New trends in the disclosure of Planet Well-Being information. The case of Bon Preu.

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Abstract: The recent application of the Non-financial information and diversity Law “Ley 11/2018 de información no financiera y diversidad” in Spain has supposed a change on Annual Accounts presented by some firms. The purpose of this paper is to show how a big enterprise is affected by the Law and how does it adapt or even create some new strategies according to it. The firm Bon Preu has been chosen as the Case study for this report in order to make a critical analysis on the possible consequences of its enforcement.

Keywords: Bon Preu; Diversity; Non-financial information; Non-financial report; Social Corporative memory; Sustainable; Transparency
“To the tutor of this report Oriol Amat, the CFO of Bon Preu Pere Anglada, the Head of the Administration and Finance Department Joan Carreras and our friend Carla Llavero for their implication and help provided”
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1. Introduction

On December 29th, 2018, the non-financial and diversity Law came into force obliging some firms to create a report about their policies on the environment, human rights, corruption and bribery, and those related to social commitment. Its implementation has taken place in 2019, the moment reports from 2018 are presented.

This Final Degree project studies the historical knowledge related to the non-financial information in firms, in order to have a basic understanding and contextualize a deeper research that is going to be done of the chosen Case; Bon Preu. The mentioned is a Catalan firm classified in the “retail sale in non-specialized stores with food, beverages or tobacco” sector.

This review of new law and its enforcement is a matter of relevance since it affects the management of the firms and their business strategy. Also, it is known that there is a growing consciousness about all the problems related to the environment, for what investors find more and more valuable the access to information about Corporate Social responsibilities to make their investing decisions.

The main objective of this paper is showing how a big enterprise is affected by the non-financial and diversity Law and how does it adapt or even create some new strategies according to it.

The structure of the paper will be the following. First of all, in Chapter 2, a review of the literature is going to be done in order to get a notion of the historical facts regarding non-financial information until the application of the law. In Chapter 3 an explanation of the non-financial information and diversity Law and its immediate surroundings will follow. The methodology used to do this final degree project is going to be explained in Chapter 4. Chapter 5 will be a brief “Group Bon Preu” description to get to know the company that is going to be studied. Chapter 6 will be about the enforcement of the law and its inferences. Conclusions will be found in the end, in Chapter 7.
2. Review of the literature

As Hertz et al. (2017) explained, the first time the concept of non-financial information reports appears in Europe as relevant dates back to the 19th century. This event takes place during the industrial revolution, when some corporations started caring about the inequalities of the employees and the women’s rights, which was captured in the first Corporate Social Responsibility (CSR) memories ever (Hertz et al., 2017). Despite this big step with respect to social concerns, it is not until the last years of 1990’s that CSR extents to other important Planet Well-Being aspects such as environmental issues. Natural disasters or air pollution were some of the important areas considered in this initiation on non-financial reports (Hertz et al., 2017).

The American institution Coalition for Environmentally Responsible Economies (CERES) launched the Global Reporting Initiative (GRI) in 1997 (Gilbert, 2002). GRI integrates and unifies economic, governance, and CSR reporting standards in the global marketplace into a single sustainability-reporting framework based on the Valdez Principles (Gilbert, 2002).

Until 2003, the non-financial information provided is voluntarily given by the firms in Europe (Sierra-Garcia et al., 2018). It is in the Directive 2003/51/EC of the European Parliament and of the Council, where the Spanish legislation is adapted, through the Fourth Council Directive 78/660/EEC of 25 July 1978, in order to reach higher levels of transparency from the firms performance when necessary, giving some attention to the non-financial information. From the Commercial Code, published due to the Royal decree of August 22, 1885, the Articles 42 and 49 are amended by the Law of fiscal, administrative and social order measures 62/2003, asking for an analysis that shall include also non-financial key performance indicators, including information related to environmental and employee matters when necessary. Article 49 cites for the first time the non-financial information following the Article 42 from the directive 78/660/CE.

In 2007, the same Article 49 from the Code of Commerce is modified by the Article 1.2 from the Law 16/2007, of July 4, on the reform and adaptation of commercial legislation in accounting matters for its international harmonization based on the regulations of the European Union.

