



German Council for  
**SUSTAINABLE**  
Development



# A guide to the Sustainability Code

Guidance for first-time users

Sustainability means prosperity for all – neither at the expense of other countries, other people or future generations, nor to the detriment of the natural environment. In short: today, not at the expense of tomorrow; here, not at the expense of elsewhere. Sustainable management thus means looking to the future while balancing social, environmental and economic goals.



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# FOREWORD

The Sustainability Code sets standards for transparency



By issuing this guide, the German Council for Sustainable Development (RNE) is encouraging companies and organisations of all sizes and legal forms to make use of its Sustainability Code. The Sustainability Code can assist you in meeting statutory requirements and via its reporting requirements can offer first-time users guidance regarding what they need to do in order to establish integrated and credible sustainability management. The Code represents the condensed knowledge of years of experience with sustainable management and best-practice reporting. With its 20 criteria and select performance indicators, the Code clarifies the term sustainability in a business context. It ensures that the main focus of attention is on essential – or ‘material’ – aspects and assists you in more effectively and more ambitiously embracing your corporate responsibility for economic, social and environmentally sustainable development.



The advantage of the Code is its condensed and user-friendly form. It provides a framework for preparing reporting on aspects of sustainability and their management. This enables users of the Code to report not only on their contribution to achieving the goals of the Paris Agreement, for instance, but also on the fulfilment of their human rights due diligence obligations throughout the value chain, as is called for by the National Action Plan for Business and Human Rights (NAP) of the German Federal Foreign Office. Moreover, companies with a reporting obligation as per the German Commercial Code (HGB) can use the Code to prepare a non-financial declaration in line with their CSR reporting requirement. Our 2018 user survey has indicated that the companies to whom this applies felt that the Sustainability Code was a good fit for them. The majority of our users are subject to reporting obligations by the CSR Directive Implementation Act (CSR-RUG).

The Code makes it easier for all companies to get started with reporting and is well balanced in terms of the work involved and the benefits it offers. It also aids in improving sustainability management and linking these topics with an assessment of economic success. It offers enterprises the opportunity to present their commitment and contributions to sustainable development in a visible and comparable way. This makes them better able to compete for the best employees and position themselves vis-à-vis customers and financial service providers. Last but not least, dedicating resources to sustainability reporting motivates staff by signalling to them that this topic really is a very important part of the company's corporate culture.

This guide was developed with the support of the Bertelsmann Stiftung in close consultation with enterprises and stakeholders and was further developed by industry associations with their specific perspectives. We would like to sincerely thank all the participants for further improving the guide with their time, their expertise and their ideas!

This is the third edition of the guide. We are delighted by the considerable demand for it and we hope your experience of using the guide is positive.



Prof. Dr Günther Bachmann

Secretary-General of the German Council for Sustainable Development (RNE)



Yvonne Zwick

Deputy Secretary-General and Head of the Sustainability Code Office

# About this guide

## **Helpful companion**

This guide helps companies to start applying the Sustainability Code. In it, we explain precisely what the Code is and what its individual criteria are all about. With the guide, we assist you with getting started with the day-to-day practice of sustainable business management and help you to continuously improve as you go. We also want to appeal to companies that are still in the early stages of sustainable management or who have, to date, been tackling the issue of sustainability in many different ways and now want to organise their activities more systematically. This guide is not meant as a substitute for a management guideline addressing questions relating to strategic, organisational or implementational aspects of sustainable management. What it is is a helpful companion on the path to preparing a declaration of conformity with the Code, providing you with ongoing orientation and helping you to narrow focus to the essential.

## **A framework for non-financial reporting**

The Sustainability Code offers a clear focus on materiality and transparency regarding the reporting of non-financial performance. It lays out the minimum requirements for companies and organisations in terms of what aspects of sustainability are to be reported on and, if required, fulfils the requirements of the reporting obligation in force since 2017. The Code can be used by companies and organisations of any

size and legal form and irrespective of where a company's headquarters are located. Users include both large and small, public and private companies, organisations both with and without existing sustainability reporting, companies with capital market orientation and companies that simply want to inform stakeholders about their activities as a company in the area of sustainability. The Code makes sustainability achievements and the significance of sustainability within a company's or organisation's core operations visibly more comparable, thus enabling a comprehensive assessment of a company's performance and its ability to take on the challenges of the future. To comply with the Code, users prepare a Code declaration covering the 20 Code criteria and the supplementary non-financial performance indicators selected from the comprehensive reporting guidelines of the Global Reporting Initiative (GRI) and EFFAS (see table in the Appendix on p. XX). As a user, you report on how you comply with the Code criteria and, if applicable, provide plausible explanations as to why reporting on certain criteria is not possible.

## **Step by step to your goal**

There are still some companies for which sustainability is part of their everyday working life, but which have not yet documented their achievements. Does this apply to your company? Then you should make a start – and you will soon come to recognise your strengths and



weaknesses. In some cases, everything mentioned in the Code may not already be an accepted part of your business practices. Don't worry! Answer the questions as best you can. Not all companies meet all the requirements in equal measure. In such instances, explain why you cannot report on a criterion or why you can – or only wish to – report in part on the matter.

For instance, a particular topic may not have cropped up in your company yet; with another, you might not yet have progressed far enough to say something tangible about it. Some criteria may not (yet) affect your company. Here, what is important is not perfection, but the fact that you describe your approach, your efforts, your difficulties, i.e. your company's individual process. Many users report about the insight they have gained as a result of the process of preparing and agreeing their first declaration of conformity with the Code. Internal understanding of a company's own sustainability achievements is improved, a process of ongoing improvement is initiated and conflicts between objectives are resolved.

On the back cover of this guide you will find an overview of steps to be taken to prepare a first Code declaration.

### Structure and core

The Code is divided into four sections:

- **STRATEGY** (materiality, vision and objectives)
- **PROCESS MANAGEMENT** (rules and structures)
- **ENVIRONMENT** (ecological aspects of sustainability)
- **SOCIETY** (social aspects of sustainability)

The "Strategy" section is especially important for beginners: this is where you show that the key issues and challenges and the opportunities and risks that your organisation faces relating to sustainability are on your radar. You also describe how you weight them, how you deal with them and what goals your company sets to make its business operations more sustainable – along the entire value chain, if possible. This section forms the core of the Code. Fill it in very thoroughly to help you lay the foundation for all other questions.

### Conflicting objectives

Anyone who engages with the issue of sustainability in depth soon realises that some objectives or projects may conflict with each other in daily business practice. If you have, for example stipulated that your purchasing department always buy products as cheaply as possible, then you will not always be able, at the same time, to also purchase products that have been made in the most environmentally friendly and socially responsible way. As a rule, doing so is more expensive. But do not shy away from such conflicts, neither in your company nor when you fill in the Code. They are part of the essence of sustainability and can and should also be reflected in the Code. The path to sustainability is also a struggle for the best way to achieve the objectives in each case. It requires that decisions be made.

### Examples of how others do it

For each criterion, we have given examples from recent Code declarations that are intended to show you the range of possible answers. Here, it is not a matter of “good” or “bad”. Rather, we show you how other companies have completed

their Code declaration – depending on their level of development – and the very minimum your company should report to meet Code requirements. What also becomes clear, however, is that some have raised the bar even higher. This can, and should, inspire others to act similarly.

## Frequently asked questions

### Why should a company report on its achievements relating to sustainability at all?

The world is currently facing significant environmental and social challenges. Due to sensitisation as a result of media reporting and critical non-governmental organisations (NGOs), topics such as the upholding of human rights, combating corruption, and environmental, employee and social issues – including in developing countries – are playing a growing role in the public consciousness. As key players in global supply chains, companies have a bi-directional relationship with global challenges. On the one hand, more and more companies are recognising that their ability to achieve future entrepreneurial success is dependent not only on economic and regulatory factors, but also to a significant extent on environmental, social and societal conditions. On the other hand, they are also recognising that they share responsibility for sustainable development. Many want to, and can, make a key contribution here. Forward-thinking companies embed, either consciously or unconsciously, the principles of sustainability in their business strategies and decisions and

develop concrete measures and mechanisms to ensure their implementation. In order that sustainability become a factor with a relevant impact on competition, companies should document and report to the public how they are assuming responsibility. The Code creates a link between the economic, environmental and social impacts of a company’s core operations and offers a wide variety of opportunities for companies to pursue ongoing improvement.

### There are already a number of reporting standards, such as the OECD Guidelines for Multinational Enterprises, ISO 26000, the Global Reporting Initiative (GRI) and the Global Compact of the United Nations (UN Global Compact). Why should a company apply the Sustainability Code?

These and other initiatives have furnished international reporting and management standards. The Code is aligned with these standards and also incorporates the reporting obligation which has applied since 2017. At the same time, the Code reduces their in part highly complex requirements to the essentials. In order to do so, in dialogue with representatives of



the capital market and of other companies, the RNE has prepared a selection of performance indicators from common reporting standards (i.e. the GRI and EFFAS) and has described criteria (see p. XX) that clearly and concisely represent the key information on a company's sustainability performance.

#### **How do the Code and the UN Global Compact relate to each other?**

Companies participating in the UN Global Compact can also use the declaration of conformity with the Code as a communication on progress (COP). In order to meet the minimum requirements of the Global Compact, the Code declaration should also contain a statement made by the management board relating to continuing the company's commitment to the Global Compact and to its further efforts to implement and promote the ten principles. More information about the Global Compact Network Germany can be found here:  
[www.globalcompact.de/en](http://www.globalcompact.de/en).

#### **Our company has already published a sustainability report. What purpose would a Code declaration serve?**

Unfortunately, sustainability reports usually receive fewer readers than one might wish. The information contained in them is often not presented in a way that is appropriate for potential users. Moreover, they are not very comparable and often focus too little on the essential. Code declarations are published in a central database that can be accessed free of charge. They can therefore potentially reach a far larger group of users including, for example, (financial) market analysts. Technical interfaces enable third parties to import the information published directly into their own evaluation systems. Reporting in

accordance with the Code therefore results in a concrete benefit with regard to comparisons with the competition.

#### **Our company does not have an established reporting system – do I still have to report on the performance indicators?**

The performance indicators taken from the Sustainability Reporting Standards (GRI SRS) and EFFAS are a component of the Code and are, just like the criteria, reported on according to the principle of “comply or explain”. The reason is that it is not possible to assess sustainability performance comprehensively by means of either the narrative part of the criteria or the measurable quantities alone. The two elements thus complement each other.

If you do not yet collect the data relating to the indicators, explain briefly at these points why you don't. It is important to us that you get started with reporting. Sometimes Code declarations are more credible if they show that while not all the requirements are met, a corporate culture of sustainability is indeed practised.

Where does your company stand as regards sustainability? Just starting? If so, outline your situation as you begin with reporting and state when you intend to be in a position to report specific information. Right in the middle? The process and the approaches relating to the management of sustainability are different for every single company. We are curious to discover what the situation looks like in your firm.

#### **Who is interested in the Code?**

The primary target groups that can use the declarations of conformity with the Code are:

- » customers and suppliers that set great store by sustainability in the value chain;

- » the firm's own management in order to manage sustainability within the company as well as to analyse and manage opportunities and risks;
- » the firm's own and future employees who wish to work for a company that shows overall responsibility;
- » policymakers who wish to get an idea of sustainable management;
- » and, increasingly, financial market players in order to be better able to assess the opportunities and risks of investments and loans.

Large businesses can benefit from the Code by giving their partners in the supply chain an easy tool that meets customers' demands for sustainability. Potential users undoubtedly also include non-governmental organisations and the scientific community. The interest among target groups will grow in proportion to how the Code is used by the business sector and how the number of Code declarations rises.

#### **Why is comparability important?**

Society's interest in how companies carry out business responsibly is increasing. But the way the information has been publicised so far makes it hard for users to see how a company operates in comparison to others – if at all. In the maze of usually lengthy sustainability reports, the essential facts are often difficult to discern. This is a problem not only for investors. By having all companies answer the same 20 criteria, readers can quickly and easily see at a glance differences in the quality of the information provided. This makes the reporting process more transparent and more credible. The more companies participate in the Code, the more likely it is to succeed in sparking competition to find the most sustainable solutions.

#### **What impact has the EU-wide reporting obligation in force since 2017 had on reporting in accordance with the Code?**

After the German Bundestag passed the "Act to strengthen non-financial reporting by companies in their management reports and group management reports" (CSR Directive Implementation Act [CSR-RUG]) on 9 March 2017 to transpose EU Directive 2014/95/EU into German law, the Code was updated and aligned with the newly formulated statutory requirements for CSR reporting. Andreas Hecker, a lawyer at Hoffmann, Liebs, Fritsch & Partner Rechtsanwälte mbB, assisted the Sustainability Code Office with the legal matters.

Specific criteria texts, explanations and checklists were revised and the Code database was modified accordingly. Criterion 2 in particular was rephrased in line with the definition of materiality which serves as the basis for the EU Directive and the CSR-RUG. Furthermore, the text on criterion 1 was enhanced for clarity. In addition, the "four-pronged approach" stipulated by the Act for describing individual issues (policy, results of the policies, risks, indicators) was taken up in the review process and the terminology used for the criteria was revised to correspond to the Act. A new review level was introduced: companies can now state in the database whether they are subject to the reporting obligation and want to use their Code declaration as a non-financial declaration as per the CSR-RUG. The Code Office then assesses the declaration for compliance with both the Code criteria and the legally stipulated content as interpreted in the Code, and flags up any gaps. A corresponding CSR-RUG conformity mark was developed for use in communication. The declaration review performed by the Code Office is a check of a declaration's formal completeness in accordance with the Code requirements and does not

constitute a legal review. Responsibility for this lies with the company itself.

### **Does a Code declaration fulfil the requirements of the EU reporting obligation for non-financial information in effect since 2017?**

Compliance with the reporting obligation may be measured using national, international or European standards. However, some of these standards only cover the requirements in part. Companies can use the Code as a basis when preparing the required information. The Code meets the requirements, covers all report elements, at the same time focuses on the essentials and can additionally be linked to other standards. The European Commission has repeatedly given it positive recognition as a possible reporting standard. The Code is mentioned as a suitable standard in the draft bill on implementation of the CSR-RUG as drawn up by the German Federal Ministry of Justice and Consumer Protection (BMJV).

### **Can the Code also be used by international companies?**

The Sustainability Code is already available to international companies and organisations for voluntary application and as an instrument with which to comply with the new EU reporting obligation. The full database is available in both English and German. Translations of the Code are available in French, English, Greek, Russian, Spanish and Hebrew. Interest in hearing about other companies' experience of using the Code in Germany has increased in particular since the introduction of the EU-wide reporting obligation.

### **How long does it take on average to complete a declaration?**

That depends entirely on how deeply sustainability has already been embedded in the



Fig. 1: Code conformity mark for the CSR-RUG

company and the extent to which reporting processes have already been established and the necessary data and facts have already been processed and are available. According to the 2018 user survey, companies need an average of 21.4 workdays for the preparation and internal approval of their Code declaration. It should be noted, however, that this survey included a large number of companies reporting for the first time. But even expending a lot of time on the Code is worth it if the process makes it clear to the company what strategy it is pursuing with regard to sustainability, the goals it wishes to set itself and what measures it selects in order to fulfil them.

### **What is the expected length for the report?**

The Code declaration is intended to be short in order that relevant information be expressed succinctly. Generally, one expects to see between 500 and 3,000 characters per criterion.

### **What costs can we roughly expect?**

Application of the Code, use of the database and the services of the Sustainability Code Office are free for companies that publish their declaration in the Code database. The internal costs incurred by the company depend on the time needed to acquire the data.

### **How can the Code benefit my company?**

Two thirds of users use the Code to comply with the reporting obligation, while around 40% believe a major benefit is how it can boost their reputation and appreciate the easy entry that the Code affords to sustainability reporting. The Code helps maintain credibility and access to markets and can also be beneficial in continually pushing forward innovation and new ways of thinking in companies while maintaining proven principles.

Moreover, reporting also has a great impact on the company itself: reporting means not just collecting information, but also examining and analysing it carefully. This reveals vulnerabilities as well as untapped opportunities. The company can identify whether it adheres to all laws and regulations (compliance). A quarter of users appreciate the implicit guidance it contains regarding structuring sustainability management. Other benefits include the gradual resolution of goal conflicts, the development of a common understanding of sustainability within the company and constructive scrutiny of established workflows. Take the people in and around your company seriously with regard to their actions and responsibilities and raise their awareness of sustainable behaviour.

You can also use the Code to more fully assess your company's economic performance, which you traditionally substantiate with a financial report and many financial performance indicators. Show that your company is positioned in such a way that, in the long term, it can realise the opportunities and is aware of the risks that are inherent to sustainability issues. Driven by the topic of sustainable finance, the capital market is increasingly using this information to assess the opportunities and risks of investments or granting someone a loan.

With your Code declaration, you can demonstrate whether and how you can also report on your supply chain beyond your immediate corporate boundaries. As a supplier, you can use the Code to present your sustainability achievements and thus score points when establishing relationships with new business partners. Throw the fact that you report on sustainability into the balance when bidding for business! Some companies use this alone as a credibility criterion when awarding contracts.

### **Does anybody check to see whether the statements are true and the answers are satisfactory?**

The Code team reviews a Code declaration to determine whether it meets the formal Code requirements. The company is free to choose whether it wishes to have a substantive examination performed by an independent third party (e.g. auditors or other audit companies). The Code declaration is, however, accessible to all interested parties in a free database.

### **Is there a certificate?**

The Code is a transparency standard which is applied voluntarily; it is not an instrument of certification. There is therefore no certificate. Companies that publish their Code declaration online receive a Code conformity mark in German and English to support the measures they use to communicate their commitment to disclosure.

### **Is it possible to update parts of the Code declaration?**

It is possible to amend the Code declaration at a later date. However, we recommend that this be done only if there is an urgent need to do so, for example if there are key performance indicators that were not available when the Code declaration was submitted or if there has been a change in the contact people or even in the name of the company.

### Does the Code declaration have to be updated at regular intervals?

There is no regular interval for submitting a Code declaration, however, we recommend updating the declaration at least every two years. Larger time intervals make it difficult to compare the corporate data over time and with other companies. Comparability and transparency are essential for the effectiveness of the Code. Please be sure to also note the time frame stipulated for the reporting obligation, should you be directly affected.

### Can the Code declaration be published elsewhere other than on the Code website?

Declarations of conformity with the Code can be viewed in the Code database. You can use the Code conformity mark as a button to link from your website to your company's profile in the Code database. Use the export function within your profile to download your Code declaration and make it available on your corporate website or use it as the basis for your non-financial declaration, a sustainability report or other communication media.

### What kinds of support are offered?

**Online:** The Code website ([sustainabilitycode.org](https://sustainabilitycode.org)) provides a wide range of helpful information for users and anyone who is interested, such as sector-specific guidelines and supplements to the Sustainability Code for the housing industry, savings banks, the food processing sector, the waste sector and higher education institutions.

**Training partners:** Sustainability Code training partners throughout Germany offer informational events, training seminars and individual advice on everything from preparing a Code declaration through to its publication. The Code training partners must provide evidence of

their expertise in the area of sustainability and complete training as a trainer. All the consultancy companies and individual consultants are listed on the Code website by region and specific sector expertise.

**Code mentors:** The Code mentors are practised Code-using companies from all over Germany that provide support for interested parties and other users. An overview of the mentors is available on the Code website.

**Code team:** The Code team will gladly assist you at any time with advice and helpful tips. It can provide support in the case of difficulties using the database, inform you of recent developments, initiate contact with training partners and mentors, review your Code declaration for formal completeness and issue you with the Code users' conformity mark following publication of your declaration. Please note that the conformity mark is not a form of certification. All liability for correctness of the disclosures made in the declaration remains with the companies themselves. You can contact the Code team online at [team@nachhaltigkeitskodex.org](mailto:team@nachhaltigkeitskodex.org) or you can call them on +49 (0)30 338424-888.



