Human rights in the value chain of Spanish companies

Analysis of human rights due diligence policies and systems in Spanish companies 2023

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Content

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1. Introduction

Human rights (HR) are basic standards that guarantee the dignity and equality of all people. Companies, through their operations, can have both positive and negative impacts in relation to these rights. Following the publication in 1998 of the ILO Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact (2000) and its 10 principles, including human and labour rights, were added at the corporate level. Subsequently, in 2011, the UN Guiding Principles were published, and the OECD updated and published its Guidelines for Multinational Enterprises, thus completing the body of fundamental international standards that set the standard for the management, in the broadest sense, of human rights by companies.

However, none of these standards are binding on companies. Currently, in Spain there is a requirement to publish an annual Non-Financial Reporting Statement[1] . In February 2022, the Commission presented its proposal for a Directive on Corporate Sustainability Due Diligence for consideration by the European Parliament and Council. This proposal has been considered a significant step in the right direction, although it is considered to be far from being the comprehensive and effective instrument that is expected[2] . In any case, this upcoming change will force more than a few companies to make adjustments in their risk management systems and in the way they report on human rights-related risks and impacts.

In this context, ECODES periodically carries out a systematic and rigorous analysis of the policies, due diligence and grievance mechanisms on HR of the main Spanish companies, including their value chain. This is the third edition of this study. The 2021 and 2022 editions can be accessed here. We used the internationally recognised *Corporate Human Rights Benchmark* (CHRB) methodology [3] . ECODES has extensive experience in the use of the methodology, having been part of the analytical team since 2016. It is based on international human rights standards and generates a series of general and sector-specific indicators that allow for a detailed analysis of business policies and practices in the area of human rights. The CHRB analysis only includes two Spanish companies. This study covers all IBEX 35[4] companies, including analysis of sectors previously excluded from the study process, as well as other companies considered relevant for their sectors of activity.

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[1] Law 11/2018, of 28 December, which amends the Code of Commerce, the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on Auditing of Accounts, with regard to non-financial information and diversity.
[2] EU corporate accountability draft law published
[3] https://www.worldbenchmarkingalliance.org/use-our-methodology/
[4] IBEX 35 is the principle Spanish stock index comprised on the largest companies by stock market valuation

2. Objectives and scope

The general objective of the study was to carry out an analysis of a representative group of large Spanish companies in relation to their business policies and practices in the area of human rights. The specific objectives are as follows:

- To learn about the current state of policies and practices in a sample of the main companies operating in Spain, including all IBEX 35 companies. In this edition, 44 companies have been analysed.
- To briefly compare this state of affairs with the results obtained by CHRB in its global ranking and with the European companies that comprise it.
- To help companies recognise and raise the profile of human rights, pointing to a path for improvement based on the identification of best practices at the company level.
- Propose valuable, useful and rigorous information on the policies and systems of due diligence and remediation of major Spanish companies in relation to human rights to enable investors to incorporate this information into their decision-making processes.
- Provide evidence-based information to public authorities and society at large on the impacts (positive and negative) that companies generate in relation to human rights.

One of the objectives of the CHRB is to establish healthy competition between the companies analysed on the basis of a comparative ranking. Although this is an aspirational objective for ECODES, given the limitations in the scope of the present study, which has not allowed a dialogue with the companies, providing them with the opportunity to review their information and provide comments, we understand that this would be an objective to be achieved in future editions of the study if there is a growth of the scale of the project. Although the corresponding scores have been assigned to each company, and these profiles are available in Annex III, due to this lack of possibility of review, it has been decided not to focus on this aspect but rather on the state of the company as a whole, which is why the comparative ranking has been dispensed with.

The current edition of the study includes 44 companies, of which 40 have been analysed directly in the context of this study. Repsol and Inditex have been analysed in CHRB in 2023 and WBA has given us permission to use the information contained in these profiles, extracting the 12 indicators of the Core methodology. Something similar has happened with Iberdrola and Acciona Energía, which have been analysed for the BHRRC in the context of its Renewable Energies Benchmark (REB), also published in November 2023. In all cases, with the permission of the entities, we have used the information from the 12 relevant indicators for our study, and our work has consisted exclusively in using the Spanish language sources to translate the content. Therefore, the profiles of these 4 companies contain the same information and scores as those obtained in CHRB and REB, the only difference being that they are published in Spanish.

The CHRB groups the companies into the following main sectors: Agricultural, Extractive, Textile, Information Communication Technology (ICT), and Automotive. In the absence of extending the Benchmark to other sectors and given the existence of multiple different sectors, it has been decided to follow the categorisation carried out by the Stock Exchange itself, since after all, the study covers all the companies in its main index.

Table 1: Companies and sectors[5] included in the study

Petroleum and Energy	**Consumer Goods**
Acciona Renovables	Almirall
CEPSA	El Corte Inglés
Enagás	Ebro Foods
Endesa	Fluidra
Ibedrola	Grifols
Naturgy	Inditex
Red Eléctrica	Mango
Repsol	Mercadona
Solaria	Pharmamar
	Rovi
	Viscofan
Basic Materials , Industry and Construction	**Financial Services**
ACS	Banco Sabadell
Acciona	Banco Santander
Acerinox	Bankinter
ArcelorMittal	BBVA
CIE Automovtive	Caixabank
Ferrovial	Mapfre
Sacyr	Unicaja Banco
	Technology and Telecommunications
Consumer Services	Cellnex
Aena	Indra
Amadeus	Telefónica
IAG	**Real Estate Services**
Logista	Inmobiliaria Colonial
Meliá	Merlín Properties

Source: own elaboration based on Madrid stock exchange classification.

As will be seen later in the results section, and given that the objective of the study is not to gain in-depth knowledge of the performance of specific companies, the results have been analysed considering all companies. Finally, it should be noted that the composition of the index in March 2023 was taken.

[5] The sectors are those identified by the Madrid Stock Exchange. https://www.bolsamadrid.es/

3. Considerations

CHRB has two methodologies. The full methodology, specific to each sector covered by the Benchmark, and the basic methodology, which includes 12 more general indicators, not so closely linked to the human rights aspects relevant to the different sectors, and more closely aligned with the UN Guiding Principles.

The core methodology, as can be inferred, is a simplification of the full methodology. CHRB has different complete methodologies, one for each specific sector, which include sections on allegations (controversies in which the different companies are involved and their responses), performance (how they are doing on a daily basis in the different areas of impact) and management systems (how the company integrates human rights into the general risk system, communication and training in human rights, compliance monitoring, dialogue with affected stakeholders, etc.). This can result in a company scoring proportionally more in the basic methodology than it would in the full methodology, as the basic methodology focuses on policies and management systems, while the full methodology allows for a more in-depth look at what companies are actually doing on a day-to-day basis. One possibility, in the event that future editions of this study are carried out, is to include some of these indicators, in order to clarify differences with respect to those that are usually used, and to show more broadly the type of actions that companies carry out in the area of human rights. An example could be the monitoring of compliance in the supply chain and supplier assessments prior to their incorporation into the company's value chain and how this is captured differently from what CHRB includes in its due diligence indicators.

This core CHRB methodology focuses on indicators related to policies and commitments to universal human rights, labour rights, due diligence processes and grievance mechanisms. Although environmental aspects are implicitly included as human rights, the methodology has a strong and explicitly social focus. The World Benchmarking Alliance (which publishes the CHRB) has in place and is developing different methodologies covering different areas, including a Benchmark for extractive companies and climate[6] , or just transition[7] .

As mentioned in the scope section, there are four companies that have not been analysed in the context of this study, but rather their assessments have been taken from the CHRB and REB and we have simply carried out a translation exercise, without re-evaluating their scores. In relation to this, given that there are different entities using the methodology, and that WBA is analysing 2000 companies in its Social Transformation Benchmark (which includes other Spanish companies covered by this study), we thought it appropriate to point out those cases in which, had the analysis been carried out for CHRB or REB, there would have been an

[6] https://www.worldbenchmarkingalliance.org/climate-and-energy-benchmark/
[7] https://www.worldbenchmarkingalliance.org/just-transition/

internal debate about awarding the sub-indicator. These cases have been highlighted in amber in the companies' profiles. The purpose of this action is to point out that, should WBA conduct its own analysis and make a different decision, that is the one that should prevail, as it will have passed a higher filter of discussion than it has had in the context of this study, and a proper consistency analysis will have been conducted, which has been beyond the scope of the present study.

Although explained below in the results section, CHRB has very specific criteria for the type of information accepted under Theme A on policies and commitments. Very specific wording is accepted, and only publications that are considered a formal policy, with no annual or periodic reports accepted as a source of formal Commitments.

4. Methodology

4.1 The CHRB methodology

The analysis methodology developed in the framework of the CHRB initiative is a publicly available methodology[8] that has included consultations with different stakeholders as part of its development process. It is based on leading international standards and applies to 5 sectors: agriculture, textiles, extractive (oil, gas and mining), technology & communication, and automotive. The indicators cover common aspects applicable to all companies and specific areas and risks for the different sectors of activity.

It is grouped around 5 main areas of analysis: Policies and Commitments (plus a sub-section on governance), policy implementation systems (including a specific sub-section on due diligence), complaint and grievance mechanisms, performance, and allegations. In a company in the technology sector that has its own operations, i.e. manufactures its own products, 56 different indicators are analysed, not counting possible allegations, which in turn are divided into at least three or four sub-indicators (up to seven sub-indicators depending on the indicator).

The screening process includes a review of documentation published by companies. This is followed by an *engagement* process during which companies can provide additional information and/or documentation, as well as provide more context and detail on their policies, systems and procedures in relation to human rights, provided that this additional documentation is publicly available. Once the analysis and *engagement* process have been completed, a final review is carried out to consider the *feedback* provided, and a final *score* is assigned to enable a comparative analysis of the total sample of companies as well as by sector.

The CHRB Core methodology

In addition to the main methodology described above, CHRB publishes a *core* methodology that includes 12 indicators common to companies in all sectors[9] , as shown in the table below. These indicators are closely linked to the UN Guiding Principles, where due diligence and grievance mechanisms take a prominent role. It is also the methodology that has been used in studies conducted in different countries, where an analysis of their leading companies has

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[8] Analysis methodology available at https://www.worldbenchmarkingalliance.org/research/the-methodology-for-the-2022-corporate-human-rights-benchmark/

[9] https://www.worldbenchmarkingalliance.org/research/corporate-human-rights-benchmark-core-ungp-indicators/

been carried out according to the same methodology. These include Australia, Ireland, Denmark, Germany, Belgium and Finland[10] .

A revision and update of the core methodology took place during 2021, following in the wake of the revision and update of the main methodology. This revised methodology is the one used in this study, as well as in the 2022 study, which has allowed for the first time a comparison showing the evolution from one year to the next.