Year 2011 marks the beginning towards the widespread publication of non-financial information in Europe, with the Communication on the Single Market Act “Twelve levers to boost growth and strengthen confidence; Working together to create new growth” (Sierra-
Garcia et al., 2018). The belief that society in general, and investors in particular, wanted more Planet Well-Being information from companies leads directly to the adoption of measures to expand non-financial reporting in Europe.

An approach to the obligation of presenting non-financial information is seen in 2013 with the publication of the Directive 2013/34/EU on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings.

On October 2014, it finally came into force the European Directive related to the non-financial information disclosure; The Directive 2014/95/UE amending the Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups. This law establishes the obligation of reporting non-financial information on the management report for large undertakings which are public-interest entities (Deloitte, 2017).

Since the establishment of the Directive 2014/95/UE, the UE states have been implementing the law under different levels of rigorousness (EY, 2018). In 2017, 875 companies submitted the report, this supposing an increase of a 6% if comparing to the previous year and of a 14% of the total worldwide reports (EY, 2018).

On November 24th, 2017, the Royal Decree Law 18/2017 on non-financial information and diversity was approved and transposed to the Spanish legal system. Spain has been one of the last European countries to implement this law, with a lower level of rigorousness compared to other countries’ standards (EY, 2018).

One year later, an extension to the government real decree-law 18/2017 was established, leading to the last version of the new law; “Ley 11/2018, de 28 de diciembre, por la que se modifica el Código de Comercio, el texto refundido de la Ley de Sociedades de Capital aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio, y la Ley 22/2015, de 20 de julio, de Auditoría de Cuentas, en materia de información no financiera y diversidad”, the Law 11/2018 on non-financial information and diversity. This law derived from a decree published in 2017 and it raises the levels of rigorousness in terms of transparency and reliability of the information (Garrigues, 2018).
3. **Non-financial information and diversity Law**

Spain has been one of the last European countries to join the Directive 2014/95/UE implementing in 2017 the real decree-law 18/2017 and finally establishing one year later the new law 11/2018; Law on non-financial information and diversity. The main objective of this latest decree about non-financial information is the divulgation of information about social and environmental factors. This law has an obligatory nature for big companies and some groups. It is supposed to reduce risks and promote the firm’s transparency in order to increase the trust of the customers, investors and the overall society.

3.1. **Who does the new law affect?**

The new Law 11/2018 states as mandatory that firms who follow the next requisites have to publicize a non-financial report.

a) Average number of workers employed by the company during the year exceeds 500.

b) That they are either considered to be public interest entities in accordance with the audit legislation of accounts, or, during two consecutive years they meet, at the closing date of each of both years, individually or consolidated, at least two of the following circumstances: Total of assets greater than 20,000,000€, net product annual sales greater than 40,000,000€ or an average number of workers during the year that exceeds 250.

3.2. **Disclosure requirements**

The content of the report serves to comprehend the evolution, the results, the society situation and the impact of its activity on different aspects.

The report must contain a business model description; its strategy, structure and factors or trends that may affect its evolution. It is divided into five different sections that correspond to the five areas that the non-financial information report has to cover. These areas are the following: environmental issues such as pollution, use of energy or water consumption; social and personnel measures that ensure gender equality and proper working conditions; measures against or to control corruption and bribery; respect for human rights which consist on any policy established to eliminate discrimination, forced labour and child labour among others; society issues such as creation of jobs or consumer-related issues. All of these aspects must be explained with possible risks and impacts associated, as well as the policies implemented to manage them and which indicators are going to be used to assess the progress of the
organization. The information of the report has to be verified by an independent provider of verification services.

At a time when the demand for non-financial information is booming, companies are adapting their reports to legislation requests. But what are actually the motivations for the companies to improve their non-financial information? Both building an adequate corporate reputation when reporting on environmental and social factors and the compliance with regulatory requirements could be an answer.

3.3. Sustainable Development Goals

During the last years, New trends in Planet Well-Being has appeared and the publication of Social Corporative or Sustainable reports have grown exponentially due to an increase on the interest in a more sustainable world and the concern about the climate change consequences of investors and society overall (EY, 2018). For this reason, the new non-financial information law includes fundamental aspects to fulfill the project “2030 Agenda”, promoted by the United Nations with a series of objectives to be met by 2030 named the Social Development Goals (De la Torre, 2018).

