisions and implement a series of actions lines who were appropriate and aligned with society's goals and values[1].

However, and with the purpose of identifying a conceptual framework widely recognised by theoretical proposals, the structure developed by Carroll (1991) is presented as a framework for Corporate Social Responsibility (CRS) which includes four levels at which business interact with society:

- The basis of this relationship is the financial responsibility that all companies have against any of its stakeholders. Profit-seeking, job-creation, satisfaction of personal and social needs, as long as consumers are willing to pay, and, in sum, the need to offer an economic response to social demands, constitutes the first level of relationship between businesses and society.
- The next level is constituted by the businesses' obligation to comply with the relevant laws and meet the requirements of the current regulatory framework in which their activities are developed. This entails scrupulous compliance with laws and regulations which, in a way, establish a series of red lines, barriers and criteria or conduct business.

1 This concept of "social responsibility of the businessman" was heavily criticized by classical liberal economists, especially by Milton Friedman (1962): "There is one and only one social responsibility of business– to use its resources and engage in activities designed to increase its profits.". According to this school, when companies care for their communities instead of focusing in profits,lobbies interfere in businesses' decision-making, stopping them from creating more wealth, which is the main benefit they offer to society.

- The third level proposed by Carroll is an ethical relationship, in which the company, through its decision-making, strategy and operations, can become an agent capable of limiting or minimizing its negative impact, or even go a step beyond and act and do what is fair and right.
- In this at level, the author refers to the highest level in which a business can take a series of philanthropic responsibilities and thus become a good corporate citizen that contributes extra value to society.

In this sense, it is observed that, originally, the concept of corporate social responsibility was born as an element developed alongside the main economic activity of the business, and was assumed and implemented by organizational areas which had no links to this main activity[2].

This first concept would evolve throughout the second half of the 20th century, and, in this sense, the *"Stakeholder theory"*[3], developed by Edward Freedman (1984), distances itself from the concept of corporate social responsibility, arguing that this concept dissociates the ethical and economic dimensions of a business. This theoretical proposal calls for a full integration of ethics in business, evidencing that ongoing, honest dialogue with stakeholders, through which the needs, opinions and preferences of the target public were met, constitutes a strategic asset and a competitive advantage.

In this same spirit, Porter and Kramer (2011) developed a new concept, which they called "shared value", in which they ditch the idea of social action and business relate as separate element and integrate them in a new concept that suggest the existence of a series of market opportunities which, when achieved, necessarily generate a positive social impact and, at the same time, maximize the company's profits.

Finally, in recent times, more ground-breaking economic schools have appeared, challenging the economic system developed to this day in which the business activities are carried out in the framework of a market economy and seek to establish an economic system essentially focused on persons. Thus, therefore, *Change Everything* by Christian Felber (2010) has the goal of establishing as series of basic principles based on collaboration and mutual benefits, in which all economic activities have to be assessed by their impact on persons and on nature. This alternative economic systems intends to value the relationship between economy and social impact through the adaptation of real economy to human needs.

2 In line with this concept, the 2006 European Commission Green Paper defines Corporate Social Responsibility as any voluntary initiatives conducted by companies which exceed their legal, economic and financial obligations and intend to meet social and environmental goals (Rodríguez, 2018).

3 This idea was taken up by the World Economic Forum in its 2020 Meeting in Davos, which made it to be currently under consideration by the global community.

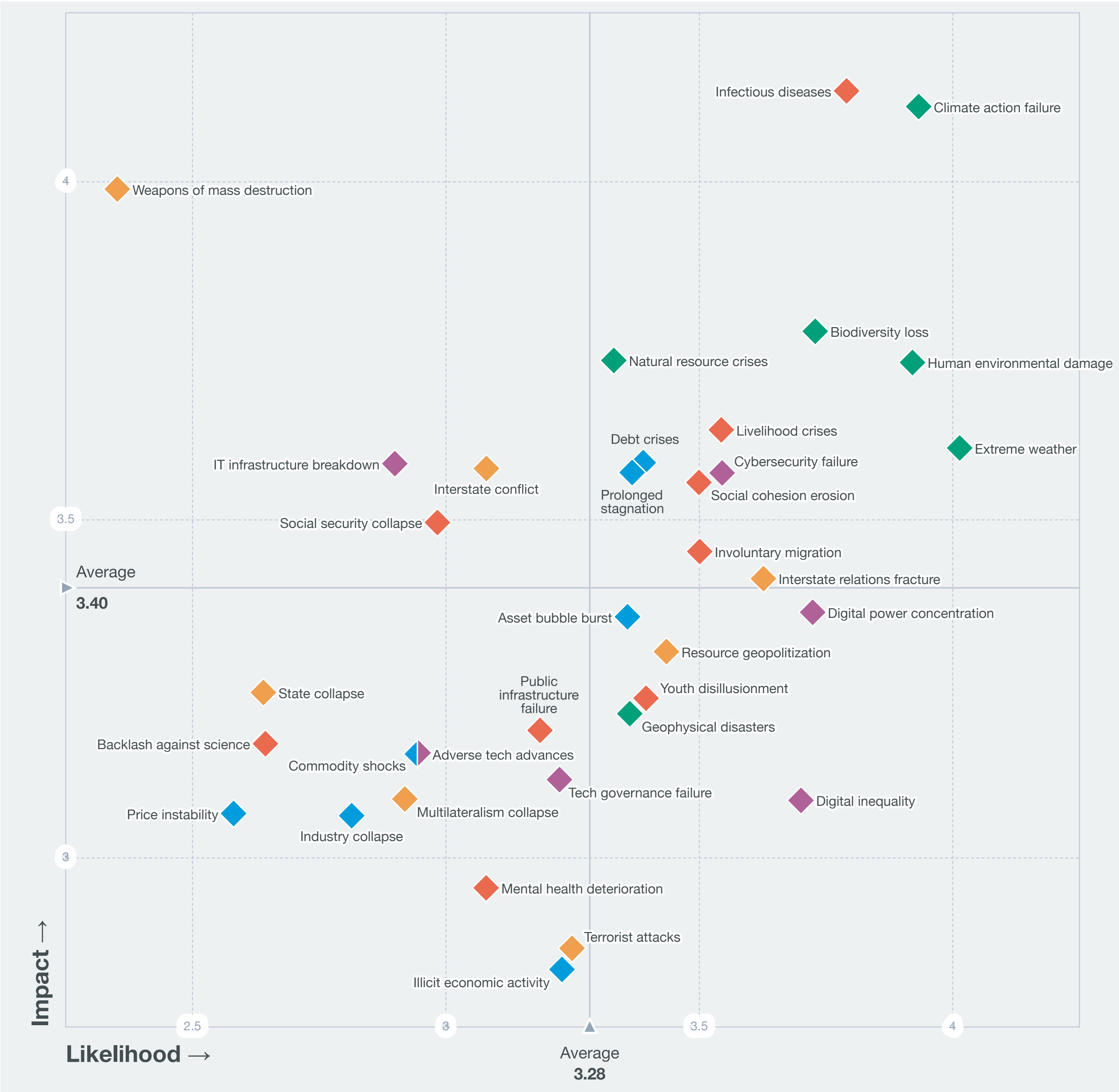


Figure 1: Main global risks

Source: World Economic Forum. Global Risk Report 2021

stagnation are seen as some of the threats most likely to happen over the two next years.

As a consequence of these important risks faced by the global ecosystem, a series of international stakeholders are offering their responses:

- Public opinion is becoming generally and significantly aware of environmental degradation and climate change, social inequality, as well as ethical corporate behaviour. This social trend has encouraged consumers to demand more sustainable products and services. This new customer profile, a conscious, global consumer, is convinced of their potential for changing the world through their consumption patterns. The appearance of this target –led by millennials, 60% of which say they are willing to pay more for ecological or sustainable products[10]– creates new pressures as well as new business opportunities for companies.

10 GlobalWebindex, 2018. The Rise of Green Consumerism: What do Brands Need to Know? https://blog.globalwebindex.com/chart-of-the-week/green-consumerism/.

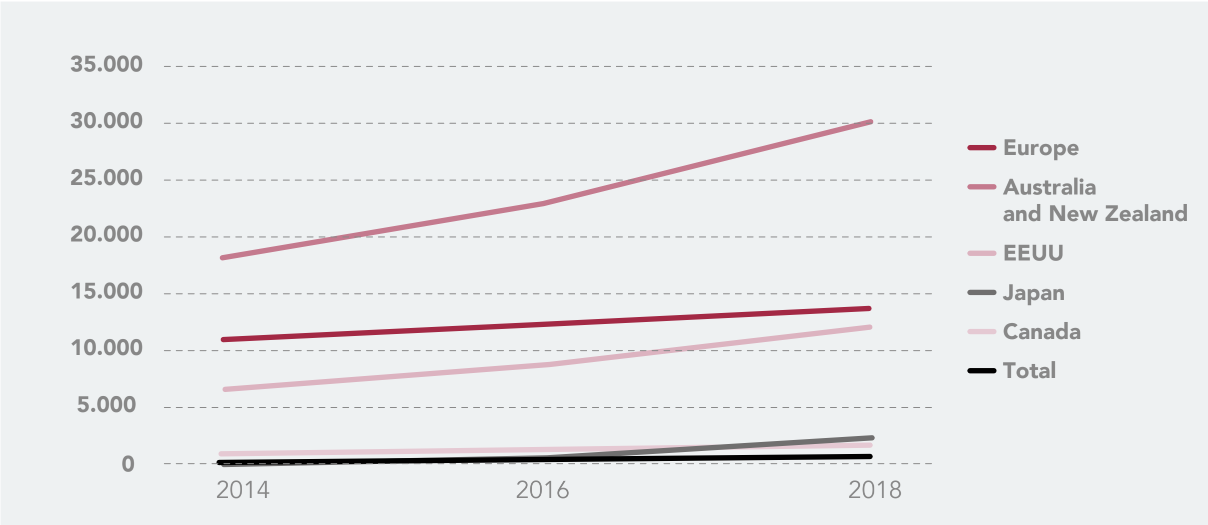


Figure 2: Sustainable and responsible investment (SRI) by region (in thousand millions USD)
Source: Global Sustainable Investment Review 2018