# THE 20 CRITERIA OF THE SUSTAINABILITY CODE

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# STRATEGY

01

02

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04

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# PROCESS MANAGEMENT

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# ENVIRONMENT

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# SOCIETY

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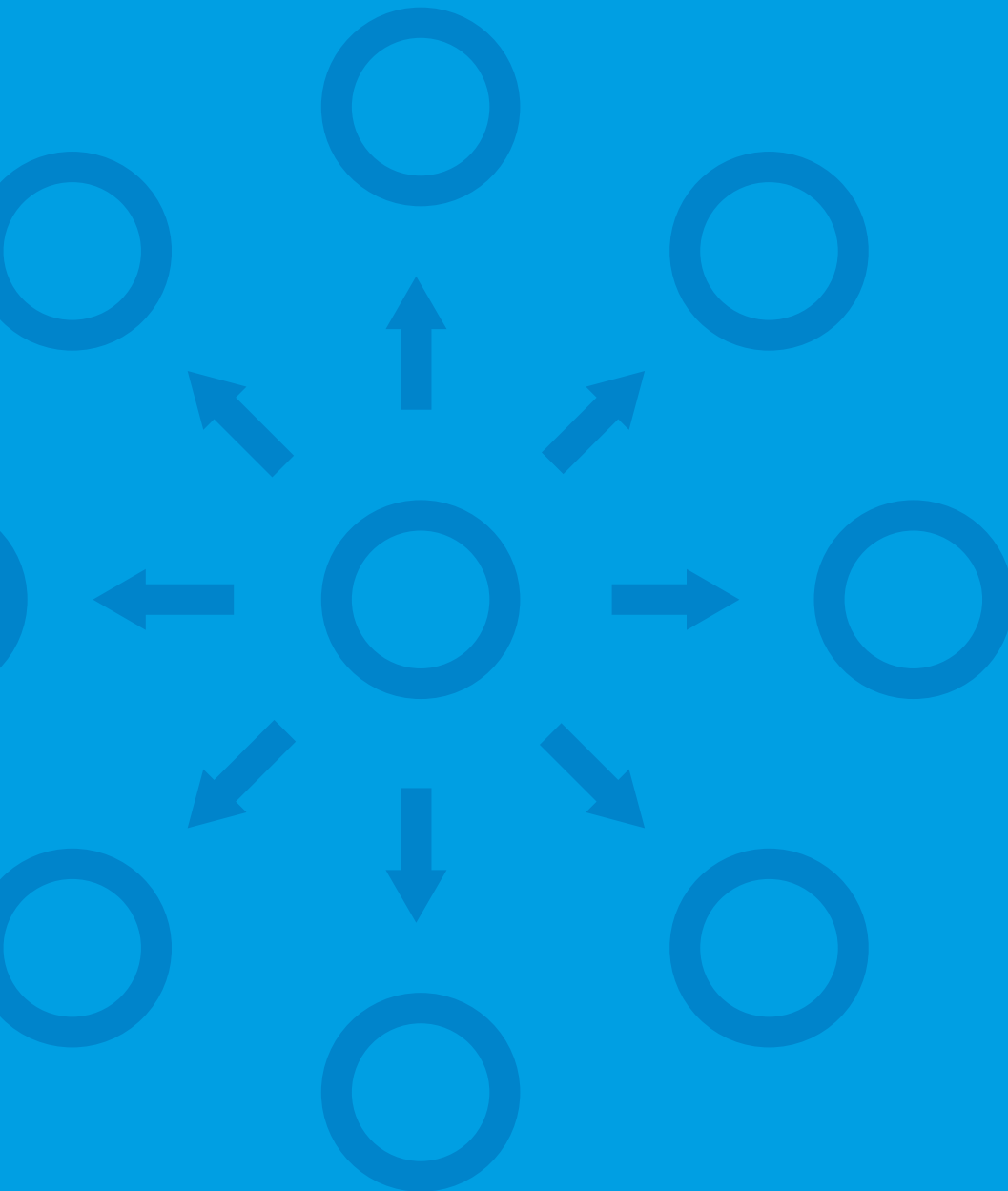
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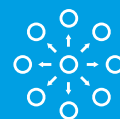
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# STRATEGY







01

02

03

04

The criteria in this section form the basis of the Sustainability Code. The issue at heart here is the foundation of sustainable business. Are you familiar with the challenges, opportunities and risks that are associated with your core activities in terms of sustainability and which your business should face up to? Do you have a plan for how you wish to handle them in the medium and long term? Has your company set clear goals – derived from them – to address social and environmental challenges in a proactive way? And are you already keeping an eye on your entire value chain – from the extraction of raw materials to disposal? By reporting in detail on the following four criteria, you will be laying the foundation for complying with the Code. On this basis, you will be able to handle all further topics well too.

# 01 Strategic Analysis and Action

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**The company declares whether or not it pursues a sustainability strategy. It explains what concrete measures it is undertaking to operate in compliance with key recognised sector-specific, national and international standards.**

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## WHAT THAT MEANS

### Why is this important?

Every company and organisation has the opportunity to contribute to sustainable development in its own way. You set out your planned contribution in a sustainability strategy. You clearly communicate both internally and externally whether and how you wish to contribute to sustainable development and how you wish to develop in terms of sustainability. Formulating medium- and long-term goals within the strategy (see criterion 3) makes the strategy content more tangible and facilitates its translation into concrete measures. Reference may also be made in the strategy to the application of sector-specific, national or international standards and goals regarding sustainability issues (such as the ISO 14001 standard for environmental management systems, the core labour standards of the International Labour Organization [ILO] or the United Nations' Sustainable Development Goals).

### What do the terms mean?

A sustainability strategy outlines a company's intentions regarding how they will handle the

relevant sustainability aspects. It is adopted by the management. It may also be incorporated into an overarching corporate strategy.

Criterion 1 should also outline any measures that ensure compliance with standards relevant to sustainable development, such as public declarations of commitment to voluntary standards.

### What needs to be borne in mind?

Within this criterion, you describe whether your company has a strategy regarding sustainable development or whether it has to date only effected individual measures which have not yet been brought together within an overarching format. Tackling sustainability issues strategically means that key areas of action are identified in which there is a clear correlation between sustainability aspects and the company's core business activities. If your company does not yet have a sustainability strategy, you should give details of the sustainability issues in relation to which the company has already implemented or intends to implement measures. In the long term, a company's mission statement and visions concerning sustainability issues should be

realised with the help of a strategy.

A strategy differs from a mission statement in that it features goals and goal achievement plans,

whereas a mission statement outlines the basic principles of the company's actions in more general terms.

### **International standards for sustainable management and reporting.**

The most important international standards defining the principles of sustainability are:

- » The Guidelines for Multinational Enterprises issued by the Organisation for Economic Co-operation and Development (OECD)
  - » The Ten Principles of the United Nations Global Compact (UN Global Compact)
  - » The UN Guiding Principles on Business and Human Rights
  - » The core labour standards of the International Labour Organization (ILO, see also criterion 14)
  - » The International Organization for Standardization's "Guidance on social responsibility" for organisations and its environmental management standards (ISO 26000 and ISO 14001)
  - » The sustainability reporting guidelines of the Global Reporting Initiative (GRI) and the European Federation of Financial Analysts Societies (EFFAS)
- (see Appendix for more details)

## CHECKLIST



### ASPECT 1

State whether your company pursues a separate sustainability strategy or whether this is incorporated into the overarching corporate strategy. If this is not yet the case, state when you intend to develop a sustainability strategy.

### ASPECT 2

State the key areas of action that the sustainability strategy defines or, if there is no sustainability strategy, the areas in which your company has already implemented sustainability measures.

### ASPECT 3

State which material standards and goals of relevance to sustainability your company's sustainability strategy is based on.



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## WHAT OTHERS WRITE

### **Neumarkter Lammsbräu, 2017:**

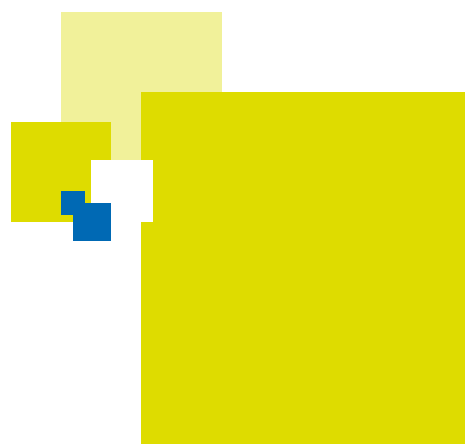
The medium- and long-term sustainability strategy is founded on the issues of independence and sustainability subdivided into the areas of the environment, economics and social affairs. It was completely overhauled in 2017 and was broken down even more precisely on the basis of the individual annual goals encompassing all processes.

### **REWE Group (Zentral-AG und Zentralfinanz eG), 2017:**

While introducing its sustainability strategy, REWE Group created four pillars of sustainability in 2008: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. The company added areas of action within these pillars that outline the key issues of its commitment to sustainability. Working and project groups for each of the four pillars of sustainability are charged with putting the measures into effect.

### **Volksbank Raiffeisenbank Nordoberpfalz eG, 2017:**

We are guided in the area of sustainable development by the traditional cooperative values of subsidiarity, personal responsibility, independence and solidarity. In accordance with our self-image, these fundamental ideas serve as a unique basis for integrating the concept of sustainability. Within the entity Strategiehaus der Volksbank Raiffeisenbank Nordoberpfalz eG, in 2017 we consequently placed the cooperative values in the concrete context of sustainable development and aligned them with the future of our bank. [...] As of 2018, sustainability as a corporate value serves as the starting point for the planned strategic embedding of sustainability. Our Strategiehaus entity is founded not only on this value, but also on the Sustainability Code, which ensures our compatibility with national and international reporting standards.



## 02 Materiality

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**The company discloses the aspects of its business operations that have a significant impact on sustainability issues and what material impact sustainability issues have on its operations. It analyses the positive and negative effects and provides information as to how these insights are integrated into the company's processes.**

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### WHAT THAT MEANS

#### Why is this important?

To give sustainability management an effective direction, companies should initially focus on solving particularly pressing problems. This calls for clarification regarding which company activities are associated with or have an impact on key environmental and/or social problems. Vice versa, environmental and social challenges can also have an impact on the business model from outside of the company.

#### What do the terms mean?

Sustainability aspects are the topics that enable sustainable development in the first place. The Sustainable Development Goals or the list of topics featured in the GRI Standard can provide initial guidance regarding what sustainability aspects there are.

The issues considered material with regard to this criterion are the company's activities that have a decisive negative or positive impact on sustainability aspects as well as the sustainability aspects that have an especially large impact on the company's activities. Topics can also be material if they are particularly significant to stakeholders' decision making or if they influence stake-

holders' relationship with your company. The aspects deemed to be material vary from sector to sector and strongly depend on the processes within your company.

Stakeholders are individuals or groups associated with the company who either have a bearing on its business activities or are influenced by its business activities, e.g. business partners, employees, clients, suppliers, municipalities, parties, associations, government bodies, non-governmental organisations, etc. (see criterion 9).

#### What needs to be borne in mind?

Ideally, the material sustainability aspects should be identified not only from the company's perspective, but also in dialogue with the key stakeholders. This prevents a blinkered perspective from being adopted and helps the company to identify its stakeholders' expectations in good time. It is therefore important that there is an early analysis of how the company is embedded within society and of any specific features that this results in. The first aspect on the checklist therefore enquires about milieu specifics such as your company's significance as a regional employer, environmental specifics

(bodies of water, nature reserves, etc.) in the direct vicinity and environmental and social issues with which your sector is frequently associated in the media. The materiality analysis can then build on this consideration of the milieu.

Sustainability aspects tend to present companies not only with risks, but also with opportunities. Please therefore endeavour to give a balanced account.

## CHECKLIST



### ASPECT 1

Describe the environmental, socio-economic and political specifics of the milieu in which your company operates.

### ASPECT 2

Describe the positive and negative effects of your company's business activities on the material sustainability aspects.

### ASPECT 3

Describe the opportunities and risks resulting from your company's handling of sustainability aspects and the conclusions which can be drawn from them for your company's sustainability management.

## WHAT OTHERS WRITE

### **Vivawest GmbH, 2017:**

VIVAWEST's market and competitive environment is becoming increasingly dynamic and more and more differentiated, and this presents the company with new challenges time and again. These need to be overcome and need to be seen as an opportunity for differentiating VIVAWEST from its competitors. The strong heterogeneity of the competitive field and the many regulatory requirements in Germany are just one side of the coin. On the other side, there are the megatrends which are resulting in fundamental changes. Demographic developments in the form of urbanisation, population ageing and increases in the number of single-person households mean that changes need to be made in terms of the housing currently available. Because of globalisation, there is an increasing need to integrate immigrants within neighbourhoods. The energy transition is leading to greater expectations of energy efficiency and carbon emissions reductions, especially in relation to housing. Digitalisation is necessitating changes in the way we think and act due to our changing information and communication behaviour.

### **Merck KGaA, 2017:**

In 2016, we conducted a comprehensive materiality assessment in which we evaluated media reports, inquiries from investors and sustainability ratings. We then weighted the

issues based on the results of stakeholder surveys and interviews with experts. Both this process and the findings from the materiality assessment were reviewed by internal specialists and the CR Committee. In 2017, the 43 key issues identified in the 2016 materiality assessment were reviewed and validated by experts from the respective business sectors. In doing so, we took account of the latest developments, updating the analysis where necessary. The topics rated as material form the focus of this CR Report.

### **ista International GmbH, 2017:**

By improving quality and service, developing our infrastructure and offering "smart" innovations, we are equipping ourselves to master the challenges of the future. Ongoing climate change is one of the biggest risks facing our generation and is a particularly great challenge for ista as a real estate service provider. Digitalisation presents ista with opportunities and options. By offering digital solutions that play their part in eliminating carbon emissions and conserving resources, we are generating added value for our customers and the environment, and are actively contributing to the energy transition. We engage in opportunity and risk management to anticipate, identify, monitor and respond appropriately to economic and financial risks. Generally speaking, we do not anticipate significant risks in any of our segments.



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## 03 Objectives

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**The company discloses what qualitative and/or quantitative as well as temporally defined sustainability goals have been set and operationalised and how their level of achievement is monitored.**

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### WHAT THAT MEANS

#### Why is this important?

Sustainability is often a cross-cutting topic within a company that requires the cooperation of multiple business divisions. Clear goals which are ambitious but nonetheless achievable promote constructive and coordinated cooperation and ensure that the sustainability strategy is implemented. The process of developing sustainability goals can itself be used to raise awareness of the topic internally and give all sorts of employees the opportunity to participate in developing and implementing the sustainability strategy.

#### What do the terms mean?

An objective describes a desirable state which is to be achieved by a specific time in the future on the basis of corresponding behaviour. Quantitative goals are linked with a figure, such as reducing energy consumption by 20%. Qualitative goals describe a state which is to be achieved. These should likewise be formulated such that it can be clearly ascertained whether the goal was achieved or not by X point in time,

e.g. setting up a company playgroup or achieving climate neutrality.

Here, operationalising means making the goal achievement measurable. The objectivity, reliability and validity of the data need to be ensured. Measurable means that the goals are defined as clearly as possible and that the plan and time frame up to goal achievement are clearly stipulated. Only then can it be determined whether and to what extent the goals really have been achieved and whether adjustments are needed (see also criterion 6: Rules and Processes).

#### What needs to be borne in mind?

Please endeavour to state both quantitative and qualitative goals and relate the goals to your company operations as a whole and your core line of business. Please note that we are talking about the overarching objectives of your sustainability strategy here. You can give more detailed accounts of more specific goals under the relevant criteria in the “Environmental matters” and “Society” sections. If your company has yet to set itself sustainability goals, please outline the process

you wish to adopt in order to develop such goals and state the point in time by which the goals are to be defined.

## CHECKLIST



### ASPECT 1

State which medium- and long-term goals your company has set itself as part of its sustainability strategy.

### ASPECT 2

Explain which goals are being prioritised and also how and why they are being prioritised.

### ASPECT 3

Explain how achievement of the strategic sustainability goals is being monitored and who within the company is responsible for this.

### ASPECT 4

State whether and how your sustainability goals are based on the United Nations' Sustainable Development Goals.

## WHAT OTHERS WRITE

### **Elprog GmbH, 2017:**

We set ourselves concrete goals and key performance indicators (KPIs) in the strategic areas mentioned (environment, employees, quality, sales/customers). Goal achievement is monitored on an ongoing basis. Examples of our concrete goals and KPIs are:

Employees:

- » Maintain illness rate at a maximum of 5%
- » KPI: Training, increase instruction per employee to 550 hours a year

Environment:

- » KPI: Reduce carbon emissions per FTE to 1.45 t (2018)
- » KPI: Increase cycling kilometres per FTE to 140 km a year (2018)
- » KPI: Reduce electricity consumption per module to 0.60 kWh (2018)
- » [...]

### **REWE Group (Zentral-AG und Zentralfinanz eG), 2017:**

Following this analysis, sustainability managers at REWE Group prioritised the SDGs and targets. Their ranking of the most relevant SDGs was taken up during a podium discussion held as part of the REWE Group Dialogue Forum with stakeholders in 2016. The feedback provided by stakeholders was used in an overall ranking in which the following SDGs were given a high priority for REWE Group: [...]

### **Sparkasse Allgäu, 2017:**

As the next step, we will evaluate and consolidate all the existing measures in 2018 on the basis of a materiality analysis and will examine the potential further development options. In this context, we will also examine whether we can adopt concrete goals for individual activities, for example regarding our balanced scorecards, our service scorecards and our service strategies. We will perform the savings bank sustainability check once again in 2019 to assess the developments and to identify further areas of action and potential.

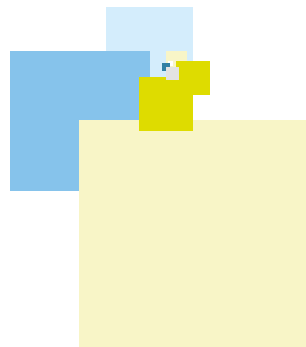
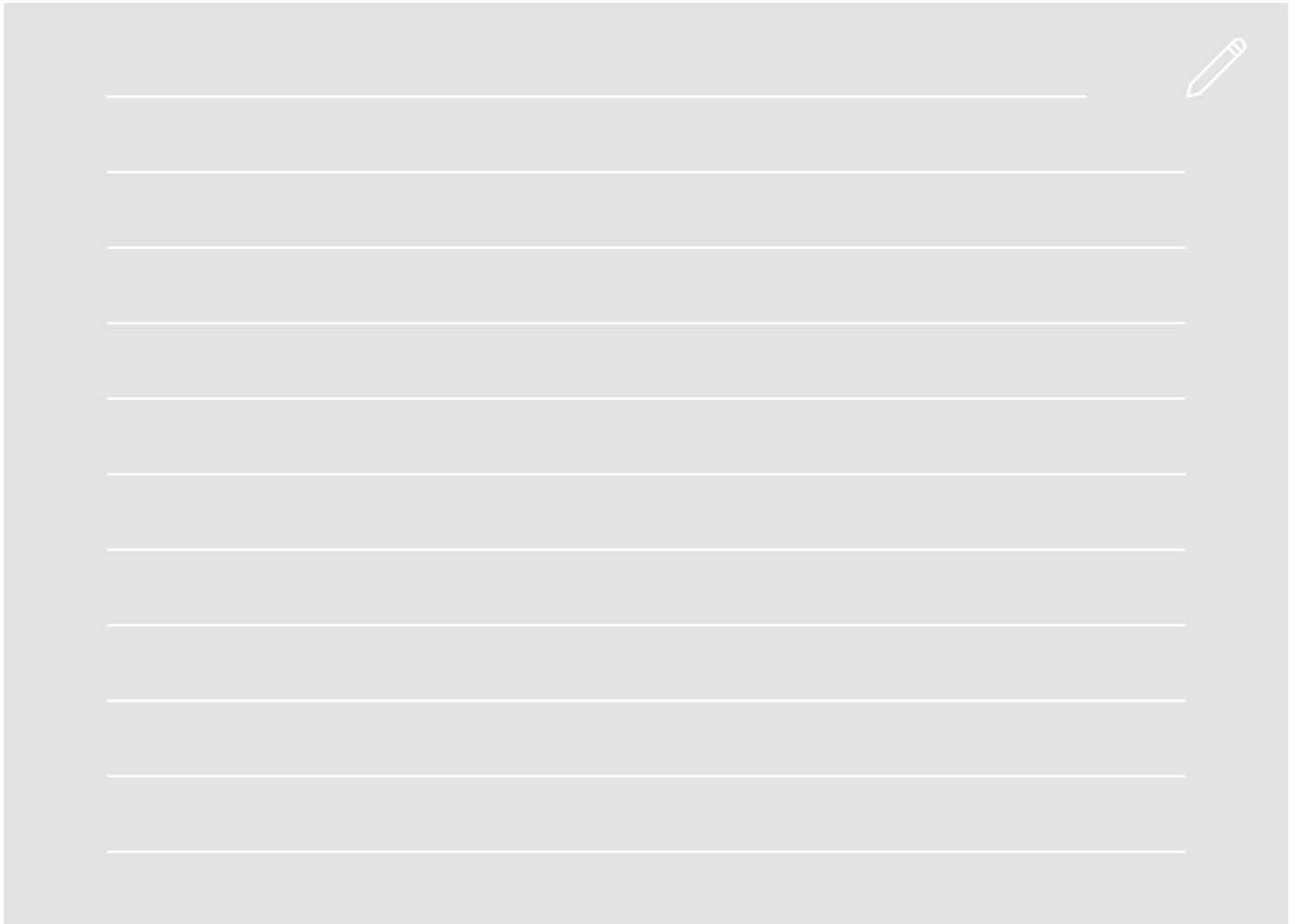
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## 04 Depth of the Value Chain

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**The company states what significance aspects of sustainability have for added value and how deep in the value chain the sustainability criteria are verified.**

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### WHAT THAT MEANS

#### Why is this important?

The value chain extends from raw material production and creation of the actual product or service through to its recycling after use or end of service. While some of this value added occurs within your company, other aspects of value added are outside of your company's direct control. Assuming responsibility here and actively influencing the value chain in the interests of sustainable development can offer new opportunities on the one hand (e.g. in terms of product development) and can avoid risks on the other. Public reaction to scandals in the supply chain in the past has clearly shown that negative impacts in the value chain can also harm companies' reputations.

#### What do the terms mean?

In line with criterion 2, sustainability aspects are the topics that enable sustainable development in the first place. The aspects of particular significance to the companies within your value chain can differ from the aspects that you have identified as material for your company.

The value chain comprises not only suppliers, purchased services and their precursors, but

also the users of your products and services and possibly also recycling or service performance effects. For example, a value chain can comprise the following stages: raw material procurement, prefabrication, finishing, sales, logistics, and the recycling and disposal of used products.

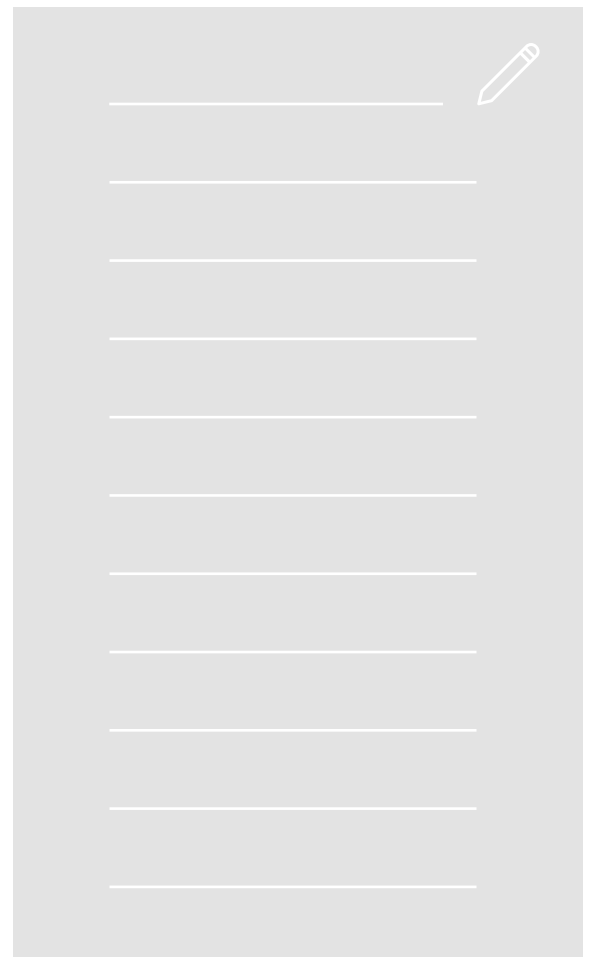
Sustainability criteria are specifications stipulated by your company (possibly on the basis of sustainability standards) which business partners and their subcontractors must comply with in order to be allowed to work with your company.

