



German Council for
SUSTAINABLE
Development

The Sustainability Code

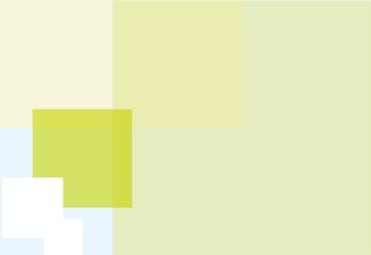
Benchmarking sustainable business



What is sustainability?

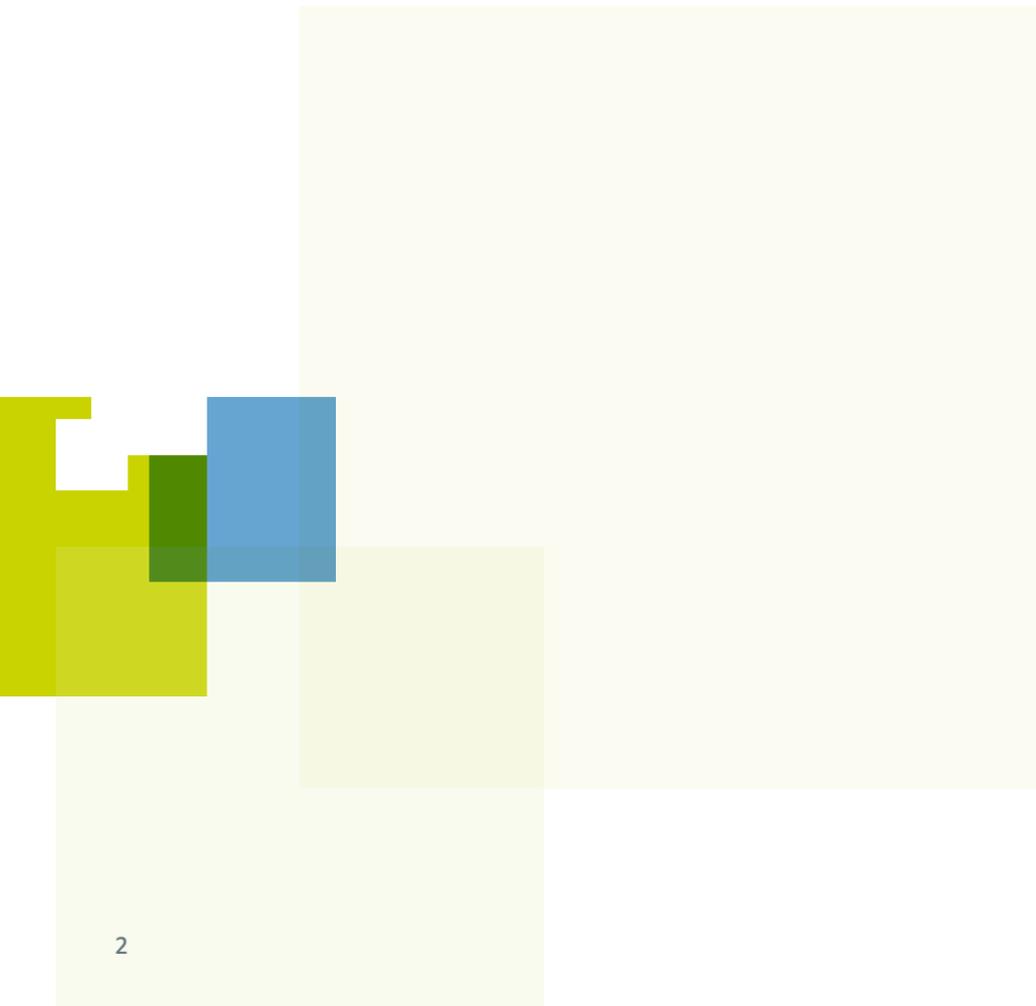
"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. [...] In essence, sustainable development is a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspirations."

BRUNDTLAND COMMISSION, 1987



The Sustainability Code

Benchmarking sustainable business



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1 Foreword to the Sustainability Code

BY DR ANGELA MERKEL

The task of achieving sustainability is both challenging and rewarding. This is the insight and conviction that guided the United Nations member states as they drafted and ratified the 2030 Agenda. The Agenda documents our joint responsibility for sustainable development. It contains 17 ambitious goals which define key prerequisites for allowing today's society as well as future generations to live life with dignity.

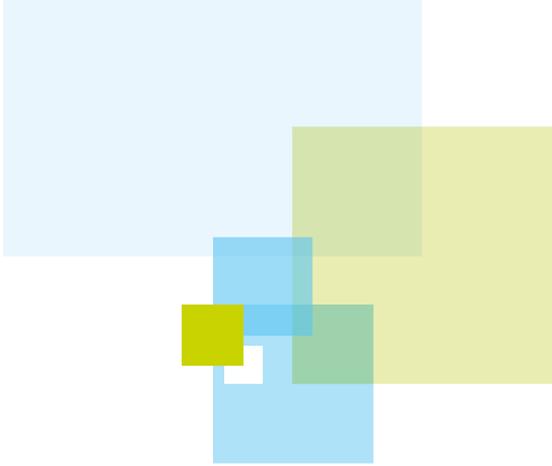
This demands a comprehensive "transformation of our world", as the title of the 2030 Agenda succinctly states. We all – from governments and civil societies to the business and scientific communities to the world's citizens – are called upon to adapt the way we live, work, produce and consume in line with the tenets of sustainability.

And in fact, a great transformation is already under way. More and more consumers are choosing products that are produced in a socially responsible and environmentally friendly manner. More and more investors are now interested in investing in sustainable projects. More and more companies view sustainable business practices as their opportunity to convince people with innovations in the markets.

The facets of sustainable business are manifold. In order to lay such foundations for companies in day-to-day business, the German Council for Sustainable Development (RNE) has developed and tested the Sustainability Code in dialogue with companies and adjusted it to current developments.

With its 20 criteria, the Code offers companies guidance for their strategic orientation. As it incorporates existing voluntary international reporting standards, it is also applicable for companies with global operations or companies in other countries. Furthermore, thanks to the greater transparency and comparability it allows with regard to companies' products and services, the Code can be used by clients and lenders as an important aid to decision-making.

Though the Sustainability Code is a voluntary instrument, the federal government explicitly supports the broad application of this transparency standard in order to promote sustainable business development. We regard sustainability as a joint effort that produces returns for everyone. Quite simply, sustainability is a question of economic prudence, environmental necessity and our perception of social cohesion. Thus, I invite all companies to apply the Sustainability Code and make use of the opportunities offered by sustainable business to an even greater extent.



2 Preamble

The Sustainability Code is an internationally applicable reporting standard for topics relating to sustainability. The German Council for Sustainable Development (RNE) adopted the Code on 13 October 2011 following a comprehensive preliminary review process together with stakeholders. After its successful introduction in Germany and against the backdrop of the European Directive on non-financial reporting by companies (2014/95/EU), the RNE is promoting this reporting standard at European level as well.

With its international collaboration regarding the Code, the RNE is reinforcing its aim of advancing sustainability considerations in industry and commerce and of making companies' sustainability performance transparent and comparable at the global level. This update takes into account the CSR Directive Implementation Act (CSR-RUG) as adopted by the German Bundestag in early 2017 and the National Action Plan for Business and Human Rights (NAP) as adopted by the German federal government in 2016. By implementing amendments to, in particular, the German Commercial Code (HGB) and the German Companies Act (AktG), the CSR-RUG transposed Directive 2014/95/EU into German law. Following its ratification, a reporting obligation now applies to companies and corporations of a certain size for all reporting years beginning after 31 December 2016 (see Chapter 3.4). The European Commission names the Sustainability Code as a suitable framework for companies to look to for guidance on how to comply with their reporting obligation. The updates of the Code, of the explanatory

information and of the checklists provided for assessing compliance with the Code have ensured legal compliance of the Code with the CSR Directive Implementation Act. The RNE's aim is for the Code and its explanations to provide companies with clear guidance on content requirements and the process for preparing non-financial statements/reports as well as on the disclosure of complementary reporting elements regarding the National Action Plan for Business and Human Rights.