- On the other hand, this new market trend has also caused an increase in investors' expectations in this regard. What originally was a niche concern has expanded to a considerable volume and become a consolidated preference for investors. This trend is on the rise (see figure 2) and a grown of sustainable, responsible investment (SRI) over the next few years is expected. Besides, it must be highlighted that, from the execution of the Paris Agreement, green bonds are listed with a lower share premium than similar conventional bonds, although the impact throughout the sector is not uniform. This proves that financial markets are starting to consider the climatic change risk when valuing assets.
- The surge of these investments has gone hand in hand with (and fed-back by) a wave of regulations, since international institutions have chosen to develop a series of laws and regulations to promote sustainable economy (see figure 3). These legislative initiatives to promote sustainability have been led by the European political ecosystem. In November 2016, the European Union, through the European Commission[11], stated its absolute commitment to be, together with its Member States, one of the pioneers in implementing the United Nations 2030 Agenda Sustainable Development Goals (2015), generally used as a international reference framework for sustainability.
- Besides, the EU wishes to guarantee legal certainty bad transparency towards sustainable investment through certain mechanisms. The European Commission Sustainable Finance Plan is the cornerstone from which all EU regulations and standards for financial supervisors and regulators are developed. Additionally, and with the purposes of accelerating the end of the crisis caused by the COVID-19 pandemic, the European Union has established a series of funds through the Next Generation EU (see figures 4 and 5) for

11 The European Commission itself explained its strategic approach for the application of the 2030 Agenda, highlighting a series of key actions for such implementation:

- Including the Sustainable Development Goals in the EU's policies and initiatives at all levels, with sustainable development as the guiding principle behind all Commission policies.
- Submitting regular reports about the progress in the EU from 2017.
- Promoting the implementation of the 2030 Agenda together with other EU Member State governments, the European Parliament, other European Institutions, international organizations, citizens and other stakeholders.
- Starting a high-level multilateral platform that supports exchange of best implementation practices between different sectors at national and European scope, and define a long-term vision.

Main regulatory milestones in ESG

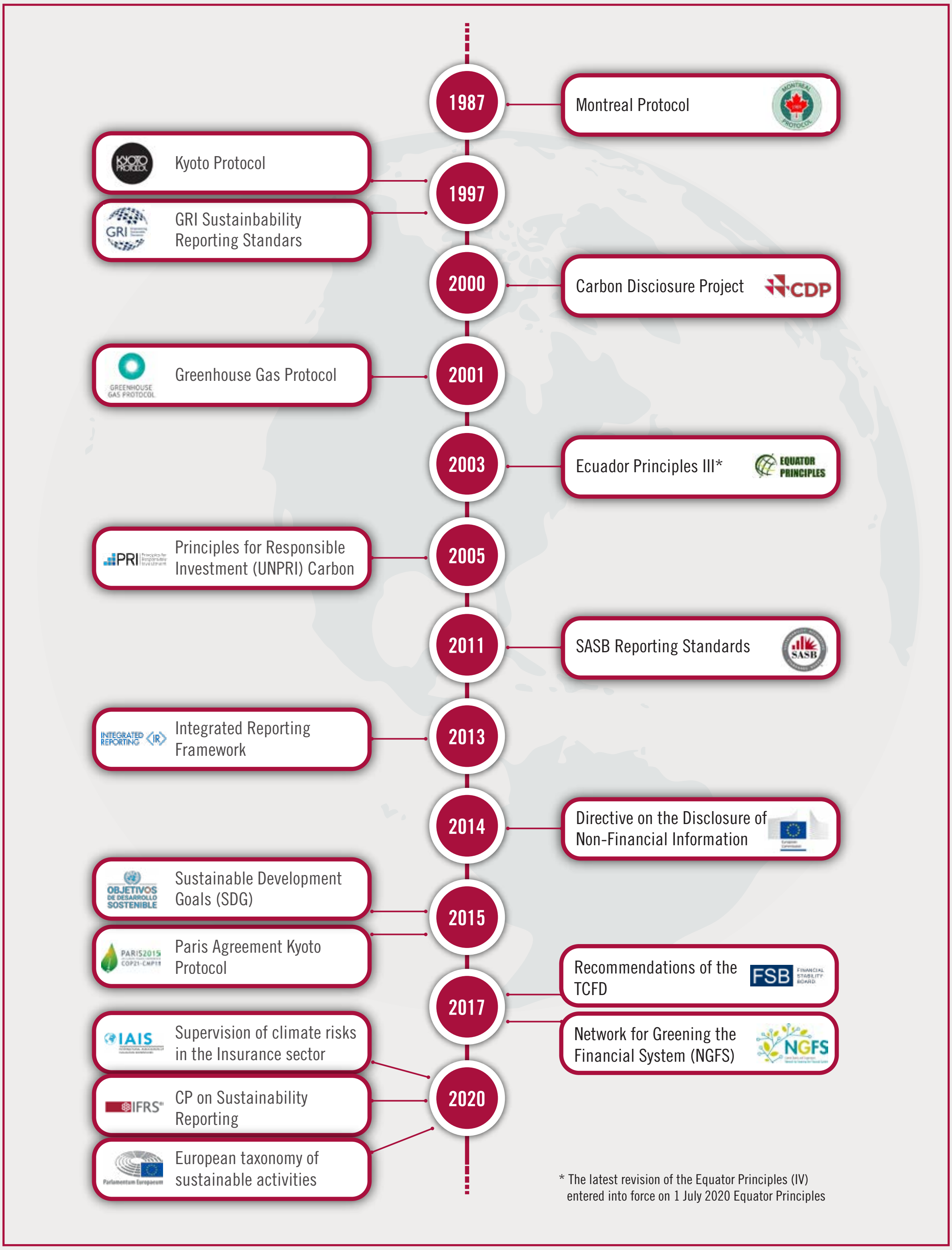


Figure 3: Main regulatory milestones in ESG
Source: Management Solutions

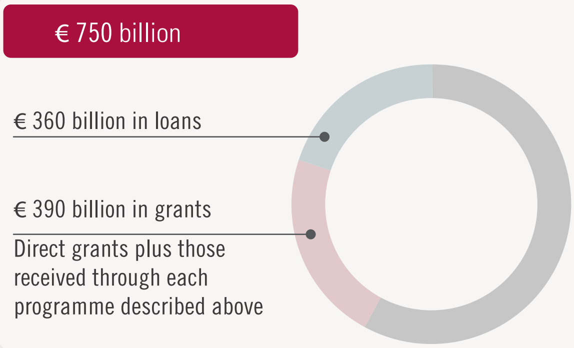
the 2021-2027 period, thus making available the fund that ensure smooth transition of the European economy.[12].

It seems that the global ecosystem tends to a period of necessary transition towards a sustainable economy, in which environmental, social and governance (ESG) principles are fundamental aspects for business development and become drivers for the achievement of each organization's goals.

12 Management Solutions (2020).

Next Generation EU Funds

The NGEU funds shall be primarily invested by UE Member States. through national plans for recovery and resilience.



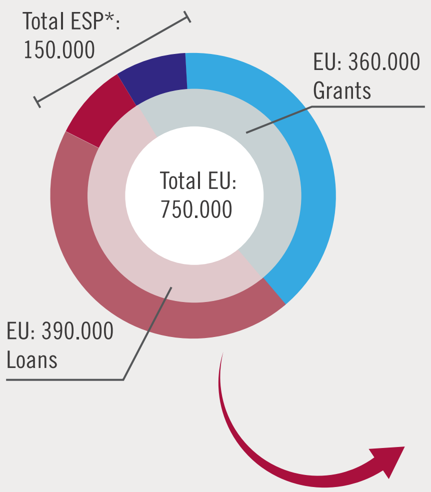
Next Generation EU (NGEU) is an exceptional facility set up with the aim of funding the economic recovery of the EU area after the COVID-19 pandemics. The NGEU funds shall be allocated to seven different programmes:

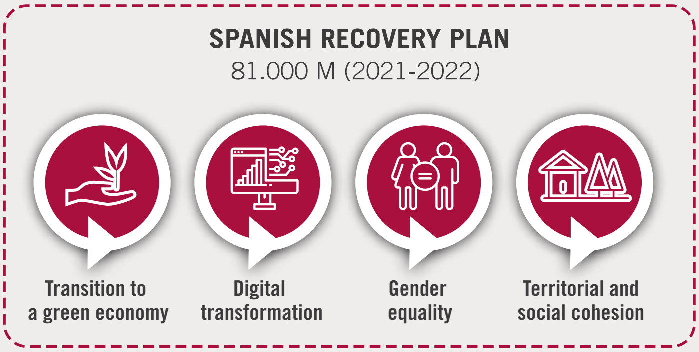
- **Recovery and Resilience Facilities. 672.5 thousand millions € (loans: 360 thousand millions, aids: 312.5 thousand millions)**
- **REACT-EU: 47,5000 million €**
- **Horizon Europe: 5,000 million €**
- **InvestEU: 5,600 million €**
- **Rural development: 7,500 million €**
- **Just Transition Funds (JTF): € 10,000**
- **RescEU: 1,900 million €**

- **NGEU intends to help Member States to recover, and restart their economies focusing on green transition and digital economy, supporting private investment and improving UE resilience against future crises.**
- **The Recovery and Resilience Facility (RRF) seeks to ensure that funds promptly reach those countries and sectors most severely affected by the crisis:**
  1. **70% of RRF funds shall be committed on 2021 y 2022 and 30% in 2023.**
  2. **RRF allocations for the 2021-2022 period shall be determined according to the distribution criteria proposed by the Commission, considering the size, the standard of living, and the employment rate of each Member State.**
  3. **Besides, Member states shall endeavour to prepare recovery and resilience plans for the 2021-2023 period. Such plans must be consistent with the recommendations made to each country, contribute to the ecological and digital transitions, impulse growth and employment and reinforce "economic and social resilience of EU countries". Such plans shall be revised in 2022 and the Council shall approve, by a qualified majority and at the Commission's Proposal, the results of this revision.**

Figure 4. Next Generation Funds
Source: Management Solutions

On 7 October 2020, the Government of Spain presented the Plan for Recovery, Transformation and Resilience of Spanish Economy, based on 4 cornerstones and 10 driving policies.