Table 2: CHRB Core Methodology Indicators

Theme A.1	Formal commitments (policies)
A.1.1	Commitment to respect human rights
A.1.2	Commitment to respect workers' human rights
A.1.4	Commitment to remedy
Theme B.	**Integrating respect for human rights and due diligence**
B.1.1	Accountability and resources for the day-to-day management of human rights functions
B.2.1	Due diligence: Processes to identify human rights risks and impacts
B.2.2	Due diligence: Assessment of identified risks and impacts (salient risks and key sector risks)
B.2.3	Due diligence: Integrating assessments internally and taking appropriate action
B.2.4	Due diligence: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts
B.2.5	Due diligence: Reporting on how human rights impacts are being addressed
Theme C.	**Remedy and complaint mechanisms**
C.1	Employee grievance mechanisms
C.2	Mechanisms for receiving complaints from external stakeholders and communities
C.7	Remediating adverse impacts and incorporating lessons learned

Source: World Benchmarking Alliance

4.2. Processes applied in this study

In this study we have chosen to follow this core methodology of indicators as it allows the assessment of any company in a basic way, and is not affected by indicators that are adapted to the context of some specific sectors. The table above shows the 12 indicators of the core methodology. A full explanation of these indicators with their corresponding sub-indicators can be found in Annex I. The study process has consisted of two phases.

[10] https://www.worldbenchmarkingalliance.org/impact/third-party-research-using-our-chrb-methodology/

PHASE 1. DOCUMENTARY REVIEW

This phase brings together all the documentary research work. It collects the public information found and data from each company analysed that will be used for the subsequent analysis. Its main objective is to carry out an exhaustive search, compiling all the documentation and information available on documents, policies and reports of the companies analysed. The following is the usual typology of sources to be used for each company included in the universe of analysis:

- Annual report
- Company policy and strategy documents covering human rights issues
- Code of Conduct
- Code of conduct for suppliers
- Declaration / Modern Slavery Act (not customary if not listed in countries that require it)
- Corporate Social Responsibility (CSR) / Sustainability Reports
- Human Rights Report (if available)
- Press releases relevant to the analysis
- Content on the company's website relevant to the analysis

Once the collection was completed, companies were contacted by e-mail, informing them of the sources to be reviewed for the study and giving them the opportunity to provide additional sources if they were omitted. 16 companies responded to these communications.

The CHRB study process includes contact with companies mid-way through the process, allowing companies to review the profile, consult doubts and provide additional information, opening a second window of information gathering for those companies that decide to get involved. This allows, in some cases, to refine the analysis for the final publication. For this study, companies were contacted early in the process to make them aware that the study would be carried out, and were provided with the public sources to be used, in case they wished to provide additional sources that the analysts may have overlooked.

PHASE 2: ANALYSIS AND REPORT WRITING

The second phase of the study consists of an analysis of the documentation, data and information collected in the first phase and the drawing of conclusions on the quality, at least of the information found in the public domain, of formal commitments in the form of policy, due diligence systems and mechanisms for complaint and remedy provision.

Each area of analysis contains a set of indicators that are based on the UN Guiding Principles on Business and Human Rights and international human rights standards. For each indicator, the company has been given a score of 0 to 2 points (in ranges of 0.5 points in some cases) depending on its degree of compliance with the requirements set out for each indicator and based on the review and analysis of the documentation compiled for each company in the previous phase.

This report analyses the results obtained, and includes the specific profiles of each Company in the form of an annex.

According to the methodology, the evidence used in the study of the different companies is generally considered valid for three years (last three years of reports), except in cases where the indicator requests a shorter timeframe (none in the core methodology), or in cases of documents not published periodically, such as policy documents. Therefore, once a company has been awarded a sub-indicator, it is not considered necessary to update it as long as the evidence against which it was granted is still current or there has been a methodological change. For this reason, even if companies have updated information for a specific requirement, it does not have to appear with the most recent version if it was granted with other information that is still current according to the CHRB methodology.

Finally, it should be noted that the CHRB analysis only accepts information in English, without accepting content in other languages (with exceptions if the nature of the indicator permits). For the preparation of this study, the methodology and explanations of the indicators have been translated to facilitate their monitoring. Following this logic, the study has been carried out with evidence in Spanish. The only case in which evidence in English has been accepted is when it has been accessed through content in Spanish (for example, *modern slavery statements*).

4.3 Methodological changes compared to the previous edition.

During 2021, a methodological revision of the CHRB methodology was carried out, which started to be used in the 2022-2023 study cycle. The fact of waiting for the publication of the CHRB to publish this study has allowed us, for the first time, to make a comparison of the situation in Spain with respect to the Benchmark, as both have been recently updated. At the same time, given that this is the second year that the revised methodology has been used, we are also in a position to compare the evolution of the situation in our country.

5. Results

This section describes the results obtained globally and by section. It also analyses the evolution with respect to last year considering a similar universe of analysis (the 39 companies that repeated in both years). In this edition we have dispensed with the breakdown of results by sector. Instead, we have introduced a comparison that we believe to be more relevant, i.e.

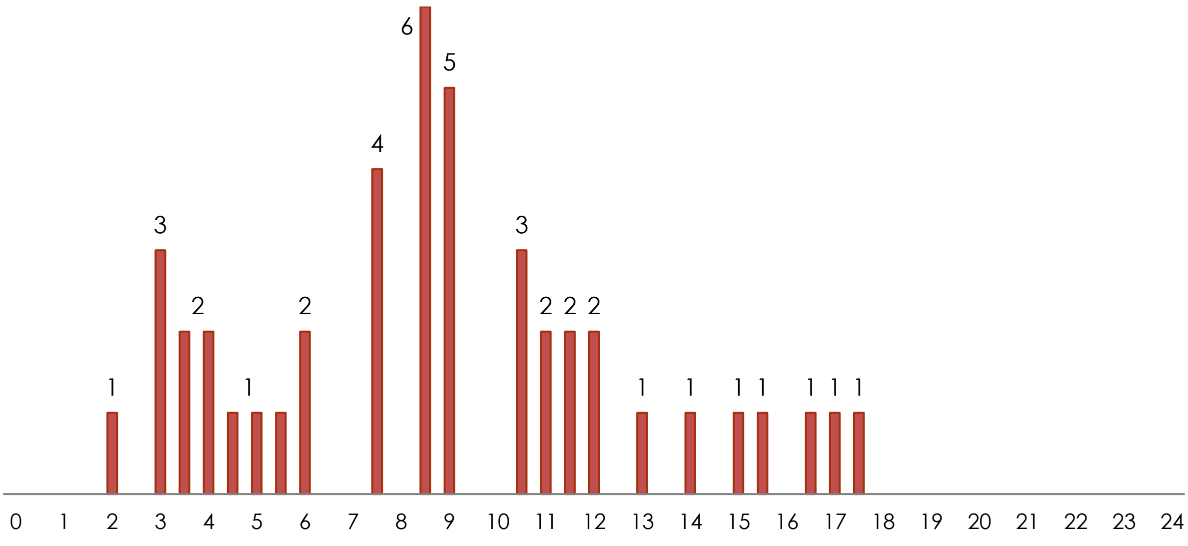
comparing the results against the CHRB global index[11] and against an index we have created grouping the European companies[12] analysed by CHRB.

As mentioned above, of all the companies included in the study, there are four that have not been analysed by our team in the context of the study, as they have already been studied by CHRB for its index (Repsol, Inditex), and by BHRRC for its REB (Iberdrola, Acciona Energía).

Overall results

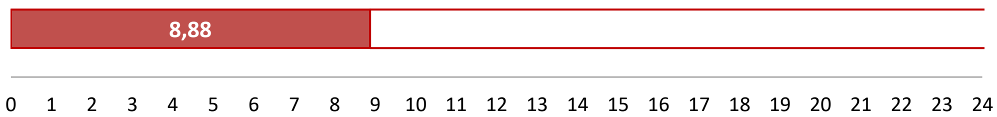
The two figures below show the overall results obtained by the companies included in the study. The average score was 8.82 points, with 8.5 being the median (central score of the set of results) and the mode (most common score). There are three companies that stand out at the top, within a range of 1 point (0.5 points between each). On the other hand, the minimum number of points scored by a company is 2.

Figure 1: Number of companies and score obtained n = 44



Source: Own elaboration

Figure 2: Average index score

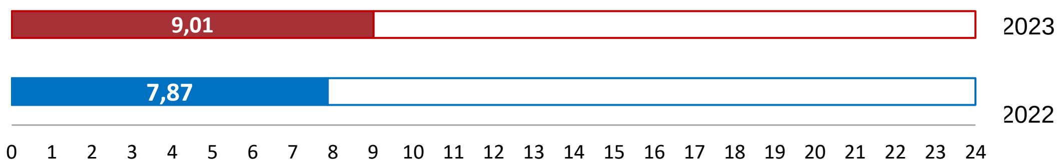


Source: Own elaboration

[11] In the cases of companies analysed in both 2022 and 2023 (multi-sector), the 2023 result has been taken.
[12] The list of companies includes those from the UK and Switzerland.

Comparing the evolution since 2022, we see that there is an improvement of more than one point on a comparable perimeter. As we will see below, this is due to a subtle improvement in all areas and indicators, rather than an improvement in any one area.

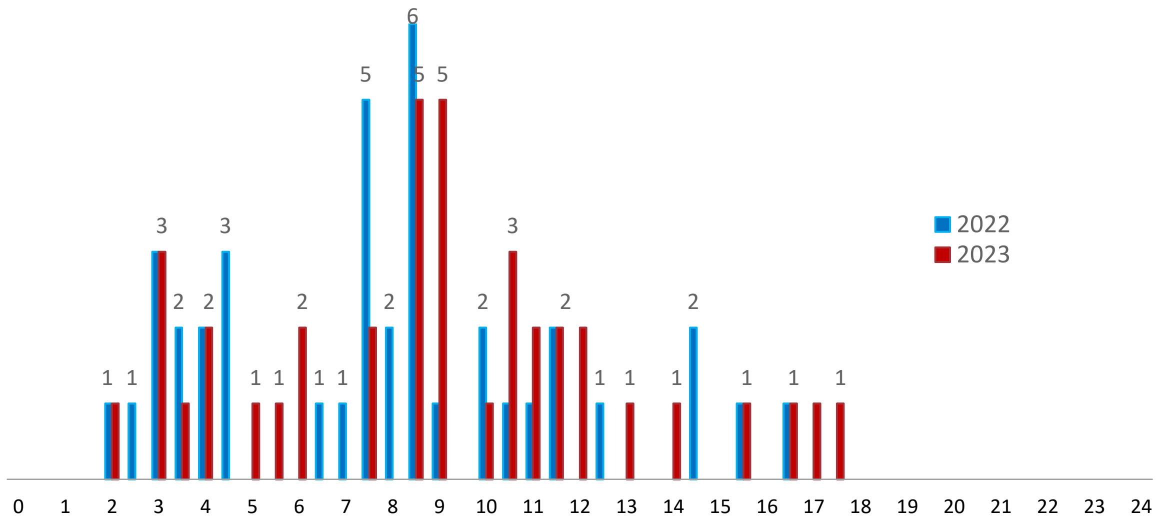
Figure 3: Evolution in average index score n =39



Source: Own elaboration

As can be seen in the figure below, there is improvement not only in the top positions, but also from values of 2.5 points. However, the lowest score, 2 points, is maintained. Thus, of the 39 companies for which a comparison is possible, 30 have improved, 7 have remained the same, and two have slightly reduced their score, also due to a technical aspect of the score.