With its 20 core criteria and choice of performance indicators, the Code is also a practicable tool for all those companies and organisational forms not subject to the reporting obligation for providing voluntary information on their measures related to the various environmental, social and economic aspects of sustainability.

The advantage of the Code is its condensed and user-friendly form. It provides companies and organisations of all sizes and legal forms with a framework for preparing reporting on aspects of sustainability and their management. Its clear structure and focus on the essential issues represent the central benefits of the Code. Standardised presentation enhances comparability of disclosures and makes it suitable for use by various market players as a component in assessing companies' overall performance. By publishing a Code declaration, companies create a source that can be referenced when fielding questions from within the company itself, from civil society or from business partners.

The RNE promotes a holistic view of sustainability in the Sustainability Code within the context of the global Sustainable Development Goals (SDGs) and of the German Sustainable Development Strategy. In a Code declaration, companies report via the 20 criteria of the Code on their strategies, goals, measures, policies and risks. Performance indicators underpin the information provided and allow for greater comparability of declarations. Companies' measure for assessing what to report is that the

information is materially important (see the definition for “materiality” in the Glossary). Sector-specific clarifications and supplementation with additional aspects or performance indicators necessary for understanding are also possible. The Code declaration is supplemented with a short description of the business model before the explanations relating to the 20 Code criteria.

The Sustainability Code database of the RNE can be accessed free of charge at www.sustainabilitycode.org for assistance in preparing a Code declaration. The Code declarations published within this publicly accessible data platform contribute to public considerations of companies’ sustainability achievements as well as to the considerations of financial market players and rating agencies by means of technical interfaces with other database systems.

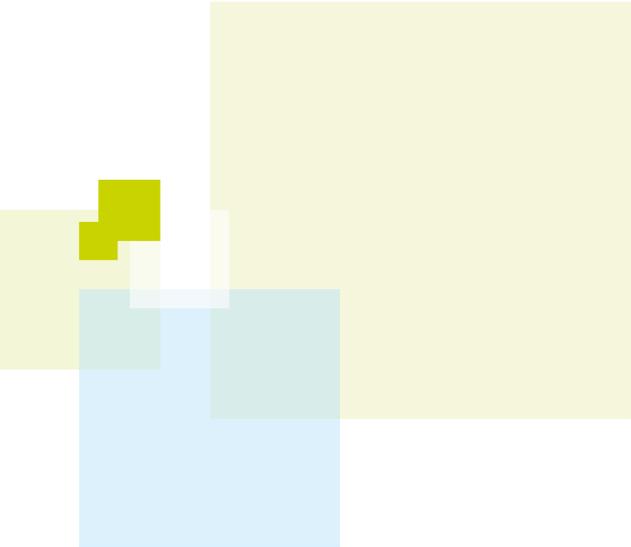
Practical usage of the Code has demonstrated that it has established itself as a reporting standard for companies of all sizes and legal forms. Motivations aside from the statutory reporting obligation relate in part to conviction at management level, to some extent the desire for entrepreneurial differentiation and also rising market expectations regarding companies’ sustainability performance. Transparency throughout the supply and value chains is a major challenge for companies, and this will only intensify in the future.

The declarations can be useful as a source of high-quality basic information for business partners and stakeholders.

Sustainable business management requires superior corporate governance that goes beyond mere compliance with statutory requirements. This is the subject of broad public debate and is laid out in corporate governance codes. The German Corporate Governance Code (GCGC) formulated by the federal commission Regierungskommission Deutscher Corporate Governance Kodex plays a special role in this regard. The basic principles of good corporate governance are a pillar of the Sustainability Code.

The Code provides the opportunity for dynamic standard setting by the companies themselves when they make their applied and ambitious sustainability management a benchmark of sustainable business development. The RNE invites companies and organisations to make their contributions to sustainable development visible and to thereby enable them to be leveraged within the context of broad public discourse.

3 The Sustainability Code



3.1 The 20 Code criteria 01

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CRITERIA 01-10: SUSTAINABILITY POLICY

01 STRATEGIC ANALYSIS AND ACTION 03

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.

02 MATERIALITY 04

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.

03 OBJECTIVES 05

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.

04 DEPTH OF THE VALUE CHAIN 06

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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05 RESPONSIBILITY
Accountability within corporate management with regard to sustainability is disclosed.

06 RULES AND PROCESSES
The company discloses how the sustainability strategy is implemented in the operational business by way of rules and processes.

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.

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).

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.

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.

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CRITERIA 11-20: SUSTAINABILITY ASPECTS

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USAGE OF NATURAL RESOURCES

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.

PROCESS MANAGEMENT
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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.

ENVIRONMENTAL MATTERS
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13 CLIMATE-RELEVANT EMISSIONS

The company discloses the greenhouse gas (GHG) emissions in accordance with the Greenhouse Gas Protocol or standards based on it and states the goals it has set itself to reduce emissions, as well as its results thus far.

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.

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.

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.

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 material risks.

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CORPORATE CITIZENSHIP

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

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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.

20

CONDUCT THAT COMPLIES WITH REGULATION AND POLICIES

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 material 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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ENVIRONMENTAL MATTERS

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SOCIETY

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3.2 Sustainability Code declarations

The Code declaration is composed of descriptive sections of texts and performance indicators that are backed up by figures. It should be as long as necessary and as short as possible in order to draw readers' attention to the essentials. The decisive factor is that all material information on a given Code criterion is presented in the Code declaration, as experience has shown that links to sources outside of the database are not used and evaluated.

Selected indicators from the comprehensive indicator catalogues of the GRI Sustainability Reporting Standards (SRS) or of the European Federation of Financial Analysts Societies (EFFAS) and additional indicators selected to highlight company- or sector-specific particularities are the key to achieving a better understanding of the business environment in which the company operates and the particular challenges it faces. The checklist (see Chapter 4.2) is a good source of information regarding the content to be reported.

Companies decide themselves whether to report on the basis of the performance indicators of GRI SRS or EFFAS. However, they should, as a rule, continue on this basis throughout their declaration. The definition of the indicators and their calculation are explained in the respective standards on which they are based. In addition, it is possible to add on a voluntary basis sector- or company-specific indicators or other relevant aspects insofar as the company views this information to be expedient to fostering better understanding. In some cases, references to sector-specific indicators can be found in the sector-specific guidance documents. The guidance documents published to date can be found on the Sustainability Code website.

Within the Sustainability Code, companies can make use of the **“comply or explain”** approach as follows: they disclose information on the individual criteria according to the principle of materiality or provide an explanation as to why individual aspects are not material to them. Companies not subject to the reporting obligation generally also have the option of stating other reasons why an aspect is not reported on, for example if data cannot be collected. Pursuant to the CSR Directive Implementation Act/EU Directive, companies subject to the reporting obligation must disclose information on all the material aspects and risks unless publication of this information would result in a substantial disadvantage for the company; the disclosure, however, is to be made at a future date should the disadvantage no longer be a threat. Declarations are still considered to be in compliance with the Code even if they include multiple sections making use of the “explain” option, as they enable users of the declarations to make their own assessment as to at what stage the organisation is at in their pursuit of achieving full and integrated sustainability management. Reporting companies should additionally state when they plan to publish the missing information. Information about the fundamental parameters, such as the scope of consolidation, significant assumptions and estimates, definitions used, as well as a description of the business field, are explained in the general informational sections.