The Sustainable Development Goals (SDG) are 17 goals set by the United Nations aiming at the transformation of the world. In 2015, all member states adopted the 2030 Agenda for Sustainable Development, being this year the temporal horizon to accomplish most of the goals, and 2020 the purpose for the most urgent ones (EY, 2018). These goals are an urgent call for action by all countries –developed and developing– in a global partnership. The goals face different challenges such as environmental degradation, poverty or inequality in order to achieve a better and more sustainable future (UNSD, 2019). Given the fact that not every organization can significantly contribute to the 17 SDG, the first step is to prioritize objectives according to the sector and business. This way, organizations will be able to identify the areas in which to properly integrate objectives with the corporate strategy.

3.4. Global Reporting Initiative Standards

In each section of the non-financial information report, it must appear a range of key indicators aligned with the activities of the company and it has to achieve reliability, relevance and comparability criteria (Díaz, 2019). The new non-financial and diversity Law requires companies to use specific key indicators that meet the Global Reporting Initiative (GRI) standards, the first global standards for sustainability reporting. These feature a modular,
interrelated structure, and represent the global best practice for reporting on a range of economic, environmental and social aspects. GRI covers all the information required by the new law to elaborate the report and establishes a range of indicators aligned with each of the 17 SDG (GRI, 2018).

3.5. Transparency degree study

There is an analysis being carried every year by the “Observatorio de RSC” (Observatory of Corporate Social Responsibility), which is limited to the quality of social, environmental and government information presented by enterprises, taking as reference point the Ibex Groups (Medina, 2019). This one shows that most of the firms do not comply with the main objective of the Law, and their orientation is far from the accountability mission the new norm is looking for. Instead, firms only exhibit some achievements and good practices. After the study of 540 indicators (OBRSC, 2017), the NGO gives the Ibex set a punctuation of 26.88 out of 100 points. The highest transparency degree corresponds to environmental information, followed by labor rights. The most opaque dimensions happen to be responsible taxation and human rights.

These last ones mentioned would be evaluated with 11.8 and 15.3 points respectively. Regarding responsible taxation, information would not be considered precise nor appearing broken down enough as to evaluate the commitment of the firms. Even though 21 firms from Ibex have presence in tax havens, only 10 reported it. When it comes to human rights, more and more companies count on formal policies for their respect, but they fail in informing how they guarantee their no infringement.

4. Methodology

In order to do a proper study we need to consider the different methods and techniques that could be used for the research process. After comparing a few methods that could have been useful for our project, we finally opted to make a Case Study Research. The reasons for this decision will be explained throughout the section.

A Case Research (Rovira, 2019) is an appropriate tool for either investigating particular situations in multiple specific disciplines or testing hypothetical cases by using them in real circumstances. It is considered a profound study of a particular situation to reduce a truly wide field of research into a facilely researchable topic. The Case Study Research is a qualitative
and descriptive method characterized by a search and inquiry process which allows us to examine a topic in far more detail than might be possible if we were trying to deal with a large number of research partakers.

As a general rule, the Case Research is implemented with the purpose (Shuttleworth, 2019) of elaborating a list of hypothesis about a specific topic and it helps to answer “how” questions. This method is going to be useful since we want to study how non-financial information reports are going to impact on firms and, to do so, we are going to focus on a particular company aimed to generalize over several companies.

We have decided that the company to be studied will be from the food distribution sector because we believe that it can be one of the sectors that are most affected by the introduction of the new law. Bon Preu is the company selected to make the study more intensive, detailed and concise. We have chosen this company considering that it is one of the leading companies in the food distribution sector in Catalonia and that it meets the necessary requirements that oblige to present the non-financial information report. Additionally, a key fact that made us opt for Bon Preu is that it is a company on which we can get the information we need directly and easily through a contact.

The investigation is going to involve collecting in-depth data about Bon Preu through the use of some collection methods. We are going to do an interview with Pere Anglada - Bon Preu CFO and Joan Carreras - Head of the Administration and Finance Department, since this collection technique is an essential source for getting additional information in case studies. The intention of the interview is to get to know in depth the company as well as to know the measures or changes that probably had to be done by the company to be adapted to the new law. Along the paper, specifically in Chapter 6, several references will be made to the interview. The complete interview can be found in the Appendix 1 of the project.