#### What needs to be borne in mind?

Even if the creation of your products/services involves only a few stages which you perhaps primarily handle yourself and do so exclusively in Germany, we would ask that you give as specific an account of your company's value chain as possible. When doing so, consider also purchased base materials, products and services such as IT, office materials and outsourced customer service. In describing your value chain, you lay the foundations for the details of the criteria that follow. Therefore, if in doubt, when describing your service provision process err on the

side of providing more detail rather than less. In particular, criterion 10 regarding innovation and product management relates to innovation processes all along the value chain to reduce the negative impacts of your products and services and to make a positive contribution to sustainable development. Wherever possible, reference your core business activities in your description, i.e. the business fields that represent your company's key value drivers.

Please note when describing your company's communication of problems with suppliers, service companies or other business partners throughout the value chain that how you answer this question can vary depending on your company's sector and size. Regular frank discussions can serve as an answer here, as can more formal communication based on codes of conduct and auditing procedures.



## CHECKLIST



### ASPECT 1

Describe the steps that your products/services go through in the value chain (e.g. from the purchasing of raw materials to service performance or recycling).

### ASPECT 2

State which sustainability aspects are of relevance to the value chain stages presented. Explain also how deep in the value chain the sustainability criteria are verified.

### ASPECT 3

State whether the respective social and ecological problems that arise at the individual stages are known and how these problems are approached.

### ASPECT 4

State whether and in what way your company communicates with suppliers and other business partners regarding the problems mentioned and works on solutions together with them.



## WHAT OTHERS WRITE

### **INTER Versicherungsgruppe, 2017:**

With an insurance company, the value chain traditionally begins with product development and also comprises sales, the underwriting policy (transparent customer communication, advice and information, etc.), claim settlement and any reinsurance. There are additionally processes in the areas of purchasing (promotional items, paper, etc.) and corporate and HR organisation (employee management and remuneration) that sometimes have to draw on external partners. The greatest risks with regard to non-sustainable products and service providers are in this area. Implementation of the Insurance Distribution Directive (IDD) guarantees the provision of transparent and fair advice by independent agents (brokers, etc.) and our sales partners. This means the customer is guaranteed to only be offered appropriate products. We are therefore increasingly incorporating environmental and social aspects into our customer advisory services as well.

### **HiPP-Werk Georg Hipp OHG, 2018:**

HiPP's sustainability management system has the entire supply chain in view. All company units and divisions draw up definitions of their sustainability goals. For the Purchasing department, sustainable procurement is an essential constituent of the company's strategy. Audit management software is currently being introduced to manage the supply chain. For each

batch, the system consolidates all the relevant criteria relating to the companies, raw ingredients, quality, and sustainable and biodiversity-friendly production. Sustainability standards which are binding for all the suppliers have also been incorporated into our terms and conditions of business. Each raw ingredients group and the corresponding suppliers are overseen by and receive comprehensive advice from one or more HiPP experts.

### **FD Textil GmbH, 2017:**

The biggest challenge we face is monitoring in the "Suppliers/supply chain" area of action: we source our goods from a handful of German suppliers in the area of textile wholesale. Approximately 80% of the materials we buy from wholesalers are textiles made in emerging markets/developing countries, which means there may be risks for people and nature involved. Some of our suppliers use a textile certification mark for a small proportion of the products they offer. We communicate the social and environmental problems within the textile value chain to our suppliers on a case-by-case basis. For example, we have in the past turned down requests for special productions that would have been manufactured not by us, but by manufacturers in third countries, as we suspected there may be high risks regarding social and environmental sustainability.

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# PROCESS MANAGEMENT





The following six criteria describe how your firm efficiently and systematically manages sustainability. This ranges from questions such as who is responsible and whether there are rules and processes that guide the work to whether key performance indicators are used to make any progress and developments visible. Are there incentives – material or non-material ones – that motivate the executives and employees to steadfastly pursue sustainability targets? Does your company also attend to the opinion of groups outside your enterprise who have identifiable interests in its development? And does your business keep in mind the demands of sustainability when it improves products or services?

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## 05 Responsibility

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**Accountability within the company's management with regard to sustainability is disclosed.**

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### WHAT THAT MEANS

#### Why is this important?

Effectively integrating the topic of sustainability into the various business divisions and processes calls not only for an overview of the entire business, but also for the appropriate authority to issue instructions, in order to also implement more far-reaching changes and to practise sustainable conduct. Sustainability must therefore also be backed at the managerial level. There should therefore be someone within the management and, if applicable, on the board who is responsible for the topic and ensures that sustainability is taken into consideration when strategic business decisions are made (see criterion 8).

#### What needs to be borne in mind?

Operational responsibility for the topic of sustainability may lie with specific departments (e.g. a department dedicated to corporate

social responsibility) or may be handled by the divisions themselves or by persons assigned to do so. These support the management and the board in further developing the sustainability strategy, submit regular status reports, propose projects and activities, and coordinate implementation. Here, you should state who at the operational and the managerial levels is responsible for further developing your company's sustainability. Bear in mind that sustainability comprises a wide array of topics and, if applicable, state how the responsibilities are divided up at the managerial level. Perhaps environmental matters such as resource management (see criterion 12) are assigned to a different management figure than social matters such as political influence (see criterion 19).

**CHECKLIST**



**ASPECT 1**

State how centralised responsibility for sustainability issues (strategy, monitoring, analysis) is assigned at the operational and managerial levels.



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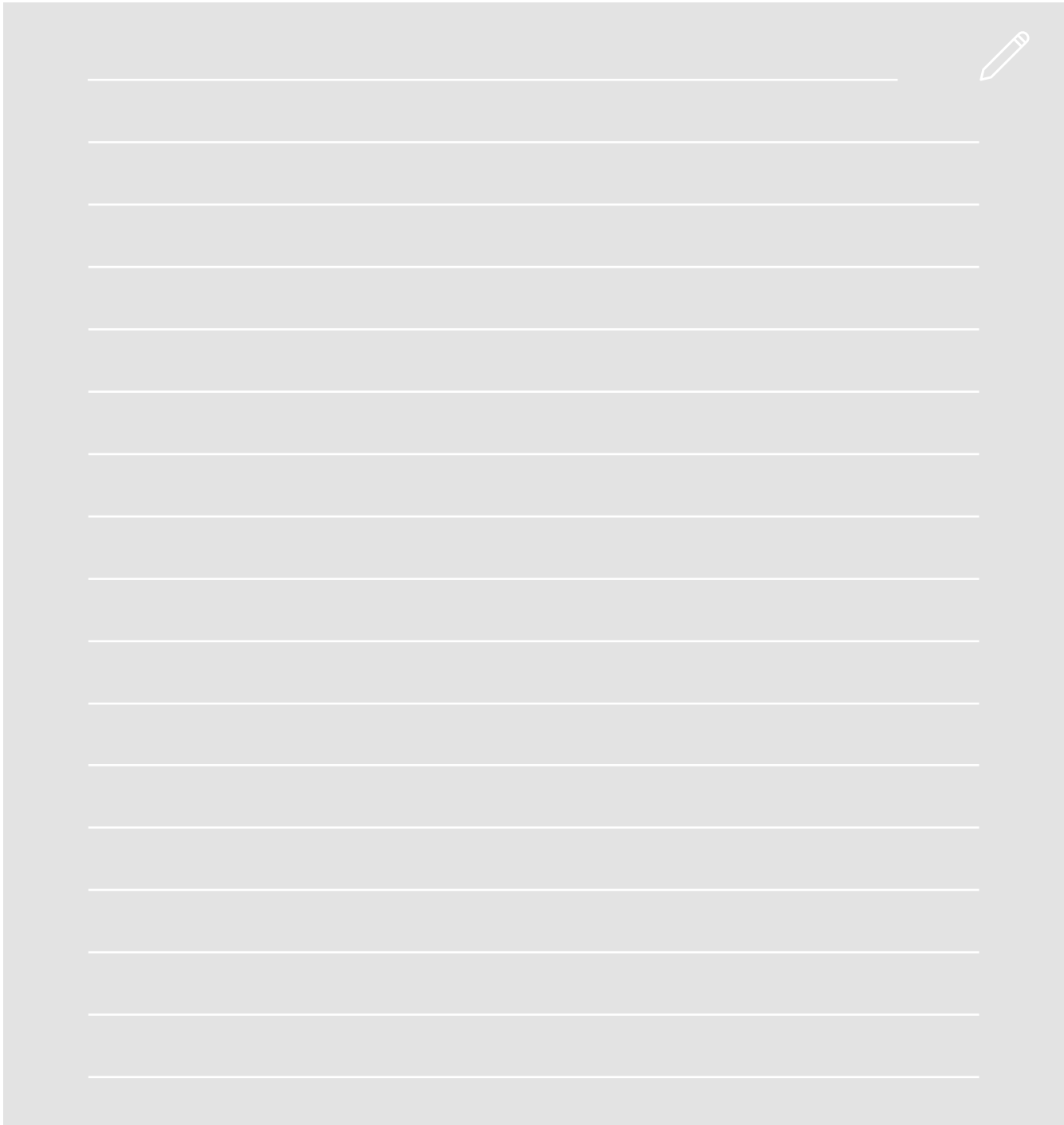
## WHAT OTHERS WRITE

### **HiPP-Werk Georg Hipp OHG, 2018:**

At HiPP, implementation of systematic sustainability management at every level of the company is driven by its top management. This provides significant impetus for realising the philosophy of sustainability and protecting biodiversity in day-to-day company activities. [...] A dedicated team is responsible for the implementation and advancement of sustainability, headed by a sustainability officer who is also a member of the Management Board. Sustainability coordination and communication are likewise in the hands of the Management Board. The Sustainability team reports regularly to the Board and the shareholders. The team members are well networked within the individual departments and engage in regular dialogue.

### **Markus Glöckner Natursteine, 2017:**

Determining the CSR goals and implementing the CSR measures are the responsibility of the management, namely the company owner Markus Glöckner and his wife Katja Hobler. All the employees are involved in the process of identifying and realising the goals. This ensures that sustainability is incorporated into all of the company's divisions and is – and remains – an integral part of the corporate strategy of Markus Glöckner Natursteine. As the environment area of action is of particular significance for us, an Environmental Officer was appointed.



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## 06 Rules and Processes

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**The company discloses how the sustainability strategy is implemented in the operational business by way of rules and processes.**

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### WHAT THAT MEANS

#### Why is this important?

If a company considers sustainability aspects in all of its key decisions, even very ambitious sustainability strategy goals can be achieved and sustainable behaviour can become a matter of course within the company. This requires corporate processes to be reviewed and management processes to be modified, and this tends to have an impact on all areas of a company. To avoid having to consider anew how the topic of sustainability might be considered for each individual decision, it can be governed by rules and processes. New rules and processes can be introduced and old ones can be expanded (e.g. introducing environmental and social criteria to purchasing guidelines).

#### What do the terms mean?

Rules and processes translate the sustainability strategy into more precise specifications for the company's day-to-day activities. Rules include purchasing guidelines, guidelines for research and development, and codes of conduct for the employees. These are incorporated into a company's day-to-day activities by means of appropriate processes, e.g. regular

workshops, subject-specific working groups, new production processes and methods, and internal communication measures.

#### What needs to be borne in mind?

This criterion is about stating how sustainability issues are enshrined within the company in order for them to be implemented in the daily business activities. There can be a very diverse array of rules and processes and they can vary greatly from company to company and from sector to sector. Please report both on the current implementation status and on your plans for the future.



**CHECKLIST**



**ASPECT 1**

State how the sustainability strategy is enshrined in the daily business activities (internal rules, processes and standards).



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## WHAT OTHERS WRITE

### **igefa Handelsgesellschaft mbH & Co. KG, 2017:**

The corporate/sustainability strategy is specified in the form of quantifiable goals, measures and projects as well as rules of conduct (e.g. igefa Code of Conduct) and process instructions. The integrated management system [...] ensures that the processes and responsibilities are documented, followed up and, if necessary, adapted. In the interests of continuous improvement, potential for improvements with a decisive impact on the environment or on the safety or satisfaction of our employees and customers which is identified in, for example, customer feedback is incorporated into the sustainability strategy and the management system. The system also undergoes regular external monitoring in the form of annual audits performed by independent third parties.

### **Commerzbank AG, 2017:**

The Commerzbank sustainability strategy is implemented in detail as concrete guidelines and guiding principles within various central divisions such as Compliance, Purchasing, HR, Environmental Management and Corporate Communications and also within the customer segments. Key principles for responsible business are as follows:

- » The five ComWerte corporate values of customer orientation, performance, integrity, team spirit and courage, which were updated in 2017
- » The corporate responsibility guidelines covering the six areas of compliance and transparency, integration in core business, raising employee awareness, stakeholder dialogue, commitment to the United Nations Global Compact and continuous improvement
- » The sustainability strategy with nine principles to guide people's actions
- » The Commerzbank policy framework for handling environmental and social risks in its core business, as published in 2017
- » The environmental guidelines
- » The purchasing guideline, which includes ethics guidelines and the Standard for Sustainable Procurement



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# 07 Control

**The company states how and what performance indicators related to sustainability are integrated into its periodical internal planning and control processes. It discloses how suitable processes ensure reliability, comparability and consistency of the data used for internal management and external communication.**

## WHAT THAT MEANS

### Why is this important?

For strategic corporate goals in the area of sustainability to be achieved, the progress made must be regularly recorded to enable targeted adaptation of the measures implemented as necessary. This calls not only for especially clearly formulated goals (see criterion 3), but also for their measurement based on suitable performance indicators. In particular, the achievement of interim goals can be used to internally and externally communicate the progress made in the area of sustainability.

### What do the terms mean?

The term performance indicator refers to metrics that measure a company's sustainability performance in qualitative or quantitative form. The indicators can be used both within internal controlling and management and in external communication. Examples of performance indicators include energy consumption per tonne of produced product, paper consumption per employee or the proportion of women in senior management.

Reliability means that the same result would be achieved if the measuring process were repeated

under the same conditions, indicating the result was not a product of chance. In terms of implementation, this means, for example, that the data is collected using the same methodology at all of a company's sites in order to keep it consistent and for it to be combined.

Indicators applied internally should ideally remain comparable over time in order to make any changes visible. This means, for example, that temporary employees should not be included in the company headcount one year, only to be excluded the next.

If possible, indicators which are communicated externally should correspond with generally accepted standards to allow you to compare your company with others.

Consistency in this context means that the metrics you choose really are suitable for ascertaining whether or not you have achieved your goal. If, for example, you set a goal of reducing your company's entire energy consumption, but are only able to measure its electricity consumption, there is information missing (e.g. on the consumption of gas for heating and hot water) and the indicator is not consistent. Additionally, your basis of

assessment must remain unchanged throughout the period under review in order to make your results meaningful.

**What needs to be borne in mind?**

This criterion is primarily about using data which is collected regularly for the internal and external presentation of your progress in the area of sustainability. You should state how you guarantee the quality of such qualitative and quantitative data. Additionally and in particular, the correlation between the goals contained in the sustainability strategy and the information recorded should be made clear.

Here, indicators taken from, for example, the GRI and EFFAS can be used as performance indicators. These may, however, be collated in different ways or combined with other key figures depending on the level within the company. You can, of course, voluntarily supplement the performance indicators used within the Sustainability Code with other relevant key figures that monitor your progress in the area of sustainability. You should therefore report on the key performance indicators you use to make the success of your strategy visible.

**CHECKLIST**



**ASPECT 1**

State which performance indicators are measured to manage and monitor your sustainability goals.

**ASPECT 2**

State how you ensure the reliability, comparability and consistency of the data.

## WHAT OTHERS WRITE

### **memo AG, 2017:**

We made the topic of sustainability our core line of business and we implement it systematically throughout the company. Key performance indicators in the area of sustainability were defined for all the main company activities:

#### Product range

- » Proportion of products within range with environmental certification/labels  
Target: >45%, currently: 55% [...]
- » Production and distribution of product catalogues [...]
- » Greenhouse gas emissions generated by production of the advertising materials  
Target: <120 t, currently: 84 t [...]

#### HR management [...]

- » Offer of voluntary company social benefits  
Target >80%, currently: 85.9% [...]

### **Sparkasse Heidelberg, 2017:**

The relevant performance indicators are derived from the areas of action which are material to Sparkasse Heidelberg.

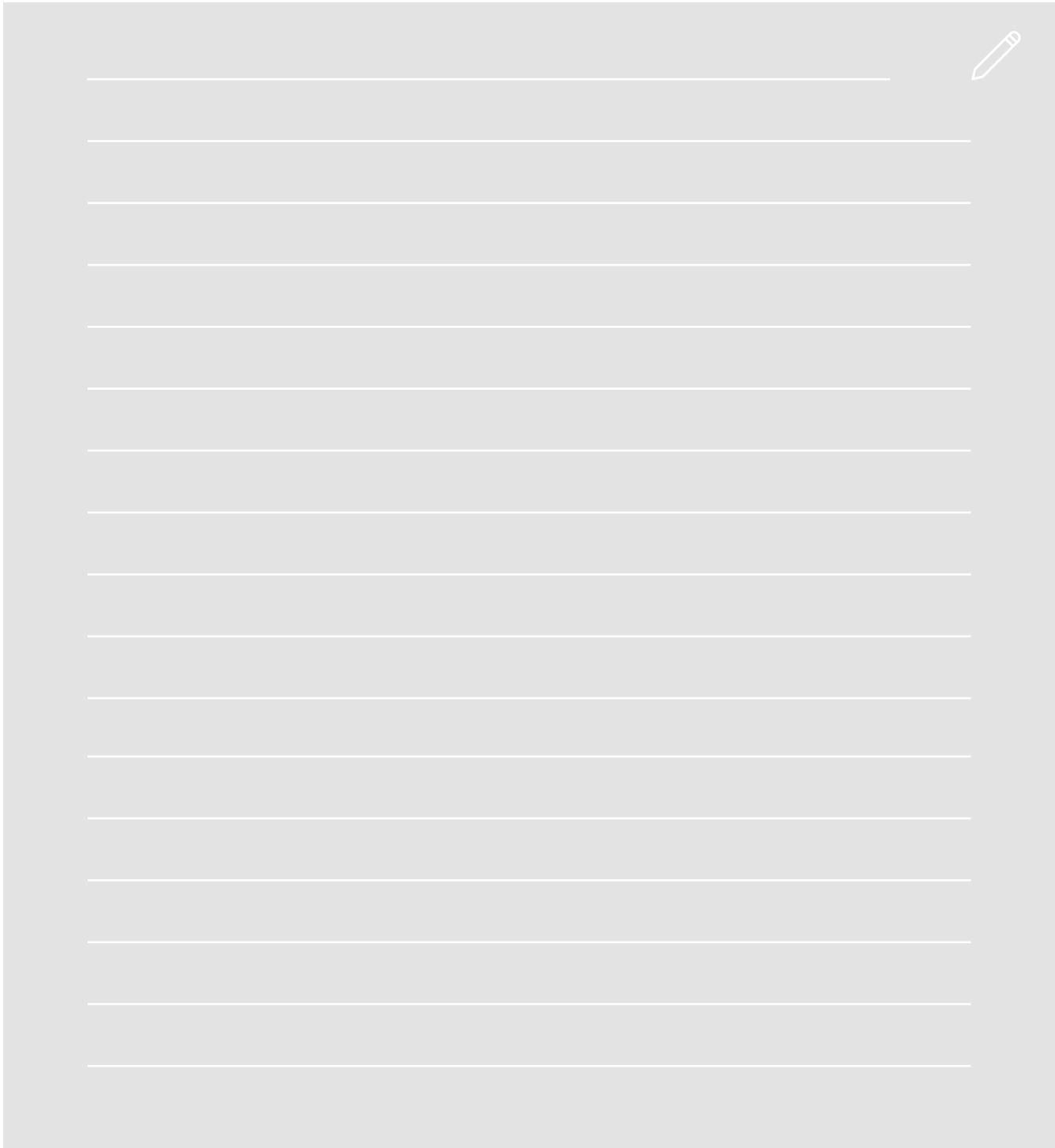
For the employees area of action:

- » Lost days and absenteeism due to injury/illness
- » Illness rate
- » Average hours of training and professional development per year per employee

The results of the regular employee surveys conducted among all the employees are used to draw conclusions regarding internal processes and internal information and communication from the employee satisfaction levels and the quality of cooperation throughout the company [...].

### **Leicher Engineering GmbH, 2017:**

Quantitative and therefore also qualifiable KPIs are currently being developed. The aim is to calculate the carbon emissions caused by the movement of goods and to be able to determine what they are at the product level. In line with the management approach of “Plan – Do – Check – Act”, a quantitative target-performance analysis is performed. The success of the individual measures is qualitatively evaluated and documented at regular intervals as a form of social responsibility control.



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## 08 Incentive Schemes

**The company discloses how target agreements and remuneration schemes for executives and employees are also geared towards the achievement of sustainability goals and how they are aligned with long-term value creation. It discloses the extent to which the achievement of these goals forms part of the evaluation of the top managerial level (board/managing directors) conducted by the monitoring body (supervisory board/advisory board).**

### WHAT THAT MEANS

#### Why is this important?

Incorporating sustainability aspects into incentive schemes can help boost motivation among executives and employees regarding the topic of sustainability. In particular, incentives can be used to systematically track and not lose sight of sustainability goals.