3.3 Compatibility of the Code declaration

The Code declaration gives companies with no reporting obligation but that already report in accordance with other standards the option of using the information of existing reports as a basis for their declaration and vice versa. Reports prepared on the basis of the following standards are especially suited to this:

- Global Reporting Initiative, GRI Sustainability Reporting Standards (SRS)
- UN Global Compact (Communication on Progress, COP)
- OECD Guidelines for Multinational Enterprises, 2011 version
- ISO 26000
- Eco-Management and Audit Scheme, EMAS (EU Regulation 1221/2009)
- Carbon Disclosure Project, CDP
- Task Force on Climate-related Financial Disclosures, TCFD
- International Integrated Reporting Council, IIRC (integrated reporting)
- Sustainability Accounting Standards Board, SASB
- Corporate governance report in line with the German Corporate Governance Code (GCGC) and the declaration of conformity with the GCGC in the sense of Sect. 161 AktG (German Companies Act)

Companies can make reference in their Code declaration to the respective sources of information by providing specific functioning links and page citations of other published reports. There are documents available on the Code website that provide details of the similarities and differences between the Sustainability Code and UN Global Compact COP and also between the Code and EMAS.

To enhance the readability and comparability of declarations, however, it is recommended to provide at least a short overview of key points within the Code database. The focus on the essentials and the transparency of the Code declaration should be preserved. Companies with a reporting obligation must disclose all the information required pursuant to the CSR-RUG/EU Directive in their non-financial (consolidated) statement or their non-financial (consolidated) report. Therefore, if companies use their Code declaration to comply with legal non-financial reporting requirements, references to other reports are not permitted. If all the information required by the CSR-RUG/the EU Directive is included in the Code declaration, it can be used as non-financial (consolidated) statement or non-financial (consolidated) report.

3.4 Requirements of companies subject to reporting obligation as per the German CSR-RUG

In December 2014, the European Commission passed a Directive that expanded reporting requirements to include non-financial aspects and aspects related to diversity (2014/95/EU). In March 2017, the Directive was transposed into German law by way of the CSR Directive Implementation Act (CSR-RUG). Following its ratification, a reporting obligation applies to certain companies and corporations for all reporting years beginning after 31 December 2016. Companies subject to the reporting obligation are now required to publish for every financial year in the context of management reporting a non-financial (consolidated) statement or a non-financial (consolidated) report in which information is provided about material non-financial concerns. The Sustainability Code may be used for the preparation of the non-financial (consolidated) statement or the non-financial (consolidated) report in compliance with the CSR-RUG. However, when doing so, care must always be taken that when a statement or a report is prepared, all statutory requirements are satisfied.

Independent of this, as per the CSR-RUG, an at least partially divergent group of addressees must supplement the declaration on corporate governance with more precise information on diversity concepts for the company's governance bodies (Sect. 289f HGB).

Addressees

As per the CSR-RUG, stock corporations (Sect. 289b Para. 1 HGB), limited-liability registered partnerships and cooperatives of a comparable nature are required to publish a non-financial statement or a non-financial report insofar as they

- (1) are defined as large as per Sect. 267 Para. 3 Sentence 1 HGB (i.e. with revenue of more than €40 million or a balance sheet total of more than €20 million) and
- (2) are oriented towards the capital market as per Sect. 264d HGB and
- (3) employ an annual average of more than 500 staff.

The same applies to credit institutions (Sect. 340a HGB) and insurers (Sect. 341a HGB) that fulfil criteria 1 and 3.

A corresponding obligation to publish a non-financial consolidated statement or a non-financial consolidated report also applies to parent companies with the legal form of a stock corporation (Sect. 325b HGB), a limited-liability registered partnership or cooperative of a comparable nature, insofar as

- (1) they are oriented towards the capital market as per Sect. 264d HGB and
- (2) the companies to be included in the consolidated group do not fulfil the requirements for a size-related exemption as per Sect. 293 Para. 1 Sentence 1 No. 1 or No. 2 HGB and
- (3) the companies to be included in the consolidated group employ an annual average of more than 500 staff.

The same obligation applies to parent companies that are credit institutions (Sect. 340i Para. 5 HGB) or insurers (Sect. 341 Para. 5 HGB) and which fulfil criteria 2 and 3. In the case of a consolidated statement or consolidated report, as per Sect. 315b HGB, the subsidiaries included in the consolidation are released from the reporting obligation.

Content of the non-financial statement

The CSR-RUG requires the disclosure of information on non-financial issues, at least on environmental, employee and social matters, on respect for human rights and on anti-corruption and anti-bribery matters (Sect. 289c HGB). With regards to the individual non-financial matters, those disclosures are to be made which are necessary for an understanding of the company's development, performance, position and impact of its activity on the non-financial matters (see also the information provided on materiality in the Glossary). As per Sect. 289c Para. 3 Nos. 1 to 6 HGB, disclosures of material information on the individual non-financial aspects are to include the following:

- A description of the respective **policies**, incl. due diligence processes implemented, as well as the outcomes of those policies (see also Glossary "policies")
- A presentation of principal **risks** related to those matters linked to business operations which are highly likely to cause significant adverse impacts on those matters, and how the company manages those risks (see also Glossary "risks" and Section 3.5 for differences between the CSR-RUG and the EU Directive)

- A presentation of principal **risks** linked to business relationships, products or services which are highly likely to cause adverse impacts on the above-named matters – where relevant and proportionate – and how the company manages those risks
- A presentation of non-financial **key performance indicators** relevant to the particular business
- Where appropriate, include references to, and additional explanations of, amounts reported in the **annual financial statements**

In addition to the information on non-financial disclosures, for companies or corporations subject to the reporting obligation, the **business model** must also be described.

Where the company subject to the reporting obligation does not pursue policies in relation to one or more of the matters listed above, the non-financial statement shall provide a clear and reasoned explanation for not doing so (“comply or explain” as per Sect. 289c Para. 4 HGB). Furthermore, the company may omit information the disclosure of which it deems to be to its own detriment, provided the requirements of Sect. 289e HGB are met.

Preparation and review of non-financial statements/reports

In line with its responsibility for financial reporting, the management board is responsible for the preparation of the non-financial statement or report and must present it to the **supervisory board** as per Sect. 170 Para. 1 Sentence 2 AktG.

Pursuant to Sect. 171 AktG, a content level review of the non-financial statement or non-financial report is the duty of the supervisory board. The supervisory board must present the results of this review to the general meeting of shareholders in written form (Sect. 171 Para. 2 AktG). As per Sect. 111 Para. 2 Sentence 4 AktG, the supervisory board may also commission an external audit of **the statement's content**. In accordance with Sect. 317 Para. 2 Sentence 4 HGB, the auditor generally only reviews whether the non-financial (consolidated) statement or the separate non-financial (consolidated) report was presented.

In this context, it is important to note that the offer of a review of the Code declaration by the Sustainability Code Office relates exclusively to a review with respect to the **formal transparency requirements** of the Code and serves primarily to provide the reporting user with procedural support. It does not contain a review of fulfilment of the statutory requirements for non-financial (consolidated) statements or non-financial (consolidated) reports. The Code Office will continue to offer this formal review for conformity with the Code. However, it does not assume any liability for the quality, completeness, currentness or correctness of the information contained in the Code declarations or for fulfilment of the legal requirements of a reporting obligation as per the CSR-RUG. Responsibility for the correctness and quality of the non-financial statements and reports as well as the fulfilment of the legal requirements as per the CSR-RUG lie exclusively with the reporting company.