Figure 4: Number of companies and scores obtained. Evolution 2022-2023. n=39



Source: own elaboration

As in previous editions, we consider it essential to note that there is no interest in this survey to point out behaviours, or information specific to particular companies. Despite the response rate (36%), interaction with them has consisted of communicating the execution of the study and giving them the opportunity to review the sources we were using in case they wished to add any. Therefore, the companies have not had the opportunity to review their profiles and provide additional information or clarifications. Finally, it should be noted that the CHRB currently does not include in its methodology the capture of rights related to data, privacy, access to information, artificial intelligence, etc. There are sectors, especially technology and finance, that emphasise these rights and work on their management. However, in those cases where information has been found only in relation to these areas, it has not been included to maintain consistency with the analysis carried out by CHRB.

5.1 Section A: Human Rights Engagement Policies

This first area assesses companies' formal commitments to various international conventions and standards, as well as the commitments to remedy their negative impacts that these same standards require. The full methodology includes seven indicators (plus another four governance indicators in another sub-section), which are reduced to three in the core methodology. As listed below, these three indicators cover, broadly speaking, commitments to respect human rights and to respect specific initiatives (Guiding Principles and OECD Guidelines), commitments to respect International Labour Organisation (ILO) Conventions, and commitments to remedy any negative impacts generated or contributed to by their activities.

Table 3: Human rights engagement policies

Theme A.	Government and commitments
A.1.1	Commitment to respect human rights
A.1.2.a	Commitment to respect workers' human rights
A.1.4	Commitment to engage in remediation

Source: World Benchmarking Alliance

One of the aspects eliminated in the core methodology with the latest methodological revision was the expectation of commitment to health and safety and working hours. This would be one of the indicators that would be interesting to add, as the full methodology considers them for companies in all sectors, unlike in the past, when working hours were only studied in the manufacturing sectors. On the other hand, indicator A.2.1 of the main methodology captures the existing responsibility at Board level, which is not captured by the methodology used in this study.

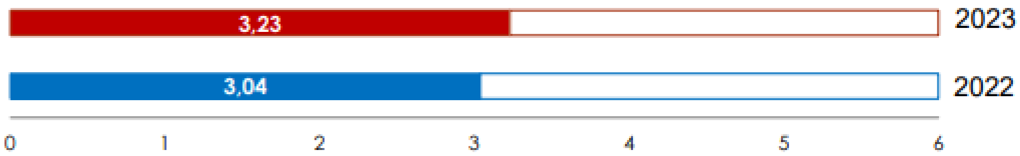
The maximum possible score in this section is six points. As indicated in the figure below, the average is approximately 3.18 points, just over half. No company scored 6 points, with only two companies scoring 5 points, which was also the case in 2022. On the low side, one company scored 0 points in this area. The most common score was 4 points and the median value was 3.5.

Figure 5: Mean index score in Theme A. n=44

Source: Own elaboration

These figures represent an improvement in absolute terms with respect to 2022 in the average score, but not in the median and mode. However, if we go on to make a comparison with a similar scope, with 39 companies, we see that the improvement in the average has been slightly greater, with the median and mode remaining at 3.5 and 4 respectively in all cases.

Figure 6: Average Theme A score. Evolution 2022-23. n=39



Source: Own elaboration

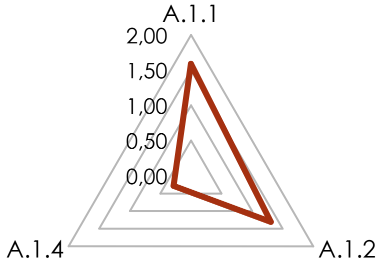
A fundamental aspect of the CHRB methodology, which is strictly followed, is that commitments must be found in formal policy documents, so commitments set out in annual reports, on websites, etc. are not considered adequate, unless the policy documents are presented in a web-based format, or are "embedded" in the report. On the other hand, when examining commitments, CHRB establishes expressions that it considers sufficient and those that it considers vague enough that it is not considered a firm and formal commitment. The same logic is followed for the Spanish language analysis. This leads many Companies to refer to specific aspects such as the Guiding Principles indirectly, to use other words instead of 'remedy' or 'redress', or to put some safeguards in place.

Indicator A.1.1

Focusing attention on specific indicators, 28 companies scored highest on the first indicator, more than on any other indicator, as a result of having policies that include commitments to both human rights and the Guiding Principles (or the OECD Guidelines for Multinationals). 16 companies lack a commitment (at least not found) expressed in a policy document to follow either the Guiding Principles or the OECD Guidelines. 14 companies have only a commitment to human rights, and 2 companies were not found to have explicit policies or commitments in them.

This has led to an average of 1.59 points for this indicator, the most common and average being 2 points. It should be noted that this is the only indicator of those analysed that only allows 3 ratings, 0, 1 and 2 points. It is not eligible for half points. The average for 2023 is also 1.59 points, an improvement on the 1.51 points of 2022, with a gain of 3 gross points from one year to the next.

Figure 7: Average score by indicators Theme A. n=44;



Source: Own elaboration

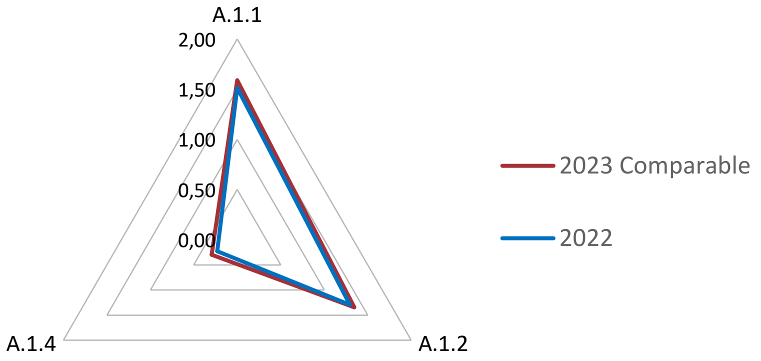
Indicator A.1.2

This indicator looks for commitments to the ILO Declaration and its 8 core conventions, both on the part of the company itself and in the form of expectations for suppliers. Given that A.1.2.a is a key indicator in the methodology, as it partly conditions companies' scores on other indicators (in the core, b.1.1), it is often an indicator that has particular wording requirements when analysed, and there are common expressions in many codes that are not readily accepted by CHRB generally due to a lack of clarity that can make interpretation ambiguous, particularly with regard to freedom of association and collective bargaining. For this study, as far as possible, we have strived to follow that CHRB policy, but since it is not the main objective of this study to generate a ranking between companies that may foster a competition of sorts, but rather to assess in a more global sense Spanish companies' commitment to HR, we have tried to apply the benefit of the doubt with the more ambiguous cases where there was a clear general compromise.

The average for this indicator stands at 1.31 points, with a greater variability across scores than in A.1.1, largely due to the fact that in the case of this indicator there is an option to assign half-points. The mode, however, is still 2, with 19 companies scoring 2 points, the second highest after the previous indicator. The median value is 1.5 points.

Here the notable improvement over 2022 is that at least 31 companies score 1 point, up from 27 last year. Although there is one less with 2 points, the comparable average has risen to 1.35 from the previous 1.29.

Figure 8: Average score per indicator in Theme A. Evolution 2022-23. N=39



Source: Own elaboration

Indicator A.1.4

The indicator in this area where the fewest companies scored was the provision of remediation. In fact, only one company exceeded the threshold of 1 point, and 3 scored 1 point. In 24 cases no points were scored on this indicator, which is an improvement in absolute terms compared to the previous year, as the perimeter included 5 fewer companies and a total of 25 did not score on this indicator. Here the average was 0.28 points, with 0 being the median and most common value. There is a small improvement over last year, with a net gain of 2.5 points for the 39 companies analysed in both periods.

This indicator seeks, first and foremost, a formal commitment from the company to remediate or repair any adverse impacts it has caused and contributed to, and expects suppliers to do the same. It also requires evidence that the company is committed to engage with both judicial and non-judicial mechanisms, and actively support suppliers in remediating impacts caused by suppliers. These requirements may be more difficult to meet for companies operating exclusively in developed countries or in the Iberian Peninsula, as they often consider human rights abuses to be a low risk, which may mean that they lack specific policies on these aspects.

5.2 Section B: Integrating Human Rights and Due Diligence

This is the core section of the basic methodology. The full methodology consists of 14 indicators divided into two sub-sections. Subsection 1 on human rights management systems, and subsection 2 on the due diligence process. The core methodology includes six. One on executive and day-to-day accountability for human rights management, four on the different parts of a due diligence process (identification, assessment, taking action and follow-up of actions), and a fifth on whether there is communication about the different parts, and how the company has dealt in terms of communication with possible complaints from affected stakeholders.

Table 3: Due diligence and management responsibility

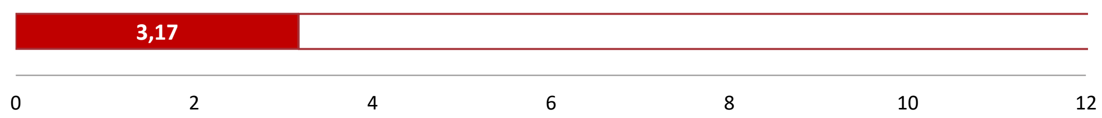
Theme B.	Integrating respect for human rights and due diligence
B.1.1	Accountability and resources for the day-to-day management of human rights functions
B.2.1	Due diligence: Processes to identify human rights risks and impacts
B.2.2	Due diligence: Assessment of identified risks and impacts (salient risks and key sector risks)
B.2.3	Due diligence: Integrating assessments internally and taking appropriate action
B.2.4	Due diligence: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts.
B.2.5	Due diligence: Reporting on how human rights-related impacts are being addressed

Source: World Benchmarking Alliance (own translation)

The reduction of indicators in the core methodology, focusing almost exclusively on due diligence, may overlook valuable human rights information that the methodology considers monitoring rather than due diligence. This refers to regular monitoring of compliance with company policies and regulations in both own operations and in the supply chain. It is common for companies to have ethical mailboxes, conduct supplier approvals and social audits of suppliers as mechanisms to manage human rights risks. While this could be considered as part of a due diligence action mechanism in certain contexts, and inform the due diligence process with its results when patterns of non-compliance, risks or impacts are uncovered, a monitoring system, in itself, is not considered to constitute an action mechanism in the context of due diligence as an integrated process. The main methodology devotes an indicator exclusively to monitoring (B.1.6), and distinguishes it from specific action-taking arising from a due diligence process. Where possible, an attempt has been made to explain these situations in cases where this has been identified. A future edition of this study might consider including certain indicators that, while not included in the assessment, could capture more broadly the efforts of companies to respect human rights.

This area is assessed on a total of 12 points. Although it is the largest topic in terms of number of indicators, it is true that most of the indicators are obtained through a continuous process of action, as it is the complete due diligence process. This is the area where companies scored the lowest in relative terms, with an average score of 3.03 out of 12, with a median score of 2.5. Interestingly, the mode has become 0, as there are 6 companies with no points on any indicator (one new, and one that has become 0 because the existing evidence is too old), compared to 4 in 2022.