For example, Germany's Act on the Appropriateness of Management Board Remuneration (VorstAG) entered into force in 2009, providing "orientation on sustainable and long-term corporate success". Some companies have taken the implementation of this rule as an opportunity to anchor qualitative criteria, such as increasing attractiveness as an employer, under the definition of "sustainable and long-term success". Quantitative goals are likewise increasingly finding their way into incentive structures, for example when it's a question of boosting resource productivity or reducing negative environmental impacts by factor x by point in time y. This is a promising way to make sustainability a practised part of the corporate strategy.

#### What do the terms mean?

Incentives can be financial in nature, such as bonuses for executives and employees which are tied to the achievement of specific goals. How

sustainability is handled within a company can also be markedly improved by incorporating sustainability aspects into the design of existing non-monetary incentives (e.g. internal recognition) and by creating new incentives such as leave granted for voluntary work, idea management, professional development opportunities, etc.

#### What needs to be borne in mind?

Please bear in mind that the incentive schemes must be directly related to your company's sustainability goals. Target agreements based on environmental and/or social sustainability aspects are of particular interest here, such as an increase in the proportion of investments brokered with a sustainability component or participation in professional development opportunities on the topic of diversity. You may also present incentive schemes related to employees' involvement in innovation management or a suggestion scheme insofar as these are explicitly linked to the sustainability goals.



**CHECKLIST**



**ASPECT 1**

State whether there is a remuneration system or some other non-monetary incentive scheme for employees and executives into which the sustainability goals have been incorporated and, if not, whether such a thing is planned.

**ASPECT 2**

Explain how achievement of the goals agreed upon with the employees and executives is monitored and by which bodies.

**ASPECT 3**

State whether sustainability goals already form part of the evaluation of the top managerial level (board/managing directors) conducted by the monitoring body (supervisory board/advisory board) and, if so, which ones.




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## WHAT OTHERS WRITE

### **Commerzbank AG, 2017:**

Executives at the first and second managerial levels are appraised among other things on the basis of whether they make any contribution within their area of responsibility to achieving the goal regarding the proportion of women in managerial positions.

### **Weiss Technik, 2017:**

The management regularly agrees concrete quality goals for the individual strategic business areas with the executives. These can also include sustainability goals. Goal achievement is monitored by means of regular review and planning meetings. The management agrees operational goals for the year with the head of each division. These are followed up regularly in management meetings.

### **Hering GmbH & Co. KG Verwaltungsgesellschaft, 2017:**

With the wage and salary programme, we aim to achieve greater wage and salary satisfaction, as this is not possible on the basis of collectively agreed remuneration alone. We are basing this on the principle that an internal wage and salary programme is important with regard to salary fairness and the equal treatment of employees. All the remuneration components above and beyond the collectively agreed pay scales are defined and are therefore transparent.

### **Robert Bosch GmbH, 2017:**

In order to communicate the company's long-term targets and create incentives to achieve them, Bosch has defined several target values, the achievement of which is linked to personal goals but, since 2016, no longer to a financial bonus. These include, for instance, the target of reducing Bosch's relative CO<sub>2</sub> emissions by 35 percent by 2020. This special part of the incentive system was phased out in 2016, as it was not considered to have succeeded in helping associates identify more strongly with the corporate targets. Consequently, only the performance of the respective division or of the company as a whole is relevant for the associate bonus.

### **Bank für Kirche und Diakonie eG – KD Bank, 2017:**

KD-Bank intentionally does not use incentive systems that establish a correlation between the achievement of (sales) goals on the one hand and employee remuneration on the other. For this reason, the bank has likewise not formulated any monetary incentives for the achievement of sustainability and environmental management goals.



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# 09 Stakeholder Engagement

**The company discloses how the socially and economically relevant stakeholders are identified and integrated into the sustainability process. It states whether and how an ongoing dialogue takes place with them and how the results are integrated into the sustainability process.**

## WHAT THAT MEANS

### Why is this important?

How your company is seen and perceived by stakeholders can have a major influence on its business success. With their respective areas of expertise, stakeholders can help your company develop sustainability goals and solutions to sustainability problems. For example, suppliers can support the development of more sustainable products (see criterion 10). Stakeholders can additionally help you understand how you are perceived externally and react to market and societal developments in good time. This goes hand in hand with a suitably appreciative attitude towards these groups in order to foster such solution-oriented relations. Conversely, if little attention is paid to stakeholder management, stakeholders can also hinder a company in its activities and ongoing development, for example with employees simply doing the bare minimum, various stakeholders criticising your company or your products and services, or with legal action being taken immediately, rather than engaging in solution-oriented dialogue.

### What do the terms mean?

Stakeholders are individuals or groups associated with the company who either have a bearing on its business activities or are influenced by its business activities, e.g. business partners, employees, clients and suppliers as well as municipalities, parties, associations, government bodies, non-governmental organisations, etc. (see criterion 2). A distinction is made between internal stakeholders, i.e. groups of people within the company (e.g. employees, executives, union representatives) and external stakeholders, in other words interest groups outside of the company (e.g. local residents, associations, media, competitors).

The sustainability process is the development and implementation of your company's sustainability strategy.

### What needs to be borne in mind?

The focus here is on dialogue and cooperation. It is obviously important that you provide your

company's stakeholders with information about your contribution to sustainable development. Additionally, this criterion enquires about what form you give regular dialogue and how you use it to incorporate your stakeholders' points of view and constructive criticism into your corporate processes. Examples of stakeholder engagement include internal newsletters, talks

with the employees (see criterion 14), regular customer meetings, regular cooperation with media representatives and annual stakeholder days. Also state who from within the company participates in the dialogue formats and how you incorporate the findings into your company's sustainability management.

## CHECKLIST



### ASPECT 1

State whether the company's most important stakeholders have been identified and, if so, by what method.

### ASPECT 2

Describe who these stakeholders are.

### ASPECT 3

Describe what form you give dialogue with the stakeholders and how the results of this dialogue are used to further develop your company's sustainability management.

## WHAT OTHERS WRITE

### **REWE Group (Zentral-AG und Zentralfinanz eG), 2017:**

The stakeholder groups that are relevant to REWE Group were determined as part of the sustainability strategy developed in 2008. The list is constantly modified on the basis of intense discussions in such places as the REWE Dialogue Forums, Sustainability Weeks, the PRO PLANET Board of Advisers and stakeholder surveys. [...] During the reporting period, REWE Group performed stakeholder mapping to gain an overview of relevant NGOs [...]. The results flow into the planning of stakeholder communication activities.

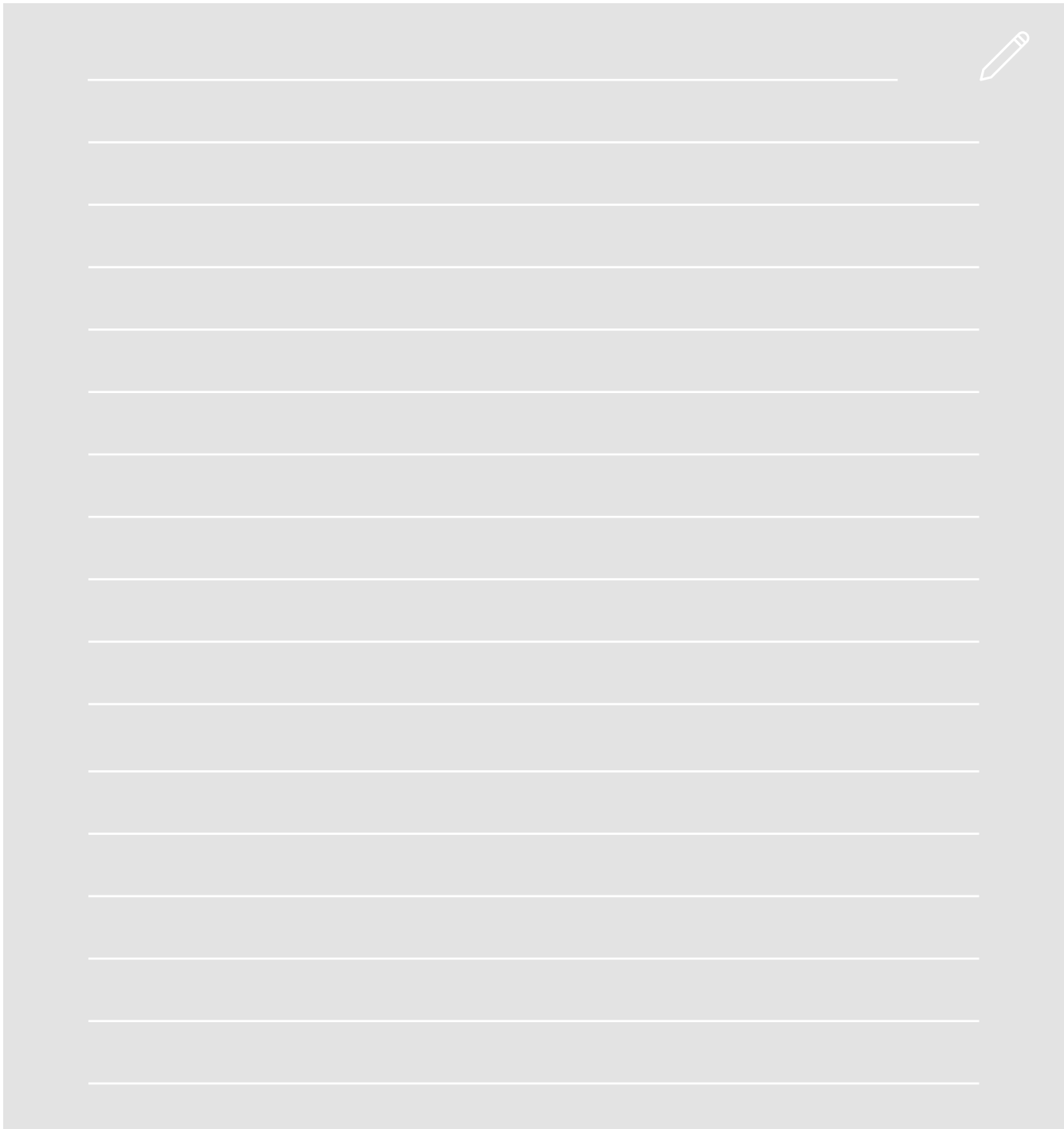
### **Haas & Co. Magnettechnik GmbH, 2017:**

As part of stakeholder engagement, we identified the groups with relevant interests in May 2017 and integrated them into the sustainability process with the help of a risk matrix: suppliers, customers, employees, environment, authorities, lawmakers, [...].

### **LBS Landesbausparkasse Südwest, 2017:**

We have not yet engaged in targeted dialogue with our stakeholders with a focus on sustainability. We intend to start preparing this in 2018 and to then incorporate it as an integral part of our sustainability measures starting in 2019. We will dovetail the appropriate dialogue formats with the materiality analysis described in criterion 3.





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# 10 Innovation and Product Management

**The company discloses how innovations in products and services are enhanced through suitable processes which improve sustainability with respect to the company's utilisation of resources and with regard to users. Likewise, a further statement is made with regard to if and how the current and future impact of the key products and services in the value chain and in the product life cycle are assessed.**

## WHAT THAT MEANS

### Why is this important?

Companies need to be and remain innovative in order to assert themselves on the market. This applies even more so when they are faced with fierce competition. Sustainability aspects can increasingly provide important stimuli. In particular climate change, increasingly scarce and thus more expensive natural resources, an ageing society and global population growth mean there is a need for new environmental and social solutions and economic policies which are sustainable in the long term. These might be an innovative product (e.g. a low-emission car) or a new combination of products and services (e.g. car-sharing models).

### What do the terms mean?

Product and service innovations can be geared towards reducing your company's negative impacts on the one hand, e.g. using a more environmentally friendly material for production, as well as helping users reduce their own negative impacts on the other, e.g. with a product consuming less electricity or water when used. The same goes

for services: on the one hand, a service can be created in a way which is in keeping with sustainable development. For example, changing the internal organisation of work could offer employees greater flexibility, thus improving their work-life balance. In addition, a service can support customers in becoming more sustainable themselves, such as with a sustainability-oriented advisory service (e.g. offering sustainable financial services). The value chain comprises not only suppliers and other business partners together with their contractual partners, but also the users of your products and services and possibly also recycling (see criterion 4).

The term product life cycle refers to the entire product process including prior to its market launch, while in the market and once removed from the market. This therefore includes impacts in the areas of design, raw materials, manufacture, transport, usage and reclaiming. In the interests of sustainability, recycling would be desirable at the end of this, rather than disposal. Companies can contribute to sustainable development at all the stages by means of innovative processes.



**What needs to be borne in mind?**

This criterion relates in particular to the processes and measures that boost your company's innovative capacity. These range from simple company suggestion schemes to participation in research projects. It can be further boosted by a suitable atmosphere for innovation in which risks are allowed to be taken and a constructive no-blame culture dominates.

Also report on the incorporation of sustainability topics into the existing innovation processes, e.g. clear sustainability criteria for projects in the research and development department.

**Product life cycle assessment**

In the product life cycle assessment, also known as life cycle analysis, the environmental effects of products during their entire life cycle ('from the cradle to the grave', i.e. from raw material, processing and use to disposal) or up to a certain processing phase ('from the cradle to the factory gate' or 'from the cradle to the cradle') are analysed. The environmental impacts include all environmentally significant extractions from the environment (ores, crude oil, etc.) and all emissions into the environment (waste, CO<sub>2</sub>, etc.).

## CHECKLIST



### ASPECT 1

State the impacts that the key products and services have on the social and environmental aspects of sustainability, both during their creation and when used and reclaimed. Also explain how these impacts are ascertained.

### ASPECT 2

Describe how your company's sustainability performance is promoted by means of innovation processes.

### ASPECT 3

Describe the effect that innovation processes all along the value chain and within the product life cycle can have in the interests of sustainable development and demonstrate how you involve business partners and other stakeholders along the value chain in your innovation processes.



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## WHAT OTHERS WRITE

### Taifun-Tofu GmbH, 2017:

The innovative research project “1000 Gardens – The Soybean Experiment” was established together with the University of Hohenheim in 2016 and will be repeated in 2018. The aim is to identify varieties of soybeans that also thrive in colder regions, with the assistance of hobby gardeners. As an active member of the German Soy Promotion Ring and the Soy Network, Taifun-Tofu GmbH makes its decades of experience in cultivating soybeans accessible to the public. In 2017, we started incorporation of a wild bee project into soybean cultivation in Germany.

### Commerzbank AG, 2017:

Commerzbank brings its internal activities and segments related to sustainable finance together within the Sustainable Finance Committee. The interdisciplinary cooperation facilitates the development and improvement of sustainable products. This is the bank’s way of contributing to the 17 Sustainable Development Goals (SDGs) and to the Paris Agreement.

### Markus Glöckner Natursteine, 2017:

In view of the problematic fact that prized Indian materials have a negative life cycle assessment and it cannot be guaranteed that labour safety requirements are complied with in production, the question that poses itself is whether more careful use shouldn’t be made of the materials already available. The gravestones of many graves with expired leases could be reworked and reused. However, the cost-covering and efficient recycling of gravestones has so far been impeded by all sorts of bureaucratic hurdles, such as data protection provisions. Developing a concept for increasing the recycling rate is one of our medium-term goals.

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# ENVIRONMENT





The questions in this section focus on the environmental aspects of sustainability. In your company, do you have a good overview of what natural resources you use and to what extent? Have you set goals to cut this consumption and how do you aim to achieve them? Can you balance your greenhouse gas emissions and have you formulated goals for their reduction? You can address the key issues regarding your company's environmental protection with the following three criteria.

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# 11 Usage of Natural Resources

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**The company discloses the extent to which natural resources are used for the company's business activities. Possible options here are materials, the input and output of water, soil, waste, energy, land and biodiversity as well as emissions for the life cycles of products and services.**

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## WHAT THAT MEANS

### Why is this important?

Every company uses natural resources, regardless of whether it manufactures products or creates services. Which resources are used and to what extent vary greatly depending on the industry. Being conscious of which resources your company uses can offer you an entirely new outlook on your business activities and on the opportunities available to you to contribute to sustainable development. For example, supermarkets occupy considerable space, so some have now begun to grass their roofs in order to boost local biodiversity.

### What do the terms mean?

The term resources encompasses the materials used in or for corporate processes (e.g. fuels and land) and so-called ecosystem services. These services are rendered by natural systems and are used by companies, e.g. groundwater as part of a cooling system or insects that pollinate fruit plantations.

### What needs to be borne in mind?

This criterion focuses on the use of natural resources throughout a company's business operations and also during the life cycles of products and services. How these findings are then applied is covered by criterion 12. Here, you should consider your use of materials, space and energy, your use of water, land and air and the pollution you cause with emissions and waste. Service providers should likewise determine which parts of their business operations are especially resource-intensive because energy consumption in offices is by no means negligible due to extensive technology and air conditioning equipment. The topic of resources also extends to the maintenance of biodiversity and the influence that companies have on biodiversity. This might be in the extraction or cultivation of the raw materials they need or in their use of land – an issue in particular for the real estate and petroleum industries, for instance.

## CHECKLIST

### ASPECT 1

Give a qualitative account of which natural resources your company primarily uses in its business activities or are affected by its activities.

### ASPECT 2


Using the appropriate units of measurement in each case, state the amount of the natural resources which are material to your business operations that your company uses. You can rank the most important

 resources here.

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## WHAT OTHERS WRITE

### **Stadtsparkasse Düsseldorf, 2017:**

We want to continue to increasingly use sustainably generated energy in the next few years. The aim is for Stadtsparkasse Düsseldorf to reduce its ecological footprint. The first step we are taking is to publish our consumption of energy and water, transport, paper and waste and the related carbon emissions using the key performance indicators of the Association for Environmental Management and Sustainability in Financial Institutions (VfU) for the environmental performance of financial service providers.

### **Debeka-Gruppe, 2017:**

Calculating the energy consumption of all the Debeka sites is very difficult in view of the large number of offices rented throughout Germany. The recording of energy consumption levels is therefore initially limited to head office sites in Koblenz.

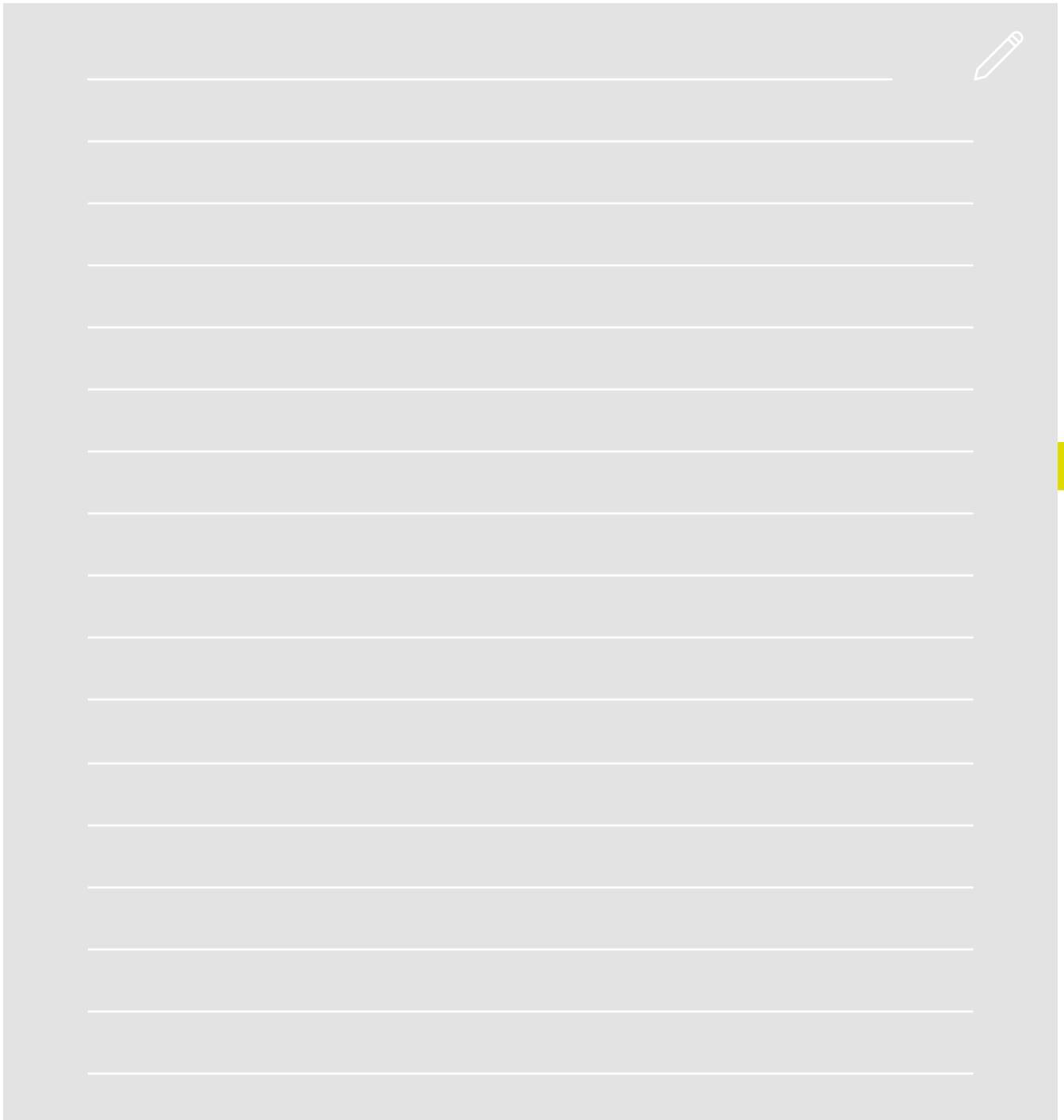
### **WASGAU, 2017:**

As a retail company and food producer, WASGAU uses significant amounts of resources in particular in the value added processes of processing, warehousing, transport, preparation and sales. We use transport packaging at the production plants, e.g. wood, plastics such as PVC, and paper and card. For product advertising such as our brochures and flyers, we use paper with the Blue Angel ecolabel. For the production and sales processes, we use resources such as energy and water.