5. **Bon Preu Group**

Bon Preu, a Catalan grocery company, was set up in 1974 aiming to offer high quality products throughout Catalonia at a competitive price (Amat et al., 2015). The company is the result of the commercial activity that Font i Fabregó family already developed at the beginning of the 20th century. The first establishment was opened in Manlleu (Barcelona) and for more than forty years it has spread throughout Catalonia. The group currently has a total of 232
establishments and a workforce of more than 6,500 employees (VIA Empresa, 2018). It is currently conformed by 3 big business chains; Bon Preu supermarkets, Esclat hiper markets and EsclatOil gas stations (Bon Preu, 2019), adding up a business of 1.200 milions (Bankinter, 2018).

Though Bonpreu is a local group, their competitors are global. Lidl, Carrefour or Mercadona are some of the examples. They believe that that the size of a firm does not guarantee its survival and that in fact, companies that are listed on the stock exchange suffer an added pressure that obliges them to make decisions in the short term, thus affecting its strategies. On the contrary, Joan Font aims at long term horizons. The CFO of Bon Preu, Pere Anglada stated that more than 520 million euros have been invested in the last 5 years.

The model of Bon Preu stands for offering a wide assortment of products always under high quality standards. They offer a quality comparable to the leading brands but with a price differential that is up to 30% lower. The company finds a correlation of this positive evolution and its policies of proximity and fresh products, always offering an excellent service. One of their main goals is to increase the offer of km 0 products, always being aware of changes and innovating, according to the values that define the firm and its identity. It is a concern of them adapting their offers to the needs of their customers, considering intolerances of all kinds and the preferences for organic products (Bon Preu, 2017). They care about consumer proximity so much that all the tags from products are written in Catalan, and they guarantee that all workers speak the language. The commitment extends to its employees, considering them as another customer and seeking their conformity in their workplace. It also looks after the labor insertion of people with disabilities, giving them the opportunity to work in their premises.

They have always showed engagement in Social Corporative Responsibilities and they consider different actions with social entities as well as take part in environmentally-friendly projects such as own creation of energy.

6. **Enforcement of the Law and Inferences**

6.1. **Enforcement of the Law**

Section 3.2. explains what is the new law requiring the firms to hand in, what fields must be covered in the report. These were 5: environmental issues, social and personnel measures,
respect for human rights, measures against or to control corruption and bribery and society. Some of the aspects required were slightly covered already in the CSR memory they voluntarily published from financial period 2017 (Bon Preu, 2017). Though an extension and deepening of the information provided must be accomplished in the reports that will follow, the fact that some data was already being studied might ease the adjustment to the law.

Next are detailed, grouped by sections, these declarations already found in the report mentioned from 2017, in order to get an insight of the degree of correspondence with what is actually going to be demanded to publish. To help understand how this study of resemblance has been carried out, in Appendix 2 can be found the breakdown of the information and the methodology used.

Environmental issues

With respect to environmental issues, the matter was achieving the highest level of efficiency in all processes; a saving of energy and the generation of renewable as well as management and recycling of all waste formed during the productive process. Bon Preu informs about the investments in photovoltaic production facilities for self-consumption and the reduction of thermal losses in some buildings or in lighting consumption. The company affirms that they will continue opting for photovoltaics, for now the group has the largest and the most powerful solar photovoltaic installation in Catalonia, with 2,450 panels that can generate a 40% of the warehouse consumption. Also announces that has managed to reduce a 9% of thermal losses thanks to the isolation of external closures. In terms of lighting, they have achieved a 50% reduction in the company’s consumption by using natural light and presence control switches.

Bon Preu has achieved positive reductions in some other aspects; 20% reduction in air conditioning energy consumption thanks to the introduction of high efficiency heating and a 50% reduction in refrigeration.

The firm is trying to reduce carbon emissions through various measures; hydrocarbon separators at gas stations and a cold tunnel that serves as a device to capture nitrogen so gas pressure deposits can be eliminated and, in turn, savings in gas transport will appear.