The Plan is structured around ten policy levers:

1. **The urban and rural agenda (16%)**
2. **Boosting resilient infrastructures and ecosystems (12%)**
3. **A just and inclusive energy transition (9%)**
4. **Policies for a 21st-century Administration (5%)**
5. **Modernisation and digitisation of the business ecosystem (17%)**
6. **Pledge for science and innovation and strengthening the capabilities of the National Health System (17%)**
7. **Promoting education and knowledge (18%)**
8. **New care economy and employment policies (6%)**
9. **Developing culture and sports (1.1%)**
10. **Modernisation of the tax system**

Figure 5: Next Generation EU Funds: Spanish Recovery Plan
Source: Management Solutions

02 ESG Model. “From Reporting to Impact”

Both investors contributing patient capital and board members committed to promote long-term value are required.

(Larry Fink)

2.1. Origin of the ESG Model

As referred in the above section, external factors as the increasing social awareness, the higher expectations of investors and regulatory pressure, and the businesses' need to provide an integral response to their purpose by creating an impact that is not limited to the economic sphere but is also social and environmental, have promoted the development of the Environmental, Social & Governance models, commonly called ESG model. Over time, this model has become the backbone of organizations' sustainable strategy and a standard reporting framework for a large number of businesses of any sector, worldwide.

It comprises a series of principles that allow to frame environmental, social and governance elements present in business practice, which must be identified, measured, reported and published according to a set of reference metrics and by means of a reporting systems which enables monitoring and control of such principles.

The origins of the ESG principles can be traced back to the birth of modern investment[1].

However, the true tipping point happened in 2005, when, leveraging on the influence and extension of the financial markets, United Nations promoted the Principles for Responsible Investment (UNPRI)[2]. It consists on six principles (see the detailed section on the United Nations Principles for Responsible Investment (UNPRI) with the goal of helping market participants to understand the effects of sustainability and integrating sustainability aspects in their decision-making procedures, with the goal of gradually integrating the ESG principles in investment practices. Such practices have indeed evolved into a wide range of sustainable investment options (see figure 6).

2.2. Incorporation of ESG model in *reporting*

2.2.1. Classification and definition of its three principles: *Environmental, Social* & *Governance*

Countries and institutions[3], with the goal of promoting the development of ESG principles within businesses, are working in the publication of harmonized international standards (see figure 7) used to define reference frameworks that include all corresponding goals and metrics.

The definitions and characteristics of each principle of the ESG Model (Environmental, Social & Governance) follow:

1 Schroders (2016). *A short story of responsible investment* https://www.schroders.com/es/es/inversores-profesionales/vision-de-mercado/global-investor-study/breve-historia-de-la-inversion-responsable-300-0001/.

2 Spainsif, 2016.

3 The International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB) are planning to merge by mid-2021 with the goal of providing investors and companies an "integral framework of corporate reports across the entire range of corporate value factors and standard in order to promote global sustainability performance". In the same line, in July 2020, SASB and GRI announced their intention to collaborate to align their standards and provide communication materials to help interested parties to better understand how to use several standards simultaneously (Bodies Merge to Simplify Sustainability Reporting - ESG Investor). Besides, it is expected that, once the consultations period established by the Commission has expired, new development regulations of directive 2014/95/EU (NFRD "Disclosure of non-financial and diversity information by large undertakings and groups"; transposed to the Spanish legal framework by means of Organic Act 11/2018 of 28 December on Non-Financial Information) are enacted for the purposes of harmonizing the type and scope of information published.

Principles for responsible Investment (UNPRI)

United Nations, through its Principles for Responsible Investment (PRI) has created an international network with the purpose of understanding the impact that environmental, social and governance questions have in investment, as well as of helping its members to implement and integrate ESG aspects in their investment decisions pursuant to the six principles for responsible investment.

Such six principles were developed by investment professionals and are backed by the United Nations. Besides, they have more than 2,000 signatories from over 60 countries, which represent almost 90 billion dollars of managed assets.

This network firmly believes in the need to have a global financial system which is financially efficient and sustainable in order to create long-term shared value.

Next, the signatories' commitment, on which the six principles for responsible investment are based,is presented,

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

Sustainable Investment

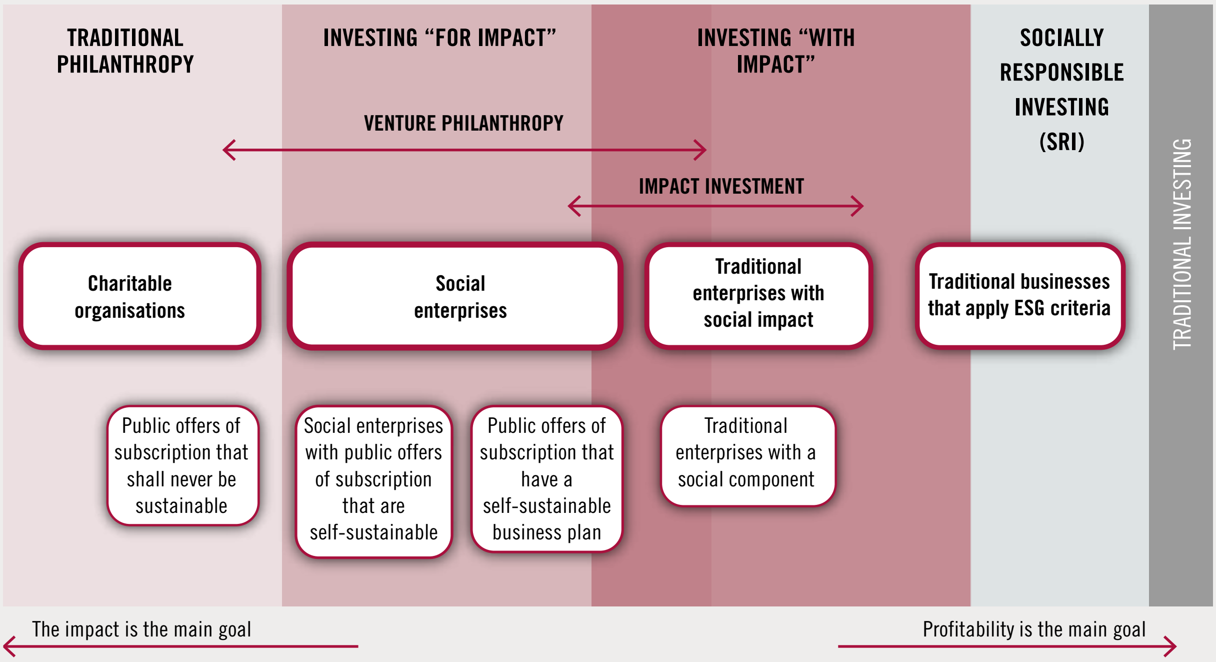


Figure 6: Range of the different types of sustainable investment
Source: Open Value Foundation

Main ESG *reporting* standards

Although there is not a single reference standard for measurement and communication of ESG impact, over the last few years the trend is towards collaboration and integration, for the purposes of promoting harmonizations and the development of single, internationally recognized standards.

Value Reporting Foundation SASB e IIRC

The Value Reporting Foundation was born of the merge between SASB and IIRC, which was possible due to their complementary goals:

- SASB has developed 77 standards to improve the accounting reporting standards on financially relevant sustainability aspects. In 2020, a collaboration between SASB and GRI was also announced.
- The Integrated Reporting Framework is a IIRC framework or report on financial and non-financial aspects of a company. They are classified in six different forms for financial capital, industrial capital, human capital, intellectual capital, social capital and natural capital.

Global Reporting Initiative (GRI) Standards

- ESG Reporting and Communications Standards, divided in the economic, social and environmental scopes.
- GRI considers the impact of a business in persons and the planet beyond the interests of investors (double materiality)

International Financial Reporting Standards Foundation

- Has launched a consultation on Sustainability Reporting in order to assess the need and the demand for contributing to establish a series of global sustainability communication standards. The result of this is the creation of the Sustainability Board alongside the Financial Accounting Board.

Figure 7: Main ESG reporting standards
Source: Management Solutions

- The first dimension of the ESG model refers to the Environment and regards the relationship between business activities and ecosystems. Considering the urgency and seriousness required to address the issues caused by climate change, this environmental dimension has become the one that is receiving the most attention by the companies: measurement and mitigation greenhouse gases emissions, reduced used of certain natural resources, practices that prevent water and soil pollution, as well as mitigation of biodiversity losses in ecosystems or deforestation and the transition to a circular economy are some examples of the principles included in this first dimension[4].
- The second dimension refers to Social issues and includes al principles regarding the direct or indirect impact of business practices in human resources, including all business stakeholders (customers, suppliers, employees, competitors, etc.). Some social indicators included are inequality and social inclusion, labour relationships, investment in human capital by training and hiring, development of cultural heritage or promotion of local communities, among others, in this second dimension.
- Finally, the third dimension refers to organizational corporate Governance, and includes elements regarding the organizations' internal structures, policies and decision-making processes within an organization, and how these elements impact directly or indirectly in the different main internal stakeholders (shareholders, employees, etc.) Management and leadership structures, the policies enacting the principles of independence, transparency and accountability by companies as market agents, the promotion of good practices of the fight against corruption, fraud and money laundering, are some of the indicators included in this dimension, which generally aims at regulating the businesses' internal processes, structures and relationships with a focus on business ethics.

1. ENVIRONMENTAL

Environmental impact of business, such as pollution, use of resources or adaptation to end mitigation of climate change.

