

## Expanded abstract

# Regulatory compliance on sustainable information of Spanish companies and its effects on the progress of the 2030 Agenda

### Objectives

The goal of this research is to analyze the (regulatory) compliance of Spanish companies on environmental, social and governance issues from a multidisciplinary perspective spanning legal, economic law and international relations. Through conclusive data extracted from the Spanish Supreme Court rulings on bad business practices, the study seeks to demonstrate that it is possible to obtain non-financial indicators on matters of Environmental Social Governance (ESG) in business management and to determine the relationship between bad praxis, the SDGs and the five central axes (or five P's) of the 2030 Agenda: Planet, People, Prosperity, Peace and Alliances.

### Methodology

Performing this study required that we develop a methodology to enable proper achievement of the goal proposed through a sound, rigorous research methodology—that is, through analysis of regulatory compliance, also called a compliance audit or a social and environmental audit. This study is thus qualitative research that uses exploratory, descriptive, analytical examination, and discourse analysis as a qualitative and quantitative social science research technique specifically to determine the relationship between bad business practices that constituted criminal offenses from December 2015 to December 2019 and the impact of these practices on the SDGs. The data are obtained through direct observation of the 15 rulings on the criminal liability of Spanish companies via the statistics service of the Judicial Documentation Center (CENDOJ) of the General Council of the Judiciary (2021).

### Results

The results show the direct relationship of the crimes companies commit to the SDGs, breaching of various international conventions and treaties, and damage to collective well-being. We obtain evidence of a relationship between companies' bad practices and their compliance with ESG and SDGs, and of the importance of including information on bad business practices sanctioned by the Penal Code in companies' annual reports to mitigate somewhat decoupling in business reporting, including compliance audit reporting. More specifically, the findings enable identification of the critical areas of sustainable development, in which crimes due to corporate malpractice affect achievement of the goals and SDGs. In short, we found a direct

relationship between the damage caused by business malpractice, the SDGs and companies' achievement of their respective goals. We then established the importance of implementing risk prevention and management models, as well as compliance audit procedures, in ESG. We also found that evidence of the negative impact of corporate crimes on a set of SDGs and goals that affect the Five Critical Areas of the Development Agenda (the five P's) can be obtained by analyzing the rulings of the Spanish Supreme Court (SC). These rulings are a valuable source of quantitative and qualitative information and should be included in companies' "Non-Financial Statements" and Global Reporting.

## Practical conclusions and Original Value

This study's main contribution is thus its analysis of the rulings of the Spanish Supreme Court on bad practices of Spanish companies to evaluate information from a primary legal source to complement and enrich the information on social responsibility, regulatory compliance and transparency in ESG. The study is novel and explores and uses compliance auditing to correlate bad business practices with the communication of ESG information and the SDGs during the period December 2015 and December 2019. The findings also show the negative impact of corporate malpractice in a set of SDGs and goals that affect the Five Critical Areas of the Development Agenda (the five P's). The main limitation is the small number of rulings available at the time the study was performed.

This is novel research that analyzes bad business practices by examining the Spanish Supreme Court's rulings and determining how these cases relate to responsible compliance in ESG and the 2030 Agenda. As to the implications of the results obtained, to the extent of our knowledge, our research pioneers' analysis of the Spanish Supreme Court's judgments on bad business practices related to business management and regulatory compliance in matters of ESG, malpractice, the SDGs and the five central axes of the 2030 Agenda: Planet, People, Prosperity, Peace and Alliances, (the five P's). Our research also contributes to the existing literature in academia by providing better approach to what is happening in Europe than to disclosure of non-financial ESG, environmental, social and governance information and the importance of analyzing the information on the Supreme Court's rulings on business crimes.