When it comes to recycling, all establishments have a compacting machine or cardboard press. More than 7,000 tones of cardboard and almost 600 of plastic were recycled in 2017. Bon Preu is also working to avoid food waste by improving internal processes of food management adjusting in the best possible way the supply with the demand to avoid food surpluses.
On the one hand, Bon Preu is working on reducing the environmental impact produced by tracks but it is not as simple as it might seem since the alternatives, for example, using electric vans, is not a solid neither an operational alternative for now. On the other hand, the firm has managed to improve considerably with the plastic bags issue reducing its uses substantially; for instance, for some products Bon Preu has been offering a cardboard tray instead of a plastic bag.

There is a negative aspect of the company related to environmental issues in which they are not taking any action for now. Bon Preu sells fuels and there exist several environmental risks associated to the sale of fuel, for example, the spill of a barrel may have truly negative repercussions.

On account of this, Bon Preu intention is to be as sustainable as possible trying not to lower the level of attention to the customers by preserving everything that can be preserved.

Social and personnel issues

In terms of social and personnel measures, Bon Preu applies the principles of the law on equal opportunities between men and women and is working to achieve that all selection processes and internal promotions take into account every candidacy without discrimination of age or sex. In fact, a 37,6% of the indefinite contracts are to young people between 16 and 25 years and a 79% of the positions of responsibility are occupied by women and a 76% of total workers are women. The salary is not established depending on the person, but depends on the category of work existing in Bon Preu.

Furthermore, Bon Preu creates stable and quality occupation encouraging indefinite hiring and offering clear perspectives of stability and professional development, a 98% of the contracts are indefinite and a 77% are full-time contracts. It is a fact that the firm has generated 660 new jobs this last year.

Besides, in order to achieve the insertion of some collectives with difficulties in accessing the labour market, such as people at risk of social exclusion, Bon Preu collaborates with institutions and public services. As for today, the company has more than a 2% of disabled people in the workforce which means that they broadly exceed compliance with the General Disability Law.

Bon Preu offers its teams several training courses considering that Team Training is essential to get the best service. The two main programs are the following; Commercial Specialization
Program (CSP) which consist of a continuous training for future managers, head of cash, etc., and Individual Development Program (IDP) which consists of an individualized training aimed at talented people. Moreover, once a year the company carries out an appraisal to all the workers of the group in order to help them in their professional development. As soon as the appraisal is done, Bon Preu tries to identify talented workers to offer them internal promotion opportunities. There are 144 people in process of promotion and 84 people have already been promoted internally.

The company has been improving in terms of family and work conciliation implementing new measures that allow workers to have more stable schedules, planned in advanced through a program. Bon Preu ensures that its professionals have their workplace as close as possible to their family. For example, there have been 116 approaches granted, a 68% more than the previous year.

As regards prevention of labour risks, Bon Preu has extended safe behaviours training hours a 64% over the previous year. The average length of work leave due to accidents is 17,20 days which corresponds to a 48% less compared to the average of the sector in Catalonia.

A thermal stress study in the warehouses was conducted and it allowed to innovate in the temperatures control systems in order to reduce the workers thermal sensation by implementing new job costumes.

Respect for human rights

Even though it is not explicitly explained, Bon Preu tries to avoid any type of human rights violation. As we have previously explained, the firm takes measures to eliminate discrimination in employment. Also, measures are taken to ensure collective bargaining rights; workers are given the opportunity to propose improvements, as a matter of fact, 1.627 proposals of the 3,614 proposed by workers have been implemented.

Fight against corruption and bribery

Unfortunately, corruption and bribery are extremely popular issues in the business world. Today, firms can be liable for criminal activities carried out by someone in the company. For this reason, Bon Preu has established several controls as well as a complaint channel and a compliance committee. Basically, this compliance committee takes care of establishing a
protocol to the entire investigation process, which has to be done objectively and discreetly, to detect fraud and it guarantees that there is a proper complaint channel accessible to all workers.

**Society**

As far as society is concerned, the company has a strong commitment to sustainable development and to promote local products; 1,340 products are from local suppliers, 84% of meet suppliers and a 54.7% of fruit suppliers are from Catalonia. Bon Preu tries to negotiate with suppliers committed to the respectful breeding of animals.