The main goals in the environmental scope (according to the EU Taxonomy) are:

- Climate change
  - Climate change mitigation
  - Climate change adaptation
- Other environmental impacts
  - The sustainable use and protection of water and marine resources
  - The transition to a circular economy
  - Pollution prevention and control
  - The protection and restoration of biodiversity and ecosystems

2. SOCIAL

Impact in society, communities, economy and *stakeholders* in general.

Some of the main social goals (according to the international reference standard Global Reporting Initiative or GRI) are:

- Eradication of social inequality.
- Social inclusion.
- Improvement of public relations
- Investment in human capital
- Protection to local and native communities.
- Conservation of cultural heritage.

3. GOVERNANCE

Inclusion of governance elements in institutions, acknowledging its key role for shareholders, customers, employees and any other persons affected by business decisions.

Some of the main governance goals (according to the international reference standard Global Reporting Initiative or GRI) are:

- Development of management and leadership structures and solid internal relationships.
- Promotion of independent in decision-making
- Promotion of transparency and accountability
- Promotion of best practices
- Fight against corruption and fraud

Figure 8: ESG Principles Framework Scheme
Source: Management Solutions

4 European Union Technical Expert Group on Sustainable Finance, 2020.

2.2.2. Characteristics of the *ESG reporting model*

Beyond the regulatory relevance that international organizations are giving to the ESG model, there is an evident and increasing general interest on the ESG principles in business organizations. An evidence of this is that 29% of IBEX 35 companies have a sustainability committee and 53% monitors sustainability aspects through a pre-existing committee[5].

Besides, the main investors in such companies, as well as some of their officers, agree that this increasing trend translates into more profits, due to the additional value sustainability entails for shareholders. This has meant that, over the first quarter of 2020, the most sustainable investment funds have done 70% better than other equivalent funds, or that 9 out of 10 sustainability indexes have also done better than equivalent indexes during the first stages of the COVID-19 crisis.[6]

For these reasons, and despite the difficulties met to implement identification, measurement, reporting and publishing actions regarding ESG impact within companies[7], the benefits derived from this model cannot be denied:

- The value represented by social impact is materialized, in the first place, in the improved positioning and visibility achieved by companies that report their levels of sustainability. For this reason, some organizations leverage the used of indexes which recognise and order the best ESG practices as established in non-financial information reporting[8].
- Although reports provide useful information for stakeholder to make decisions, the process of preparing such reports also allows companies to implement a procedure for monitoring and continuing their goals:
    - Regulations push companies to define their own procedures, which starts by setting a series of goals based in a strategy aligned with their own ESG profiles.
    - These goals are materialized in a series of definitions and assessed by means of a series of metrics.
    - Finally, this process requires monitoring and control in order to assess the evolution of the ESG profile of the organizations, which needs certain interventions ion its productive model to improve.

However, as will be analysed in the following chapter, there is another less-evident, less-explored way that goes beyond reporting, through which businesses can realize and implement their sustainability policies, which could, in turn, entail an increase of their worth ans organizations.

2.3. Is the current ESG models capable of responding to the principles for which they were created?

Paradoxically, in parallel to the advance of communications made by companies in the scope of ESG, it is observed that some of the sustainability reports of certain companies who are widely regarded as a reference and as worldwide leaders in ESG indexes, lack information on how these companies are developing and implementing their corporate strategies according to these principles. In this sense, some Spanish officers acknowledge that no mature structures or facil-

5 Forética (2020). Towards a new ESG Governance. Sustainable Governing Boards. https://foretica.org/wp-content/uploads/2020/06/Hacia_la_nueva_Gobernanza_ESG_Consejos_de_administracion_sostenibles.pdf.

6 Forética (2020). Towards a new ESG Governance. Sustainable Governing Boards. https://foretica.org/wp-content/uploads/2020/06/Hacia_la_nueva_Gobernanza_ESG_Consejos_de_administracion_sostenibles.pdf.

7 For this very reason, part of the research of this ICADE Social Impact Chair has the goal of promoting and reaching a certain level of agreement regarding the definitions, standards and methodologies to measure the social impact in the Spanish ecosystem.

8 One of such internationally acknowledged indexes is the Dow Jones Sustainability Index, issued by the organization RobecoSAM, which also identifies some of the companies (318 in 2020) which, pursuant to a series of economic, social and environmental criteria, are acknowledged as the most responsible among the 2,500 largest companies worldwide by free float market capitalisation volume. Besides, FTSE4Good, of the global provider FTSE Russell, another of the most widely recognized international indexes, issues different rankings with different scopes by sector, assessing about 300 indexes obtained from the information publicly issued by the relevant organizations.

ities have been implemented within companies to allow to deploy ESG principles in the business operations.

> "22% of directors interviewed believe that their respective boards are investing the time required to ensure that ESG variables are integrated in their company's strategy, and 63% that these issues require more attention"[9]

In sum, it seems that, despite the obvious determination of the private sector of joining the social impact trend, a model that mainly focused on reporting is not enough.

George Serafeim, Professor at the Harvard University, said as much in his article *"Social-Impact efforts that create real value"*[10]:

> The challenge for many corporate leaders is that they aren't sure how to do that. They lack understanding of exactly where they should be focusing their attention and how they should be communicating their ESG efforts. Many executives incorrectly believe that simple actions will suffice: improving ESG disclosures, releasing a sustainability report, or holding a sustainability-focused investor relations event. Some companies take those actions, fail to see a benefit, and grow disappointed or frustrated. (...) Companies must move beyond box checking (...). In a world that increasingly judges them on their ESG performance, they must look to more-fundamental drivers—particularly strategy—to achieve real results and be rewarded for them. (...) Our collective research[11] points to the need for a new management paradigm for corporate leaders—one in which ESG considerations are embedded in both strategy and operations."

For this reason, and based on these last referred conclusion, we wish to highlight that, right now, the business ecosystem has the possibility to make a step forwards and to evolve from a ESG model based on reporting to a ESG model based on impact, which fully integrates social, environmental and governance principles in the core of organizational management. Based on these premises, the third section shall focus on developing a comprehensive approach on the activities that may be carried out by companies with the purposes of truly integrating ESG principles to their business models through the transformation of their processes through their respective value chains.

9 PricewaterhouseCoopers (2020). 10ª Edición Informe Consejos de Administración de Empresas Cotizadas.

10 Serafeim G. (2020). Social-Impact efforts that create real value. Harvard Business Review.

11 Research based on the assessment of over 10,000 companies, 30 field studies and publication of over 15 empirical studies.

03 Integration of ESG Principles in the Value Chain

3.1. Challenges of interating ESG principles at the core of business activity

3.2. Which are the benefits of integrating ESG principles?

3.3. Proposal for integration of ESG principles in the value chain

Shared value consists in aligning the success of our company with the success of our community.

(Michael Porter)

A new more sophisticated economic model, in which the social purpose of a business is an integral part of their corporate strategy, is possible. However, this purpose cannot be born out of a "charitable" spirit, but out a deep understanding of what is shared value under this model. Shared value does not consist on business philanthropy, but on seeking the company's own interests, based on the creation of economic value, and, simultaneously, creating value for the community[1].

In line with this approach, some conclusions reached by George Serafeim[2] are presented below. George Serafeim, after studying organizations that had successfully implemented ESG strategies, observed a recurrent pattern, structured in three consecutive stages, through which business are usually capable of meeting the challenges arising from integrating sustainability in their strategies:

- In the first stage, the organizations assume and make an effort to reduce the risks derived from unsustainable practices and activities, procuring to ensure compliance with environmental and social regulation in order to reduce their reputational risk.
- Subsequently, they evolve to the achievement of sustainable practices that improve operational efficiency of the company.
- Finally, the maximum degree of implementation of this new paradigm is the implementation of actions focused on achieving sustainable innovation strategies that allow companies, among other things, develop their businesses, increase their market shares, gain clients and obtain sales growth.

1 Porter M.E. (2011). Shared Value. Harvard Business Review.

2 Harvard business review, 86(3), 2020.

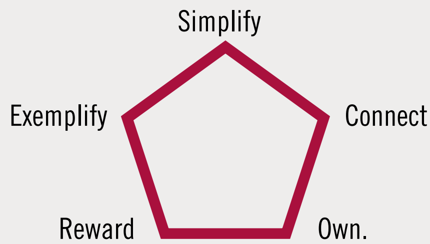
But, which are the reasons why corporations find difficult to implement this model? And why should businesses address these questions? Does implementation of this model entail an objective profit? The following sections provide an answer to all these questions.

3.1. Challenges of integrating ESG principles at the core of business activity

Despite the increasing social and regulatory pressure and the unequivocal commitment of the governing bodies, there is still ample room for improvement in the integration of ESG principles in the management of organizations. The causes of such insufficient development are multiple and complex. Without limitation, the following causes can be identified:

- Accessory management: up to this moment, and over the last decade, the relationship between businesses and social action has often materialized through the development of activities and processes lead by the Corporate Social Responsibility departments, which are dependent from the Communication or Human Resources department. Consequently, these activities have been carried out alongside to the business development, considering sustainability often as an afterthought when making strategic decisions.
- Non-measurable activities: besides, organizations have experienced certain difficulties for quantifying direct impact in financial terms created by this type of activities. These processes have entailed costs (both financial and human) without the corresponding generation of a financial return beyond the indirect impact related to the reputational improvement in the market. For this reason, and

SCORE



This sections presents a system originally designed by Rupert Younger, director of Oxford University Centre for Corporate Reputation and Chair of the Enacting Purpose Initiative, which has the goal of assisting governing boards to comply with their designed purpose, linking such purpose to the strategy and performance of organizations. This system is called SCORE, which stands for "Simplify, Connect, Own, Reward and Exemplify") and may help governing boards to design and promote a long-term value proposal (G. Eccles, M. Johnstone-Louis, C. Mayer, & C. Stroehle, 2020):

- *Simplify*. This system pushes companies to go beyond what it is expected form them, and must start by preparing a general purpose statement, which must be communicated by a committed governing board, and which identifies clearly the organization's vision with regard to the sustainable impact it intends to make in society. This purpose must be communicated in a straightforward and simple manner, choosing an specific approach which must be understandable for all agents in the value chain and by all the business' *stakeholders*.
- *Connect*. This is the second level. Once the purpose has been set, it must be directly linked to the business activities (by means of a strategy and decisions related to capital assignment) so that the stated purpose can be achieved through the business main activity. Thus, the governing board of a business shall be pushed to orient their decisions in a certain direction.
- *Own*. This concepts refers to the owning and commitment of the governing board when preparing and committing to the set purpose, but also when making decisions related to business management, by establishing structures, defining control systems and other appropriate processes to articulate and implement such purpose.
- *Reward*. This refers to linking promotion and compensation of employees to the achievement of a series of goals related to the social and environmental impact created by the company, which is a cornerstone of this framework. It is important to complement generally used financial metrics to assess performance with additional metrics assessing social and environmental performance. Ideally, measures used to assess performance and assign rewards shall be abased in a series of global, independent and strictly assessed standards to value ESG impacts, perfectly mapped against the core business of each company following a materiality analysis.
- *Exemplify*. Finally, it is vital to propose examples of both qualitative and quantitative nature and to establish the manner in which each company wishes to attain such purposes. This framework exemplifies the importance of having each business sustain narratives that can be supported and sustained by a series of real-life practices, which must be implemented by the relevant business in its usual modus operandi.

up to now, neo-classical corporate theory has concluded that responding to social needs was inefficient from a financial point of view in as much as they entail an increase in costs while they limit profits and assets.