Publication

A non-financial (consolidated) statement or non-financial (consolidated) report must be published for every financial year. Companies and credit institutions with a reporting obligation can choose between three possible publication forms described in Sect. 289b HGB for their non-financial disclosures:

- The company with a reporting obligation may include the non-financial (consolidated) statement as part of its management report.
- The company with a reporting obligation may prepare a separate non-financial (consolidated) report, provided that the separate report is published together with the (consolidated) management report in the Federal Gazette pursuant to Sect. 325 HGB.
- The company with a reporting obligation may prepare a separate non-financial (consolidated) report and publish this on its website, provided that reference is made to the report in the (consolidated) management report. In this case, the company must adhere to a publication deadline of four months from the balance sheet date and keep the report published on the website for at least ten years.

3.5 The reporting obligation in the European context

The Sustainability Code is generally suited to reporting in accordance with the requirements of the EU Directive, which expands reporting requirements to include non-financial matters and aspects related to diversity (2014/95/EU). As the Directive has been transposed into national law by the EU member states, companies with a reporting obligation in multiple countries must ensure that they meet all the requirements, as these may vary slightly from country to country. National regulations may also have diverging stipulations regarding which companies are subject to a reporting obligation.

One of the objectives of the EU Directive is to offer companies a high degree of flexibility while also achieving a sufficient level of comparability of the reports. Frameworks such as the Sustainability Code can be of assistance here. What sets the Sustainability Code apart is that it requires reporting on all the criteria in accordance with the “comply or explain” principle and that it has an integrated comparison function within the Code database, making targeted and swift comparison analyses possible. The Code’s outstanding contribution to transparency in the area of corporate sustainability and in particular to improving the comparability and quality of reporting was recognised by the United Nations Conference on Trade and Development (UNCTAD) in its ISAR Honours 2019.

Specific features of the reporting obligation in Germany in comparison to the EU Directive (2014/95/EU)

As part of non-financial reporting, information regarding risks must also be disclosed to the extent necessary for an understanding of the company's development, performance and position. Whereas the EU Directive specifies that reporting is required for principal risks which are likely to cause adverse impacts in those areas (environmental, social and employee matters, respect for human rights and anti-corruption and anti-bribery matters), the CSR-RUG only requires reporting on risks which are *highly* likely to have *significant* adverse impacts on those matters.

Something else which is specific to CSR-RUG is that the management board must present the non-financial statement to the supervisory board, with the supervisory board being obliged to review it. In contrast, the members of a company's administrative, management and supervisory bodies are under no obligation in this regard in accordance with the EU Directive.

Pursuant to CSR-RUG, companies which do not use a framework must give an explanation as to why not. No such explanation is necessary in accordance with the EU Directive.

Additionally, CSR-RUG stipulates that the deadline for the publication of a separate non-financial report is four months from the balance sheet date, compared with six months according to the Directive.

3.6 Reporting on human rights due diligence obligations

The United Nations developed its Guiding Principles on Business and Human Rights on the basis of existing human rights obligations such as the Universal Declaration of Human Rights and the ILO's core labour standards and published these in 2011. These guiding principles serve as the basis for the German **National Action Plan for Business and Human Rights (NAP)**, which was adopted by the German federal government in 2016. This stipulates that it is the responsibility of all companies to observe human rights irrespective of their size, sector, location, ownership and structure. It goes without saying, however, that the steps taken to live up to this responsibility vary according to a company's size, sector, etc.

The **German federal government** expects at least 50% of all companies with over 500 employees to have integrated human rights due diligence obligations into their processes and to be reporting on this by 2020. The aim is to improve the human rights situation throughout supply and [value chains](#) around the world.

Enterprises can use the Code declaration to disclose their processes relevant to a commitment to human rights protection within the meaning of the NAP. Within **criterion 17** of the Sustainability Code in particular, companies report on their activities in the area of human rights due diligence obligations. There is also the option of more in-depth reporting in accordance with the NAP. If this menu item is selected in the database, the aspects additionally to be reported on in accordance with the "comply or explain" approach pursuant to the NAP appear. This list is closely based on the NAP, meaning enterprises are assisted in incorporating and gradually building up the appropriate processes in their business practices.

At first glance, the aspects addressed by criterion 17 of the Sustainability Code and, for companies with a reporting obligation, additionally by CSR-RUG differ greatly from the aspects regarding which reporting is required pursuant to the additional NAP option. This is due to slightly different perspectives:

- The UN Guiding Principles and the NAP place special emphasis on a (normative) basis being created within a company by establishing explicit principles for the protection of human rights (in accordance with Guiding Principles 15 and 16 for human rights due diligence obligations). These principles are then to be incorporated into the daily processes and their implementation is to be reviewed regularly. The ongoing character of this implementation is highlighted (Guiding Principle 17).
- CSR-RUG and the Sustainability Code focus on the planning and implementation of measures. The Code criterion and the additional CSR-RUG questions therefore address the targets, the planned target attainment date and the scope of target attainment to date, as well as strategies and measures.

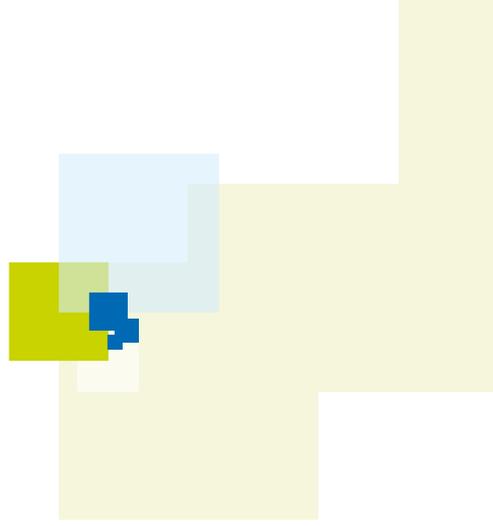
The two perspectives on the implementation of human rights due diligence obligations complement one another. **Overlaps** are clearly marked in the Code checklist in order to keep the reporting process as simple as possible, in particular for companies that are reporting in accordance with both CSR-RUG and the NAP.

3.7 Basic information on essential aspects of sustainability within the political context

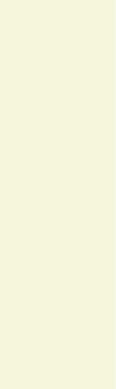
The Sustainability Code is positioned within the context of key international and national frameworks and agreements:

With the **Sustainable Development Goals** (SDGs) of the 2030 Agenda for sustainable development, the member states of the United Nations agreed for the first time on global sustainability goals as well as the principles laid out in the Agenda. The 17 SDGs and their corresponding 169 targets apply equally to developing, emergent and industrialised countries. They are thus generally also suitable as an orientation framework for companies to align their business operations with both within Germany, Europe and abroad. Implementation of the Sustainable Development Goals occurs primarily at the national level. In Germany, the **German Sustainable Development Strategy** serves this purpose. The strategy lays out in concrete form the crucial significance of the 17 Sustainable Development Goals for Germany and specifies measures the federal government will use to implement them within Germany, by way of German foreign and development policy as well as through innovative made-in-Germany solutions. The federal government outlines the measures it intends to implement in various areas of policymaking up to 2030 with respect to specific national sustainable development goals. Of particular interest for companies are the sustainable development goals and indicators relevant for their areas of business and sector as well as the measures for reaching these goals. Only a few goals and indicators have specific relevance for the private sector. Reporting on the corresponding topics is also carried out via a Code declaration (in particular via Code criteria 4, 10, 11–13, 14–17 and supplementary indicators). In individual cases depending on the sector concerned and its prospects for the future, additional sustainable development goals from the German Sustainable Development Strategy may be relevant for companies.