The group collaborates with more than 140 entities doing food donations. More than 96% of Bon Preu and Esclat establishments have food donation agreements with organizations such as Caritas, Creu Roja, social services of city councils or other associations with the objective of giving weekly and fresh products weekly.

Bon Preu takes safety and health measures towards consumers and offers them a customer service where they can make suggestion, complaints, consults, requests…

One last thing that the company comments regarding the consumer treatment is the wide selection of products without gluten, lactose or any type of product adapted to the consumer’s needs.

With all the information that has been exposed above, extracted from the RSC memory from 2017, next is created Figure 1, representing the different degrees of information required by the law that can already be found in the memory.

<table>
<thead>
<tr>
<th>Environmental issues</th>
<th>Social and personnel issues</th>
<th>Respect for human rights</th>
<th>Fight against corruption and bribery</th>
<th>Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>93%</td>
<td>37.5%</td>
<td>50%</td>
<td>75%</td>
</tr>
</tbody>
</table>

Figure 1. “Degree of information required by the law that can already be found in the Corporative memory”
Elaborated by authors.
It is a tedious task to quantify this adjustment and it cannot be obviated the fact that some criteria might be subjective in the elaboration of Figure 1. In spite of this, it will help understand the degree of information already available and the consequences this can bring.

6.2. Inferences

After exposing the aspects that can be seen in the 2017 voluntary report and comparing them to what is demanding the new law, it must be contemplated whether the firm will comply or not with the main objective of the latest; the reach of transparency.

The enforcement of this new law as specified will not imply internal changes nor will be translated to a gain in the case of Bon Preu, but will neither harm the company. That is why some inferences are going to be made from a critical perspective, always taking into account the CFO’s considerations.

Below are some aspects of the law in which some deficiencies were found, as well as "gaps" that lead companies to model it in their own way and are the cause that some reports might not be objective.

Information

There is a crucial change in the market when this new law applies; the information available. Undoubtedly, this obligatory nature of some data sharing will have a repercussion in the chosen strategies.

Firms will find themselves on a double-edged sword position; they will be able to take more knowledgeable decisions making use of competitors’ information but, at the same time, competitors will also have access to theirs, which might be a weakness. Everyone will be more exposed, and this means an advantage but also a threat for each. As the CFO Pere Anglada
said, one firm needs to know the competitors’ situation as well as its own information in order to evaluate and decide its strategies. Some firms, as Bon Preu, used to use their competitors’ historical financial information to evaluate their situation and their opportunities on the market. With this new type of information, a new world is given to them, although the CFO of the firm Bon Preu understands that the benefit of having all this information will be reached in some years. It is not the static image of a competitor that gives relevant information but the dynamic image. Seeing the evolution of some aspects will allow the firm to make inferences from decisions taken by competitors. Pere Anglada thus recognizes that having to share some valuable data is the worst part of presenting the non-financial information.

When talking about the information presented, a huge disparity between unlisted and publicly listed companies has been detected. Bon Preu, as a non-listed company, assumes that the impact of its shared information will not be as relevant as the impact for the listed ones, since their information will not only be reachable by the consumers but also by the critical look of the investors. The latest have more and more in mind environmental, social and governance risks when deciding on their portfolio (Medina et al., 2019). 8 out of 10 institutional investors consider that extra-financial information can be quantified and helps identify new opportunities and manage risks in the long term (Medina et al., 2019).

As a CFO, Pere Anglada assumes that the information that the quoted companies will provide is going to be more accurate and trustworthy than the one given by the non-listed firms. Of course, this does not mean that firms under this condition –as Bon Preu– will present dishonest information, but it reflects the significance for the listed companies of being more specific and presenting the information in a more detailed way.

Strategy

The strategy adopted by firms might change according to whether they are listed companies or not. Anglada assumes that Bon Preu, as a non-listed company, will maintain its strategy of not giving all of the information. The idea of keeping some information private is a strength that nobody wants to give up. The fact that Bon Preu does not split the financial information between its supermarkets and its petrol stations is a clear example. Being completely exposed to competitors is not a wished position at all. Both financial and non-financial sources could have a significant impact on the market and therefore would affect the shares’ value; investors’ main interest.
Social Corporative Memory

Bon Preu has voluntarily long-published a Social Corporative memory within its annual accounts. Companies that have already presented sustainable reports can take this experience as an advantage of not having to start from scratch. This fact obviously facilitates the process of adapting to the new law, since many aspects required have already been analyzed and drafted in these statements and will barely need of changes. As the Financial Director of Bon Preu said, presenting this report won’t be a huge effort for the company.

