

Universidad of Oviedo

Sustainable Development Goals and corporate governance: Evidence from the Spanish market

SUERF / CNMV Conference on Corporate governance, executive compensation and ESG goals

12 November 2021

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Objectives

1

To analyze how corporate governance characteristics influence firm's commitment to sustainable development goals (SDGs)

2

To analyze if addressing SDGs increases firm's likelihood of being included in sustainability indexes.

Corporate governance and SDGs: What do we know?

Emerging line of research:

	Sample	Corporate governance variables	Commitment to SDGs
Martínez-Ferrero & García-Meca (2020)	365 European listed firms	CEO non-duality	POSITIVE
		Board independence	POSITIVE
		Number of board meetings	NO INFLUENCE
Pizzi et al. (2021)	153 Italian listed and non-listed firms	Board size	NEGATIVE
		CSR committee	NO INFLUENCE
		Gender diversity	NO INFLUNCE
		Board independence	POSITIVE
		Number of board meetings	NO INFLUENCE
Rosati & Faria (2019)	408 worldwide listed firms	Gender diversity	POSITIVE
		Age of board members	NEGATIVE

Corporate governance and SDGs: Contributions

1

We analyze the Spanish institutional setting (the whole market)

2

We consider a wide set of corporate governance characteristics

3

We analyze the propensity to report SDGs and the number of SDGs addressed

4

We analyze the relationship between firm's commitment to SDGs and its inclusion in sustainability indexes

Sample, variables, and methodology (I)

SAMPLE

Spanish financial and non-financial listed firms
2015-2019

Panel of 132 firms and 591 observations

VARIABLES

DEPENDENT VARIABLES

SDG = 1 whether the firm has addressed the SDGs in the sustainability report (or equivalent report)

NSDG = number of SDGs addressed in the report

Index = 1 whether the firm is included at least in one sustainability index: FTSE 4 Good Ibex, DJSI World, DJSI Europe or STOXX Global ESG

Sample, variables, and methodology (II)

VARIABLES

INDEPENDENT VARIABLES

Board size = Number of directors

Independent directors = Percentage of independent directors

Gender diversity = Percentage of female directors

Number of board meetings = Number of board meetings per year

CEO non-duality = 1 whether the CEO is not also the chair-person of the firm

CSR = 1 whether the firm has a CSR committee

CONTROL VARIABLES

Assets, leverage ratio, market to book ratio, age, affiliation with the UN Global Compact, industry and year dummy variables.

METHODOLOGY

Panel data probit and tobit models

Heckman two stages method

Conclusions

1

Spanish firms show higher commitment to SDGs than other institutional settings:

- 2015-2019: 44% of firms include SDGs in their reports; 2019: 67,5%
- 25% Europe (Martínez-Ferrero & García-Meca, 2020)
- 16% worldwide (Rosati & Faria, 2019)

2

Corporate governance and SDGs:

- Board independence and gender diversity increase firm's commitment to SDG's (propensity to report and number of SDGs addressed).
- Board size, CEO non-duality, number of board meetings and the existence of a CSR committee do not seem to influence firm's contribution to the 2030 Agenda.

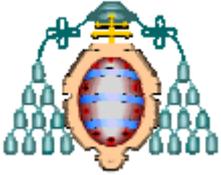
3

SDGs and sustainability indexes:

- Commitment to SDGs does not increase firm's likelihood of being included in sustainability indexes.

Martínez-García, I. & Gómez-Ansón, S. (2021) “Objetivos de Desarrollo Sostenible, índices de sostenibilidad y gobierno corporativo: Un análisis de las sociedades cotizadas españolas” Boletín de la CNMV, Trimestre III, 2021 (pp. 85-119) ISSN (edición electrónica): 1988-2025. https://www.cnmv.es/DocPortal/Publicaciones/Boletin/Boletin_III_2021.pdf

English version forthcoming: <https://www.cnmv.es/portal/Publicaciones/BoletinCNMV.aspx>



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