In April 2016, 175 countries, including the United States, all of the EU member states, China and 47 African countries, signed the **Paris Agreement** as a replacement of the Kyoto Protocol. This binding international agreement between the member states party to the United Nations Framework Convention on Climate Change (UNFCCC) has the aim of limiting global warming to significantly less than 2 °C – if possible to below 1.5 °C – above its pre-industrialisation level. In order to achieve this goal, according to the Paris Agreement, it will be necessary to reduce CO₂ emissions by 80–95%. Companies can use the Code criteria 11–13 to report on how they are responding to their responsibility for climate protection by describing there, for example, the goals they have set and measures they have taken to reduce their greenhouse gas emissions as well as disclosing the climate scenario that their business model is based on.



4 Practical aids for preparing a Sustainability Code declaration



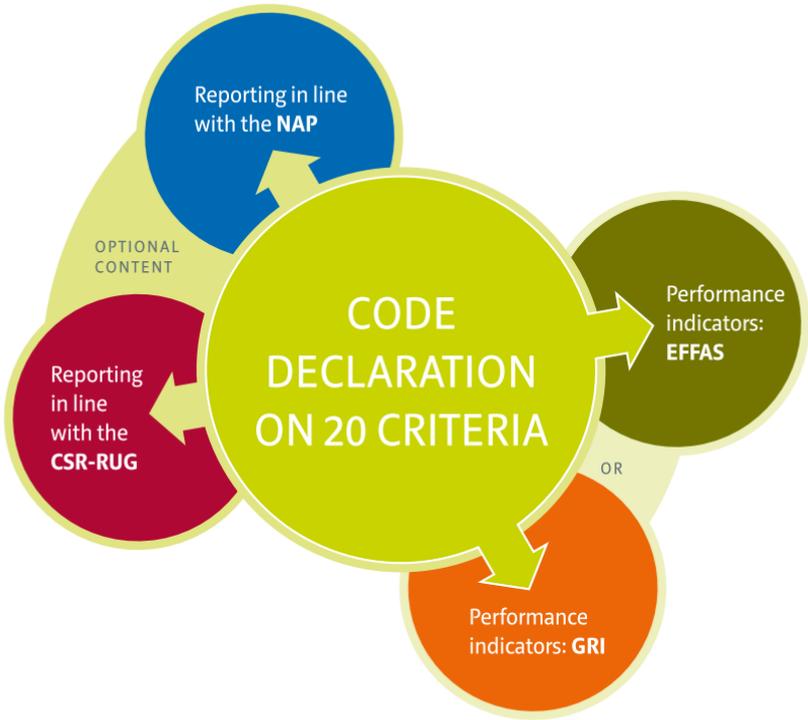
4.1 Sustainability Code checklist

Checklist for assessing a submitted Sustainability Code declaration

The checklist below will provide you with guidance in preparing a Sustainability Code declaration. The Sustainability Code Office uses this list as a basis for assessing the completeness of declarations with regard to the requirements of the Code. The reporting elements required are reporting on the 20 Code criteria and on the performance indicators in the set chosen by you (GRI or EFFAS). The Code also allows you to incorporate other reporting content. This content is optional within the Code and can be selected independently of one another:

1. Reporting as per the CSR Directive Implementation Act (CSR-RUG)
2. Reporting as per the National Action Plan for Business and Human Rights (NAP)

Overview of Code reporting options



■ Code aspects

■ GRI SRS

■ EFFAS

■ CSR-RUG

■ NAP

The full set of requirements for the GRI SRS indicators can be found online in the Code database under your company profile ("Download": template). For clarity reasons, only their respective headings are listed here.

General

Company name and logo, website, number of employees, reporting year, set of performance indicators used, third-party audit, reporting obligation yes/no, National Action Plan for Business and Human Rights yes/no, contact
Describe your business model (incl. business purpose, products/services)

CRITERIA 01-10: SUSTAINABILITY POLICY

Code criterion

01 STRATEGIC ANALYSIS AND ACTION

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.

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.

02 MATERIALITY

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.

Checklist

Aspect 1:	Describe the environmental, socio-economic and political specifics of the milieu in which your company operates.
Aspect 2:	Explain which material sustainability topics are impacted by your business operations. State both the positive and negative impacts (inside-out perspective).
Aspect 3:	Explain which material sustainability topics have an impact on your business operations. State both the positive and negative impacts (outside-in perspective).
Aspect 4:	Outline the opportunities and risks that your company is presented with as a result of tackling the above sustainability topics. State the conclusions you derive from this for your sustainability management.

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■ Code aspects
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The full set of requirements for the GRI SRS indicators can be found online in the Code database under your company profile ("Download": template). For clarity reasons, only their respective headings are listed here.

Code criterion

03 OBJECTIVES

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.

Checklist

<p>Aspect 1: State which medium- and long-term goals your company has set itself as part of its sustainability strategy.</p>
<p>Aspect 2: Explain which goals are being prioritised and also how and why they are being prioritised.</p>
<p>Aspect 3: Explain how achievement of the strategic sustainability goals is being monitored and who within the company is responsible for this.</p>
<p>Aspect 4: State whether and how your sustainability goals are based on the United Nations' Sustainable Development Goals.</p>

04 DEPTH OF THE VALUE CHAIN

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

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.	

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STRATEGY

■ Code aspects
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The full set of requirements for the GRI SRS indicators can be found online in the Code database under your company profile ("Download": template). For clarity reasons, only their respective headings are listed here.

Code criterion

05 RESPONSIBILITY

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

Checklist

Aspect 1:

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

Code criterion

06 RULES AND PROCESSES

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

Checklist

Aspect 1:

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

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.

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.
<i>Performance indicators related to criteria 5 to 7</i>	
GRI SRS 102-16:	Values, principles, standards, and norms of behavior
EFFAS S06-01:	Percentage of total suppliers and supply chain partners screened for compliance in accordance with ESG criteria
EFFAS S06-02:	Percentage of suppliers and supply chain partners audited for compliance

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Code aspects GRI SRS EFFAS CSR-RUG NAP

The full set of requirements for the GRI SRS indicators can be found online in the Code database under your company profile ("Download": template). For clarity reasons, only their respective headings are listed here.

Code criterion

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).

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.

Performance indicators related to criterion 8

GRI SRS 102-35:	Remuneration policies
GRI SRS 102-38:	Annual total compensation ratio

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.

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.

Performance indicator related to criterion 9

GRI SRS 102-44: Key topics and concerns raised

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PROCESS MANAGEMENT

■ Code aspects ■ GRI SRS ■ EFFAS ■ CSR-RUG ■ NAP

The full set of requirements for the GRI SRS indicators can be found online in the Code database under your company profile ("Download": template). For clarity reasons, only their respective headings are listed here.

Code criterion

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.

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.

Performance indicators related to criterion 10

G4-FS11: Financial investments

Percentage of assets subject to positive and negative environmental or social screening
(NB: This indicator is also to be included in reporting as per GRI SRS)

EFFAS E13-01: Improvement rate of product energy efficiency compared to previous year

EFFAS V04-12: Total investments in research on ESG-relevant aspects of business as defined by company such as eco-design, eco-efficient production processes, decreasing impact on biodiversity, improving health and safety conditions of employees or supply chain partners, development of products to exploit ESG opportunities, etc. in monetary terms, as a percentage of revenue

CRITERIA 11-20: SUSTAINABILITY ASPECTS

Code criterion

11 USAGE OF NATURAL RESOURCES

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.

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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PROCESS MANAGEMENT
ENVIRONMENTAL MATTERS

 Code aspects  GRI SRS  EFFAS  CSR-RUG  NAP

The full set of requirements for the GRI SRS indicators can be found online in the Code database under your company profile ("Download": template). For clarity reasons, only their respective headings are listed here.