### **E.ON SE, 2017:**

Our subsidiary PreussenElektra is responsible for running the three nuclear power stations which are operational in Germany and for demolishing our nuclear power stations in Germany. However, nuclear power is no longer one of our strategic business lines. Running and demolishing nuclear power stations results in radioactive waste. We generally distinguish between radioactive waste with negligible heat development (low- and intermediate-level radioactive waste) and heat-developing high-level radioactive waste. In 2017, there were 180.2 t of high-level and 402.1 t of low- and intermediate-level radioactive waste.





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## 12 Resource Management

**The company discloses what qualitative and quantitative goals it has set itself with regard to its resource efficiency, in particular its use of renewables, the increase in raw material productivity and the reduction in the usage of ecosystem services, which measures and strategies it is pursuing to this end, how these are or will be achieved, and where it sees there to be risks.**

### WHAT THAT MEANS

#### Why is this important?

Using resources sparingly is a central issue, with a company's interests often substantially overlapping with environmental interests. From an environmental protection perspective, it is essential that the use of non-renewable resources (such as fossil fuels) in particular be minimised and that natural assets (such as soil and water) be dealt with especially responsibly. At the same time, companies can frequently save money by reducing their use of resources. These savings can then be put towards additional measures in the area of, for example, sustainability.

To achieve a comprehensive and proactive strategy, clear goals and a consistent management approach can help to identify trends early on, communicate change processes within a company and facilitate cooperation between various business divisions.

#### What do the terms mean?

The term resources encompasses the materials used in or for corporate processes (e.g. fuels and land) and so-called ecosystem services. These services are rendered by natural systems and are used by companies, e.g. groundwater as part of a cooling system or insects that pollinate fruit

plantations. For long-term use to be possible, it must be in harmony with the natural system in question.

Resource efficiency in the narrow sense is about increasing raw material productivity, in other words improving the ratio of resource input to the company's output. In the broader sense, the criterion also encompasses the option of substituting critical resources with, for example, recycled, renewable or non-toxic alternatives.

#### What needs to be borne in mind?

For this criterion's performance indicators, the amounts of the various resources used should be disclosed, while in terms of the aspects, you should present your resource management policy.

### Resource productivity and resource efficiency

Raw material or resource productivity describes the ratio of natural resources used (input) to the amount of final product. The lower the amount of resources required per unit product, the greater the resource productivity. Resource efficiency is defined as the ratio of a particular benefit to the use of natural resources required. In this case, the benefit may take the form of a product or service. The lower the input of natural resources needed or the greater the benefits of the product or service, the higher the resource efficiency. This can be achieved for example by using lighter materials, with savings in production, through design changes (miniaturisation) or recycling and also by means of new business models (car sharing instead of buying).

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#### CHECKLIST



##### ASPECT 1

Report on your resource efficiency goals and the planned goal achievement time frames and on the environmental aspects of your company's activities.

##### ASPECT 2

Report on the strategies and concrete measures used to achieve these goals.

##### ASPECT 3

State whether previous goals were achieved and, if so, to what extent, and disclose any goals which were not achieved and why.

##### ASPECT 4

Report on the material risks arising from your business activities, your business relations and your products and/or services that are likely to have a negative impact on resources and ecosystems.

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## REPORTING IN LINE WITH THE CSR DIRECTIVE IMPLEMENTATION ACT

### Environmental matters

If you also wish to use your Code declaration to comply with the reporting obligation in accordance with the CSR Directive Implementation Act (CSR-RUG), the checklist below will give you guidance regarding how the Code Office checks it for formal completeness. You can provide the relevant information concerning environmental matters under criteria 11 to 13. Questions marked grey are already covered in your responses to the corresponding Code aspects.

#### 1. Report on the management policy pursued:

- a. Goals and planned goal achievement time frames (criterion 12, aspect 1, and criterion 13, aspect 1).
- b. How corporate governance is incorporated into the policy.
- c. Strategies and concrete measures for achieving the goals (criterion 12, aspect 2, and criterion 13, aspect 3).
- d. Internal processes for monitoring implementation of the measures.

#### 2. Report on the results of the policy:

- a. Whether and to what extent previous goals were achieved (criterion 12, aspect 2, and criterion 13, aspect 4).
- b. Whether and how it is determined that the policy needs modifying and what conclusions are then drawn.

#### 3. Report on the risks:

- a. How the risks were identified and the material risks were filtered out (due diligence processes).
- b. Material risks arising from your business activities that are highly likely to have a negative impact on environmental issues (criterion 12, aspect 4).
- c. Material risks arising from your business relations that are highly likely to have a negative impact on environmental issues (criterion 12, aspect 4).
- d. Material risks arising from your products and services that are highly likely to have a negative impact on environmental issues (criterion 12, aspect 4).

## WHAT OTHERS WRITE

### Arqum GmbH, 2017:

The evaluation of our environmental aspects and our collected data show that the emissions from our business travelling represent the most significant environmental impact of our activities. Therefore, with regard to our objectives and measures we have focussed on mobility. Here we want, for example, to reduce our emissions from car trips by around 20% compared to 2016.

### igefa Handelsgesellschaft mbH & Co. KG, 2017:

Site-specific environmental goals in the areas of energy efficiency, paper consumption, etc. are pursued regionally and within the environmental management system. There are plans to perform a comprehensive scientific stakeholder and materiality analysis in 2018 in order to develop additional goals related to the environment.

### igefa Handelsgesellschaft mbH & Co. KG, 2017:

Our environmental programme Umwelt 2020 comprises very specific goals in the areas of mobility, energy and paper. We want to further reduce our environmental impact between now and the year 2020. Mobility: We want to reduce our carbon emissions per FTE resulting from mobility activities by 5%. Energy: We want to introduce a comprehensive energy management system in accordance with ISO 50001 and realise energy savings potential at the relevant sites. Paper: We want to reduce our paper consumption, measured in sheets per euro revenue, by a further 10% and increase the proportion of recycled paper we use throughout Germany to 50%.

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# 13 Climate-Relevant Emissions

**The company discloses the GHG emissions in accordance with the Greenhouse Gas (GHG) Protocol or standards based on it and states the goals it has set itself to reduce emissions.**

## WHAT THAT MEANS

### Why is this important?

Climate change is one of the greatest challenges our society currently faces. There are ambitious international and national goals for reducing greenhouse gas emissions. The target recommended by the Intergovernmental Panel on Climate Change (IPCC) of limiting global temperature rise to two degrees Celsius above pre-industrial levels was recently corrected to 1.5 degrees. Germany has set itself the goal of reducing greenhouse gas emissions by at least 40% by 2020 in comparison to 1990 and is setting its sights on achieving nearly full greenhouse gas neutrality by the middle of the century. These goals can only be achieved if companies assume responsibility for their emissions and drastically reduce them. The goals of limiting global warming and the associated emission reductions serve to protect us as the impact of climate change is resulting in greater risks in Germany too (e.g. periods of drought or flooding).

### What do the terms mean?

The Greenhouse Gas Protocol was drafted by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Many companies already comply with it and almost all industry-specific standards are derived from it. The Greenhouse Gas Protocol calls for direct emissions to be disclosed, such as those caused by machinery in the production process or due to business trips (Scope 1), and ideally also the emissions caused as a consequence of using electricity or caused by suppliers (Scopes 2 and 3).

### What needs to be borne in mind?

Greenhouse gas emissions (in particular, carbon dioxide) can be reduced by decreasing the amount of energy consumed. Emissions can also be reduced by making use of renewable energy sources (see criterion 12). Therefore, report on your company's goals and results regarding both lowering its energy consumption and

transitioning to renewable energy. Please also bear in mind that “benchmark” is aimed at making your calculations comprehensible by means of comparison, i.e. the reference year, the scope of application (e.g. your company including any subsidiaries, or only specific sites), emission factors or the regime used (e.g. Carbon Disclosure Project, GHG Protocol, the VfU’s environmental performance indicators for financial institutions, etc.).

### Greenhouse Gas Protocol

The calculation of greenhouse gas (GHG) emissions is carried out in multiple stages. The Greenhouse Gas Protocol defines three scopes:

- Scope 1 covers the direct carbon emissions of the production facilities, offices, etc. of the company and, where appropriate, of their own power generation plants.
- Scope 2 refers to indirect carbon emissions resulting from energy producers from whom the company purchases energy for its production or operation of its buildings.
- Scope 3 includes all other carbon emissions generated along the value chain, e.g. by suppliers, transport, during the use phase of the products or during disposal.

It is therefore a question of the direct and indirect carbon emissions resulting from the firm’s activities and in the different stages of a product’s life. Precise knowledge of the carbon footprint has gained in importance since it enables climate effects to be described more precisely.

Further information: [www.ghgprotocol.org](http://www.ghgprotocol.org)

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## CHECKLIST



### ASPECT 1

Identify the key emission sources and outline the greatest challenges your company faces in relation to climate-relevant emissions.

### ASPECT 2

Report on your climate-relevant emission goals and the planned goal achievement time frames and on your use of renewable energies.

### ASPECT 3

Report on your strategies and concrete measures for reducing climate-relevant emissions and for using renewable energies.

### ASPECT 4

State whether previous goals were achieved and, if so, to what extent, and disclose any goals which were not achieved and why.

### ASPECT 5

State which benchmarks you use for your calculations, in particular the reference year in the case of reduction calculations, the parts of the company to which your calculations apply, emission factors and the regime used (e.g. Carbon Disclosure Project, GHG Protocol, the VfU's environmental performance indicators for financial institutions, etc.).



## WHAT OTHERS WRITE

### Stadtsparkasse München, 2017:

The major greenhouse gas carbon dioxide (CO<sub>2</sub>) is an integral part of our balancing out our climate-relevant environmental impacts. We have largely exhausted our potential to reduce emissions here first and foremost by means of the comprehensive measures we have implemented since 2004. Over this period, we have reduced our carbon emissions at our two technology-heavy sites by 88.5%. Our qualitative goal is therefore to further improve our carbon footprint if possible or to stabilise it at its current level.

### Thomas Atze – K.A.N.T.punkt, 2017:

The company premises are supplied with green electricity by the municipal utility. Other emissions are only generated by travel undertaken and by the procurement of work materials. Recording specific data in this area is therefore not deemed relevant.

### REWE GROUP (Zentral-AG und Zentralfinanz eG), 2017:

In 2017, 82 per cent of green electricity came from hydro power, 15 per cent from wind power and 3 per cent from photovoltaics. In addition, REWE Group employs photovoltaic technology and other regenerative technologies to produce its own energy. Photovoltaic systems are used in administrative offices, warehouses and, at suitable locations, also in stores (particularly Green Building stores). At the end of 2017, REWE Group operated photovoltaic systems at 46 locations in Germany. These units have a potential peak power output of 17,700 kWp.

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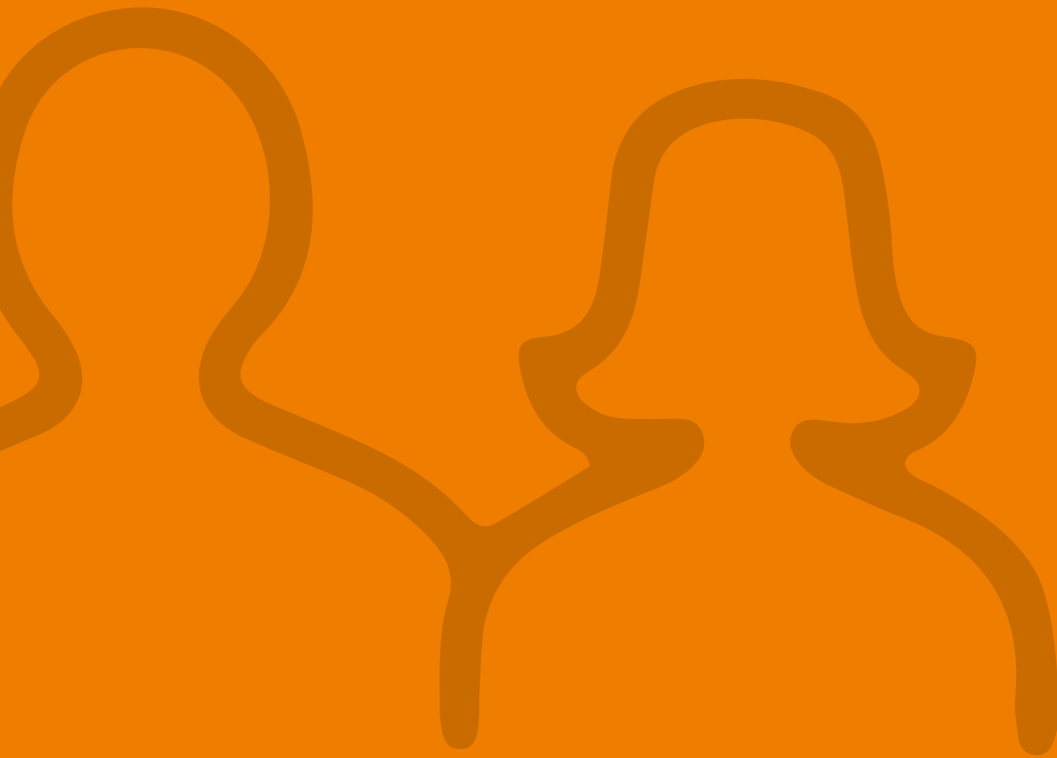
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# SOCIETY





The seven criteria of this section deal with the social issues of sustainability that are relevant to your business, starting with questions about whether your firm respects basic employee rights, how it deals with the issues of equal opportunities, health and the work-life balance, and how it helps to make and keep the workforce employable in the face of demographic changes. Other aspects of significance are human rights in the supply chain, the role of your company in the region and whether and how it tries to influence political decisions. Finally, you are asked to explain what you are doing to combat corruption and bribery.

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# 14 Employment Rights

The company reports on how it complies with nationally and internationally recognised standards relating to employee rights as well as on how it fosters staff involvement in the company and in sustainability management, what goals it has set itself in this regard, what results it has achieved thus far and where it sees risks.

## WHAT THAT MEANS

### Why is this important?

Treating employees with respect and appreciation is about more than merely complying with the law. It is also a question of actively making the corporate culture contribute to good cooperation. When employees feel engaged, have co-determination rights and feel fulfilled by their work, their motivation is boosted, staff retention is increased and innovation processes are supported. A high degree of employee satisfaction is also frequently reflected in low employee turnover. An internal culture of cooperation and joint development is in particular essential for intensive change processes, e.g. during orientation towards sustainable development.

### What do the terms mean?

Employees' rights are important in Germany – many of them are statutory and are prescribed by collective agreements. The main relevant frameworks are Germany's Basic Law and labour law. Major issues include fair pay, protection against unfair dismissal, transparent disciplinary and dismissal practices, and agreements regarding working time, holidays and parental

leave. At the global level, the core labour standards of the International Labour Organization (ILO) are especially important.

Employee engagement is not limited to works councils and can go above and beyond the legal standards. It can be financial in nature (e.g. in the case of cooperatives or specific company pension models) or can primarily take the form of employees having the opportunity to play a part in shaping internal workflows and have an influence on important decisions.

### What needs to be borne in mind?

Please state which nationally and internationally recognised standards relating to employee rights are observed by your company. Insofar as you are a global company, please give details of the extent to which you observe the ILO's core labour standards and whether you also implement German standards for employees abroad, if applicable. Please also reference occupational health and safety standards and additional measures.

Please include your suppliers' and service providers' compliance with standards relating to employee rights in your account. In this context,

please also cover any risks relating to employee rights that you believe may arise during your business activities and for your suppliers and service providers.

Be sure to report on the opportunities given to employees to be involved in general change processes on the one hand and specifically in sustainability management on the other. Perhaps

you have set up working groups to further develop specific goals within your sustainability strategy or you have put in place a specific suggestion scheme. Please also state how good labour conditions, the observance of union rights and the observance of the employees' right to information are guaranteed.

#### ILO core labour standards

As globalisation has progressed, calls to define and protect humane labour conditions and workers' rights around the world have come to the fore. Thus, in 1998, 185 states committed themselves to upholding the eight core labour standards set out in a declaration of the International Labour Organization (ILO). These social standards are protection from forced labour, freedom of association, the right to collective bargaining, equal remuneration, the abolition of forced labour, protection against discrimination in employment and occupation, minimum age and the banning of child labour. They do not include safeguards that are common policy in Europe, such as maximum working hours, maternity leave, etc.

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## CHECKLIST



### ASPECT 1

Report on the goals and planned goal achievement time frames for the observance of employee rights (national and international standards, labour conditions, union rights, employees' right to information, occupational health and safety, etc.).

### ASPECT 2

Report on the strategies and concrete measures for observing employee rights and to involve employees above and beyond the statutory requirements.

### ASPECT 3

State how staff participation in the company's sustainability management is fostered.

### ASPECT 4

State whether the company is active internationally. If yes:

- Whether and, if applicable, how German standards are implemented abroad.
- Which international regulations are met.

### ASPECT 5

Report on the material risks arising from your business activities, your business relations and your products and/or services that are likely to have a negative impact on employee rights.

## REPORTING IN LINE WITH THE CSR DIRECTIVE IMPLEMENTATION ACT

### Employee-related matters

If you also wish to use your Code declaration to comply with the reporting obligation in accordance with the CSR Directive Implementation Act (CSR-RUG), the checklist below will give you guidance regarding how the Code Office checks it for formal completeness. You can provide the relevant information concerning employee-related matters under **criteria 14 to 16**. Questions marked grey are already covered in your responses to the corresponding Code aspects.

#### 1. Report on the management policy pursued:

- a. Goals and planned goal achievement time frames (criterion 14, aspect 1; criterion 15, aspect 1, and criterion 16, aspect 1).
- b. How corporate governance is incorporated into the policy.
- c. Strategies and concrete measures for achieving the goals (criterion 14, aspect 2; criterion 15, aspect 2, and criterion 16, aspect 2).
- d. Internal processes for monitoring implementation of the measures.

#### 2. Report on the results of the policy:

- a. Whether and to what extent previous goals were achieved (criterion 15, aspect 3, and criterion 16, aspect 3).
- b. Whether and how it is determined that the policy needs modifying and what conclusions are then drawn.

#### 3. Report on the risks:

- a. How the risks were identified and the material risks were filtered out (due diligence processes).
- b. Material risks arising from your business activities that are highly likely to have a negative impact on employee-related matters (criterion 14, aspect 5, and criterion 16, aspect 4).
- c. Material risks arising from your business relations that are highly likely to have a negative impact on employee-related matters (criterion 14, aspect 5, and criterion 16, aspect 4).
- d. Material risks arising from your products and services that are highly likely to have a negative impact on employee-related matters (criterion 14, aspect 5, and criterion 16, aspect 4).

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## WHAT OTHERS WRITE

### **REWE Group (Zentral-AG und Zentralfinanz eG), 2017:**

REWE Group welcomes the statutory minimum wage approved by the German government in 2014. In its work with contractors, REWE Group focuses on compliance with minimum social standards. In 2011, REWE Group introduced the “Guideline on Minimum Standards for the Use of Contractor Employees” on a national level. The guideline applies to the use of both temporary employment agencies and to work and service agreements. The company will work only with contract partners who pledge to apply minimum social standards and to pay any minimum negotiated wages as well as the statutory minimum wage for their employees. To ensure that the contract partners comply with the standards, REWE Group has worked with TÜV Rheinland, a leading international technical service provider in Germany, to develop an auditing process.

### **Commerzbank AG, 2017:**

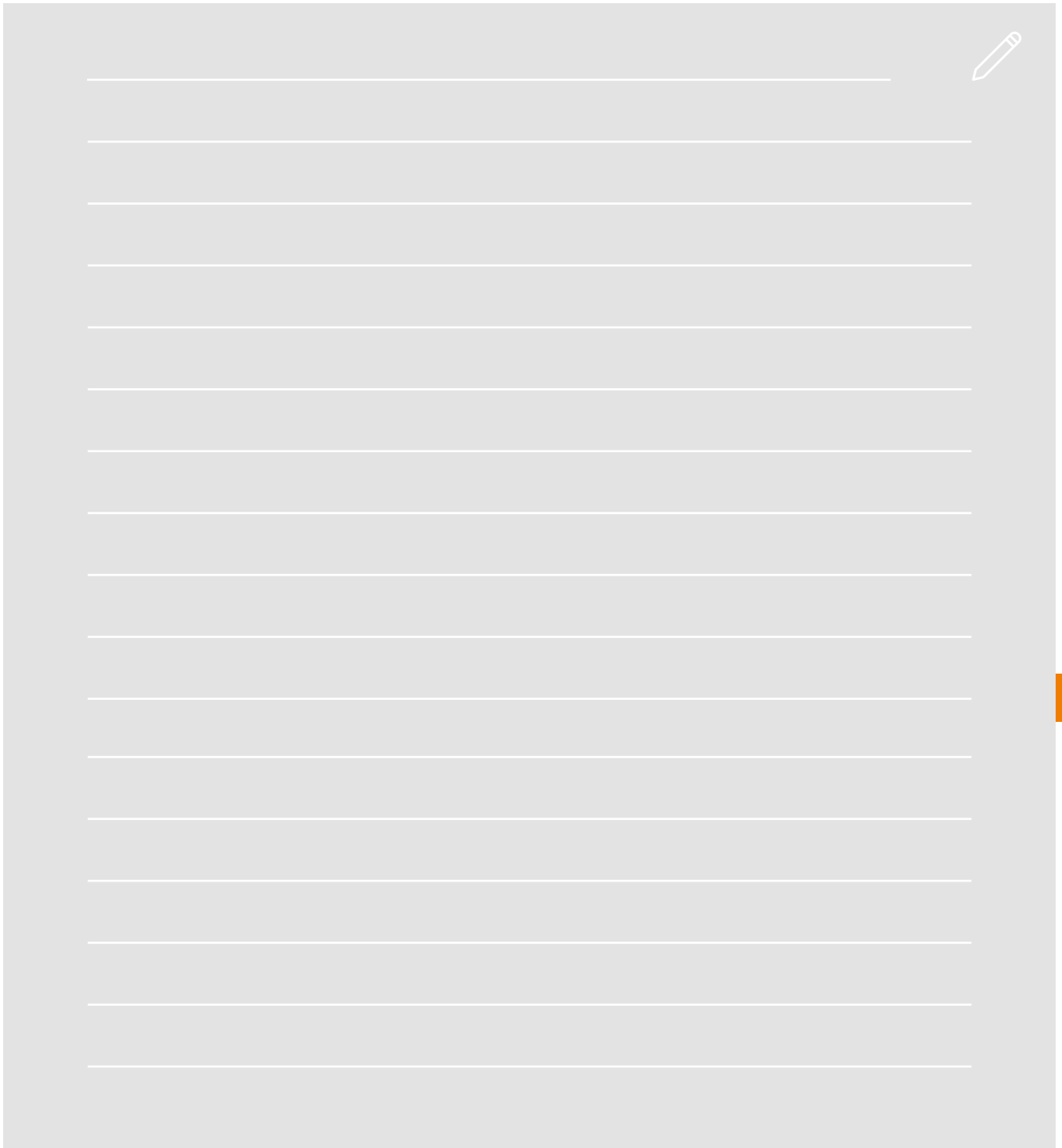
In Germany, where approximately three quarters of the Commerzbank Group’s employees work, the participation rights of employee representatives are governed by the Works Constitution Act (BetrVG). Commerzbank engages in regular and constructive dialogue conducted in a spirit

of partnership with employee representatives on all topics where employee codetermination is relevant. At Commerzbank, the committees representing the interests of our employees are the general works council, the general youth and trainee representative council (GJAV), over 20 local works councils, the works council at head office and the senior managers’ committee.