Figure 9: Mean index score on Theme B. n=44



Source: own elaboration

Regardless of the modest results obtained by Spanish companies in section B, there has been an improvement compared to the 2022 results, with the average score increasing by more than 20%, from 2.58 points to 3.24 points. The averages in 2023 are higher in all indicators.

Figure 10: Average Theme B score. Evolution 2022-23. n=39

Source: Own elaboration

Indicator B.1.1

As with previous editions of this study, there has been some difficulty in finding adequate descriptions for indicator B.1.1 according to how CHRB expects them to include content explicitly related to human rights. The companies surveyed tend not to be very straightforward or provide much detail in describing the articulation of responsibilities and processes for human rights (or sustainability, corporate responsibility, or whatever term defines the range of areas that fall under human rights). While many scored somewhat well on this indicator, concrete explanations in relation to human rights expertise were not abundant.

This year, however, an improvement has been noted. In previous editions it was mentioned that what was usually centralised in one section of the document in companies in other countries was not systematically the case here. While this is still the case for supply chain management responsibility, it seems that companies are providing more information about the operational articulation of at least broad sustainability. Only 3 companies score 2 points, which requires providing explicit evidence of human rights expertise applied in own operations and supply chain.

Despite all of the above, it should be noted that there has been an improvement compared to 2022 in both absolute and relative terms. As can be seen in the table below, there has been an improvement in terms of perimeter between 2022 and 2023, with a total number of 7 companies that have passed the 1 point barrier.

Table 4: Total points in B.1.1 2023 vs 2022. n=39

Score	2022	2023 comparable
0	5	5
0,5	10	7
1	9	5
1,5	14	19
2	1	3
Total Points	**37**	**43**

Source: Own elaboration

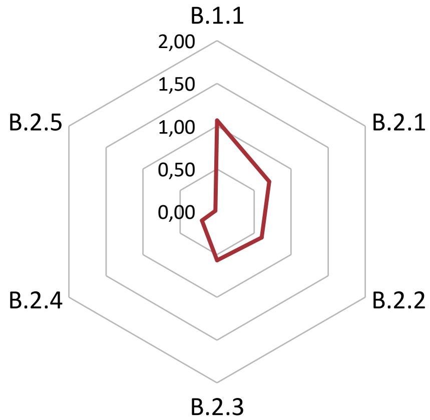
Indicators B.2.1 to B.2.4

As indicated above, area B basically covers due diligence, with 10 of the 12 possible points being devoted to it, although the last indicator, B.2.5, focuses on communication processes with stakeholders affected by the company on specific aspects that have been the subject of complaints. For this reason, it is analysed below.

Indicator B.2.1 corresponds to the identification of potential impacts, both through own operations and the supply chain. With this evidence, 1 point could be obtained. To qualify for 1.5 and reach 2, evidence is also required that the process is carried out frequently, that human rights experts and affected stakeholders are consulted as part of the process, and that the process is triggered by new circumstances in the company, indicating what potential risks arise from these. The average score was 0.7 points, with 0.5 being the median value and 0 the mode. This mode value is repeated for all other indicators of the due diligence process. On a comparable perimeter, however, there has been a significant improvement from an average of 0.45 to 0.72, a 60% improvement from 17.5 points to 28 points.

Particular mention should be made regarding this indicator in relation to the banking sector. In the absence of specific rules in CHRB in relation to this sector of activity, and because of the way some banks report on it, it has been decided to accept due diligence in project finance as part of the penultimate sub-indicator, 'the system is triggered by new developments'. This decision is not validated by CHRB, and has been taken as a way to capture the value of these actions for the purpose of this study.

Figure 11: Average score per indicator in section B. n=44



Source: Own elaboration

The most striking aspect is the lack of information available in relation to consultation with affected stakeholders, not only for B.2.1, but throughout the whole process, where the methodology also expects consultation: description of consultation to determine what the relevant impacts are, to agree on the actions to be taken to address them, and to involve them in monitoring whether the measures to be taken are being effective or not.

Regarding **indicator B.2.2**, this often overlaps with B.2.1 when it comes to using information, as the evidence presented usually refers to a single step that involves assessing what the impacts are, and this involves first identifying, and then determining relevance. Here, to score 1 point, the Company is expected to provide information about the process for determining what are the relevant impacts on own operations and the supply chain or, alternatively, to provide information about the results of these assessments, i.e. what it considers to be its relevant human rights aspects. To qualify for the 2 points, it is necessary to meet all these requirements and, in addition, to describe what consultations have been held with affected stakeholders to determine this relevance. As mentioned above, the scores start to drop here, with an average of 0.6 points, the median value being 0.5. A total of 21 companies failed to score on this indicator, almost half of those analysed. On a comparable scope, the average of 0.6 was maintained, with 18 companies not scoring. Despite this, it is still an improvement compared to 2022, where the average was 0.5 points and 21 companies did not score. The improvement noted from the previous year is based on using a comparable perimeter comprised of 39 companies.

Moving on to **B.2.3**, this indicator is often problematic in that, when referring to actions to be taken to address different impacts, companies often report describing the monitoring of compliance with policies. To obtain a score, a description is sought of the system in place to address the various impacts that are considered relevant as a result of the assessment, both in own operations and in the supply chain. Alternatively, a point can also be obtained by an example of actions being taken to address at least one of the impacts. As in B.2.2, to qualify for 2 points, in addition to this, a description of how dialogue with affected stakeholders is taking place to try to reach a consensus on actions to be taken is expected.

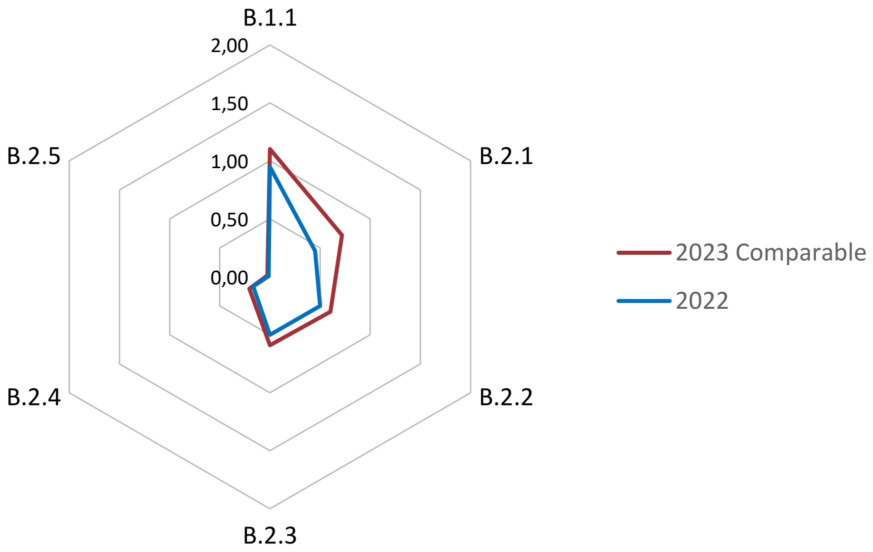
In relation to the sub-indicator on the example of action, we consider it necessary to point out that this has to be in a context of due diligence, or action taken following consideration of a concrete human rights impact. Evidence is needed that the actions are the consequence of prior work.

Continuing the downward trend, the average here is 0.57, or 0.59 on a comparable perimeter, implying that new additions have lowered the overall score somewhat. As elsewhere, this does not preclude a net improvement, as in 2022 the average was 0.5. For the 39 companies considered in both editions, the improvement was 2 points, from 21 to 23.

Finally, **B.2.4** is marked by a dramatic decrease in the availability of information regarding the due diligence process. This **indicator** looks for evidence of how companies are monitoring to determine whether or not the actions they are taking to address specific material impacts are having the expected effect. In either case, they are also expected to indicate what lessons they are learning from doing this monitoring on at least one of the relevant human rights issues. As with the other indicators in this area, in order to qualify for the maximum score, in addition to meeting the above requirements, you are expected to involve affected stakeholders.

For this indicator, the average was 0.20 points, almost the same as on a comparable scope (0.21). In 2022, the average was 0.17. Although this represents a significant gain in relative terms, the total number of points has risen from 6.5 to 8. 36 companies did not score, 7 scored 1 point and 1 company scored 2 points.

Figure 12: Average score per indicator in Theme B. Evolution 2022-23. n=39



Source: Own elaboration

Among the companies analysed, in general, the information published tends to be scarce, which prevents them from obtaining a higher score, as the indicators seek descriptions of processes carried out as part of due diligence, whether it be consultations with affected stakeholders about possible impacts, which human rights experts are used, detailing which teams carry out which actions to identify impacts, or which criteria are used to determine the relevance of a potential impact, to name but a few of the first two indicators, which are the ones that usually tend to award points to companies. On the fourth indicator of due diligence, monitoring and evaluation of the effectiveness of measures, only 7 companies scored.

Several companies claim to have a low risk. However, they do not detail the process followed to determine whether there are aspects that, despite being high or low risk, are relevant. In more than a few cases, the evidence indicates that companies have low risk because they take appropriate measures. These indicators seek a description of how it is determined which aspects are relevant, and what specific measures are those that allow inferring that, when implemented, the risk of impacts materialising is low.

A key consideration is that this study does not indicate that companies do not have adequate due diligence processes, but rather that the information they publish allows us to confirm that the processes have specific ingredients that the methodology considers necessary. In relation to this, we found that, although there is a significant amount of text devoted by companies to explaining the management of human rights risks and impacts, it has traditionally been difficult to score points on indicators in this area due to the specific details expected in company reports. In the case of CHRB analysis through the 'core' methodology, companies' work in terms of management systems is penalised, as it focuses exclusively on impacts, when it is usually supplier monitoring that is more developed. While these indicators look for proactive actions by companies to find out about potential impacts, what measures can be taken to address them, and to see if these measures are actually working, the usual in terms of reporting is usually sophisticated compliance monitoring mechanisms through policies, audits, questionnaires, etc. These management systems are captured in section B.1 of the full methodology. As indicated above, future editions of this study may consider adding some of these indicators in order to capture in more depth the actions of the Companies.

Indicator B.2.5

This indicator deserves a small separate space as there are 42 companies scoring 0, and the two that do score a point, score half a point. The reason for this result, as with indicator C.7, where there are 38 companies scoring 0 (and the rest scoring 1 point), is that there is no evidence of any complaints related to human rights issues. It is very common to find statements that there have been no human rights grievances during the current year, or that there have been no grievances in relation to forced labour, child labour or freedom of association. However, cases of discrimination, harassment, wage disputes (on an individual basis), overtime pay, etc. are examples of issues that could be captured. Indicator B.2.5 seeks evidence of how the Company has maintained a dialogue with affected individuals or groups in relation to these grievances.

This indicator, together with C.7, are the only two in which CHRB global, as will be seen below, scores better than this index of Spanish companies. This does not prevent us from considering that, certainly, a significant number of companies may not have the option of scoring here simply because they have not had complaints to discuss with stakeholders in relation to the aspects covered by the Benchmark, although we should not overlook the possibility that they may not wish to report them publicly.