Code criterion

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.

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.

Performance indicators related to criteria 11 and 12

GRI SRS 301-1:	Materials used by weight or volume
GRI SRS 302-1:	Energy consumption within the organization
GRI SRS 302-4:	Reduction of energy consumption
GRI SRS 303-3:	Water withdrawal
GRI SRS 306-2:	Waste by type and disposal method
EFFAS E04-01:	Total waste in tons
EFFAS E05-01:	Percentage of total waste which is recycled
EFFAS E01-01:	Energy consumption, total

13 CLIMATE-RELEVANT EMISSIONS

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

Checklist

Aspect 1:	Identify the key emission sources and outline the greatest challenges your company faces in relation to climate-relevant emissions.	04
Aspect 2:	Report on your climate-relevant emission goals and the planned goal achievement time frames and on your use of renewable energies.	06
Aspect 3:	Report on your strategies and concrete measures for reducing climate-relevant emissions and for using renewable energies.	08
Aspect 4:	State whether previous goals were achieved and, if so, to what extent, and disclose any goals which were not achieved and why.	10
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).	12

Performance indicators related to criterion 13

GRI SRS 305-1:	Direct (Scope 1) GHG emissions	14
GRI SRS 305-2:	Energy indirect (Scope 2) GHG emissions	15
GRI SRS 305-3:	Other indirect (Scope 3) GHG emissions	16
GRI SRS 305-5:	Reduction of GHG emissions	17
EFFAS E02-01:	GHG emissions, total (Scope 1, 2, 3)	18

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ENVIRONMENTAL MATTERS

■ Code aspects
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The full set of requirements for the GRI SRS indicators can be found online in the Code database under your company profile ("Download": template). For clarity reasons, only their respective headings are listed here.

CSR-RUG: environmental matters

If you also wish to use your Code declaration to comply with the reporting obligation in accordance with the CSR-RUG, you can use the checklist below to identify the points used by the Code Office to check for formal completeness. You can provide appropriate information regarding environmental-related matters within criteria 11–13 of your declaration. Italicised requirements are already covered by the corresponding Code aspect.

1. Report on the management policy pursued

- a. *Goals and planned goal achievement time frames (criterion 12, aspect 1; 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; 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; 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 principal risks were filtered out (due diligence processes)
- b. *Principal risks arising from your business activities that are highly likely to cause adverse impacts on environmental issues (criterion 12, aspect 4)*
- c. *Principal risks arising from your business relations that are highly likely to cause adverse impacts on environmental issues (criterion 12, aspect 4)*
- d. *Principal risks arising from your products and services that are highly likely to cause adverse impacts on environmental issues (criterion 12, aspect 4)*

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.

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: <ul style="list-style-type: none"> • 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.

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SOCIETY

The full set of requirements for the GRI SRS indicators can be found online in the Code database under your company profile ("Download": template). For clarity reasons, only their respective headings are listed here.

Code criterion

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.

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.

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.

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.

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SOCIETY

■ Code aspects ■ GRI SRS ■ EFFAS ■ CSR-RUG ■ NAP

The full set of requirements for the GRI SRS indicators can be found online in the Code database under your company profile ("Download": template). For clarity reasons, only their respective headings are listed here.

Performance indicators related to criteria 14 to 16

GRI SRS 403-4: Worker participation, consultation, and communication on occupational health and safety
GRI SRS 403-9 (a + b): Work-related injuries
GRI SRS 403-10 (a + b): Work-related ill health
GRI SRS 404-1: Average hours of training per year per employee
GRI SRS 405-1: Diversity of governance bodies and employees
GRI SRS 406-1: Incidents of discrimination and corrective actions taken
EFFAS S03-01: Age structure/distribution (number of FTEs per age group)
EFFAS S10-01: Percentage of female employees in relation to total employees
EFFAS S10-02: Percentage of female FTEs in senior positions in relation to total FTEs in senior positions
EFFAS S02-02: Average expenses on training per FTE p.a.

If you also wish to use your Code declaration to comply with the reporting obligation in accordance with the CSR-RUG, you can use the checklist below to identify the points used by the Code Office to check for formal completeness. You can provide appropriate information regarding employee matters within criteria 14–16 of your declaration. Italicised requirements are already covered by the corresponding Code aspect.

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; 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 principal risks were filtered out
(due diligence processes)
- b. *Principal risks arising from your business activities that are highly likely to cause adverse impacts on employee-related matters*
(criterion 14, aspect 5; criterion 16, aspect 4)
- c. *Principal risks arising from your business relations that are highly likely to cause adverse impacts on employee-related matters*
(criterion 14, aspect 5; criterion 16, aspect 4)
- d. *Principal risks arising from your products and services that are highly likely to cause adverse impacts on employee-related matters*
(criterion 14, aspect 5; criterion 16, aspect 4)

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SOCIETY

Code criterion

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.

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.

Performance indicators related to criterion 17

GRI SRS 412-3:	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening
GRI SRS 412-1:	Operations that have been subject to human rights reviews or impact assessments
GRI SRS 414-1:	New suppliers that were screened using social criteria
GRI SRS 414-2:	Negative social impacts in the supply chain and actions taken
EFFAS S07-02 II:	Percentage of total facilities certificated according to SA 8000 standard

If you also wish to use your Code declaration to comply with the reporting obligation in accordance with the CSR-RUG, you can use the checklist below to identify the points used by the Code Office to check for formal completeness. Italicised requirements are already covered by the corresponding Code aspect.

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 principal risks were filtered out (due diligence processes)
- b. *Principal risks arising from your business activities that are highly likely to cause adverse impacts on human rights (criterion 17, aspect 4)*
- c. *Principal risks arising from your business relations that are highly likely to cause adverse impacts on human rights (criterion 17, aspect 4)*
- d. *Principal risks arising from your products and services that are highly likely to cause adverse impacts on human rights (criterion 17, aspect 4)*

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SOCIETY

National Action Plan for Business and Human Rights

If you wish to use your Code declaration to also report (element 4 of due diligence obligations) in accordance with the National Action Plan for Business and Human Rights, please additionally report on the basis of the following checklist. Italicised requirements are already covered by the corresponding Code aspect.

1. Human rights policy statement

- State whether your company has its own corporate guideline for upholding human rights and whether it also encompasses the ILO's core labour standards.
- Has the company management approved the policy statement?
- Describe your company's internal and external communication on the topic of the policy statement.
- *At which level is responsibility for human rights concerns enshrined? (CSR-RUG checklist 1b)*
- What is the guideline's scope? (which sites, including subsidiaries, etc.)

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

- *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, aspect 4)*
- Are especially vulnerable groups of people incorporated into the risk assessment?
- What is your company's assessment of the human rights risks and its ability to counter these itself?
- How are human rights risks incorporated into your company's risk management?

3. Measures to review effectiveness / element: grievance mechanism

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

4. Human rights due diligence obligations in the value chain

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

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SOCIETY 16

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Code aspects

GRI SRS

EFFAS

CSR-RUG

NAP

The full set of requirements for the GRI SRS indicators can be found online in the Code database under your company profile ("Download": template). For clarity reasons, only their respective headings are listed here.

Code criterion

18 CORPORATE CITIZENSHIP

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

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.

Performance indicator related to criterion 18

GRI SRS 201-1: Direct economic value generated and distributed

CSR-RUG: social matters

If you also wish to use your Code declaration to comply with the reporting obligation in accordance with the CSR-RUG, you can use the checklist below to identify the points used by the Code Office to check for formal completeness. Italicised requirements are already covered by the corresponding Code aspect.

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 matters
- c. Material risks arising from your business relations that are highly likely to have a negative impact on social matters
- d. Material risks arising from your products and services that are very likely to have a negative impact on social matters

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.