### **Arqum GmbH, 2017:**

To keep employee participation as high as possible, we have established a Sustainability Team. The team consists of a representative of the management, a representative of the individual office locations as well as the Environmental Management Officer. Proposals for actions or concerns can be put directly to the Sustainability Team or to senior management. [...] In order to continue to promote employee involvement in sustainability management, we have assigned the implementation of defined measures as well as the achievement of objectives to various employees. This is done so that a large number of people engage internally with environmental protection and sustainability.





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# 15 Equal Opportunities

The company discloses in what way it has implemented national and international processes and what goals it has for the promotion of equal opportunities and diversity, occupational health and safety, participation rights, the integration of migrants and people with disabilities, fair pay as well as a work-life balance and how it will achieve these.

## WHAT THAT MEANS

### Why is this important?

The many challenges that companies face in the market and within society on a daily basis sometimes call for innovative solutions. These can best be developed if the employees' strengths are nurtured, their experience is put to good use and their ideas are valued and incorporated into innovation processes. It sometimes takes an unconventional perspective or a new combination of ideas to come up with suitable solutions. When a diverse array of people work in a company, this can form the foundations for especially innovative solutions. It is important that diversity isn't simply tolerated, but that dialogue and talent of all kinds are accepted and promoted – including above and beyond the legal requirements – in order to contribute to the company's success and enrich the corporate culture. In addition, employees are more sensitive to other people's needs if they work with fellow staff members on a daily basis who perhaps have entirely different needs to them. In this way, a company can make a contribution to sustainable development that has an impact above and beyond its own business activities.

### What do the terms mean?

Diversity relates to the employees' differences and similarities. These may be physical attributes such as gender, ethnicity, age or disability or subjective traits such as skills, lifestyle, cultural background, sexual orientation or religion.

In a corporate context, equal opportunities are about how each and every person with all their differences is nurtured in such a way that they can achieve their full potential and thus contribute to the company's success. Specifically, you should describe your processes that prevent discrimination when recruiting and managing staff, that integrate migrants, that improve the work-life balance, that make training and professional development possible, and that offer everyone co-determination and fair pay equally. In this context, occupational health and safety may also need to be modified, such as introducing additional visual warning signals to guarantee the safety of hearing-impaired employees.

### What needs to be borne in mind?

First and foremost, you should demonstrate how your company ensures that the provisions of Germany's General Act on Equal Treatment

(AGG) are complied with. You should also show what else the company does in the area of equal opportunities, how it pays everyone fairly, how it prevents discrimination and makes a positive contribution to the integration of minorities, and how it improves the work-life balance.




**General Act on Equal Treatment (AGG)**

Germany's General Act on Equal Treatment (Allgemeines Gleichbehandlungsgesetz, AGG), also called the anti-discrimination law, was adopted in the German Bundestag in 2006. It is intended to "prevent and eliminate discrimination on grounds of racial or ethnic origin, sex, religion or belief, disability, age or sexual orientation". The AGG applies to all social and legal areas and grants the persons protected by it legal claims against employers and individuals.

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## CHECKLIST



### ASPECT 1

Report on the goals and planned goal achievement time frames for equal opportunities and diversity within the company, fair pay for all, a work-life balance and integration.

### ASPECT 2

Report on the strategies and concrete measures regarding equal opportunities and diversity within the company, fair pay for all, a work-life balance and integration.

### ASPECT 3

State whether previous goals were achieved and, if so, to what extent, and disclose any goals which were not achieved and why.

## WHAT OTHERS WRITE

### Merck KGaA, 2017:

As stipulated in our Code of Conduct, we do not tolerate any form of discrimination within our company. If an employee feels they have been discriminated against, they can report the issue via various channels. Their first point of contact is their supervisor, but they can also contact Human Resources, Legal or Compliance. Alternatively, employees can call our SpeakUp Line anonymously from anywhere Group-wide.

### Sparkasse Bochum, 2017:

We also defined Sparkasse Bochum's understanding of the term "family" as follows: family is a social network. In addition to the core family, this includes single-parent families, unmarried and same-sex partnerships and foster families.

"Family" comprises all forms of long-term shared private lives. For us, a family- and life stage-oriented HR policy is about reconciling work requirements with family obligations. We therefore concluded a cooperation agreement with the family-oriented HR management company Familienbewussten Personalmanagement GmbH. This offers services in the area of childcare and nursing care responsibilities. In this context, our employees are afforded access to some of the childcare services offered by the Workers' Welfare Association (AWO). We also support our employees with paid leaves of absence to allow them to meet family obligations. We also set up the first telecommuting jobs in the reporting period.

**Neumarkter Lammsbräu, 2017:**

Neumarkter Lammsbräu bases its remuneration on the collective agreement of Bavaria’s SME brewing industry and offers its employees fair remuneration in line with the industry rate. Unskilled auxiliary staff receive the usual regional wage, which is well above the minimum wage. In addition to their collectively agreed pay and the beer specifically brewed for the workers, as is the custom for breweries, the employees receive a Christmas bonus and a holiday bonus. There is also the option of a company pension scheme and a subsidy for supplementary health insurance.

**Bilfinger SE, 2017:**

Our benchmark is Germany’s General Act on Equal Treatment (AGG). All the employees are offered the same opportunities regarding their recruitment, their continued development and their remuneration.

Our social affairs goals include:

- » 2020: increase in the proportion of women in managerial positions throughout the Group to 15%

- » 2018: Group-wide standardisation of the KPIs for internal and external professional development
- » 2018: communication measures to embed the donation and sponsorship strategy globally
- » Ongoing: annual improvement in our LTIF by 10% compared with the average over the past three years

**Thomas Atze – K.A.N.T.punkt, 2017:**

Thomas Atze – K.A.N.T.punkt is a single-person service company that does not have any employees. The topic of equal opportunities is therefore not relevant to the company’s business activities. It is nonetheless an integral part of the company’s consultancy and training services. In addition, the company owner is committed to honouring the principles of Germany’s Diversity Charter.

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# 16 Qualifications

**The company discloses what goals it has set and what measures it has taken to promote the employability of all employees, i.e. the ability of all employees to participate in the working and professional world, and in view of adapting to demographic change, and where risks are seen.**

## WHAT THAT MEANS

### Why is this important?

Due to demographic change, there are fewer young and well-qualified professionals in the German labour market and, at the same time, society is ageing. It is therefore becoming increasingly important for companies to consider their internal training and professional development options and how they will deal with an ageing workforce. Companies training and subsequently employing young people themselves can help to specifically develop the skilled workers they need. Affording experienced employees access to interesting professional development opportunities can likewise help a company to position itself as an attractive employer while seeing to it that the employees can apply themselves optimally at all times. There should also be some consideration of how the different technical and social skills of young and older workers can be linked with each other. Mixed teams can help to ensure that the employees' skills complement one another and that there is active knowledge management.

### What do the terms mean?

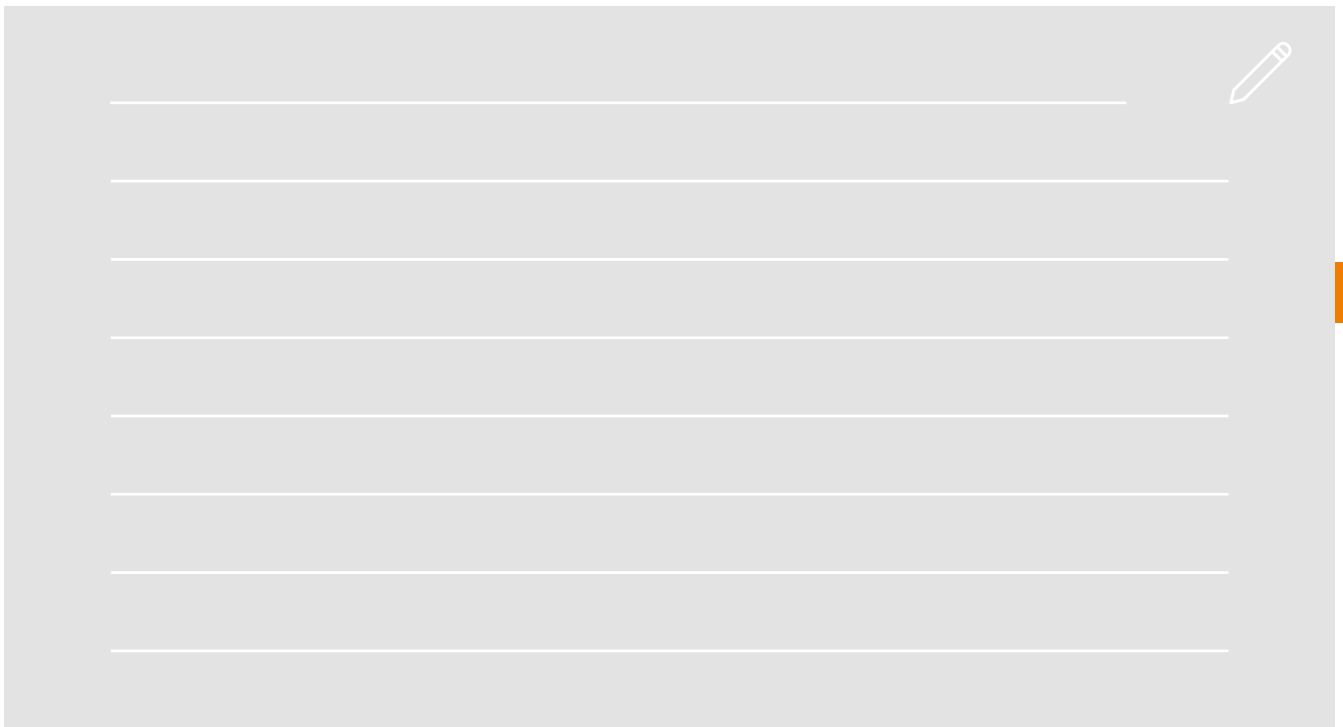
The term employability is understood as the ability of people to participate in working and professional life. The prerequisites for this are, for example, having the technical and social skills which are in demand in the labour market and being of a healthy constitution, in order to be able to perform the activities required. A healthy constitution encompasses not only physical but also mental aspects, with the latter requiring extra special attention as they can impact on an employee's performance and well-being as well as on physical complaints. The structural change that the working world is currently undergoing due to digitalisation is both a blessing and a curse. You can therefore broaden your perspective in this criterion to include, for example, how you use it to establish a healthy work climate.

### What needs to be borne in mind?

This criterion focuses in particular on the question of training and professional development, e.g. formalised programmes, special budgets for seminars and vocational training, and a proactive approach to paid educational leave. Please address

in particular how you deal with demographic change (e.g. including the form jobs take and the composition of teams) and the challenges of digitalisation. In relation to employee health, please outline how you promote the physical and in particular mental health of the employees

above and beyond compliance with the statutory occupational health requirements (see criterion 14) so as to safeguard everyone's employability (e.g. vocational training on stress management and conflict management).



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## CHECKLIST



### ASPECT 1

Report on the goals and planned goal achievement time frames for promoting the employability of all employees, in particular in relation to training and professional development, health management, digitalisation and dealing with the challenges of demographic change.

### ASPECT 2

Report on the strategies and concrete measures for promoting the employability of all employees, in particular in relation to training and professional development, health management, digitalisation and dealing with the challenges of demographic change.

### ASPECT 3

State whether previous goals were achieved and, if so, to what extent, and disclose any goals which were not achieved and why.

### ASPECT 4

Report on the material risks arising from your business activities, your business relations and your products and/or services that are likely to have a negative impact on qualifications.



## WHAT OTHERS WRITE

### **Erzgebirgssparkasse, 2017:**

On average, our employees had 8.4 days of professional development in the reporting period (6,549 professional development days in total). We invested 492,500 euros in professional development for an average of 782 employees in 2017.

### **Wiesbadener Volksbank eG, 2017:**

In addition to the aspect of lifelong learning, occupational health care plays an important role at Wiesbadener Volksbank, in particular in view of demographic developments and an ageing workforce. The bank promotes its employees' health and raises their awareness of stress, nutrition and physical activity with all sorts of services such as health days, health check-ups and informational and seminar events. Also included are the services of a company doctor, an extensive company sports programme and ergonomic workstations.

### **Bilfinger SE, 2017:**

Thus, our continuing education programs pick up on new technical developments, provide intensive knowledge-sharing opportunities, and offer our employees a range of fields in which to develop their talents and realize their potential. Whether they are voluntary or mandatory, all of the professional development measures provided by the Bilfinger Academy are subject to continuous evaluation. Regularly obtaining feedback from course participants and the intensive involvement of the operative units ensures that all offerings are continually optimized and adjusted by the HR departments and technical departments responsible.

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# 17 Human Rights

**The company discloses what measures it takes, strategies it pursues and targets it sets for itself and for the supply chain for ensuring that human rights are respected globally and that forced and child labour as well as all forms of exploitation are prevented. Information should also be provided on the results of the measures and on any relevant risks.**

## WHAT THAT MEANS

### Why is this important?

A globalised economy with increasingly complex supply chains and ever greater competitive pressure gives rise to the risk of human rights violations. Companies therefore increasingly have a responsibility to effectively defend these rights within their own business activities and all along the value chain. Human rights violations come to light more quickly these days thanks to the information society and are incorporated into companies' risk assessments; they influence consumer behaviour and business relations. A company fulfilling its due diligence obligations can therefore not only boost customer and staff retention, but also improve supply relationships and thus contribute to the company's long-term success.

### What do the terms mean?

Human rights apply to all people equally. They are universally valid and indivisible, and no one can be deprived of them. Governments and companies have a duty to protect these rights. This makes them directly responsible for the upholding of human rights. There are various globally recognised texts that lay down the

various human rights, such as the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights, the Convention on the Elimination of All Forms of Discrimination Against Women, the Convention on the Rights of the Child and the ILO's core labour standards.

### What needs to be borne in mind?

The upholding of human rights is not just a topic for global enterprises. Human rights issues are relevant in Germany too, such as freedom of association (e.g. regarding the formation of trade unions), the principle of equal pay for equal work and protection from (occupational) diseases. Please give a precise account here of how your company fulfils its human rights due diligence obligations now and intends to do so in the future and demonstrate how you go above and beyond compliance with the laws as applicable. For guidance here, you may wish to refer to the publication "Respecting human rights: An introductory guide for business" developed by Global Compact Network Germany, twentyfifty and the German Institute for Human Rights.

There is a degree of overlap with criterion 14, Employee Rights. In addition to the upholding of your employees' human rights, please therefore describe in particular how you handle the human rights of other stakeholders throughout the

value chain, such as customers (e.g. product safety in relation to the right to physical integrity), residents (resettlement in relation to land rights), the especially vulnerable, etc.



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## CHECKLIST



### ASPECT 1

Report on the goals and planned goal achievement time frames for the upholding of human rights by your company, any subsidiaries, and suppliers and service providers.

### ASPECT 2

Report on the strategies and concrete measures for the upholding of human rights by your company, any subsidiaries and suppliers.

### ASPECT 3

State whether previous goals were achieved and, if so, to what extent, and disclose any goals which were not achieved and why.

### ASPECT 4

Report on the material risks arising from your business activities, your business relations and your products and/or services that are likely to have a negative impact on human rights.



## REPORTING IN LINE WITH THE CSR DIRECTIVE IMPLEMENTATION ACT

### Upholding of human rights

If you also wish to use your Code declaration to comply with the reporting obligation in accordance with the CSR Directive Implementation Act (CSR-RUG), the checklist below will give you guidance regarding how the Code Office checks it for formal completeness. You can provide the relevant information concerning the upholding of human rights under **this Code criterion**. Questions marked grey are already covered in your responses to the corresponding Code aspects.

#### 1. Report on the management policy pursued:

- a. Goals and planned goal achievement time frames (criterion 17, aspect 1).
- b. How corporate governance is incorporated into the policy.
- c. Strategies and concrete measures for achieving the goals (criterion 17, aspect 2).
- d. Internal processes for monitoring implementation of the measures.

#### 2. Report on the results of the policy:

- a. Whether and to what extent previous goals were achieved (criterion 17, aspect 3).
- b. Whether and how it is determined that the policy needs modifying and what conclusions are then drawn.

#### 3. Report on the risks:

- a. How the risks were identified and the material risks were filtered out (due diligence processes).
- b. Material risks arising from your business activities that are highly likely to have a negative impact on human rights (criterion 17, aspect 4).
- c. Material risks arising from your business relations that are highly likely to have a negative impact on human rights (criterion 17, aspect 4).
- d. Material risks arising from your products and services that are highly likely to have a negative impact on human rights (criterion 17, aspect 4).

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## REPORTING AS PER THE NATIONAL ACTION PLAN FOR BUSINESS AND HUMAN RIGHTS

If you wish to use your Code declaration of conformity to also report (element 4 of due diligence obligations) in accordance with the National Action Plan for Business and Human Rights (NAP), please additionally report on the basis of the following checklist. Questions marked grey are already covered in your responses to the corresponding Code aspects.

### 1. Human rights policy statement

- a. State whether your company has its own corporate guidelines for upholding human rights and whether they also encompass the ILO's core labour standards.
- b. Has the company management approved the policy statement?
- c. Describe your company's internal and external communication on the topic of the policy statement.
- d. At which level is responsibility for human rights concerns enshrined? (CSR-RUG checklist 1b)
- e. Define the reach that the guidelines have (which sites, including subsidiaries etc.).

### 2. Procedures for the identification of actual or potential adverse impact on human rights

- a. State whether and how your company analyses human rights risks (caused by your business activities, your business relations, your products and services, at its sites, due to political parameters) (criterion 17, checklist aspect 4).
- b. Are especially vulnerable groups of people incorporated into the risk assessment?
- c. What is your company's assessment of the human rights risks and its ability to counter these itself?
- d. How are human rights risks incorporated into your company's risk management?

### 3. Measures to review effectiveness / element: grievance mechanism

- a. Is there training for employees in the area of human rights?
- b. State whether and how the upholding of human rights is checked.
- c. Describe any internal grievance mechanisms and clearly assigned responsibilities within the company or explain how access to external grievance mechanisms is ensured.
- d. Do whistle-blowing mechanisms also apply to suppliers?

#### 4. Human rights due diligence obligations in the value chain

- a. Is there a suppliers' code of conduct that comprises the four ILO core labour standards?
- b. State whether and how a check is performed for human rights risks prior to entering into a business partnership.
- c. Are suppliers given training on human rights?
- d. What processes does your company use to guarantee that its suppliers uphold human rights?
- e. Do you implement measures (jointly with suppliers) in the event of a conflict or do you work with other stakeholders? If so, which ones?
- f. What redress policies are there? Report on incidents in the reporting period.

#### WHAT OTHERS WRITE

##### Sparkasse Schwarzwald-Baar, 2017:

Sparkasse Schwarzwald-Baar also defines the upholding of human rights in its sustainability management. This applies not only to our original business activities, which are limited to the Schwarzwald-Baar district, but also to the supply chain for the products and services we use in our business activities. The savings bank's own deposits are incorporated into this concept too.

##### Taifun-Tofu GmbH, 2017:

The rule for all of our raw ingredients is that precedence is given to ingredients which are available regionally/in Europe or from places classified as non-risk countries by the BSCI and that they should ideally come from our own cultivation projects. In the case of products from non-EU or high-risk countries, we require them to be certified by, for example, the BSCI or SMETA. This enables us to ensure that our international suppliers uphold human rights as well.

Social aspects have not been systematically recorded in the past. An action plan is currently being drawn up in this regard so as to incorporate this aspect into purchasing decisions in a more targeted manner in the future.

##### ista International GmbH, 2017:

We currently work in direct procurement with some 250 suppliers worldwide and in indirect procurement with some 3,000 suppliers from all over Germany. The minimum requirements we place on environmental and social standards are laid down in our Supplier Code, which is based on the OECD principles of responsible corporate governance and on the ILO core conventions. Among other things, our Supplier Code expressly prohibits child, forced and compulsory labour and therefore we are also implementing the relevant principles of the Global Compact of the United Nations.

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# 18 Corporate Citizenship

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**The company discloses how it contributes to corporate citizenship in the regions in which it conducts its core business activities.**

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## WHAT THAT MEANS

### Why is this important?

Companies pay taxes, provide jobs and, with their products or services, often directly help to satisfy needs of local people. They also use the infrastructure of the region in which they operate and benefit from good roads, well-trained people, cultural diversity and the fact that public safety is ensured. Since many companies know that they can only continue to be successful in the medium and long term in a good environment, they get involved themselves with local social and environmental matters beyond their core business activities. In so doing, they strengthen the local community's ability to proactively handle potential crises and quickly develop solutions to problems together.

### What do the terms mean?

The term corporate citizenship refers to the protection and development of local communities in the regions in which your company is primarily active.