The publication of Corporate Social memory has been sometimes criticized for being used as a strategy by some firms in order to sell out its good image to the consumers. With the application of the non-financial information and diversity Law, companies will continue using the report facing the public but with a clearly difference; the new law has to be validated by an auditor, who will not validate the intonation but the data.

Not only the companies who have been presenting the Social Corporative reports would be in some way beneficiated, but also those who since their beginnings have performed in their best way or have worked on internal aspects such as social issues. It is the firms who have in their DNA clear values and who put relevance in ethical aspects like gender equality or environmental-related issues the ones that will not find any trouble adapting themselves to the legal framework. Bon Preu is a brilliant example because since their beginnings it has been working on their values as a familiar firm and it has brought it to the present. As Pere Anglada explained, the law will not imply internal changes since the good practices in the company are part of their essence.

Market Power

Although the distribution sector seemed to have many aspects affected by the law, the CFO of Bon Preu played down the repercussion of the enforcement of the law on any specific sector, suggesting that the distribution sector is not more affected than others. When talking about all the consequences that this non-financial information Law has brought, the market power turned out to be one of the most important issues.

An improvement on important social issues is expected by the appliance of this new law in Spain but also Europe. The CFO of Bon Preu emphasized several times the fact that, to be able to achieve real changes, the first movers should be the ones with market power.
It is risky to take the initiative in a competitive market, and facing its consequences might seem threatening. Problems such as consumers switching to competitors or competitors not following your initiative could arise. This fear in firms with less market power interposes between the willingness to change and the act of changing. Anglada assumes that the ones with more market share should be the ones taking the initiatives, as their repercussion could be less harmful for the firm in a short term.

Since the first moment, Bon Preu understood that its competitors are not only the ones at its level but also the ones above and below it. As Pere Anglada explained, they have always taken into account firms as Mercadona and Carrefour, that are leaders on the market, but also firms as Dia, that even being in a higher position than Bon Preu, find themselves in an actual critical situation (Pérez de Leza, 2019). In some way, this justified Bon Preu’s position, who as a firm with almost no market power, has been trying to improve its practices without inferring negatively on its position on the market.

A good example given by the firm is related to the real decree 293/2018, about reducing the consumption of plastic bags. Some years before the application of this decree, the firm Bon Preu detected its consumers’ concern about the high level of plastic use. They thought on the possibility of charging the consumers that were asking for plastic bags, but the fact of losing them was a feasible possibility. Bon Preu found a real solution; giving discounts to the consumers that were not asking for a plastic bag, satisfied the consumers and reduced its use a 60%.

The suppliers’ power is another problem to the willingness of change of some firms. This means that despite some companies want to support sustainable activities, their business are linked to external factors and many of the firms do not have the power to change the suppliers’ activities. Anglada explained a specific example of Bon Preu; some of the ecologic vegetables sold in their supermarkets are from suppliers who unnecessarily cover their products with plastic. Although Bon Preu is constantly making recommendations to these suppliers in order to eradicate the plastic, the company does not have any power to change its methods. To sum up, the aim of achieving a better sustainability relies not only on the firms firms but also on the other stakeholders.
Transparency

The degree of transparency reflected in the report became one of the main troubles publicly exposed of the non-financial information Law. Firms adapted themselves to the new compulsory transparency legal framework, but as Pere Anglada and Joan Carreras suggested, the bases of the law can be easily taken as a simple literature. This method implies the possibility of some firms explaining in its own convenience the different sections of the reports, due to the “subjectivity” condition of the law.

As mentioned before, firms do not want to face the threat of giving to the competitors valuable information about its strategies or objectives. This could be one of the reasons why the OBRSC has detected on its study; “La responsabilidad social corporativa en las memorias anuales del IBEX 35. Análisis del ejercicio 2017” that the levels of transparency on the non-financial information reports are below the expected. Although the numbers and indicators are validated by an auditor, this report is far from reaching the law’s objectives. Then, this law will need to evolve during the years with the aim of making the non-financial report the most objective and transparent possible.