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.

Performance indicators related to criterion 19

GRI SRS 415-1:	Political contributions
EFFAS G01-01:	Contributions to political parties as a percentage of total revenues

The full set of requirements for the GRI SRS indicators can be found online in the Code database under your company profile ("Download": template). For clarity reasons, only their respective headings are listed here.

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SOCIETY

Code criterion

20 CONDUCT THAT COMPLIES WITH REGULATION AND POLICIES

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.

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 combating corruption and bribery.

Performance indicators related to criterion 20

GRI SRS 205-1:	Operations assessed for risks related to corruption
GRI SRS 205-3:	Confirmed incidents of corruption and actions taken
GRI SRS 419-1:	Non-compliance with laws and regulations in the social and economic area

EFFAS V01-01: Expenses and fines on filings, law suits related to anti-competitive behaviour, anti-trust and monopoly practices

EFFAS V02-01: Percentage of revenues in regions with Transparency International corruption index below 60

CSR-RUG: preventing corruption and bribery

If you also wish to use your Code declaration to comply with the reporting obligation in accordance with the CSR-RUG, you can use the checklist below to identify the points used by the Code Office to check for formal completeness. You can provide the relevant information concerning preventing corruption and bribery under criteria 19 and 20 of your declaration. Italicised requirements are already covered by the corresponding Code aspect.

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 principal risks were filtered out (due diligence processes)
- b. *Principal risks arising from your business activities that are highly likely to cause adverse impacts on the prevention of corruption and bribery (criterion 20, aspect 6)*
- c. *Principal risks arising from your business relations that are highly likely to cause adverse impacts on the prevention of corruption and bribery (criterion 20, aspect 6)*
- d. *Principal risks arising from your products and services that are highly likely to cause adverse impacts on the prevention of corruption and bribery (criterion 20, aspect 6)*

Code aspects

GRI SRS

EFFAS

CSR-RUG

NAP

The full set of requirements for the GRI SRS indicators can be found online in the Code database under your company profile ("Download": template). For clarity reasons, only their respective headings are listed here.

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SOCIETY

4.2 Generating a Code declaration

4.2.1 Preparation and compiling information

Start by gaining an overview of the Sustainability Code requirements. A checklist for this can be found in this brochure. Determine internally whether upstream processes are required for reporting, such as the creation of a working group or performing a materiality analysis. You should also determine in advance whether you wish to draw on external assistance, for example from the Code training partners. Decide which set of indicators is better suited to your company (GRI or EFFAS). Clarify what additional report content you wish to incorporate (CSR Directive Implementation Act, National Action Plan for Business and Human Rights) and gain a clear overview of the current data availability within the company. Identify the departments and agents who could contribute sustainability information (e.g. Controlling, HR Management, compliance officers, environmental officers). It is worth contacting such people early on and involving them in the subsequent proceedings. Plan in enough time if you do not yet have an established reporting routine, in order to familiarise yourself with the process and to allow for approval cycles involving other agents. Companies with a reporting obligation as per CSR-RUG should also take incorporation of their management board, internal audit function/auditing and supervisory board into account in their schedule for the preparation of their declaration.

4.2.2 Use of the Sustainability Code database

Log in to the Code database and create a declaration for the reporting year in question. Select the appropriate preferences for the current reporting year under “General information”. This is also where you can specify which set of indicators you wish to use (GRI SRS or EFFAS). Under “Assigned accounts” in the menu, you have the option of allowing co-workers and also an external consultancy company to edit your declaration. Text elements can be formatted individually within the database and tables and diagrams can be added. In “Guidance and contact”, you will find links to useful work materials and can contact the Sustainability Code Office directly. You can additionally use the Code database and its comparison function as a source of knowledge for suggestions from other Code users.

4.2.3 Generating a declaration

Next, write the texts for your Code declaration, either using the template (this can be found under “Downloads” in your database profile) or by entering them directly into the database. You can save your work progress within the database at any time and then continue working on it at a later date. You can provide information regarding fundamental reporting parameters such as reporting boundaries and the definitions applied under “General information” within the Code declaration.

Use the criteria for your short reports and the performance indicators for your quantitative disclosures. Supplement as needed with additional sector- or company-specific performance indicators.

MATERIALITY

The benchmark for content is to ensure that the material information for each criterion is always included in the report.

Sustainability topics are considered material within the Code if they fall under one of the following categories:

- **Outside-in perspective:** sustainability topics entailing opportunities or risks for the course of business, the annual financial statements or the company's situation (business relevance)
- **Inside-out perspective:** sustainability topics which are either positively or negatively affected by the company's business activities, business relations or products and services (sustainability relevance)
- **Stakeholder perspective:** sustainability topics which are defined as material by key stakeholders (stakeholder relevance)

Report on the required content (comply) or state objectively why disclosures cannot (yet) be made regarding specific aspects (explain). If you first need to establish processes in a particular topic area, include directly in your “explain” disclosures a target for when you intend to present the relevant content.

Report content should be as long as necessary, but as short as possible in order to direct the readers’ attention to the most important content. We recommend a text length of 500 to 3,000 characters per criterion.

In the case of global organisations, it sometimes makes sense for them to additionally submit an English version of their Code declaration once the German version has been approved. These translations are subject to spot checks by the Sustainability Code team before being published.

4.2.4 Sustainability Code review process

Once you have entered all the information into the database, you can submit your declaration under “Profile status”. The Sustainability Code team is then automatically notified and will commence with a review of the declaration’s formal completeness. You will be unable to edit your declaration during the review.

You will receive feedback from the Code Office within three weeks of submitting your Code declaration. We will inform you via email once the review has been completed. You can view our feedback directly in the database. A formal completeness review performed by the Code Office does not include content appraisal, advice or an examination of the legal compliance of the texts submitted. Please edit all the aspects which are marked red (“missing”) in the status overview. For more information, click on “Details” to see any comments the Code team may have made. We recommend you factor at least one feedback cycle into your scheduling. There is no need for you to mark any amendments you make to your texts following feedback. These are automatically indicated to the Code team upon resubmission to the database.

Data regarding performance indicators which is not available at the time of the Code declaration's initial submission can be added as you proceed. This often eases scheduling for companies with a reporting obligation as it allows the Code team to review texts earlier. The Sustainability Code team recommends only submitting the Code declaration to the supervisory board for review as a non-financial statement once the Code team has approved the declaration for publication. Any requests for changes on the part of the supervisory board are still subsequently possible insofar as they still comply with the formal requirements of the Code.

Companies which involve public auditors or environmental auditors in the review of their declarations can also do so via the Code database. The necessary review authorisations for third parties can be activated within the database, allowing third parties to be incorporated into the outlined review process.

When all the information is formally complete (either “comply” or “explain”) and all the checkboxes in the status list are green, we will approve your Code declaration for publication. Until it is published, your declaration is only visible to you. Likewise, only you can see after publication of your Code declaration whether report content was assessed with “comply” or “explain” in the database.

There is a drop-down menu under “Profile status” where you can choose whether you will publish your Code declaration yourself once we have approved it or whether we shall publish it directly after our final review. Following publication, you will be issued with the Code users' signet. Please note that the Sustainability Code is not a form of certification.