5.4. Section C: Grievance and Impact Remediation Mechanisms.

The area of grievance and remedy mechanisms has three indicators, which qualifies for 6 points. In the full methodology, this section has eight indicators, and is primarily concerned with how companies accept complaints and provide remedy and redress mechanisms. Indicator C1 focuses on employees, both own and suppliers, and on the communication of channel details to employees. The second focuses on external stakeholders, both own and supplier stakeholders, and accessibility of the mechanism. Finally, C7 seeks descriptions of the approach that companies have used to provide remediation when they have caused negative impacts (or, alternatively, have protocols for action when they occur). In addition, companies, once they have provided remediation, are expected to take steps to prevent the impact from recurring, and to evaluate the functioning of these reporting systems.

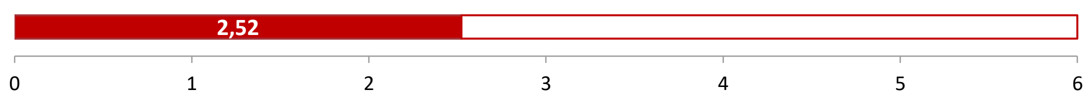
Table 5: Grievance and remedy indicators

Theme C.	Remedy and complaint mechanisms
C.1	Employee grievance mechanisms
C.2	Mechanisms for receiving complaints from external stakeholders and communities
C.7	Remediating adverse impacts and incorporating lessons learned

Source: Own elaboration

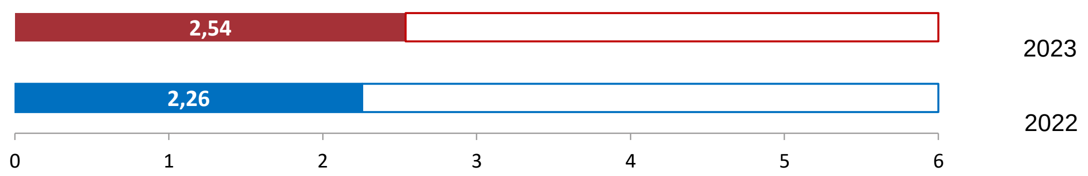
The average score was 2.52 points, while the mode and median were 2.5 points. On a like-for-like basis, the average is 2.54, a 12% improvement compared to 2022.

Figure 13: Mean index score on Theme C. n=44



Source: Own elaboration

Figure 14: Average score on Theme C. Evolution 2022-23. n=39



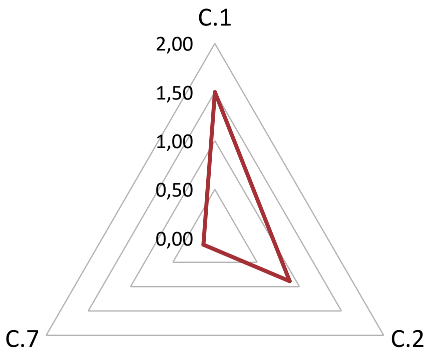
Source: Own elaboration

Indicators C.1 and C.2

Together with indicators A.1.1 and A.1.2, C.1 is the only indicator that comfortably exceeds the average of 1 point, at 1.5, which is in line with the median and mode. C.1 is the only indicator for which all companies have achieved at least one point, i.e. they have a whistleblowing channel available for all employees to make complaints, beyond issues related to fraud and corruption. To score 2 points, it is also necessary that the channel is available in all languages required in each case, that employees are made aware of its existence and functioning, and that it, or another specific channel, is available for direct and indirect suppliers where their employees can lodge complaints about their employers.

In this indicator there is no option to get half a point, so we have 4 companies with one point, 8 getting two points, and the rest 1.5 through the different possible combinations.

Figure 15: Average score per indicator in Theme C. n=44

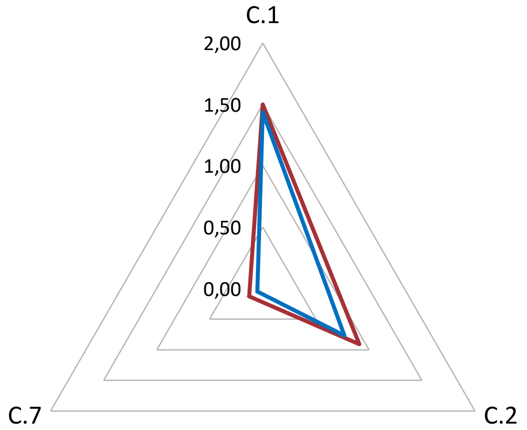


Source: Own elaboration

With regard to indicator C.2, the average was 0.89 points, the median and most common value being 1 point. This indicator is similar to C.1 with the difference that instead of employees, it is addressed to external stakeholders, so that any person or group affected, or their representatives, can contact the Company. Thus, for both points, awareness must refer to these external groups, and availability must be addressed to the external groups of suppliers. In this indicator, 9 companies scored 0 points, 25 scored 1 point, and no company scored 2 points.

The fact that these indicators require explicit evidence for aspects that may be considered "self-evident" by companies is likely to be preventing further scoring. Because they are not very specific about the supply chain and its stakeholders, or supply chain workers, no points are awarded when it is quite possible that, in practice, these groups have access to mechanisms for reporting non-compliance.

Figure 16: Average score for indicators Theme C. Evolution 2022-23. n=39



Source: Own elaboration

If we look at the graph above, there has been an improvement compared to 2022, particularly in C.2, where the average score has gone from 0.77 points to 0.91, an improvement of 18%. This is 2.5 points more than last year in C.1 and 5.5 points in C.2.

Indicator C.7

These results have been obtained despite the fact that, as mentioned in the commentary on B.2.5, the majority of companies have 0 points in indicator C.7. Specifically, 38 (the rest scored 1 point). As in B.2.5, this indicator may penalise companies that operate exclusively on the Iberian Peninsula or in developed countries with advanced human rights legislation, as it is not common for these companies to report protocols for a wide range of breaches related to different aspects of human rights.

This indicator seeks information on how remediation or remediation has been provided to people affected by, or contributed to by, the company's impacts. While B.2.5 focuses on how it has communicated with those harmed, here it seeks evidence of remediation undertaken or, alternatively, a description of hypothetical remediation, showing the company's approach in order achieve one point. To qualify for two, a description is expected of changes in procedures as a consequence of the impact to prevent recurrence, and how the company has monitored that remediation has been adequately provided or, alternatively, a description of the approach that would be taken in a hypothetical case.

As mentioned in B.2.5, it is common for companies to indicate that there have been no negative human rights impacts. However, as clarified above, this need not refer to forced or child labour. Cases of discrimination, harassment, wage problems, etc. are also covered. On the other hand, unlike B.2.5 which requires examples, C.7 accepts the description of the system the company has in place in the event that negative impacts eventually occur. Most companies have a section in their reports with a title similar to "human rights mitigation and remediation", yet there is usually nothing about how, in fact, remediation or redress is or would be provided, only the channels through which to lodge a complaint, and some reference to numbers of complaints.

Compared to 2022, there has been an improvement of 3 points. In this type of indicator, companies that are more commonly considered to be exposed to impacts either by sector, geographic spread, or both, are more likely to report repairs.

6. Comparison of results in Spain in relation to the Benchmark index and its European companies.

Taking advantage of both the simultaneous elaboration of the CHRB analysis and the present study, and the presentation of the CHRB results prior to the completion of this study, we have had the opportunity to compare the results obtained here with those obtained by the companies in the official Benchmark.

Certain considerations need to be taken into account. On the one hand, the Benchmark covers the sectors it considers most at risk. As we have been indicating since the first edition of this study, companies that face more risks tend to be more prepared to communicate and more familiar with human rights issues, processes and initiatives, so a methodology such as this, which does not assess whether companies perform "well" or "badly", but whether they have and communicate policies, systems and are transparent about their performance, will tend to award more points to these companies, simply because human rights tend to have more relevance for their activity. On the other hand, CHRB actively engages with companies, both before and during the analysis, so greater company involvement allows for more fine-tuning of the results, increasing the likelihood of scoring more points. On the other hand, by covering companies from all over the world, this necessarily includes companies that do not attach importance to these issues, or simply do not report on them, so there are many companies scoring 0 points and significantly lowering the average Benchmark scores.

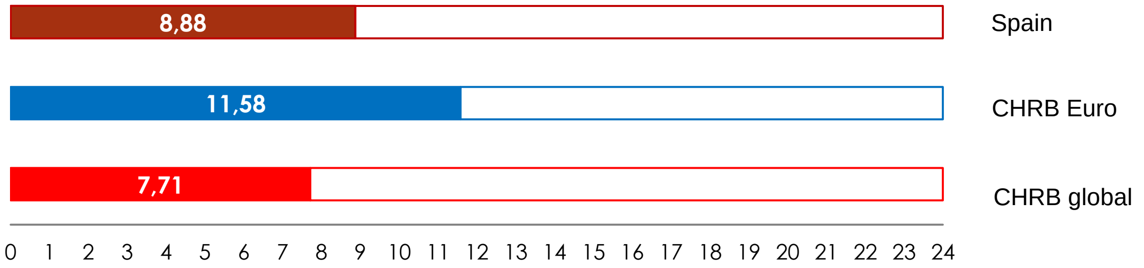
Consequently, it should be taken into consideration that the scores of European companies (EU, Switzerland and UK) may "benefit" from the first two factors, and that, due to the expected regulatory pressure, they may have this third lever as a factor favouring the attainment of higher scores. It would be very interesting to see a comparison between Spanish companies and the rest of Europe without the current bias that covers companies in the riskier sectors, which are therefore more motivated to report on their commitments and due diligence processes.

GENERAL COMPARISON

At a general level, we observe that the state of the situation in Spain is at an intermediate point between the global Benchmark and the European companies, although it is much further away from reaching the European average than the opposite. As can be seen below, there is an average difference of more than 2.5 points between European and Spanish companies. CHRB overall is almost 4 points behind the former. One feature observable through the graphs is that the trends are the same in all cases. The same indicators tend to score higher and lower in all

3 comparisons, so the pattern of "difficulty" in obtaining points in the different indicators seems to be the same regardless of the sector and location of the companies.