7. Conclusions

This Final Degree project has studied the historical knowledge related to the non-financial information in firms, and a deeper research of the chosen case, Bon Preu, has been done.

The objective of the paper was study and show how a big enterprise is affected by the non-financial and diversity Law and how does it adapt or even create some new strategies according to it. With a critic view, the possible consequences to this adaptation have been analyzed.

The conclusions are the following:

The non-financial information and diversity Law has been created following the European Union laws with a clear objective of making the information provided by the firm more realistic and transparent. As we have seen with Bon Preu and supported by the study done to the firms on the Ibex-35, the level of transparency is lower than expected, caused by the subjectivity of the information demanded. As the new law is not reaching the objectives, a future change would need to be done in order to clarify, contextualize and even limite the basis of the information provided by the firms.
Following the aim of the law, it is also seen how the firms with almost no market share wait for the ones with more power to take the first steps when applying Planet Well Being initiatives. The mentioned can have some collateral effects such as the need of rising prices, which might be risky since consumers may switch to competence.

For all that firms that have been presenting voluntarily the Social Corporate memory, as Bon Preu, the application of the non-financial information and diversity Law could have less impact than in firms that have never presented this type of information. We have seen that in the case of Bon Preu, a lot of information was already being published, so the effort, cost, or internal changes could be lower.

The disclosure of non-financial information on the market supposes a game-changer; more information is available for all. As the firm Bon Preu insinuates, there could be a difference between the firms on the stock exchange and the non-quoted firms. The information needed by the investors demands a higher level of rigorousness for the first group, which could generate controversies since they will be in a weaker position on the market by being more exposed.

To sum up, this law does not imply internal changes on Bon Preu, in a short term. In the long term, the law should adapt or change its nature in order to reach its objectives.

8. Bibliography


- GRI; Global Reporting Initiative (2018) “Linking the SDGs and GRI” Available at www.globalreporting.org


9. Appendix 1

[Confidential information]
10. Appendix 2

Study of the Degree of information required by the law that can already be found in the Corporative memory.

To justify the classification in degrees of information required by the law that can already be found in the Social Corporative memory, the following numerical study has been carried out.

The 5 sections in which the law is divided have specific requirements. Each section has been revised carefully and analyzed requirement by requirement in order to assess which ones have been already covered by the memory. They have been numerically valued.

The measure used is the following:

- 1 point if there is total availability of the information required
- 0 points if the required information is not mentioned
- 0,5 points if the information is not complete

Each of the five sections has a total number of requirements. Having a “1 point” in all the sections means having 100% of the information required by the Law available in the memory. Having a sum of 0 points means having 0% of the information required by the Law available in the memory.

The final scale is divided into quarters with a maximum of 100% of the required information available in the memory.

5 Sections from the non-financial information and diversity Law

1. Environmental issues - 100% (5/5 points)

- Contamination: 1 point
- Circular economy and waste prevention and management: 1 point
- Sustainable use of resources: 1 point
- Climate change: 1 point
- Protection of biodiversity: 1 point

2. Social and personnel issues - 93% (6,5/7 points)
- Employment: 1 point
- Organization of work: 1 point
- Health and security: 1 point
- Social relationships: 0,5 points
- Job Training: 1 point
- Universal accessibility for people with disabilities: 1 point
- Equality: 1 point

3. **Respect for human rights - 37,5% (1,5/4 points)**

- Elimination of discrimination in employment and occupation: 0,5 points
- Management of the risks linked to the violation of human rights: 0 points
- Elimination of forced and child labor: 0 points
- Right to collective bargaining: 1 point

4. **Fight against corruption and bribery - 50% (1/2 points)**

- Measures to prevent money laundering, fraud and corruption: 1 point
- Control of the contributions to non-profit entities: 0 points

5. **Society - 75% (3/4 points)**

- Commitments of the company to sustainable development: 1 point
- Subcontracting and suppliers: 1 point
- Consumers: 1 point
- Fiscal Information: 0 points