- Cultural change: full integration in the businesses' management involves to overcome a narrow visions that consider that sustainability is an alternative practice and discovering that it can be used to leverage new businesses opportunities. To achieve this, a profound cultural change is required to overcome the business vision in which value creation is limited to optimizing short-term financial performance, while more pressing customers needs, which determine long-term success, are neglected[3].
- Lack of knowledge and training: the strategy for this process of integration of ESG principles in the management of a business is born from a deep knowledge of the company, and, at the same time, from the opportunities offered in a new context associated to concepts such as circular economy, sustainable finance, social entrepreneurship, etc. The aforementioned change of mindset allows to explore this new paradigm, but a profound knowledge is only achieved by training and expertise in these new economic trends. Consequently, a lack of training and expertise involves a lack of know-how and insufficient associate skills, and this may become a barrier to full integration. Overcoming this requires responsible and experienced business leaders with a vision, capable of making decisions which have sustainability as their cornerstone.
- Lack of homogeneity: despite multi-lateral efforts to harmonize criteria and standards (as seen in the above paragraph) there is still considerable lack of standardization in terms of criteria, methods and tools. This hampers obtaining objective, comparable results that are the b basis of monitoring of any action or strategy in the business environment.

3 M. Porter, 2011.

3.2. Which are the benefits of integrating ESG principles?

The opportunities offered by this new paradigm, focused on sustainable development of businesses, is not limited to the proactive and well-meaning initiative of those companies that are up to the challenge of becoming economic agents for a social and environmental change. In this sense, some examples of why the benefits of integrating the ESG principles in the business strategy is especially attractive and profitable for companies[4]:

- Pursuant to the strategic theory, a company that wishes to succeed must create a differential value proposal that meets customer needs by developing a competitive advantage. In this effort for defining a single solution, most companies have ignored the opportunities offered by the market through meeting the fundamental needs of society and the planet. A correct interpretation of such needs may lead to the discovery of new niches in which to diversify and increase their market share, gain new clients and increase sales, amassing all market benefits and, at the same time[5], addressing social, environmental and governance issues.
- On the other hand, there are a series of operational efficiencies arising from this type of activities. Until very recently, businesses did not consider or control indirect costs arising form certain business practices, such as excessive use of certain natural resources (water, energy, etc.), polluting gas emissions, waste or issues related to health and safety or equal treatment to employees, among others. Those were the so-called "externalities" - elements apparently separated to a business'

4 Porter M.E. (2011). Shared Value. Harvard Business Review.

5 As stated by the fourth edition of Salesforce's *Informe Estado del Cliente Conectado* (2020) which includes information about more than 15,000 consumers and companies from 27 countries regarding the unprecedented changes in customer expectations and behaviour: 71% say that they pay special attention to corporate values of businesses, 61% state that they have stopped buying from a brand whose values are not aligned to their own, and the report highlights that neglecting social responsibilities may constitute a threat to corporate results.

main activity but which may cause indirect costs in the long term[6]. Incorporating such indirect cost to the scope of integral control of each business by using different management methods (i.e. Social accounting) allows to reduce such (up to now) unmeasured indirect costs and to consequently improve business profits.

3.3. Proposal for integration of ESG principles in the value chain

The entire document argues for the need of promoting the development of more conscious businesses, who care more about persons and the planet and are capable of integrating ESG principles in their management practices.

An starting point would be the theses of M. Porter (2011), according to which a company has three ways of implement and developing the recognized shared value, a concept which fosters a link between economic progress and social development:

- Re-designing new products and markets: through the development of new products and services, companies can respond to certain environmental or social issues.
- Re-defining productivity along the value chain: companies can maximize their profit by investing in the development of a series of practices and activities based on the aforementioned concept of operational efficiencies.
- Development of local clusters: businesses are part of an ecosystem which must promote, and benefit from, collaborative action, associations and agreements between stakeholders.

A non-exhaustive list of proposed action to integrate ESG principles in the businesses' value chain follows: This proposal has been prepared from the identification of some of the best practices of the international business ecosystem. Those examples have been conceptually elevated in order to collect and present a series of activities that, structured by area and involved stakeholders, represent the actions that any company can leverage to structure the process of integrating these ESG principles in their respective business models. This structure is based in the value chain tool[7] as shown in the following diagram:

6 Johnson & Johnson saved 250 million dollars in healthcare coverage thanks to the implementation of health programmes encouraging its employees to quit smoking. The estimated result for financial years 2002 and 2008 was a ROI of almost 3 dollars for each dollar invested.

7 Porter M.E. (1985). Competitive Advantage. Creating and Sustaining Superior Performance. The free press.

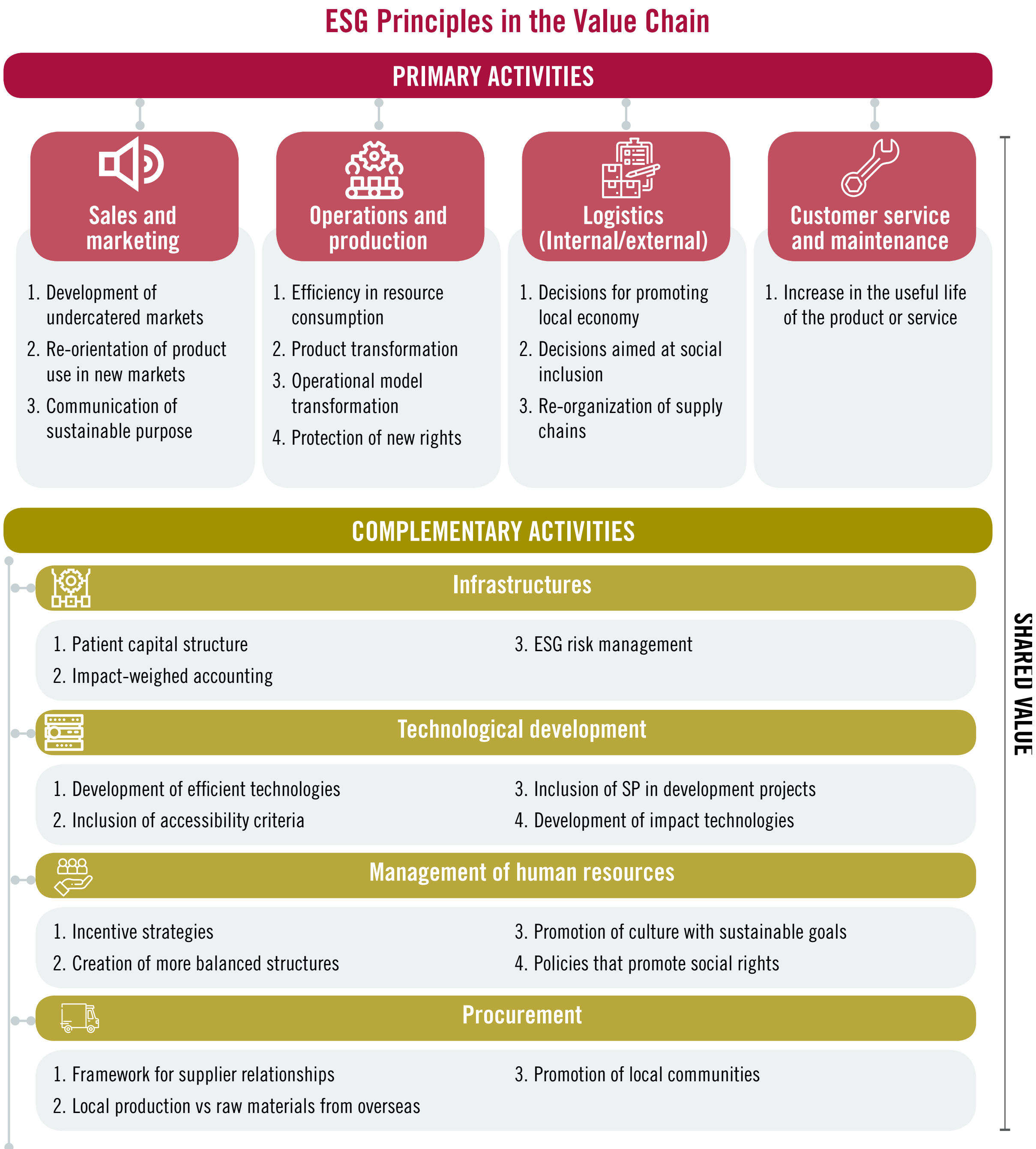


Figure 9: Activity diagram for the integration of ESG Principles in the Value Chain
Developed by author

3.3.1. Primary activities

Primary activities are those actions which are directly involved in the manufacturing and marketing of a product, and are indispensable for transforming inputs in outputs. Next, the actions that a business can adopt to allows integration of ESF principles the development of its primary activities are listed below:

- Marketing ans sales: this subcategory includes all activities intended to develop access channels and means so that clients know and buy the relevant product or service, and, especially, strategic actions that make a difference and position companies in the market niches in which they can maximize their assets.
  - Continuous research and development of business models in undercatered mar-

kets: this action enables transnational companies with access to several regions in the planet and sufficient visibility in the global market to detect social needs that have not yet been covered by any product or service, and they may leverage on this opportunity while contributing to improve quality of life in less economically developed areas:

- By adapting a product especially sold in a certain geographical area to appropriately meet the specific needs of another, less economically favoured, region[8]. These activities enable social and economic development of local communities, while promoting economic growth of the relevant company. Besides, these initiatives may entail other indirect impacts as improvements in health, nutrition levels, salubrity, work opportunities, etc.
- On the other hand and contrary to the previous example, some products, in this case financial products ones as microcredits[9], which were born in less-favoured economic developments, may be adapted and find an increased demand in developed countries, the economic and social circumstances of which (marked by instability, crises, inequality, etc.) favour adapting such products.