### What needs to be borne in mind?

This criterion relates to contributions to sustainable development outside of your company's core business areas. Outline your involvement in local projects and name any support measures through which you assume responsibility towards society. This may be donations to sports clubs, cultural events or social institutions, or partnerships with schools or higher education institutions that involve offering trainee positions to young people or increasing the practical relevance of study courses. Another fundamental contribution to a sustainable infrastructure and corporate citizenship is your company paying corporation taxes in full in the country in which your business is conducted. If applicable, please also consider your company foundation and any special programmes that facilitate corporate volunteering among your employees.



**CHECKLIST**



**ASPECT 1**

Report on the strategies and concrete measures with which your company contributes to corporate citizenship, in particular by championing social, environmental, cultural and economic issues within municipalities or regions above and beyond its core business and seeking dialogue with individuals, institutions and associations at the municipal and regional levels.



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## REPORTING IN LINE WITH THE CSR DIRECTIVE IMPLEMENTATION ACT

### Social aspects

If you also wish to use your Code declaration to comply with the reporting obligation in accordance with the CSR Directive Implementation Act (CSR-RUG), the checklist below will give you guidance regarding how the Code Office checks it for formal completeness. You can provide the relevant information concerning social matters under **this Code criterion**. Questions marked grey are already covered in your responses to the corresponding Code aspects.

#### 1. Report on the management policy pursued:

- a. Goals and planned goal achievement time frames.
- b. How corporate governance is incorporated into the policy.
- c. Strategies and concrete measures for achieving the goals (criterion 18, aspect 1).
- d. Internal processes for monitoring implementation of the measures.

#### 2. Report on the results of the policy:

- a. Whether and to what extent previous goals were achieved.
- b. Whether and how it is determined that the policy needs modifying and what conclusions are then drawn.

#### 3. Report on the risks:

- a. How the risks were identified and the material risks were filtered out (due diligence processes).
- b. Material risks arising from your business activities that are highly likely to have a negative impact on social aspects.
- c. Material risks arising from your business relations that are highly likely to have a negative impact on social aspects.
- d. Material risks arising from your products and services that are highly likely to have a negative impact on social aspects.

## WHAT OTHERS WRITE

### euromicron AG, 2017:

euromicron attaches great importance to being a good neighbor and living up to its social commitment. In Smart Industry learning projects, the company strives to convey knowledge and expertise in the field of digitized production processes. The goal is to support education and sharing of knowledge with society in this so important cutting-edge topic. In that way, euromicron can use its expertise profitably and pass it on to society.

### DekaBank Deutsche Girozentrale, 2017:

DekaBank continued the emergency programme initiated in 2015 for this purpose also in 2017. Associations in which employees work voluntarily for refugees could apply for a total of 100 donations of 1,000 euros. After emergency measures and initial care of refugees were the main focus in 2015, the public authorities, associations and voluntary helpers committed themselves more intensely to the integration of people in society and professional life in 2016. DekaBank's support measures took this development into account: In 2017, employees whose project was already supported by the emergency programme could make confirmatory applications for these already supported initiatives in order to stabilise their goals and results and to support the integration of refugees more intensely.

### Markus Glöckner Natursteine, 2017:

We are well integrated within the community and the region both personally and as a business. Our participation and involvement in a wide variety of groups within the community have evolved over many years. We also want to engage in targeted cooperation with certain initiatives in Saarland, such as Netzwerk Entwicklungspolitik. We want to entrust certain measures to our employees and apprentices, thereby also promoting their autonomous project work and confidence.

[...] Our commitments include: [...]

- » Commitment to training: chair of the audit committee for stonemasons, participation in the working group for apprenticeship matters as the Saarland delegate, provision of traineeship places, apprenticeship places and jobs, supporting students with their final projects, participation in career information days at schools [...]
- » Best practice: holding lectures and presentations for working groups at the saar.is association, the Chamber of Crafts, other associations and initiatives, and network partners
- » Informational events: customer workshops
- » Establishment of regional networks: preference given to local businesses when contracting work
- » Donations of time, donations in kind and monetary donations, sponsorship

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# 19 Political Influence

**All significant input relating to legislative procedures, all entries in lobby lists, all significant payments of membership fees, all contributions to governments as well as all donations to political parties and politicians should be disclosed by country in a differentiated way.**

## WHAT THAT MEANS

### Why is this important?

Political influence has both a positive and negative impact on society. On the one hand, companies can contribute their expertise when political parameters are being developed which are beneficial for sustainable development (e.g. industry solutions when introducing sustainable technologies). Contributing ideas and concerns to the political process is entirely legitimate within a democracy. However, lobbying can stand in the way of the necessary developments if influence is exerted on political processes in ways which are opaque, subtle and one-sided. Doing business responsibly therefore also involves a company transparently communicating what political involvement it has and whether that involvement primarily promotes or hinders sustainable development.

### What do the terms mean?

Political influence encompasses both an organisation's financial and personal links with the field of politics. Here, financial influence relates to membership fee payments, contributions to governments and donations to political parties and politicians. Personal links

occur first and foremost when key decision makers within a company move into politics or vice versa. Political influence also encompasses membership in interest groups and cooperation with the relevant lobby agencies, law firms, consultancy and PR firms, foundations and think tanks.

Event-driven company initiatives and membership of specific politically active working groups such as the Partnership for Sustainable Textiles are likewise classified as political influence.

### What needs to be borne in mind?

Please make reference to the following:

- » All significant input relating to legislative procedures
- » Key policy papers and recommendations
- » All lobby lists featuring representatives of your company
- » All material membership fees paid by your company
- » All the contributions made to governments
- » All material donations made to political parties or politicians

Present this information separately for each country in which your company operates. Please

also cover the relevant aspects if it is industry associations rather than your company that exert political influence. Particular relevance is attached to the membership fees for organisations that engage politically on behalf of their members, such as chambers of commerce and industry, retail associations and regional

industry associations. Please bear in mind that legislative procedures are processes on which organisations could have an influence during the drafting of legislation, rather than legislation which is already in force and which affects an organisation.

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## CHECKLIST



### ASPECT 1

State which current legislative procedures are relevant to the company and the form of input given regarding those procedures.

### ASPECT 2

Outline whether your company/your industry association exerts political influence and, if so, how. Additionally for donations to political parties, name the parties you have donated to in the past year and the amount of the donation(s).

### ASPECT 3

State the criteria used to decide which activity or issue your company supports at a political level.

### ASPECT 4

State which politically active organisations your company is a member of.

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## WHAT OTHERS WRITE

### **Volksbank Lüneburger Heide eG, 2017:**

We are involved in the democratic opinion forming process through our umbrella association, the National Association of German Cooperative Banks (BVR). The BVR advocates the interests of cooperative banks to policymakers and the relevant regulatory and supervisory authorities at the national and European level in particular with regard to business policy, banking industry and regulatory matters. It is involved in the European Association of Co-operative Banks (EACB), which champions the interests of cooperative banks at the European level. Additionally, we are represented at the regional level in particular by the cooperative association Genossenschaftsverband – Verband der Regionen. The association participates in hearings and consultations with statements and written submissions, engages in talks with ministers, members of parliament and business representatives, and fosters communication between its members and the policymakers.

### **Neumarkter Lammsbräu, 2017:**

The brewery funded the regional mayoral election in 2017 with a small sum. This was an exception in terms of its support of political parties. To maintain transparency and its independence, the brewery does not give political parties direct financial support. Neumarkter Lammsbräu is also engaged politically in enforcing the EU's new organic regulation within Germany's Association of Organic Food Processors (AöL).

Donations in kind and monetary donations are made within our financial means first and foremost in the areas of environmental protection and sustainability, education and science, culture, and for social and humanitarian projects. All of our donations have to also be transparent. In other words, the identity of the recipient and the planned use of the donation must be known and the reason for and the purpose of the donation must be legally justifiable.

### **Vivawest GmbH, 2017:**

VIVAWEST is not politically active. VIVAWEST's business activities are nonetheless influenced by a large number of legal parameters, such as the German Tenancy Law Amendment Act (MietNovG), the German Energy Conservation Act (EnEG), German building legislation and the German Federal Data Protection Act (BDSG), as well as legislation in the areas of business law, commercial law and company law. In addition, the topic of residential real estate has received increasing attention in recent years, both in politics and within society.

### **E.ON SE, 2017:**

We have been listed in the EU's Transparency Register since 2011. This register lists organisations and individuals who influence the EU's decision-making processes. With our registration, we recognise the register's Code of Conduct, which lays down the principles of transparent political advocacy.

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## 20 Conduct that Complies with the Law and Policy

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**The company discloses which measures, standards, systems and processes are in place to prevent unlawful conduct and, in particular, corruption, how they are verified, which results have been achieved to date and where it sees there to be risks. The company depicts how corruption and other contraventions in the company are prevented and exposed and what sanctions are imposed.**

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### WHAT THAT MEANS

#### Why is this important?

Unlawful conduct and corruption are not only prosecutable – they also harm a company’s corporate culture, its reputation and its business relations. Clear guidelines and monitoring of those guidelines are needed in order to prevent corruption. In particular in markets where corruption is common, companies must analyse the potential conflicts and raise awareness among their employees. This calls for the topic to be firmly enshrined in the management culture. Internal processes which ensure conduct that complies with the law and policy from a company’s own employees and those of its business partners can minimise business risks and improve cooperation.

#### What do the terms mean?

Conduct that complies with the law relates to the avoidance of corruption and cartel arrangements and the observance of statutory provisions, e.g. regarding data protection, environmental protection or occupational health and safety (compliance). In contrast, conduct that complies with policy is about an organisation observing the rules of conduct it sets itself in the form of codes

of conduct etc. (integrity). This criterion therefore encompasses both legality and legitimacy.

Due diligence relates to exercising due care when assessing risks with a view to identifying all the risks relevant to an organisation. The negative effects that exist or could arise as a result of a company’s business activities, products and services in terms of conduct that complies with the law and policy should be monitored and, in the event of violations, appropriate remedial action should be offered.

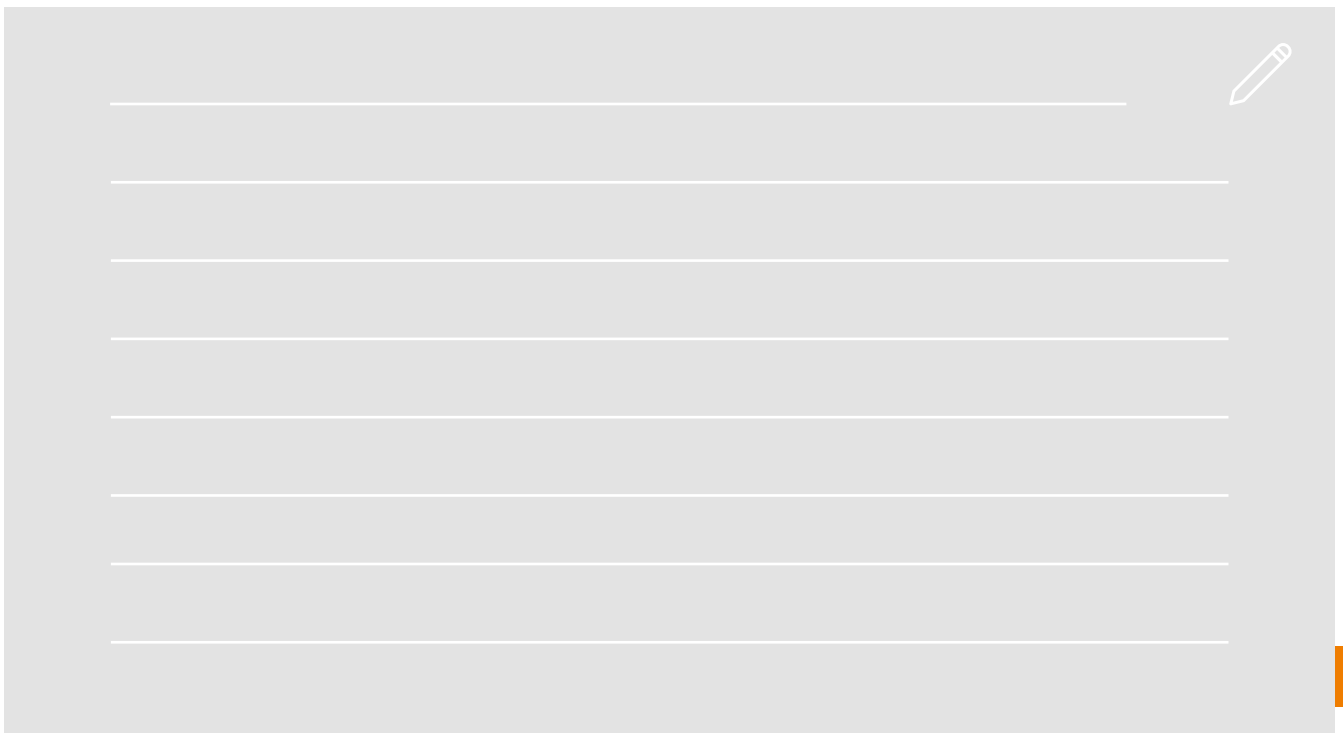
#### What needs to be borne in mind?

This criterion relates both to the observance of the law and policy in general (including, for example, the relevant environmental legislation) and to the prevention of corruption in particular. You should report on any formalised processes such as due diligence processes and compliance systems and also on specific measures such as the two-person-check principle. State how any violations of external rules and internal standards are identified and what action is then taken and who within the management bears responsibility for the area of conduct that complies with the law and policy. You



may name standards that you use for guidance (e.g. the United Nations Global Compact). You should also give details of whether and how the topic is enshrined in the corporate culture, for example whether the employees and executives are given regular training on the topics of com-

pliance and integrity and whether and how people can turn to someone in confidence in the event of suspicions (ombudsperson, external/internal whistle-blowing systems) without fearing sanctions from their line manager.



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## CHECKLIST



### ASPECT 1

Report on the strategies, concrete measures, standards, systems and processes in place to prevent unlawful conduct and, in particular, corruption.

Give details of how corruption and other contraventions in the company are prevented and exposed and what sanctions are imposed.

### ASPECT 2

State how implementation of the strategies, measures, standards, systems and processes is verified.

### ASPECT 3

State who within your company is responsible for the topic of compliance and how management is involved.

### ASPECT 4

State how managers and staff are made aware of this topic.

### ASPECT 5

State whether previous goals were achieved and, if so, to what extent, and disclose any goals which were not achieved and why.

### ASPECT 6

Report on the material risks arising from your business activities, your business relations and your products and/or services that are likely to have a negative impact on conduct that complies with the law and policy.

## REPORTING IN LINE WITH THE CSR DIRECTIVE IMPLEMENTATION ACT

### Preventing corruption and bribery

If you also wish to use your Code declaration to comply with the reporting obligation in accordance with the CSR Directive Implementation Act (CSR-RUG), the checklist below will give you guidance regarding how the Code Office checks it for formal completeness. You can provide the relevant information concerning preventing corruption and bribery under **Code criteria 19 and 20**. Questions marked grey are already covered in your responses to the corresponding Code aspects.

#### 1. Report on the management policy pursued:

- a. Goals and planned goal achievement time frames.
- b. How corporate governance is incorporated into the policy (criterion 20, aspect 3).
- c. Strategies and concrete measures for achieving the goals (criterion 20, aspect 1).
- d. Internal processes for monitoring implementation of the measures (criterion 20, aspect 2).

#### 2. Report on the results of the policy:

- a. Whether and to what extent previous goals were achieved (criterion 20, aspect 4).
- b. Whether and how it is determined that the policy needs modifying and what conclusions are then drawn.

#### 3. Report on the risks:

- a. How the risks were identified and the material risks were filtered out (due diligence processes). **14**
- b. Material risks arising from your business activities that are highly likely to have a negative impact on preventing corruption and bribery (criterion 20, aspect 6). **15**
- c. Material risks arising from your business relations that are highly likely to have a negative impact on preventing corruption and bribery (criterion 20, aspect 6). **16**
- d. Material risks arising from your products and services that are highly likely to have a negative impact on preventing corruption and bribery (criterion 20, aspect 6). **17**

**18****19****20**

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## WHAT OTHERS WRITE

### **Veolia Deutschland GmbH, 2017:**

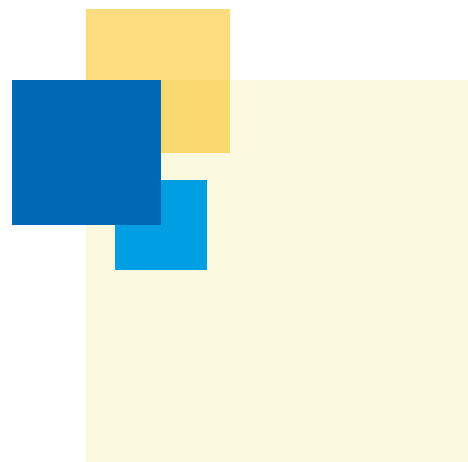
In 2017, Veolia introduced a whistle-blowing procedure in the area of ethical finance. Employees can contact the Ethics Committee via a dedicated hotline, either anonymously or openly, if they suspect wrongdoing. Veolia sets great store by ethical values, fairness and compliance. Especially with regard to financial activities, compliance with the applicable rules and laws is immensely important, not least because their violation can result in serious consequences of a financial or criminal law nature – both for the management and for the Group as a whole.

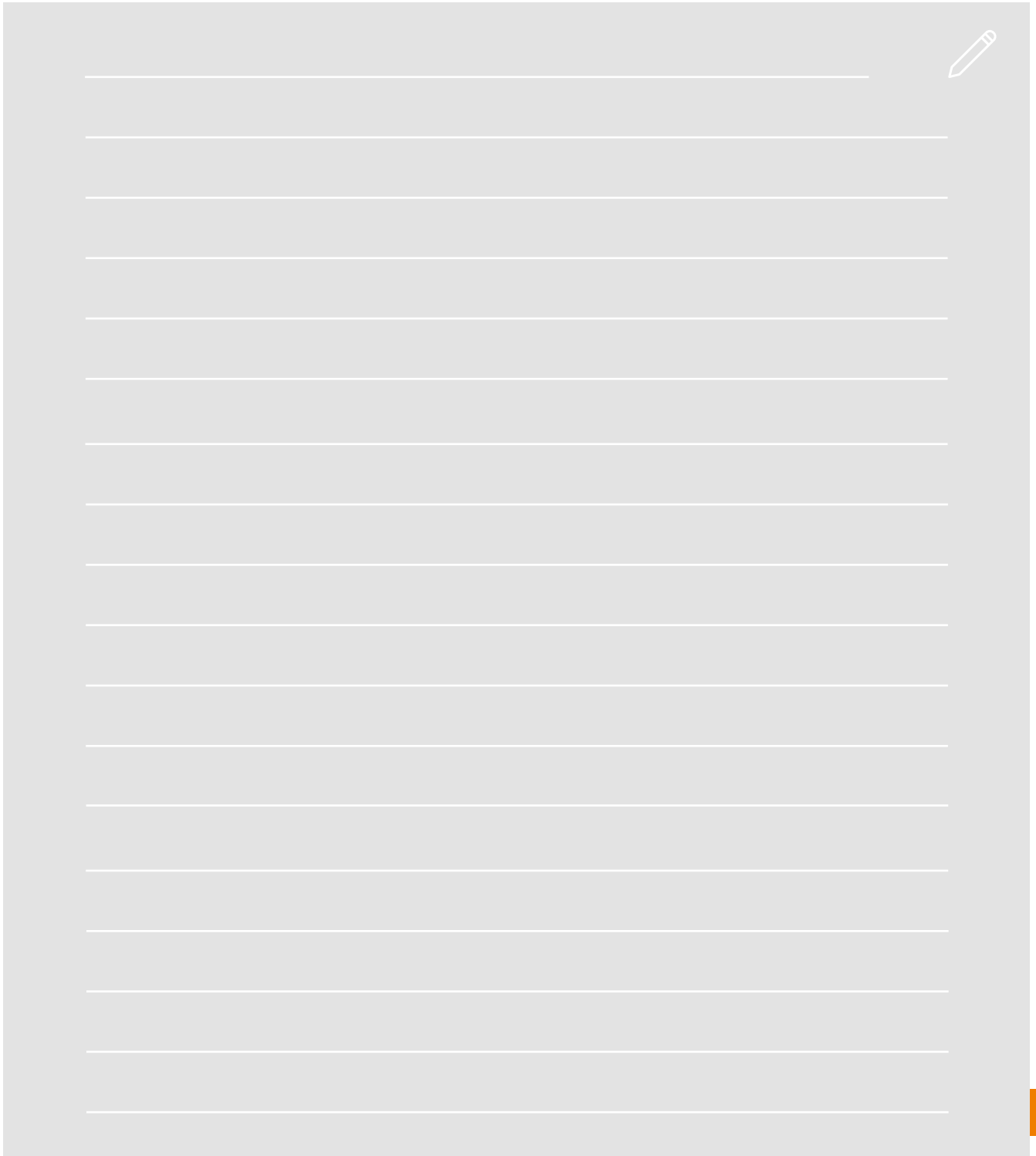
### **Barmenia-Konzern, 2017:**

The management has overall and ultimate responsibility for compliance with the regulatory framework. Within the Management Board, compliance responsibility has been assigned to the Chairman. However, the overall responsibility of the Management Board and the members' related rights and duties remain unaffected by this assignment of responsibility. The Management Board cannot delegate its overall and ultimate responsibility. It draws on the services of the Compliance Officer for support. The Compliance Officer is responsible for the key operational positions fulfilling their duties in an orderly manner.

### **Gigaset AG, 2017:**

In exercising the duty of lawfulness derived from its management and organizational duty, the Management Board of Gigaset AG has since 2012 relied on the support of a Compliance Committee, which is responsible for investigating suspicious cases and formulating action recommendations for the Management Board, among other functions. Managers and relevant employee groups in Germany and abroad are trained on the subject of corruption prevention by means of a web-based learning program, which has been held repeatedly already.