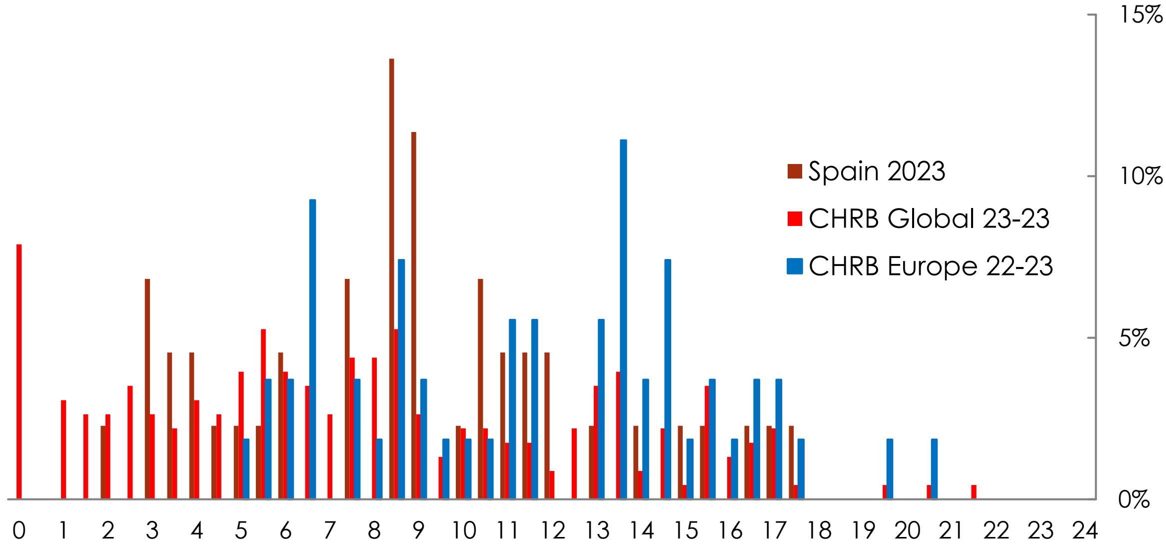
Figure 17: Average result comparison. Global, Europe, Spain



Source: Elaboration based on own and WBA data.

If we look at the distribution in the following graph, we see that there are a large number of companies with 0 points among the 228 companies that currently make up the overall Benchmark. If we were to remove the 18 companies with 0 points, we would obtain an average of 8.37 points, still below the Spanish and European averages.

Figure 18: Distribution of companies by score, in percentages



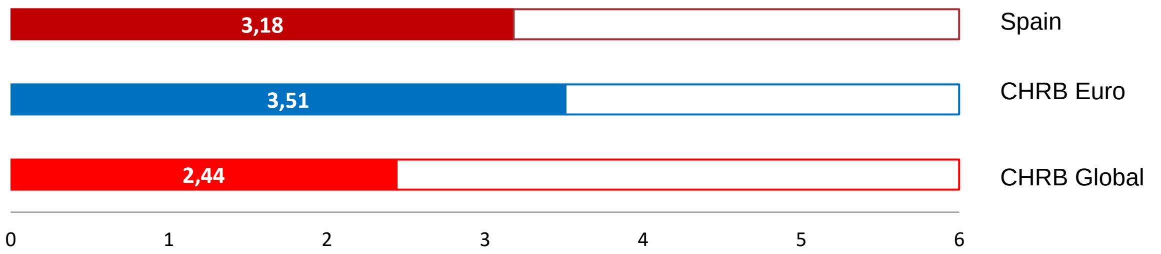
Source: Own elaboration based on own and WBA data.

As a curiosity, the company with the highest global score in the core indicators is Freeport-McMoran. The podium would be completed by Unilever and Eni, these three being the only ones to score more than 8 out of 10.

THEME A: POLICY AND ENGAGEMENT

Moving on to a break down by specific thematic areas, in the policy section we have an average of 3.5 points at the European level, above the Spanish average of 3.18, and 2.44 in the overall CHRB. As will be seen below, this is the section in which the 3 averages are closest, and certainly the case in which Spain is closest to the European average.

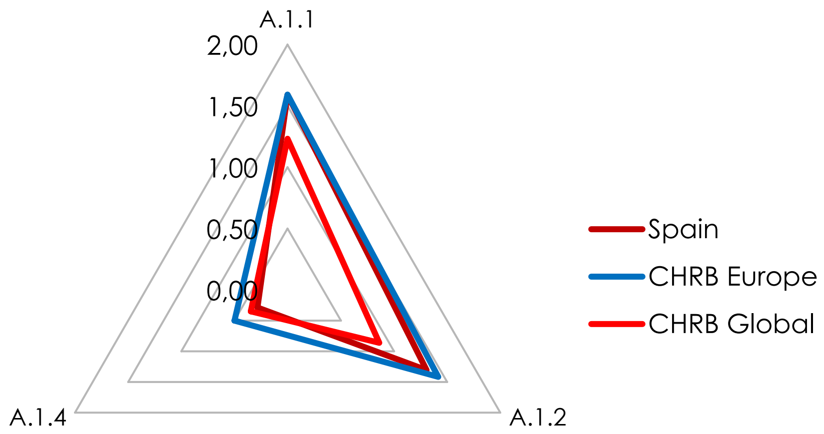
Figure 19: Average score by Theme A. Global, Europe, Spain



Source: Own elaboration with own and WBA data.

If we look at the results by indicator, we see that in indicator A.1.1 the mean is exactly the same in Spain and Europe, 1.59 points, and in both cases the median and mode is 2 points. In the overall CHRB, the mode is also 2 points, although the median is 1.23 points. In A.1.2 and A.1.4, European companies are ahead of Spanish companies, particularly in the commitment to remediation, where in Europe the average is 0.5 compared to 0.28 in Spain. In any case, it is clearly observable that companies are lagging in their commitment to remedy adverse impacts and their collaboration with others in their resolution.

Figure 20: Average score for indicators Theme A. Global, Europe, Spain

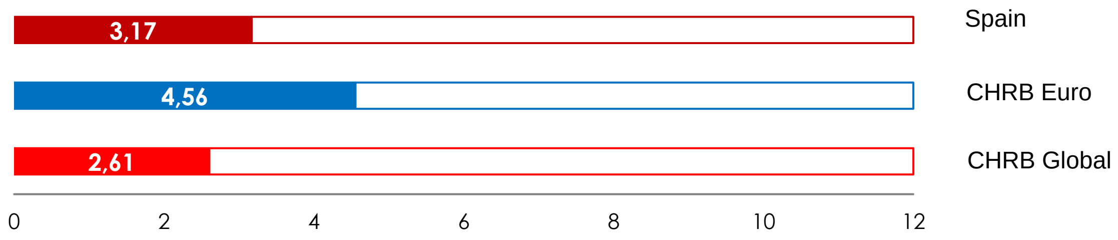


Source: Own elaboration with own and WBA data.

THEME B: OPERATIONAL RESPONSIBILITY AND DUE DILIGENCE

As mentioned in this section, the differences widen significantly, up to 1.4 points difference on average between Spanish and European companies, with almost 2 points difference between European companies and the global benchmark.

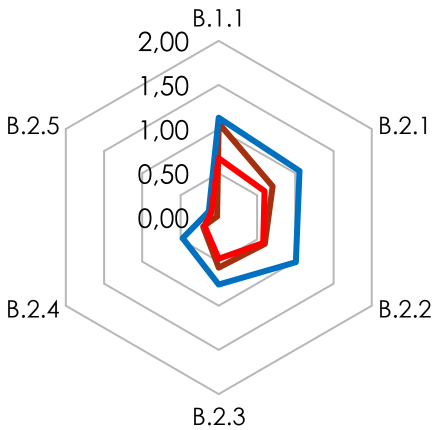
Figure 21: Average score Theme B. Global, Europe, Spain



Source: Own elaboration with own and WBA data.

If we take indicator B.1.1 out of the process, as it is not part of the due diligence section itself, the differences become more pronounced. The average for B.1.1 is 1.07 in Spain, compared to 1.13 in Europe, with the median and mode being 1.5 points for both groups of companies. The greater difference with respect to the global Benchmark, which is 0.67 for this indicator, may have been influenced by the fact that companies are not eligible for more than 0.5 points in B.1.1 unless they have an explicit commitment to all areas of ILO fundamental rights, so that in addition to the 18 companies with 0 points in the Benchmark, we should add those whose commitments, despite obtaining some credit, do not include all of these rights.

Figure 22: Average score for Theme B indicators. Global, Europe, Spain



Source: Own elaboration with own and WBA data.

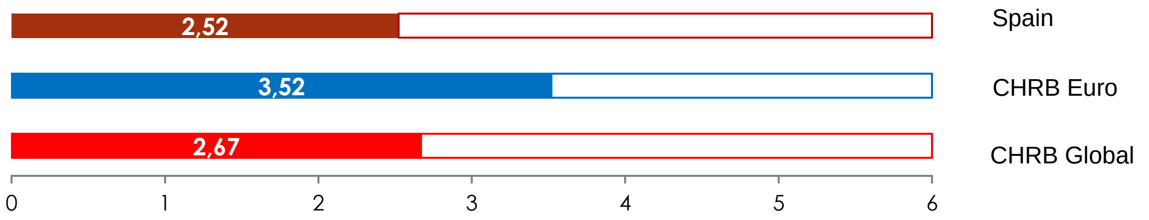
When we move on to indicators B.2.1 to B.2.4 the differences narrow, although they remain constant in putting European companies in first place. As the process progresses, instead of converging towards European companies, Spanish companies tend to converge towards the global group. In any case, as can be seen in the graph, the shapes drawn are similar in the three cases, even though the magnitude is different, showing that companies have more or less difficulties in the same indicators.

Special mention should be made of indicator B.2.5, which, together with C.7, are the only indicators in which the group of Spanish companies is at the bottom. Here it would be interesting to investigate to what extent this result is conditioned by the factors mentioned above, in the sense of greater exposure to all types of impacts of the companies included in the Benchmark due to the sectors to which they belong.

THEME C: COMPLAINTS AND REDRESS MECHANISMS

To conclude this brief analysis, we have an exchange of positions between the groups of companies. For this group of indicators, Spanish companies now occupy third place, with an average difference of 1 point between them and European companies, which maintain a significant difference with the rest.

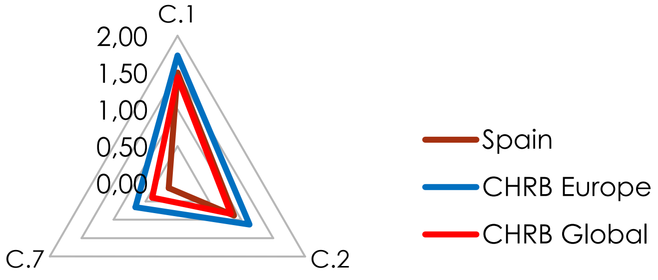
Figure 23: Average score Theme C. Global, Europe, Spain



Source: Own elaboration with own and WBA data.

As can be seen in the following graph, in both C.1 and C.2 the average is slightly higher in Spanish companies than in the global index, with a significant advantage for European companies over the rest. In particular in C.1, European companies obtain an average of 1.73 points, the highest average of any group of companies in all the core methodology indicators. For this indicator, 51 of the 54 European companies scored at least 1.5 points, with 30 of them scoring 2 points.

Figure 24: Average score by indicator Theme C. Global, Europe, Spain



Source: Own elaboration with own and WBA data.

These results are maintained in a similar proportion in indicator C.2 and definitely increase in C.7, highlighting that this indicator (together with B.2.5) are the Achilles' heel of Spanish companies' performance, regardless of the fact that all companies tend to score lower on these indicators. As has also been shown above, it is not clear what the ultimate reasons for these results may be, since although Spanish companies could definitely do more, we could be facing a problem of a lack of practical situations, since, although the indicator can be met through specific cases or descriptions of systems, in practice most companies in CHRB end up meeting it through descriptions of real cases in their operations or supply chain.