- This entails re-tailoring a product to a new market: certain companies have spotted business opportunities re-orienting the applicability or use of their products or responding to social needs in other markets (i.e. beauty companies that have diversified their business towards medical industry, offering their products for medical used in areas in which such products have a particularly high demand or companies that have been able to adapt their services to respond to the worldwide emergency caused by the COVID-19 crisis)[10].
- Corporate communications activities oriented to the development of a sustainable purpose: currently, many organizations undertake to develop a certain purposeful corporate culture, and enter in global institutions devoted to promote sustainable developments with the help of their leaders. The fact that some senior officers belong to these organizations helps to materialize the communication of a corporate culture with a purpose and intention of creating social impact.

- Operations and production: this phase of the value chain includes all activities related to the process of transforming raw materials into a final product through processes such as manufacturing, packaging, and equipment maintenance, among others, making such innovations as required so that this final product may meet new social needs, and responding to the system in a sustainable way:
    - Efficiency in use and consumption of raw materials and natural resources: measures must be included in the processes of manufacturing both the product and its packaging, to ensure efficient use of key resources as water and other raw materials, with the overall goal of preserving natural resources, biodiversity and of preventing excessive waste.
        - The first of such measures may, obviously, be using exclusively raw materials that comply with certain production standards as certified by certain certifications or seals (i.e., natural, organic, fair trade, etc.), promoting so-

8 By way example, the case of M-Pesa by Vodafone in Kenya and its exponential growth by offering digital banking through the customer's smartphones, or the joint venture formed by Danone and Muhammed Yunnus' Grameen Bank to develop the social enterprise Grameen Danone Food, which responds to malnutrition in India by offering accessible foodstuffs, may be mentioned.

9 Grameen Bank, a Bangladesh-based micro-credit entity founded by Muhammad Yunus, Peace Nobel laureate for his innovative work in this field, extended its loans to the United States.

10 By way of an example, we have Vaseline selling their vaseline as a basic hygienic products for first-aid in Disease Control Centres, Doctors without Borders and the United Nations High Commissioner for Refugees, or Inditex, that has been capable of manufacturing medical material, in this case protective gowns for medical personnel, in response to the medical emergency caused by the COVID-19 pandemic.

cial and environmental protection for involved stakeholders, such as origin suppliers[11].

- Other companies conduct materiality studies, adapted to their respective business models, and adopt policies that limit the use of intensively exploited resources such as water [12]. This has the effect of cutting the associated costs and favouring the conservation of these resources and the global ecosystem.
- On the other hand, privileging the systems that make the most efficient use of raw materials during the manufacturing process favour the appearance of new businesses based on the exploitation of new technologies created for these purposes (i.e: drip irrigation system in mostly agricultural countries) which is in turn translated into economic development.
- In the same manner, the practices of certain companies must be mentioned; these companies have adopted a series of policies which exclude or limit the procurement of certain resources or products from certain geographical areas due to political events (such as armed conflicts) or to favour protection of human rights[13], promoting more fair governing bodies and structures within companies, reducing the rates of internal corruption or unlawful practices.
- Finally, many companies have adopted the widely-known measure of using recyclable or less-polluting materials for manufacturing[14] or packaging [15], event choosing solutions that minimize material use, by manufacturing products that need little or no packaging[16] (such as solid shampoos or lotions).

- Product transformation: in this line, several companies have already launched the process to adapt their products to a new demand pattern based on more sustainable consumption and which requires strategic solutions to address environmental degradation:
  - Some of these manufacturing innovations are aimed at preventing planned obsolescence by manufacturing products that can be reused, upgraded, manufactured or recycled[17].
  - Certain companies have started to develop products or services adapted to the new environmental requirements, which also serve as means to make other industries more sustainable (i.e. when power companies manufacture more environmentally responsible fuels they enable environmental adaptation of other industries which depend

11 A reference example in Spain is the "Tierra de sabor" quality seal (Tierra de Sabor), which promotes local foodstuffs and agricultural products from Castile-León, promoting sustainability and innovation within the regional market.

12 See the *Plan de Conservación y Cuidado del agua en España* by Coca-Cola, which favours up to 95% savings in water, the most important resource for its product (Plan de conservación y cuidado del agua | Coca-Cola ES (cocacolaespana.es)).

13 The best known among these policies are the international policies that intend to stop the trade in blood minerals from African countries such as Sierra Leona or Congo.

14 Fairphone (Fairphone | The phone that cares for people and planet) is a brand that manufactures sustainable, high-quality smartphones and guarantees that all materials used are environmentally and socially sustainable. In the same manner, Teracube (Teracube - The Sustainable Smartphone With A 4 year Warranty (myteracube.com), has launched modular hardware which enables easier recycling and expands the useful lives of their devices.

15 Another example is the strategy implemented by the beer brand Estrella Damm by removing all plastic rings from its packaging (Sostenibilidad | Estrella Damm).

16 Another example is the campaign Zero Waste España | Lush España, by the British natural beauty company Lush, which promotes solid products (i.e., solid shampoo or make-up) wit the goal of minimizing plastic use in packaging; this initiative is complemented with campaigns that promote return of used packages.

17 An example of this is IKEA's People & Planet Positive, which intends to be a response to accelerated environmental degradation- The goal is to incorporate innovations in their products, services or processes to depart from their old business model based on the retail service of low-cost furniture (which used to be quickly thrown away) and focus on creating reusable, recyclable products.

on these resources, such as aviation or industrial manufacturing)[18].

- Other companies go even further and transform their entire business models, replacing the retail sale of certain products by an end-to-end service, which is more optimized from a sustainability point of view (i.e. replacing a light bulb business for a lightning design service[19]).

- Transformation of the operational model: there are companies that need their business model to undergo a deep transformation, abandoning processes linked to activities which are particularly polluting or violate human rights, and evolving and transitioning towards socially and environmentally sustainable industries (i.e. power supply companies that need to transition from prospecting and exploiting non-renewable energy sources to new models based on investing in clean energy sources[20]).

- Protection of rights arisen from new business models: currently, and as a consequence of business development, especially, in the technological sectors, companies that lead these new practices must include measures to protect the assets that had not previously been considered, such as the removal of bias behind the algorithms that determine the characteristics of certain products or services[21].

- Internal and external logistics: this term groups all activities carried out by businesses to organize the processes of reception and distribution of raw materials, inventory control, and storage, as well as the processes of product distribution to end customers.

  - Decisions aimed at promoting local economy: certain large companies have adopted strategies decisions that forbid to purchase supplies from countries geographically distant (i.e. Policies limiting cross-hemisphere purchases[22]), and instead developing local production centres. Such actions allow to reduce costs associated to raw materials transportation and decrease CO_2 footprint. Meanwhile, opportunities arise for using local products which are more accessible both in material and economic terms, boosting regional economies and allowing social and environmental development of local countries[23].

  - Decisions fostering social inclusion: several companies have chosen to develop door delivery services and have hired delivery companies that employ persons from groups in risk of exclusion[24], leveraging on their particular capacities or circumstances to offer customers a bet-

18 Repsol's facilities in Tarragona have started manufacturing biofuel intended for the aviation sector.

19 Another example is Philips Lighting, (Soluciones de iluminación LED y convencional | Iluminación Philips), which has adapted its business model from selling lightbulbs with a limited useful life to selling sustainable lighting solutions. Customers pay for a service every time they use it, instead of investing in purchasing a physical asset, which entails costs associated to resource use and manufacturing processes, as well as the associated waste at the end of the useful life of the product.

20 An example of this is the Danish power supply company Ørsted whose business was mostly based on la oil and gas prospecting and exploitation, until, in 2017, it decided to sell its assets and invest heavily in renewable energy sources. In the same line, the 2020-2025 Strategic Plan published by Iberdrola announces historic investment up to 75,000 million euros, 90% of which shall be used o consolidate their business model, based on increased use of renewable energy.

21 This is the case of financial algorithms used in by credit institutions to grant credits, and how their possible bias may entail a damage to the rights of certain minorities and result in situations of social inequality.

22 An example of this is Marks&Spencer and its supply chain reorganization plan, consisting in a series of measures that meant savings of 175 millions annually in financial year 2016.

23 Another example is the project developed by McDonald´s with the occasion of the launch of a new product the Big Good, "the burger made to help" (Big Good (mcdonalds.es)), the primary sector and the Spanish local economy in the midst of the COVID-19 crisis; the Good Burger includes seven ingredients from different Spanish regions, considering that over 70% of McDonald's purchases are made to Spanish or Spain-based suppliers.

24 Another example is Hindustan Unilever and the establishment of a new door delivery service which employs female entrepreneurs from unfavoured Indian villages with populations under 2000.

ter service. Such services are also usually more sustainable from an environmental perspective (parcels delivered on foot, more accommodating delivery hours etc.[25]).