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## APPENDIX

### INITIATIVES AND GUIDELINES

#### **Sustainability Code**

The Sustainability Code is aimed at companies and organisations. On the basis of 20 criteria and a selection of quantifiable performance indicators, the transparency standard describes sustainability services in a transparent and comparable form, the so-called declaration of conformity with the Code or Code declaration. With its assistance, the way in which companies embed sustainability into their core business can be assessed. Opportunities and risks become visible and can be managed proactively. ([www.sustainabilitycode.org](http://www.sustainabilitycode.org))

#### **European Federation of Financial Analysts Societies (EFFAS)**

A network of European financial analysts, which, together with the German Association of Financial Analysis and Asset Management (DVFA), issued a guideline on integrating environmental and social aspects into financial reporting in 2010. ([www.effas.net](http://www.effas.net))

#### **Economy for the common good**

An alternative economic model developed and supported by the Austrian Association to Promote the Economy for the Common Good. The model defines business success based on a system of values oriented towards the common good. The goal of an ethical market economy is thus a good life. Human dignity, global fairness and solidarity, environmental sustainability,

social justice and democratic co-determination are key elements. Using the Common Good Matrix, companies prepare a Common Good Balance Sheet. ([www.ecogood.org](http://www.ecogood.org))

#### **United Nations Global Compact (UN Global Compact)**

An initiative of the United Nations for companies that commit themselves to aligning their operations with the ten principles of sustainability. These include human rights, labour standards, environmental protection and the fight against corruption, among others. ([www.unglobalcompact.org](http://www.unglobalcompact.org))

#### **Global Reporting Initiative (GRI)**

Ongoing global dialogue on corporate reporting in which companies and their stakeholder groups participate. With the Sustainability Reporting Standards (SRS), the GRI is seeking to improve and standardise the quality of reporting and thus make it more comparable. ([www.globalreporting.org](http://www.globalreporting.org))

#### **International Labour Organization (ILO)**

A special agency of the United Nations that formulates and implements international labour and social standards. Its actions are governed by four fundamental principles: freedom of association and the right to collective bargaining, the elimination of forced labour, the abolition of child labour, and protection against discrimination in employment and occupation. On this basis, a total of eight core

labour standards (conventions) have been defined: freedom of association and protection of the right to freedom of association, the right to organise and the right to collective bargaining, forced labour, the abolition of forced labour, equal remuneration, discrimination (employment and occupation), minimum age, and the prohibition of and effective measures to eliminate the worst forms of child labour.  
([www.ilo.org](http://www.ilo.org))

#### **Organisation for Economic Co-operation and Development (OECD)**

In 2011, the OECD formulated guidelines for the sustainable and responsible conduct of companies (especially multinational ones). They were negotiated through an extensive international consultation process between companies, trade unions, NGOs and governments and contractually agreed between the governments of the OECD countries and a few others. However, they are not binding on companies.  
(<http://mneguidelines.oecd.org/>)

#### **Sustainable Development Goals (SDGs)**

The 17 development goals of the 2030 Agenda for Sustainable Development link the principle of sustainability with economic, environmental and social development. The 2030 Agenda system of goals is universal and applies equally to developing, emerging and industrialised countries. In this way, the new Agenda intends to form the foundation for an evolved global partnership. The SDGs were approved by the General Assembly of the United Nations (UN) and entered into force on

1 January 2016 with a term of 15 years (until 2030).  
([www.sustainabledevelopment.un.org/sdgs](http://www.sustainabledevelopment.un.org/sdgs))

#### **UN Guiding Principles on Business and Human Rights**

These were endorsed by the UN Commission on Human Rights in 2011. They define the obligations of states and enterprises to protect and respect human rights. The German federal cabinet is seeking to establish the upholding of human rights in global supply and value chains with the National Action Plan for Business and Human Rights (NAP) it adopted in 2016. The federal government expects all German enterprises to incorporate the human rights due diligence obligations as set out in the NAP into all of their business activities, thereby living up to their social responsibilities. In addition to a company's own business activities, this explicitly includes processes for the management of supply and value chains. Within the NAP, the federal government is reserving the right to take further steps, going as far as statutory measures should less than 50% of the companies in Germany with more than 500 employees implement these processes by 2020.  
([www.wirtschaft-menschenrechte.de](http://www.wirtschaft-menschenrechte.de))

### **Task Force on Climate-related Financial Disclosures (TCFD)**

In view of the impending risk of a so-called “carbon bubble” due to the incorrect evaluation of financial investments that overlook climate risks, the G20 countries commissioned the Financial Stability Board to conduct a study. The TCFD guidelines provide recommendations for the voluntary disclosure of climate risks for affected companies in all sectors. A distinction is made between two types of risk: the physical risks related to climate change itself such as rising sea levels and extreme weather events and transitional risks for companies due to new and more stringent climate protection rules. The guidelines are for all companies that are affected by such risks either directly or indirectly. The recommendations are assigned to the core areas of a company’s governance, strategy, risk management, and metrics and targets. Each of these four areas comprises suggestions regarding

the disclosure of climate-related financial risks. In the area of governance, companies are encouraged to report on how climate-related opportunities and risks are taken into account in the corporate governance structure. Information should also be disclosed regarding whether and how climate-related risks and opportunities are incorporated into the company’s strategy and business model, and which processes are implemented in order to manage the identified risks and opportunities and provide assistance with selecting the metrics and targets used for their measurement and management. Measurement should comprise all Scope 1 and Scope 2 and, if applicable, also Scope 3 greenhouse gas emissions. The recommended metrics are internal carbon prices or revenue from products and services designed for a lower-carbon economy. Orienting companies’ internal objectives on science-based targets is also advisable.

([www.fsb-tcfid.org](http://www.fsb-tcfid.org))

### **MANAGEMENT SYSTEMS RELATED TO SUSTAINABILITY**

**EMAS** Eco-Management and Audit Scheme (EMAS) is an environmental management system. EMAS, or Eco-Audit for short, was developed by the EU in 1993 and aims to help businesses improve their environmental performance by voluntarily implementing comprehensive environmental management. This is checked (certified) regularly by an external body.

(<http://www.emas.de> and <http://www.iso.org/iso/iso14000>)

**ISO 9000** The standard of the International Organization for Standardization (ISO) that addresses a company’s quality management. With its eight principles (customer focus, leadership, involvement of the staff, using a process approach, taking a systems approach, encouraging con-tinual improvement, fact-based decisionmaking as well as mutually beneficial supplier relation-ships), it is also in part a suitable instrument for sustainability management.

([www.iso.org/iso/home/standards/management-standards/iso\\_9000.htm](http://www.iso.org/iso/home/standards/management-standards/iso_9000.htm))



**ISO 14001** sets the criteria for a certifiable environmental management system. This standard can be applied to companies and organisations in both the producing industry and the service sector. ISO 14001 is part of a family of standards that cover, among other things, the areas of environmental auditing, communication, labelling, performance assessment and life cycle assessment as well as other environmental aspects of product development.

**ISO 26000** A management guide that the ISO presented in 2010. It provides companies and organisations with recommendations on how they can operate in a socially responsible way. This is not a certifiable management standard; its application is voluntary.  
([www.iso.org/obp/ui/#iso:std:iso:26000:ed-1:v1:en](http://www.iso.org/obp/ui/#iso:std:iso:26000:ed-1:v1:en))

**ISO 50001** A standard aimed at assisting organisations and companies with setting up a systematic energy management system. The aim is to tap unused energy efficiency potential, reduce energy costs and lower greenhouse gas emissions and other environmental effects of energy consumption.  
(<http://www.iso.org/iso/home/standards/management-standards/iso50001.htm>)

**Supplier management systems** The practical implementation of increased transparency requirements in procurement management poses considerable challenges for companies, as obtaining and evaluating information can tie up significant resources. Companies increasingly find themselves confronted with numerous questionnaires and controls. Various industry initiatives and platforms offer Web-based assistance for supplier questionnaires. These include the BSCI, E-TASC, EICC, PSCI and Together for Sustainability. Platform providers include, for example, Achilles, EcoVadis, FFC (Fair Factories Clearinghouse), Intertek GSM, NQC, Sedex and SupplyShift. (see also “Ansätze für Lieferantenabfrage und -management”, ecosense discussion paper)  
([www.econsense.de](http://www.econsense.de))

**SA 8000** An international standard that defines the minimum labour condition standards for employees, particularly in transnational companies. Its originator is Social Accountability International (SAI), an international nongovernmental organisation which certifies companies on a voluntary basis. The standard is based on the conventions of the International Labour Organization (ILO) and the United Nations (UN).  
([www.sa-intl.org](http://www.sa-intl.org))

## INSTRUMENTS

### **Biodiversity analyses or biodiversity checks**

Companies can use them to gain some initial guidance regarding the impacts and dependencies of various business sectors on biodiversity.

([www.business-and-biodiversity.e/aktivitaeten/informationen-biodiversitaetsmanagement/handbuch-biodiversitaetsmanagement/](http://www.business-and-biodiversity.e/aktivitaeten/informationen-biodiversitaetsmanagement/handbuch-biodiversitaetsmanagement/))

**CR-Kompass** supports SMEs in setting up their management system for corporate responsibility (CR) and in preparing a sustainability report. CR-Kompass can also be used to prepare a progress report according to the requirements of the UN Global Compact. The Web-based application supports SMEs in CR implementation and accompanies them in preparing a sustainability report. CR-Kompass is supported by the EU's ESF programme.

([www.cr-kompass.de](http://www.cr-kompass.de))

**360report** A software solution for preparing sustainability reports. The software integrates the international reporting standards of the Global Reporting Initiative (GRI SRS), ISO 26000, UN Global Compact and the national standard of the Sustainability Code. When several standards are being applied, they are linked such that a single entry of the data is enough to satisfy several standards.

([www.360report.org/de/](http://www.360report.org/de/))

**N-Kompass** An online tool that enables medium-sized enterprises to approach the topic of sustainability in a simple and structured

manner. N-Kompass offers fast benchmarking, basic and detailed analyses, and a variety of forms of assistance ranging from practically oriented specialist papers to certified N-Kompass consultants. An integrated Sustainability Code reporting tool automatically assigns the data collected to the corresponding Code criteria.

([www.n-kompass.de/](http://www.n-kompass.de/))

**Eco-efficiency analysis** Eco-efficiency analyses determine the relationship between goal achievement (lowest possible impact on environment) and resource usage (funds). An eco-efficiency analysis thus provides indispensable information relating to the efficiency and effectiveness of a variety of alternatives and measures for products and services. While the process of preparing a life cycle assessment is described in detail in the ISO standards 14040 and 14044, no comparable standard exists for either life cycle cost analysis or eco-efficiency analysis nor is there an internationally recognised code of conduct.

(cf. also: [www.prosa.org](http://www.prosa.org))

**Ecological footprint** This is the surface area on the Earth currently required to maintain a person's lifestyle and living standards. These areas are, for example, the land used for the production of clothing, food, energy, and so on, but also for the disposal of waste or for binding the carbon dioxide released by human activities. The values are expressed in global hectares per person per year and vary greatly by region. This concept was developed by the scientists Mathis Wackernagel and William Rees in 1994.

([www.footprintnetwork.org](http://www.footprintnetwork.org))

**Stakeholder dialogues** The discourse held with a company's stakeholders about its sustainability strategy or sustainability goals and projects is these days regarded as an important sustainability management instrument. (see criterion 9 and Lexicon of Sustainability:

[www.nachhaltigkeit.info/artikel/stakeholder/dialoge\\_1571.htm](http://www.nachhaltigkeit.info/artikel/stakeholder/dialoge_1571.htm)).

The AA1000 Stakeholder Engagement Standard (AA1000SES) of the non-profit network AccountAbility provides a list of principles for the successful handling of stakeholders.

([www.accountability.org/standards/aa1000ses.html](http://www.accountability.org/standards/aa1000ses.html))

**Sustainable Balanced Scorecard (SBSC)** This is based on the Balanced Scorecard. The decisive criterion of an SBSC is that in addition to the usual economic aspects, environmental and social sustainability aspects are also taken into account systematically. It is a management tool that can aid in evaluating and steering company performance with regard to the two dimensions of sustainability on an ongoing basis. The balanced weighting of the various performance indicators is given particular importance as the SBSC refers not only to the system of indicators but also to the strategy-compliant implementation of goals as envisioned by management. (cf. also: [www.controlling-wiki.com/de/index.php/Sustainability\\_Balanced\\_Scorecard](http://www.controlling-wiki.com/de/index.php/Sustainability_Balanced_Scorecard))

**Sustainable value** This is a tool with which the economic effects of a business (increase in value) can be calculated by including the environmental and social burdens associated with it. The concept was developed by a group of German scientists. ([www.sustainablevalue.com](http://www.sustainablevalue.com))

**VfU environmental performance indicators** These performance indicators for the financial sector are issued by the Association for Environmental Management and Sustainability in Financial Institutions (VfU) and have become a globally accepted standard with which financial institutions can report on their environmental performance. The VfU performance indicators and the corresponding calculation tool are regularly revised by a VfU project group every two to three years to take into account the benchmarks of the international environmental indicator systems (Global Reporting Initiative) and greenhouse gas footprinting standards such as the Greenhouse Gas Protocol.

**Materiality analysis and matrix** A strategic instrument of analysis used by companies to determine sustainability topics with the greatest importance for a company and its stakeholders. It comprises an analysis of the external environment, an analysis of the internal company environment and an analysis of stakeholders' expectations. The results are then presented in the form of a matrix. The results of the analysis of the environment and the company form one axis of the matrix and the results of the analysis of stakeholders' expectations the other. By putting the topics of relevance for the company and for stakeholders into relation with each other, areas for action can be derived for strategic planning.

“Business Reporting on the SDGs: An Analysis of the Goals and Targets”, GRI and the United Nations Global Compact, Amsterdam, 2017

([https://www.globalreporting.org/resourcelibrary/GRI\\_UNGC\\_Business-Reporting-on-SDGs\\_Analysis-of-Goals-and-Targets.pdf](https://www.globalreporting.org/resourcelibrary/GRI_UNGC_Business-Reporting-on-SDGs_Analysis-of-Goals-and-Targets.pdf); download from 16 November 2018)

“Die Sustainable Development Goals für und durch KMU. Ein Leitfaden für kleine und mittlere Unternehmen”, Bror Geisenbauer and Georg Müller-Christ, Bremen, 2018

([https://www.renn-netzwerk.de/fileadmin/user\\_upload/nord/docs/Broschuere\\_sdg\\_kmu.pdf](https://www.renn-netzwerk.de/fileadmin/user_upload/nord/docs/Broschuere_sdg_kmu.pdf); download from 16 November 2018)

“In 6 Schritten zum Nachhaltigkeitsbericht. Ein Leitfaden für Klein- und Mittelunternehmen”, Austrian Business Council for Sustainable Development, Vienna, 2013

([https://www.respect.at/dl/totrJKJmMoLJqx4KJK/Nachhaltigkeitsbericht\\_Leitfaden\\_respACT.pdf](https://www.respect.at/dl/totrJKJmMoLJqx4KJK/Nachhaltigkeitsbericht_Leitfaden_respACT.pdf); download from 22 May 2016)

“Vom Emissionsbericht zur Klimastrategie. Grundlagen für ein einheitliches Emissions- und Klimastrategieberichtswesen”, WWF Deutschland and CDP, Berlin, 2014

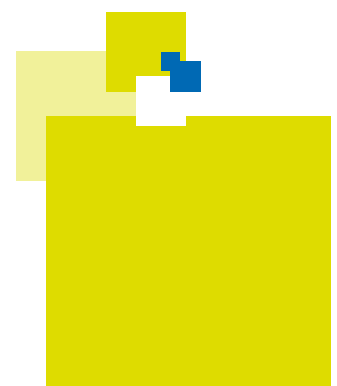
(<https://www.pwc.de/de/nachhaltigkeit/assets/leitfaden-vom-emissionsbericht-zur-klimastrategie.pdf>; download from 14 November 2018)

“Nachhaltigkeit in der Kapitalmarktkommunikation. Sieben Empfehlungen für Emittenten”,

Deutsche Börse AG, Frankfurt am Main, 2013 ([www.deutsche-boerse-cash-market.com/blob/1208784/23a83ef2e14df6f6f6c2421bde94abfb/data/Broschuere--Nachhaltigkeit-in-der-Kapitalmarktkommunikation---Sieben-Empfehlungen-fuer-Emittenten.pdf](http://www.deutsche-boerse-cash-market.com/blob/1208784/23a83ef2e14df6f6f6c2421bde94abfb/data/Broschuere--Nachhaltigkeit-in-der-Kapitalmarktkommunikation---Sieben-Empfehlungen-fuer-Emittenten.pdf); download from 14 November 2018)

“Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures”, Task Force on Climate-related Financial Disclosures (TCFD)

(<https://www.fsb-tcf.org/wp-content/uploads/2017/06/FINAL-TCFD-Report-062817.pdf>; download from 9 November 2018)



**Assistance and information**

1. Online: The Sustainability Code website ([www.sustainabilitycode.org](http://www.sustainabilitycode.org)) features a wide range of helpful information for users and also the Code database.
2. Sustainability Code team: You can contact the team online at [team@sustainabilitycode.org](mailto:team@sustainabilitycode.org) or you can call them on +49 (0)30 338424-888.
3. Training partners: Sustainability Code training partners throughout Germany offer informational events, training seminars and individual support with preparing Code declarations. The Code training partners have completed training on the Code and are listed on the Sustainability Code website.
4. Code mentors: experts from companies that already have a Code declaration who report on their experience and provide practical tips at events. These are likewise listed on the Sustainability Code website.

**1.** First, you need official approval from the management. Then select people with whom to form a team that accurately reflects the various areas of your company's business. The team should include persons with specialist knowledge and responsibility from the various business units. Involving your co-workers at this early stage will give the issue additional force and effectiveness in implementation.

**2.** Review together with the team all 20 of the Code criteria and qualitative performance indicators. Determine for which criteria data is already available and, if necessary, where information is still lacking. If you have not yet formulated a strategy, work together to identify which sustainability issues have key importance for your company to remain future-proof and what economic, environmental and social impact your business operations have. By including the perspectives of your stakeholders (e.g. customers, suppliers, employees), you will establish a greater basis of trust. Finally, determine within the team who is responsible for which criteria and by when data and texts need to be supplied.

**3.** Determine whether your enterprise is subject to reporting obligations pursuant to the CSR-RUG and is therefore required to meet specific reporting requirements. Decide whether you will be using the indicators of the Global Reporting Initiative (GRI SRS) or the European Federation of Financial Analysts Societies (EFFAS) as your basis. You may additionally report in line with the National Action Plan for Business and Human Rights within the Sustainability Code.

Consolidate all the quantitative and qualitative information available for the 20 criteria and the corresponding performance indicators. Prepare an explanatory text for each of the criteria of the Sustainability Code declaration (guideline: 500 to 3,000 characters per criterion). Use these texts to disclose which criteria you comply with or explain instances where the relevant data is not yet collected or where the requested information is not relevant to your business. Tip: The checklists for each criterion can be found on the website and in the database. For drafting the texts, you can use the template available online in the download area of the database following registration (step 4). Once drafted, have the texts and data approved by executive management.

**4.** To prepare your Code declaration, please register for the Code database with a username and password. You will receive an email for the purpose of verifying your

account. Once registration has been completed, you can begin creating your company profile in the Code database. You can edit it at any time, add additional users and create new reporting years. Transfer all information collected thus far on the criteria (figures, texts and indicators) to the Code database. There is an input field for each criterion wherein you can edit your texts and figures. The declaration of conformity can only be submitted to the Code team for review once all the input fields have been completed. The check for completeness (including sources and links) is performed on the basis of a checklist in line with the “comply or explain” approach. No certificate is issued. Following a successful review and with your approval, the declaration is published in the Code database and your company is awarded the Sustainability Code conformity mark.

**5.** Use the Sustainability Code declaration for your own corporate communications. You can incorporate the Code conformity mark into your website, brochures and emails, among other things. You can issue a press release or inform your customers and/or commissioning partners and suppliers of the Sustainability Code declaration personally. In addition, it will be also possible in future to export it in different file formats so that the Code declaration can be used as a basis for a sustainability report or for other communication media.

Topics	The Code criteria	GRI SRS indicators	EFFAS indicators
<b>STRATEGY</b>	1. Strategic Analysis and Action 2. Materiality 3. Objectives 4. Depth of the Value Chain		
<b>PROCESS MANAGEMENT</b>	5. Responsibility	GRI SRS 102-16	EFFAS S06-01
	6. Rules and Processes		EFFAS S06-02
	7. Control		
	8. Incentive Schemes	GRI SRS 102-35 GRI SRS 102-38	
	9. Stakeholder Engagement	GRI SRS 102-44	
	10. Innovation and Product Management	G4 FS11	EFFAS E13-01 EFFAS V04-12
<b>ENVIRONMENTAL MATTERS</b>	11. Usage of Natural Resources	GRI SRS 301-1	EFFAS E04-01
	12. Resource Management	GRI SRS 302-1	EFFAS E05-01
		GRI SRS 302-4	EFFAS E01-01
		GRI SRS 303-3	
		GRI SRS 306-2	
		13. Climate-Relevant Emissions	GRI SRS 305-1 GRI SRS 305-2 GRI SRS 305-3 GRI SRS 305-5
	<b>SOCIETY</b>	14. Employee Rights	GRI SRS 403-4
15. Equal Opportunities		GRI SRS 403-9	EFFAS S10-01
16. Qualifications		GRI SRS 403-10	EFFAS S10-02
		GRI SRS 404-1	EFFAS S02-02
		GRI SRS 405-1	
		GRI SRS 406-1	
		17. Human Rights	GRI SRS 412-3 GRI SRS 412-1 GRI SRS 414-1 GRI SRS 414-2
18. Corporate Citizenship		GRI SRS 201-1	
19. Political Influence		GRI SRS 201-1	EFFAS G01-01
20. Conduct that Complies with the Law and Policy		GRI SRS 205-1	EFFAS V01-01
		GRI SRS 205-3	EFFAS V02-01
	GRI SRS 419-1		

In order to write a complete Code declaration, users report on 20 criteria and a chosen set of indicators (GRI or EFFAS).





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# Imprint

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