Conclusions

This is the third edition of the study of human rights policies and due diligence in leading Spanish companies. Although the first edition laid the groundwork for analysing developments in subsequent years, the methodological change in 2021 led to a reassessment from scratch in 2022. In this edition we have had the opportunity to gain some perspective on the evolution of Spanish companies and how they are doing in relation to the companies covered by the CHRB.

- The average score obtained is 8.88 out of 24, i.e. 3.7 out of 10, which is a clear failure overall. Of the 3 topics analysed, policies, due diligence and grievance & redress mechanisms, the only one in which leading Spanish companies obtain a "passing grade" is in the commitments topic, with 3.18 out of 6. While it is possible that some companies operating in very specific and developed environments may find references to compliance with the law sufficient, both the Guiding Principles and the forthcoming Directive refer explicitly to remediation.

- The due diligence process remains a “work in progress”, with scores declining as we delve deeper into the process. From 16 companies not reporting on the identification process, we move to 21 not reporting on assessment, 19 not reporting on actions and 36 not reporting on monitoring. However, this may to some extent be conditioned by the actual impacts faced by some companies and the way they report on them. One of the main gaps, and a key aspect in terms of international standards and the Directive, is dialogue with affected stakeholders. The methodology looks for evidence of dialogue specifically during the different stages of due diligence, something for which virtually no evidence has been found.

- All companies have a grievance mechanism, 8 have it available in the necessary languages and communicate and open it to the supply chain, and 28 do at least one of these actions. However, the results worsen considerably when looking at whether the mechanisms are available to own and supplier third parties, with 38 cases scoring 0 points when it comes to explaining how adequate redress is provided to affected people, and failing to report on how they check that the agreed remedy or redress is provided or, alternatively, the approach they would take to review and change the system in the event of adverse impact.

- On a comparable basis (companies analysed in both 2022 and 2023), the score has risen from 7.87 to 9.01 points, an improvement of 14.5%. The companies analysed during both periods have risen from 307 to 351.5 points. This improvement occurs in all indicators to a greater or lesser extent.

- Comparing the results of Spanish companies with the global Benchmark and the European companies that comprise it, it can be seen that Spanish companies occupy an intermediate position on average in practically all the indicators, with the exception of B.2.5 and C.7, where they lag behind the rest.

- The comparison with CHRB member companies also shows that companies tend to score higher or lower on the same indicators, which shows that the indicators are more or less challenging for all companies regardless of sector or country, even if it is easier to score in some cases than in others.

As emphasised earlier in this report, as part of the CHRB processes, an engagement process is undertaken with companies to give them the option to provide additional public information. Of course, not all companies do this, and doing so does not necessarily imply a significant score change, but it is a fundamental protocol of the process, as one of the objectives of the CHRB is that there is continuous improvement by companies and that they participate in the Benchmark. In this study, although companies were informed that the analysis was going to be carried out and were told which sources were going to be reviewed, they were not able to review their analysed profile. In any case, the main objective of the study, once again, is to ascertain the state of human rights reporting in Spanish companies in relation to the benchmark standard in this area, given that it is a requirement that, with the new European legislation that is about to be introduced, will be imposed not only on large and/or listed companies, but is expected to include all those with a turnover of over 150 million euros and more than 500 employees (or 40 million euros provided that part of this volume is obtained from sectors considered relevant by the legislation)[13] .

The analysis has been carried out using the CHRB core methodology rather than the full methodology. This fits better in the context of the study, as there is a significant presence of companies operating only on national soil, or in countries close to or with relatively developed legislation compared to developing countries. As the full methodology is oriented towards the highest impact sectors, the analysis with the full score may not have been meaningful in many cases.

However, one option for future editions, if circumstances permit, could be to add a number of indicators that we believe could be illuminating and provide additional information. At present, the core methodology seeks a specific type of information that prevents other dimensions of the resources allocated by companies to human rights management from being captured, such as, for example, accountability at Board level (currently the only accountability indicator refers to operational management), or compliance monitoring, a point to which companies devote

[13] Proposal for a Directive on corporate sustainability due diligence

considerable relative space in their reports, and which cannot be captured by due diligence indicators in all their dimensions.

ECODES, more than 30 years creating alliances to promote just transition

More than 30 years ago, in 1992, Rio de Janeiro hosted the Earth Summit, resulting in a declaration on environment and development that set a new paradigm in environmental discourse and action. It was a turning point in international negotiations as the concept of sustainability was incorporated into the global agenda for the first time.

This spirit spread and permeated the width and breadth of the globe, reaching as far as Zaragoza. It is precisely in this cultural environment that ECODES originated. The Ecology and Development Foundation was created at the initiative of a small group of people from civil society who sought to promote a new model of society focused on the concepts that give us our name.

Since then, the organisation has moved with society and the planet, adapting its strategy and projects to the priorities of the moment and broadening its focus to put nature and people at the centre. To this end, all its initiatives are developed under the triple perspective of sustainability: economic, social and environmental.

Today, ECODES works to maximise the well-being of all people - those who are here and those who will come - within the limits of the planet. To this end, it seeks accomplices in citizens, civil society organisations, companies and public administrations, accompanying and helping them to accelerate their transition towards a carbon neutral, inclusive, responsible and circular economy framed in a new governance, through innovation and the creation of bridges and alliances.

To this end, its corporate strategy is based on three main lines of action: 1) enabling more sustainable public policies; 2) driving the sustainability market; and 3) fostering cultural change. All of this to contribute to limiting global warming to below 1.5ºC. To this end, it carries out a methodology based on close observation of reality, the development of projects that make the possibilities of a decarbonised economy visible and the application of lessons learned in advocacy work and policy development.

In the context of the Corporate Human Rights Benchmark, ECODES has participated as an analyst uninterruptedly since its inception in 2016, in the study process that involved the pilot edition. Since 2019, ECODES has been the main analyst of the Benchmark, always in collaboration with EIRIS Foundation, coordinating analysis and process reviews. He has also collaborated, in 2021 and 2023, in the analysis of the Renewable Energies Benchmark of the Business and Human Rights Resource Centre.

Contacts

Carlos Martínez Castillo
carlos.martinez@ecodes.org

Further information

www.ecodes.org

Annex 1: Translation of CHRB Core Methodology

<table>
<tr><td colspan="2">Compañía:</td><td colspan="2">XXX</td></tr>
<tr><th>Indicador</th><th>Subindicador</th><th>¿Cumple?</th><th>Explicación principal</th></tr>
<tr><td colspan="4">Área A: Compromisos y Gobierno (Máximo 6 puntos)</td></tr>
<tr><td rowspan="6">A.1.1 Compromiso de respeto por Derechos Humanos</td><td colspan="3">A.1.1 Hasta 1 punto</td></tr>
<tr><td rowspan="2">● Compromiso de respetar derechos humanos</td><td></td><td>Compromiso en política pública de respetar los derechos humanos. Puede consistir en un compromiso general, compromiso con la Declaración Universal de Derechos Humanos, o con la Carta internacional de Derechos Humanos.</td></tr>
<tr><td>Fuente(s)</td><td></td></tr>
<tr><td colspan="3">A.1.1 Hasta 2 puntos</td></tr>
<tr><td rowspan="2">● Compromiso con "Principios Rectores" de la ONU o las "Directrices para Multinacionales" de la OCDE</td><td></td><td>Compromiso también incluye respetar, bien los Principios Rectores sobre la Empresa y los Derechos Humanos, bien las Líneas Directrices de la OCDE para Empresas Multinacionales.</td></tr>
<tr><td>Fuente(s)</td><td></td></tr>
<tr><td rowspan="5">A.1.2.a Compromiso de respeto Derechos Humanos de trabajadores. Declaración de la OIT de Principios y</td><td colspan="3">A.1.2.a Hasta 1 punto</td></tr>
<tr><td rowspan="2">● Compromiso con la Declaración de Principios y Derechos Fundamentales en el trabajo de la OIT.</td><td></td><td>Política pública de compromiso a respetar los derechos humanos que la OIT ha declarado fundamentales (ILO Core Labour Standards).</td></tr>
<tr><td>Fuente(s)</td><td></td></tr>
<tr><td rowspan="2">● Compromiso explícito con cada área de principios y derchos fundamentales de la Declaración de OIT.</td><td></td><td>Además de lo anterior, la Compañía se compromete explícitamente a respetar la libertad de asociación y el derecho a negociación colectiva, el derecho a no ser sujeto de trabajo forzoso, trabajo infantil o discriminación respecto al empleo y la ocupación.</td></tr>
<tr><td>Fuente(s)</td><td></td></tr>
</table>

Derechos fundamentales en el trabajo	**A.1.2.a - Hasta 2 puntos**		
	● Expectativa de compromiso de proveedores con principios y derechos fundamentales de la OIT		La política de la Compañía incluye expectativa de que los proveedores se comprometan a respetar los derechos humanos que la OIT ha declarado fundamentales (ILO Core Labour Standards).
		Fuente(s)	
	● Compromiso explícito de proveedores con cada derecho		Además, expectativa sobre proveedores incluye compromiso explícito con la libertad de asociación y el derecho a negociación colectiva, el derecho a no ser sujeto de trabajo forzoso, trabajo infantil o discriminación respecto al empleo y la ocupación.
		Fuente(s)	
A.1.4 Compromiso de remediar	**A.1.4 Hasta 1 punto**		
	● Compromiso público de remediar		La Compañía tiene una declaración pública de política en la que se compromete a remediar los impactos adversos en individuos, trabajadores o comunidades que haya causado a los que haya contribuido.
		Fuente(s)	
	● Expectativa de compromiso de proveedores a remediar		La Compañía además espera el mismo compromiso por parte de sus proveedores.
		Fuente(s)	
	A.1.4 Hasta 2 puntos		
	● Compromiso de colaboración en la provisión de remedio		La Compañía se compromete en una declaración política pública a colaborar con mecanismos judiciales y no judiciales en la provisión de acceso a remedio.
		Fuente(s)	
	● Colaboración con proveedores en remediación		El compromiso de la Compañía incluye trabajar con los proveedores en remediar impactos adversos ligados a sus operaciones, productos o servicios.
		Fuente(s)	