- Reorganization of supply chains: these actions enable to improve transportation processes used for sending and delivering products to the final customer, making all associated costs more efficient and, consequently, improving economic results, while, simultaneously, achieving to cut down on polluting gases. Such reorganizations may be determined by different decisions oriented to reduce the number and distance of trips, favouring organization economy and improving the environmental conditions of the ecosystem:
    - Route reorganization and coordination, as well as more effective groupings based on the principle that deliveries are only done when the corresponding transportation vehicles are at full capacity[26].
    - Strategic collaborations with other agents that optimize last mile delivery management, with an special focus on urban centres, which are the most polluted areas due to the contraction of pollution gas emissions in these areas[27].
    - Transition of transportation fleets to low emissions vehicles (i.e. electric vehicles)[28].

25 Another example is the social and sustainable delivery service Koiki (koiki | Sustainable Transport and Parcel Delivery), a project that, besides offering an environmentally sustainable deliver service, promotes social inclusion of persons with intellectual disabilities through employment and thanks to the strategic collaborations with NGOs that work with these communities.

26 Another example is the new initiative and service by Correos (Sostenibilidad archivos - Correos), which offers customers the choice of more sustainable/responsible delivery, at a more convenient; those are non-priority deliveries that allow to optimize deliveries and thus reduce environmental impact.

27 In this regard, social and sustainable delivery service Koiki (koiki | Sustainable Transport and Parcel Delivery), is again an example; it offers a sustainable delivery service within large cities' centres, with deliveries made either on foot or in electric vehicles.

28 Another example is the sustainability strategy promoted by SEUR and based on the transition of its delivery fleet to electric vehicles (Vehículos ecológicos, pieza clave en la última milla | Te lo Envío por SEUR).

- Establishment of logistic hubs, independent and delocalized, in which final customers can collect their deliveries. It must be highlighted that developing these economic activities in less densely populated areas entails a high rate of social impact through the promotion of territorial cohesions and the fight against depopulation in rural areas.
- Establishment of incentives programme for the different agents in the supply chain (i.e., suppliers) with the goal of establishing a series of GHG emission reductions goals and to achieve them by reducing the total number of trips made[29].

▶ Customer service and maintenance: this last subcategory of primary activities includes actions related to post-sale customer service.

- Increase of the product or service useful life: in this case, actions start by developing tools, technologies and practices of relationship with customers (personalized service training or processing) that allow longer useful lives for products or services, and that, pursuant to the principles of circular economy, prevents expenses associated to a new, inefficient production[30].

3.3.2. Complementary activities

Complementary activities are all activities indirectly related with the value of a product or service without being directly involved in the production or marketing processes. Those activities are supporting or complementary activities to the aforementioned primary activities. In this case, the exercise of integration of ESG principles allows to transform these internal processes and to gradually change corporate culture for an increased focus on sustainable development.

▶ Infrastructure: this category of activities groups all support activities of the company, such as general administration, the legal department, accounting, finances or quality management. Most actions carried out according to the ESG principles and included in this section are related to the promotion of sustainable finance management.

- Patient capital structure: companies committed to the application of ESG principles (establishing metrics that favour measurement and monitoring of the company's sustainable profile) may make governance decisions that encourage shareholders to commit to promote patient (long-term) capital, which involves an investment commitment used to achieve sustainability actions.[31].
- Impact-weighted accounting: some transnational corporations are experimenting with an impact-weighed accounting[32]. It

29 For more information, please refer to Walmart's Project Gigaton (Project Gigaton (walmartsustainabilityhub.com)). The goal of this initiative is to prevent one billion tons of GHG emissions from being released through the global value chain by 2030. Through Project Gigaton, suppliers may channel their sustainability efforts by establishing goals, and their advances are awarded with Walmart credits. Since the programme was created in 2017, hundreds of Walmart suppliers have undertaken to reduce their emissions.

30 A good example of this strategy is the initiative of US energy company Pacific Gas & Electric Company of developing policies which, apparently, went against their own interest; a programme to incentivize a lower energy use among their customers, thus clearly positioning themselves for the protection of the environment.The result: in their operational area, the per capita energy use growth has remained stable, while overall in the American market it has grown in average by 50%.

31 Policies like this have a precedent in the measures adopted by institution such as the European Union, which promotes long-term investment on sustainability, or the statements by influential persons such as BlackRock CEO Larry Fink in his 2019 annual letter (Carta de 2019 de Larry Fink a los gerentes y directores | BlackRock) "*BlackRock's Investment Stewardship commitment priorities for 2019 regarding investment management are governance, including the approach of companies to manage diversity, corporate strategy and capital assignment; compensations promoting long-term careers; environmental risks and opportunities and human capital management*". In his latest 2021 communications, addressed both to customers and to CEOs, BlackRock has undertaken to support the goal of achieving zero net GHG emissions by 2050 orbefore.

32 Another example is Novartis España La Huella by Novartis | Novartis España, which, as a part of Value Balancing Alliance, has already started to measure its financial, social and environmental impact using its own FES meth-

consists on an extra-financial accounting system which integrates a series of metrics through which the impact, from an ESG perspective, of all activities implemented in the management of a company can be financially accounted for, and such monetization is recorded in a section of the company's financial statements. A system of this time is particularly promising because:

- It expresses impact in measurement units that customers, investors and other stakeholders may easily understand and construe in an homogeneous manner.
- It allows for the use of existing trade and financial analysis tools n order to analyse these impacts of sustainable type.
- Besides, the system allows for aggregation and comparison between companies.

- ESG risk management: most companies are already considering and integrating ESG risks based on the development of management framework including a risk map, a governance framework, a measurement method framework, the implementation of control processes and mitigation measures, as well as communication and reporting procedures[33].

- Technological development: includes all activities that generate any economic, social or environmental value and are based in technological development, either by improving processes or developing a new, impact-generating technology.
  - Development of efficient technologies: there are technological developments[34] that replace non-sustainable processes (i.e. the cloud is a service that enables reduced energy use by offering more efficient storage, and thus entails an environmental positive impact).
  - Accessibility criteria: currently, many companies, as part of thir certification procedures, are committed to technological developments which include accessibility in their designs.
  - Inclusion of social policies in development projects: it is increasingly common that, for the purposes of favouring a work-life balance and equality in the technological development teams, measures against "crunch culture" that guarantee the right to disconnect, as well as measures against sexual harassment and discrimination in development teams, in which genders are usually disproportionately represented.
  - Development of impact technology: there are business initiatives focused on the development of technological products which create social or environmental impact[35].

odology, or in the US, where it calculated its impact on the employment in 2017 in 7 thousand million dollars (including the profit obtained from employee development, occupational safety efforts and the payment of a decent salary). Its environmental impact, measured in terms of carbon emissions and water and waste impact, was estimated at 4,7 thousand million dollars. The positive impact of the product was estimated at 72 thousand million dollars. Another example is ABN Amro, which uses its integrated P&L ABN AMRO Impact Report 2018 (uab.cat), to record the economic value of ESG impacts, and is thus creating a long-term value measurement system integrated in their management practice, which establishes the impact that it creates among its stakeholders (customers, employees, society/environment and investors) through six types of capital (natural, social, human, financial, product-related and intellectual).

33 Management Solutions (2020). Climate Change Risk Managementhttps://www.managementsolutions.com/sites/default/files/publicaciones/esp/gestion-riesgos-cambio-climatico.pdf.

34 Many data centres are already subject to certifications that control and prevent planned obsolescence, credit energy efficiencies through consumption indexes, and assess web accessibility levels, in order to develop of social and environmental impact.

35 See examples such as ONCE El proyecto 'Elisa' entre las 10 mejores iniciativas de Inteligencia Artificial con impacto social | Fundación ONCE para la Cooperación e Inclusión Social de Personas con Discapacidad (fundaciononce.es) which finances the development of voice recognition systems based on artificial intelligence systems, designed to make the lives of blind or visually impaired persons easier; Ethic Hub Ethichub - Create social impact investing online or buying to our farmers, a company using blockchain technology to make more efficient the financing operations of small entrepreneurs in South America, promoting and favouring, through technology, investment in Spain, or IMB's initiatives to finance and promote smart cities.

- Management of human resources: this category considers all actions related to the search and recruitment of talent, and the recruitment, training and development processes for the company's employees, as well as all questions referred to compensations policies and salaries. Obviously, companies can generate many impacts, mainly in the social and governance fields, through an appropriate management of their own staff..
  - Incentives strategies: some companies have defined and even implemented strategies used to weigh the incentive pays of their officers, which depend on achieving a series of ESG goals:
    - Besides, certain financial entities[36] have already implemented this initiative, indexing the compensation of certain employees to the carbon emissions of their respective portfolios, and thus fostering financing those activities that promote transition towards a decarbonized productive model. These decisions may extend beyond senior management and affect the goals and compensation of other employees, especially in the business development area.
    - Technology firms have linked their officer's compensations to the diversity of their work teams, thus promoting environments that offer equal opportunities to all employees[37].
  - Creating more balanced structures: all actions promoting sustainable governance development through policies for internal promotion of employees (designation and retributions) with actions and channels that allow for correct development of business practice for the lawful and orderly achievement of goals:
    - Policies are established to regulate salary compensations, preventing big differences between the highest and the lowest salaries and promoting more egalitarian internal structures[38].
    - Structures in the governing committees and the boards of directors of companies are controlled by means of the regulation of independent appointment of its members.
    - Conduct codes approved by senior management and employees are implemented. These codes regulate the commitments, responsibilities and consequences referred to certain behaviours, ensuring that the activities carried out in a lawful and orderly manner.
    - At the same time, other channels that allow employees to report any observed unlawful practices in a safe and anonymous manner.
  - Promotion of a culture and purpose associated to sustainable goals: investors are increasingly interested in companies capable of linking their own strategy with a goal that is materialized in the development of its corporative culture:
    - This culture should be widely known by employees, who must share the meaning and impact they make through their work, allowing to obtain results more efficiently and consequently accelerating the company's success. Organizations such as the Great Place to Work Institute identify the companies with the best performance in this sense.
    - Promotion of this corporate culture based in a sustainable purpose must be promoted from the highest spheres of management, as stated before. For this reason, appointing well-trained managers, committed with a sustainable strategy, can become a determining element for achieving the

36 An example of this is BNP Paribas, who has included in its compensation policies for senior offices social and environmental criteria; or HSBC, which has introduced an scoring system to determine the 2020 incentives for its CEO, CFO and directors, including a 30% weighting based on ESG metrics.

