



MATERIALITY IN SUSTAINABILITY REPORTING:

MULTIPLE STANDARDS AND LOOKING FOR COMMON
PRINCIPLES AND MEASUREMENT. THE CASE OF THE SEVEN
BIGGEST GROUPS IN SPAIN

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INTRODUCTION

Of the 250 largest companies in the world (G250 companies), 95 percent now issue separate sustainability reports.

Moving forward, there likely will be greater alignment of traditional financial reporting and reporting on Environmental, Social and Governance (ESG) topics.

FINANCIAL MATERIALITY: THE BIG BANG OF THE CONCEPT

At a corporate level, the challenge is not only to stay abreast of these conversations, but also to apply a methodology that's robust enough to definition those issues in anticipation of new disclosure requirements, and embed them into business models and long-term strategy.

Key questions become: How will you know which are the most important environmental, social, and governance issues that affect competitive performance, including?



SUSTAINABILITY REPORTING (MAJOR) STANDARD-SETTERS AND DEFINITION OF MATERIALITY



INTEGRATED REPORTING <IR>

THE CASE OF THE SEVEN BIGGEST GROUPS IN SPAIN

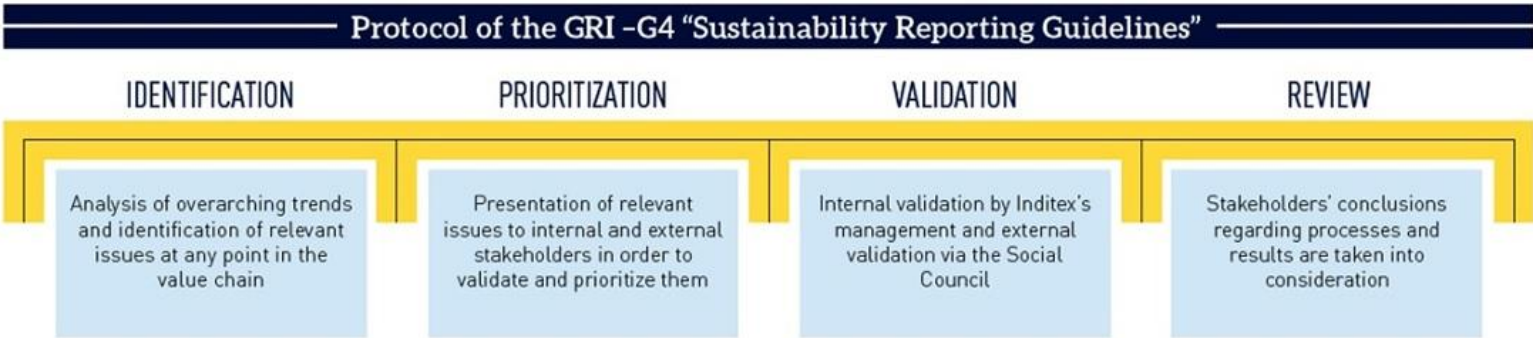
Below I paste the original ranking for the seven Spanish companies included (at the moment of writing this paper the last available ranking at the date of March 31 2015).

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FT Global 500 2015										
Market values and prices at 31 March 2015										
Global rank 2015	Global rank 2014	Company	Market value \$m	Sector	Turnover \$m	Net income \$m	Total assets \$m	Employees	Price \$	P/e ratio
71	58	Banco Santander	105,960.3	Banks	N/R	7,032.7	1,504,392.0	185,405	7.5	13.2
76	79	Inditex	100,013.2	General retailers	22,539.1	3,203.5	17,825.6	128,313	32.1	31.2
123	117	Telefonica	70,326.6	Fixed line telecommuni	60,915.4	3,402.7	139,579.2	123,700	14.2	19.2
138	121	BBVA	63,794.0	Banks	N/R	3,165.7	749,112.6	109,239	10.1	19.1
258	224	Iberdrola	41,179.6	Electricity	36,314.8	2,813.2	106,328.9	28,212	6.4	14.6
442	325	CaixaBank	27,350.6	Banks	N/R	749.7	398,105.5	31,210	4.7	36.5
481	305	Repsol	25,592.9	Oil & gas producers	57,104.0	1,949.2	57,946.8	24,289	18.6	13.1