<table>
<tr><th colspan="4">Área B: Integrando los derechos humanos y su debida diligencia (Máximo 12 puntos)</th></tr>
<tr><td rowspan="12">B.1.1 Responsabilidad y asignación de recursos para las funciones diarias relacionadas con derechos humanos</td><td colspan="3">B.1.1 Hasta 1 punto</td></tr>
<tr><td rowspan="2">● Compromiso explícito con los Principios y Derechos Fundamentales en el trabajo de la OIT.</td><td></td><td>La compañía cumple con los requisitos para obtener un punto en A.1.2.a</td></tr>
<tr><td>Fuente(s)</td><td></td></tr>
<tr><td rowspan="2">● Responsabilidad alta dirección</td><td></td><td>La Compañía indica cuál es el puesto(s) de máxima responsabilidad en la implementación y la toma de decisiones en aspectos de derechos humanos.</td></tr>
<tr><td>Fuente(s)</td><td></td></tr>
<tr><td colspan="3">B.1.1 Hasta 2 puntos</td></tr>
<tr><td rowspan="2">● Despliegue de la responsabilidad diaria</td><td></td><td>La Compañía describe cómo la responsabilidad para los derechos humanos está distribuida en el día a día de las operaciones a través de los departamentos relevantes.</td></tr>
<tr><td>Fuente(s)</td><td></td></tr>
<tr><td rowspan="2">● Recursos y expertise dedicados a operaciones propias</td><td></td><td>La Compañía describe cómo asigna recursos y conocimiento (expertise) para la gestión diaria de los aspectos relevantes de derechos humanos en sus propias operaciones.</td></tr>
<tr><td>Fuente(s)</td><td></td></tr>
<tr><td rowspan="2">● Recursos y expertise dedicados a cadena de suministro</td><td></td><td>La Compañía describe la distribución de responsabilidad, recursos y conocimiento para la gestión de los derechos humanos en la cadena de suministro.</td></tr>
<tr><td>Fuente(s)</td><td></td></tr>
<tr><td rowspan="4">B.2.1 Identificando riesgos e impactos en derechos humanos</td><td colspan="3">B.2.1 Hasta 1 punto</td></tr>
<tr><td rowspan="2">● Proceso identificación riesgos e impactos, operaciones propias</td><td></td><td>La Compañía describe el proceso(s) para identificar sus riesgos e impactos de derechos humanos (o a los que pueda contribuir) en localizaciones o actividades específicas, en relación a sus propias operaciones.</td></tr>
<tr><td>Fuente(s)</td><td></td></tr>
<tr><td></td><td></td><td></td></tr>
</table>

	● Proceso identificación riesgos e impactos, cadena de suministro		La Compañía describe procesos para identificar riesgos e impactos de derechos humanos, causados o a los que pueda contribuir, a través de su cadena de suministro.
		Fuente(s)	
	B.2.1 Hasta 2 puntos		
	● Sistema global para identificar riesgos potenciales de forma regular, consultando a grupos de interés afectados y expertos.		La Compañía describe cómo tiene un sistema global para identificar riesgos e impactos en derechos humanos de forma regular a través de sus actividades.
		Fuente(s)	
	● El sistema se activa por nuevos acontecimientos		El sistema se activa por operaciones en nuevos países, nuevas relaciones comerciales, nuevos desafíos de derechos humanos o conflictos que afectan a localizaciones particulares.
		Fuente(s)	
	● Describe los riesgos identificados en relación a esos eventos		La Compañía describe los riesgos identificados en relación a estos eventos, incluyendo a través de debida diligencia intensiva en áreas afectadas por conflicto.
		Fuente(s)	
B.2.2 Evaluando riesgos e impactos en derechos humanos	**B.2.2 Hasta 1 punto**		
	● Cómo evalúa sus riesgos de derechos humanos		La Compañía describe su proceso(s) para evaluar sus riesgos e impactos de derechos humanos y cuáles considera que son estos, indicando cómo tiene en cuenta factores relevantes tales como aspectos sociales, económicos o geográficos.
		Fuente(s)	
	● El proceso aplica a cadena de suministro		Además, la compañía describe cómo el proceso se aplica a la cadena de suministro.
		Fuente(s)	
	● La Compañía publica los resultados de sus evaluaciones (Alternativamente para 1 punto)		Alternativamente, la Compañía puede conseguir el punto si publica los resultados de sus evaluaciones, que podrían estar agregados por operaciones y localizaciones.
		Fuente(s)	

	B.2.2 Hasta 2 puntos		
	● Cumple los tres requisitos anteriores		La Compañía cumple con todos los requisitos del punto anterior.
		Fuente(s)	
	● Involucración de grupos de interés afectados en evaluación		La Compañía describe cómo involucra a los grupos de interés afectados en el proceso de evaluación.
		Fuente(s)	
B.2.3 Integrando y actuando en riesgos e impactos en derechos humanos	**B.2.3 Hasta 1 punto**		
	● Sistema para tomar acciones contra riesgos e impactos		La Compañía describe su sistema global para prevenir, mitigar o remediar sus aspectos prominentes en derechos humanos.
		Fuente(s)	
	● Sistema para tomar acciones contra riesgos e impactos incluye cadena de suministro		Además, describe como su sistema global también incluye la cadena de suministro.
		Fuente(s)	
	● Ejemplo de acción contra riesgo/impacto (Alternativamente para 1 punto)		Alternativamente, la Compañía proporciona un ejemplo específico de conclusiones a las que ha llegado, y las acciones tomadas o por tomar en relación a al menos un aspecto prominente en derechos humanos, como consecuencia del proceso de evaluación, en al menos una de sus actividades/operación en los últimos tres años.
		Fuente(s)	
	B.2.3 Hasta 2 puntos		
	● Cumple los tres requisitos anteriores		La Compañía cumple con los tres requisitos anteriores.
	● Involucración de grupos de interés afectados en decisión sobre acciones		Además, la Compañía describe cómo involucra a grupos de interés afectados en las decisiones sobre las acciones a tomar en respuesta a aspectos prominentes de derechos humanos.
		Fuente(s)	
	B.2.4 Hasta 1 punto		

B.2.4 Seguimiento de la efectividad de las acciones para responder a riesgos e impactos en derechos humanos	● Descripción de sistema para realizar seguimiento de las acciones tomadas en respuesta a impactos de derechos humanos		La Compañía describe su sistema para realizar seguimiento de las acciones llevadas a cabo en respuesta a los riesgos e impactos evaluados en derechos humanos, y para evaluar si las acciones han sido efectivas o no han producido los resultados deseados.
		Fuente(s)	
	● Ejemplo de lecciones aprendidas (Alternativamente para 1 punto)		Alternativamente, la Compañía puede proporcionar un ejemplo acerca de lecciones aprendidas mientras realizaba el seguimiento de acciones realizadas respecto, al menos, uno de los aspectos de derechos humanos considerados problemáticos.
		Fuente(s)	
	B.2.4 Hasta 2 puntos		
	● Cumple los dos requisitos anteriores		La Compañía cumple con todos los requisitos/alternativas anteriores.
	● Involucración de grupos de interés afectados en evaluaciones de seguimiento		Además, describe como involucra a los grupos de interés afectados en la evaluación acerca de si las acciones tomadas han sido efectivas.
		Fuente(s)	
B.2.5 Comunicando impactos en derechos humanos	**B.2.5 Hasta 1 punto**		
	● Ejemplos de comunicación con grupos de interés afectados en relación a reclamaciones específicas		La Compañía proporciona al menos dos ejemplos demostrando cómo se comunica con grupos de interés afectados en relación a impactos específicos presentados por ellos o en su representación.
		Fuente (s)	
	B.2.5 Hasta 2 puntos		
	● Describe cómo asegura que los grupos de interés acceden a respuestas a estas reclamaciones.		La Compañía describe cualquier desafío(s) encontrado(s) para la comunicación efectiva que haya identificado y cómo está trabajando para abordarlo.
		Fuente (s)	
Área C: Remedio y Mecanismos de reclamación			

C.1 Mecanismos de reclamación para trabajadores	**C.1 Hasta 1 punto**		
	● Mecanismos de queja para todos los empleados		La Compañía indica que tiene uno o más mecanismos disponibles, o participa en un mecanismo de terceros o compartido, accesible(s) a todos los trabajadores para que refieran quejas o preocupaciones.
		Fuente(s)	
	C.2 Hasta 2 puntos		
	● Asegura concienciación y mecanismo en lenguas apropiadas.		La Compañía describe cómo se asegura de que el mecanismo(s) está(n) disponible(s) en todas las lenguas apropiadas y que los trabajadores son conscientes del mismo (por ejemplo, comunicación o formación específica).
		Fuente(s)	
	● Trabajadores de la cadena de suministro tienen acceso a mecanismos de queja		La Compañía describe cómo asegura que los trabajadores de la cadena de suministro tienen acceso, bien al propio mecanismo de la Compañía, bien a un mecanismo específico establecido por los proveedores a tal efecto.
		Fuente(s)	
	● Transmisión de expectativas a través de la cadena de suministro		La Compañía espera que los proveedores transmitan estas mismas expectativas a sus propios proveedores.
		Fuente(s)	
C.2 Mecanismos de reclamación para individuos y comunidades externas	**C.2 Hasta 1 punto**		
	● Mecanismo de queja para grupos de interés externos afectados		La Compañía indica que tiene uno o más mecanismos disponibles, o participa en un mecanismo compartido, accesible a todos los individuos externos y comunidades que pueden verse adversamente afectadas por la Compañía (o aquellos que los representan), para presentar reclamaciones o preocupaciones.
		Fuente(s)	
	C.2 Hasta 2 puntos		

	● Asegurar acceso, incluyendo lenguas, y cómo se hace activamente consciente a los grupos de interés de su existencia.		La Compañía también describe cómo se asegura de que el mecanismo(s) está disponible en lenguas locales y que todos los grupos de interés externos afectados por sus operaciones son conscientes de su existencia (por ejemplo, comunicación o formación específica).
		Fuente(s)	
	● Grupos de interés externos de cadena de suministro, acceso a mecanismos		La Compañía describe cómo se asegura de que los grupos de interés externos potencialmente afectados tienen acceso a su mecanismo(s) para presentar reclamaciones o preocupaciones respecto a los proveedores de la Compañía, o alternativamente, espera que los proveedores tengan mecanismos disponibles para estos grupos de interés externos.
		Fuente(s)	
	● Transmisión de expectativas a través de la cadena de suministro		La Compañía espera que los proveedores transmitan estas mismas expectativas a sus propios proveedores.
		Fuente(s)	
C7 Remediando impactos adversos	**C.7 Hasta 1 punto**		
	●Cómo aborda la provisión de remedios a tiempo		Para impactos adversos en derechos humanos que la Compañía haya causado, o a los cuales haya contribuido, ésta describe cómo ha abordado la provisión de remedio, en tiempo adecuado, para las víctimas. Alternativamente, si no se han identificado impactos adversos, la Compañía describe el enfoque que tomaría en para proporcionar remedio a tiempo a las víctimas, en caso de producirse el impacto.
		Fuente(s)	
	C.7 Hasta 2 puntos		
	●Cambios en procedimientos como consecuencia		Para efectos adversos que haya causado a los que haya contribuido, la Compañía indica cambios en los sistemas o procedimientos para prevenir similares impactos adversos en el futuro.
		Fuente(s)	

	● Monitorización de implementación de remedio		La Compañía describe su enfoque para monitorizar la implementación del remedio acordado.
		Fuente(s)	
	● Enfoque para revisar y cambiar el sistema en caso de impacto adverso (Alternativamente para 2 puntos)		Alternativamente a las opciones anteriores, si no se han identificado impactos adversos, la Compañía describe el enfoque que tomaría para cambiar sistemas y procedimientos para prevenir situaciones similares en el futuro.
		Fuente(s)	

ecodes
tiempo de actuar

Plaza San Bruno, 9
50001 - Zaragoza (España)

Telf.: +34 976 29 82 82
ecodes@ecodes.org

www.ecodes.org