37 Another example of this are Microsoft or IBM in the technological sector.

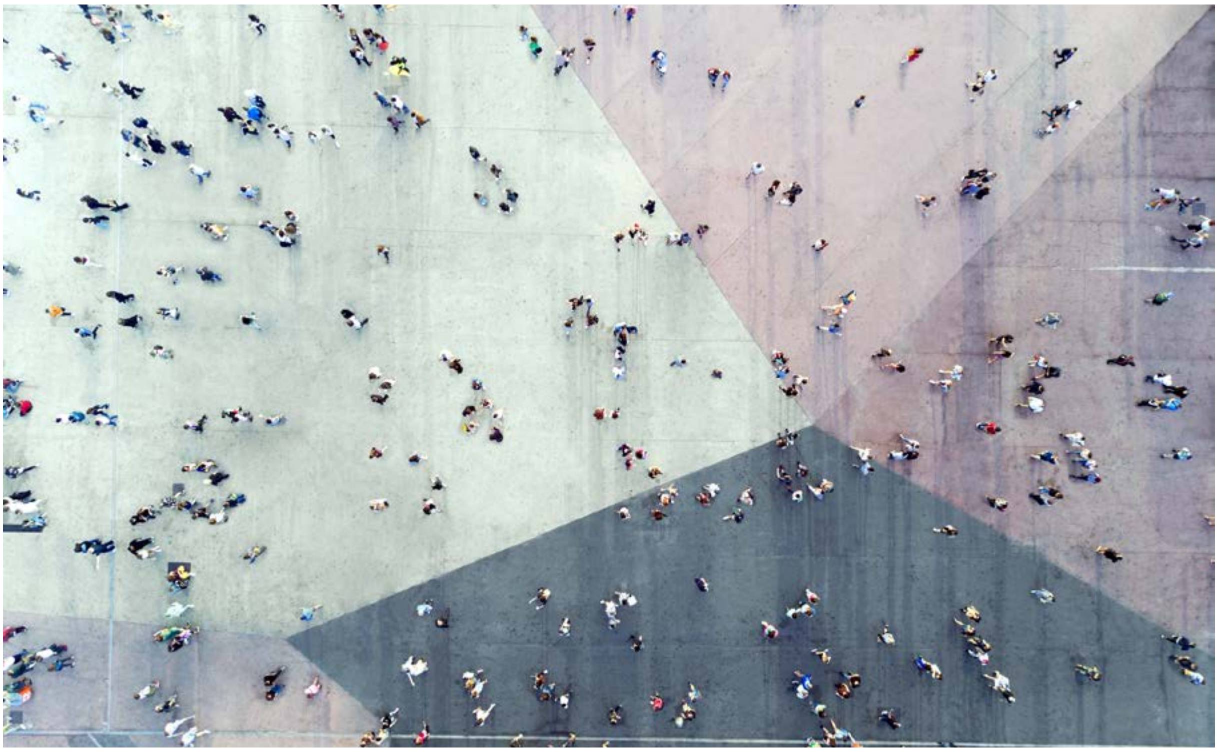
38 An example of this is Triodos Bank and its Corporate Governance and compensation policies. (Gobierno Corporativo y política de remuneraciones (triodos.es)).

business's goals (i.e., appointing sustainability managers in to the company's key positions)

- Implementation of policies promoting social rights: this includes all actions by companies implemented in order to promote certain social rights and benefits for their own employees, as well as adopting certain policies that seek to promote a social impact in society in general beyond any internal benefits that this social impact might entail for the company.
    - The first type of actions is determined by examples, such as the aforementioned case of Johnson&Johnson, which, by investing in social benefits such as health promotion programmes for its employees (which, in principle, was considered an externality), was capable to obtain an extremely high return in the long term. Such actions are financially efficient for companies, since it enables them to have more loyal, more efficient employees, and at the same time it eschews the costs associated to certain future emergency coverages, such as medical leaves, medical insurance, etc. This also include the now-widespread policies that enable employees to comply with their own rights, such as those that promote gender equality, work-life balance, etc.
    - The second block, includes those actions directly aimed at generating a positive impact in society by hiring employees from vulnerable groups[39] or through specialized training programmes designed for vulnerable groups[40].

39 An example of this is Starbucks; in 2017, its CEO planned to hire 10,000 refugees with the goal if promoting their integration through employment; or P&G, which has a wide offer for persons with disabilities in South America PWD LATAM (pgcareers.com, promoted through its employment integration policies. Another initiative was that deployed by the restaurant chain Rodilla, which, in collaboration with Fundación A La Par (Rodilla - A LA PAR focused in promoting participation in society of persons with intellectual disabilities), has opened a restaurant entirely managed by persons with disabilities.

40 Another example is Goldman Sachs' 10,000 Women training, programme, which is based on a research analysing that an increased participation of women in the workforce drives GDP growth. More than 3,000 women from 22 countries have graduated from this programme. Another example is the initiative developed by Unilever



- Procurement: this phase of the chain considers input procurement, including raw materials, positions and other consumables, such as assets, machines and other elements of equipment and infrastructure. It is key to create relationships of mutual support and to build communities that allow promotion between different members of the value chain (suppliers-customers).
    - Supplier relationships systems: actions such as fair trade or supplier certification pursuant to certain standards are particularly widespread. Actions like this allow suppliers and local communities to increase their income in the long term. However, there are actions that go beyond certifications, such as promoting the development of local agricultural associations though training in and developing better agricultural practice (that is, more efficient and profitable practices), implementing supervision techniques and quality monitoring of the product at origin, and promoting better management and access to financing. In sum, the goal is to establish close-knit relationships though what might be called a vertical collaborative integration[41].
    - Local producers vs raw materials transported form overseas: several foods and beauty companies are investing in local producers instead on transporting raw materials from overseas to be manufactured in other regions. These actions entail a considerable reduction of costs associated to processing and transportation, while the development of local eco-

London through which a wide range of commitments and actions were carried out with the goal of building a more equitable and inclusive society by improving living standards throughout the entire value chain, creating opportunities through inclusion and by preparing persons for future work conditions (guaranteeing minimum wages to suppliers from 2030, management by persons from under-represented groups by 2025, etc.).

41 Mercoguadiana is in integral supplier for the agricultural and farming sector that operates under the principles of a bi-directional, symbiotic relationship based on the following dynamics: it markets a large part of the agricultural and farming productions form certain areas of Extremadura and its bordering areas in Andalusia and Portugal, whiles selling to its own suppliers certain basic products to develops their activities, such as feed, fertilizers, seeds, etc.

nomic opportunities is enabled mainly by generating quality employment[42].

- Promotion of local communities: companies that work with localized suppliers worldwide (i.e. coffee beans producers in different countries form South America and Africa) can assess those regions in order to identify deficiencies in area such as logistics, infrastructures, distributions channels and professional training. Once these gaps have been identified, they may offer support in the form of financing, manufacturing improvements processes, building of local infrastructures, training of local employees, etc.) These actions have a direct impact in the quality of the final product, as well as on efficiency of global processes, and results in better economic performance[43].

As observed, each of the phases of the value chain may be transformed and adapted to the ESG principles, promoting business development through actions, processes and decisions that consider certain questions of social, environmental or governance nature, while simultaneously aiming to maximize financial profit.

42 Another example is Olam International, one of the largest food companies in the world, who is developing several local manufacturing plans to be implemented in the same countries form which it extracts raw materials, as an alternative to importing raw materials form such countries. This cuts processing and transportation costs by 25%, and fosters local economic development and job creation (17,000 women). On the other hand, Ben & Jerry´s, a well-known ice cream brand,has based its production model in using ingredients from family-owned farms.

43 Nestlé has opted for this business model through its Nespresso 2020 sustainability strategy, called, The Positive Cup The Positive Cup: estrategia sostenibilidad Nespreso 2020 | Nestlé (nestle.es), which is focused on the social development of local communities in their supply chain (mainly, local coffee beans producers in South America and Africa). It promotes the development of clusters through certain actions such as regulated prices, shared technology, access to financing instruments, better production techniques through training programmes, etc.

04 Conclusions

The global context and, consequently, the business environment is changing and evolving rapidly, driven by the influence of increasingly conscious customers exercising the power that lies in their purchasing choices, of investors opting for those companies that act according to certain sustainability criteria, all encouraged by a regulatory wave that intends to re-define the rules for a new economic model.

Meanwhile, and for the last decades, the efforts made by businesses to try to respond to these needs have been based in activities led by departments whose action was not integrated in the core business of the companies. However, in these times, companies have exceeded this approach and are ready to accept their role as drivers of economic, social and environmental development and lead the process of reorganization of economy, leveraging on their capacity to create impact and their scalability in order to transform the communities and ecosystems in which they operate.

Besides, the ESG model is a framework formed by a series of environmental, social and governance principles which is born as a consequence of the global trends in the new market environment, and offers a reference standard for businesses that wish to re-focus their strategies by identifying, measuring and *reporting* impacts. Despite that, up to this moment, application of this model has been fundamentally focused on communication and reporting and has ignored the possibility to offer an integral response to the spirit of ESG principles, it is possible to go one step further.

With this aim, this document presents a theory based on a non-exhaustive list of examples of some of the best existing practices, which exemplify different paths for transformation of business activities and processes based on an effort for integrating these ESG principles throughout the value chains of each company.

It is obvious that both the planet and society in general need urgent protection and action to continue their advance. In this sense, companies can seize the opportunity to develop businesses that are balanced, sustainable and profitable, that offer a response to certain social and environmental needs and that create impact with the goal of changing the world.

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