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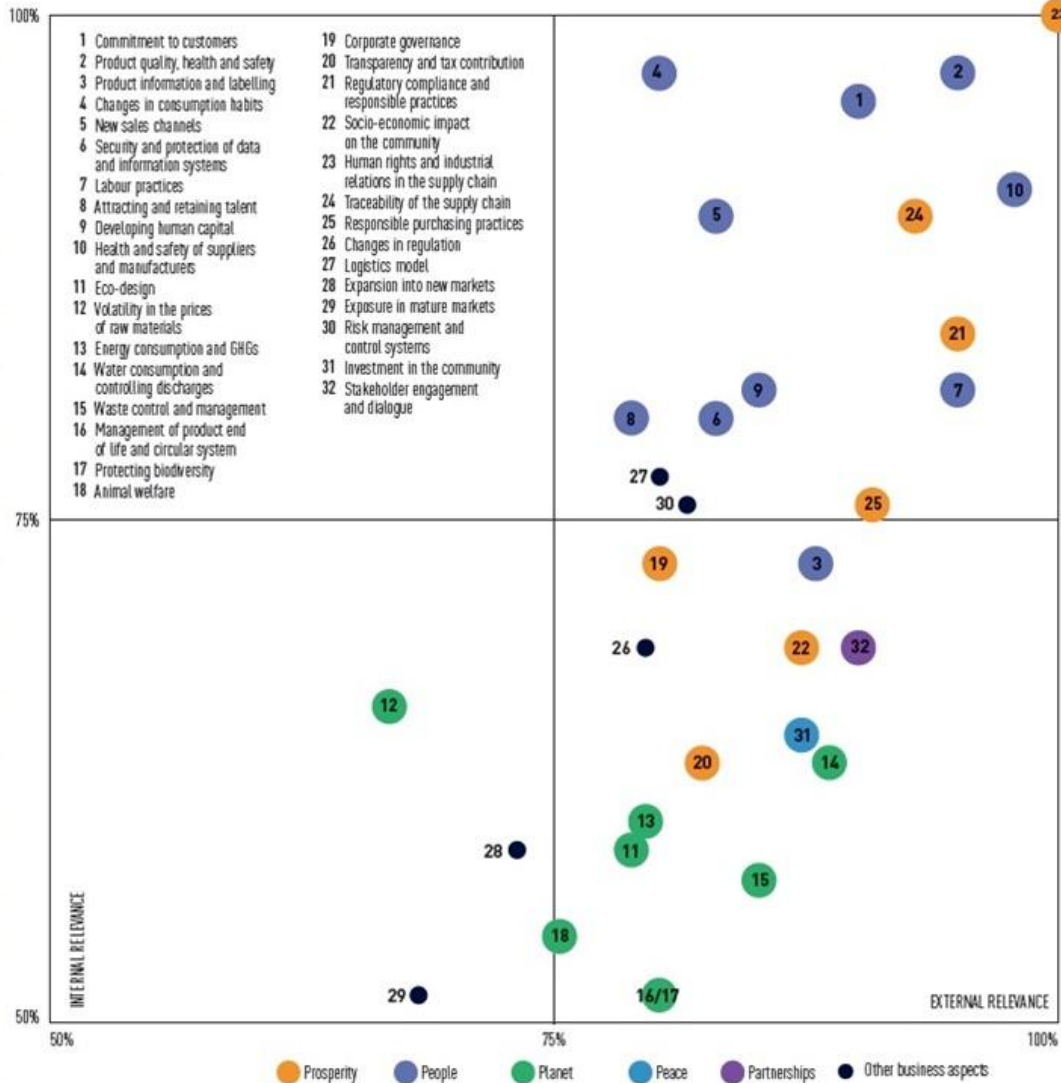
Process of preparing the Inditex materiality matrix



The material issues were categorized according to the five areas identified by the United Nations, which encompass the 17 Sustainable Development Goals, in order to align the strategies and programmes for addressing these issues with the SDGs and their targets



Materiality matrix





The following organizations, among others, have been consulted in the definition of material issues for 2015

Cáritas Española	Medicus Mundi
Spanish Committee for UNHCR	International Labour Organization
Cruz Roja	Textile Exchange
Entreculturas	The Humane Society of the US
Fundación SERES. Sociedad y Empresa Responsable	UN High Commission for Refugees
IndustriALL Global Union	University of Santiago de Compostela
Médecins Sans Frontières	Water.org



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CONCLUSIONS

In order to improve things still further the following recommendations are made. Companies should be encouraged to:

- publish a quantified materiality matrix;
- disclose the underlying process and scoring mechanisms;
- provide much more detail on how company impacts are assessed;
- converge sustainability and business materiality assessments;
- consider full life cycle impacts; and
- work towards an integrated reporting platform



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YOUR ATTENTION
AND PLEASE
DON'T ASK
TOO MUCH**



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