CRITERIA 5–10 CONCERNING PROCESS MANAGEMENT				Fehlt	Comply	Explain
5. Responsibility	▸ details	records found	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
6. Rules and Processes	▸ details	Criterion incomplete	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7. Control	▸ details	Criterion incomplete	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Key Performance Indicators to criteria 5 to 7	▸ details	records found	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
8. Incentive Systems	▸ details	records found	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Key Performance Indicators to criteria 8	▸ details	records found	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
9. Stakeholder Engagement	▸ details	records found	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Key Performance Indicators to criteria 9	▸ details	records found	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
10. Innovation and Product Management	▸ details	Criterion incomplete	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
1						
Aspect 1			<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<p>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.</p>						
2						
Aspect 2			<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>Describe how your company's sustainability performance is promoted by means of innovation processes.</p> <p>Note of the Sustainable Code Team from 08.04.2020 : </p> <p>Please describe your internal innovation processes such as employee suggestion system.</p>						
3						
Aspect 3			<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<p>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.</p>						
Key Performance Indicators to criteria 10	▸ details	records found	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Status overview in Code database

4.2.5 Communication

Users often like to report on their declaration being successfully published on their websites, in social media, in press releases or in sustainability or annual reports. They also create compact sustainability brochures or engaging infographics for their customers or suppliers on the basis of their declaration. We also highly recommend that the declaration's publication be communicated within the company, for example in company magazines, on the intranet or at team meetings. This way, you can further raise your employees' awareness of sustainability efforts and encourage them regarding the topic.

Based on experience, many users also use their Code declaration as a means of reflection regarding their own sustainability management. For example, a Code declaration can assist in continuously evaluating your own goals and measures or in identifying issues that may become relevant in the future. The Code database's comparison function can be especially useful here, as it can serve as a growing source of information regarding companies' sustainability performance and therefore as a source of inspiration.

4.2.6 Further use of a Code declaration

Code users can use their published Code declaration when putting themselves forward for the *National German Sustainability Award*. This eliminates the need to fill in the questionnaire otherwise required in the application process. In the application process for the *German federal government's CSR Prize*, reference is made in the questionnaire to the Code criteria, meaning the declaration texts regarding these can be used again.

External users of Code declarations include, for instance, higher education institutions and research institutions for their own studies, financial market players in order to assess companies' sustainability performances and the sustainability of their business models, and NGOs to gain a thorough insight into a company's processes.

5 Glossary

The glossary for this brochure explains terms with relevance for the application of the Sustainability Code and an understanding of the legal environment and defines the meaning of the term relevant for reporting in line with the Code.

Audit: A targeted supervisory review conducted by a natural person (auditor) in which facts, information, characterisations or statements about the aforementioned (actual content) are compared with suitable benchmarks (target content) and any divergences are evaluated. In order to ensure the required procedural independence, the auditor may not be personally involved in the preparation of the actual content, either directly or indirectly. This is the main difference to a control process.

Corporate citizenship: In the context of the Sustainability Code, corporate citizenship is to be understood as activities on the part of businesses relating to communities, i.e. to groups of persons or authorities that are linked to each other regionally or because of certain characteristics, such as legal relations. A community offers its members the space wherein they can undertake political action. In democratic societies, the state is the dominant form of organised political engagement, particularly through the involvement of local communities as one of its elementary subsystems. Companies can have a positive or negative influence on the economic, social or ecological conditions of communities. Corporate contributions to public welfare in communities are taxes paid, employment and purchasing volume across the sites of a company. Value added statements or a common good balance sheet can provide information about this.

Corruption: The abuse of entrusted power for private gain or benefit. Among other things, an extensive catalogue of crimes exists in Germany that deals with topics related to corruption. These include paying/accepting a bribe, offering/accepting unlawful advantage, etc. The Business Principles for Countering Bribery are guidelines issued by Transparency International and are addressed at companies with the aim of preventing and avoiding corruption. Further guidance is given by the OECD and the ILO Conventions. In Germany, the auditing standard IDW PS 980 concretely defines compliance management requirements. Furthermore, the Extractive Industries Transparency Initiative (EITI), a global coalition of national

governments, companies and civil society working together to improve transparency on the exploitation of natural resources, also outlines further requirements with respect to the issue of corruption.

EFFAS: The European Federation of Financial Analysts Societies (EFFAS) is a network of European financial analysts, which, together with the German Association of Financial Analysts (DVFA), issued a guideline on integrating environmental and social aspects into financial reporting in 2010, called KPIs for ESG (Key Performance Indicators for Environmental, Social & Governance Issues). As an alternative to reporting on 29 GRI performance indicators, the Code offers the option to report according to 16 EFFAS indicators. (www.effas.net)

EU Directive on Disclosure of Non-Financial Information: In December 2014, the European Commission passed a directive that expanded reporting requirements to include non-financial aspects and aspects related to diversity (2014/95/EU). In March 2017, this directive was transposed into German law through the CSR Directive Implementation Act (CSR-RUG) and ratified as part of the German Commercial Code (HGB). Companies directly affected by the reporting obligation are, in particular, capital market-oriented companies, credit institutions and insurers employing more than 500 staff or with total assets of more than €20 million or net revenue of more than €40 million. The law also contains special requirements with regard to consolidated reporting for capital market-oriented companies, credit institutions and insurers. For all financial years beginning after 31 December 2016, the companies affected are required to publish disclosures relating to, as a minimum, environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. This may be satisfied either by expanding the (consolidated) management report or by publishing a separate “non-financial (consolidated) statement”. Reporting is to be carried out using a legislatively mandated standard of materiality. As per Sect. 289d HGB, reports may be prepared on the basis of reporting frameworks. The German federal government specifically names the Sustainability Code in this context within their preamble to the Act.

German Sustainable Development Strategy: Against the backdrop of Agenda 21 passed in Rio de Janeiro, a national sustainable development strategy for Germany was first agreed in 2002. It was comprehensively revised in 2016 to take account of the 2030 Agenda passed in 2015 and the Sustainable Development Goals (SDGs) contained therein and was re-adopted in 2017. Going forward, the German federal government and the Federal Statistical Office will alternate publication every two years of a report on policy continuation and assessment of the sustainability strategy or, respectively, an indicator report. In 2018, a peer review report carried out by a group of international experts on German sustainability policy and the implementation progress made to date was published. The German Sustainable Development Strategy focuses on action at national level that is decisive for implementation of the global SDGs.

<https://www.bundesregierung.de/breg-en/issues/sustainability>

GRI: The Global Reporting Initiative (GRI) is an ongoing international dialogue on corporate reporting involving companies and their stakeholders. The GRI develops guidelines aimed at improving and standardising the quality of reporting and thus making it more comparable. In 2016, the GRI G4 guidelines were developed further and are replaced by the Sustainability Reporting Standards (SRS). This transition is the result of the desire for greater modularity as well as more flexibility with regard to reporting options and formats. A selection of GRI performance indicators (alternatively EFFAS KPIs) supplements reporting in accordance with the Sustainability Code. (www.globalreporting.org)

ILO (International Labour Organization): The International Labour Organization (ILO) is a special organisation 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 fundamental Conventions have been defined: the Freedom of Association and Protection of the Right

to Organise Convention, the Right to Organise and Bargaining Convention, the Abolition of Forced Labour Convention, the Equal Remuneration Convention, the Discrimination (Employment and Occupation) Convention, the Minimum Age Convention and the Worst Forms of Child Labour Convention. Among others, Sustainability Code criteria 14–16 take up the individual issues related to the fundamental principles of the ILO. (www.ilo.org)

Management systems relating to aspects of sustainability: Performance requirements relating to sustainable management are set out in specific management systems. A uniform consolidated system for sustainability management does not yet exist. The following systems relate to partial aspects of the overall system: EMAS (Eco Management and Audit Scheme – European Regulation), IDW PS 980 (national auditing standard for compliance issued by the Institute of Public Auditors in Germany), ISO 14001 (international environmental management system), ISO 9001 (international quality management system), SA 8000 (international standard relating to the minimum standards of working conditions of employees, published by Social Accountability International, an international non-governmental organisation).

Materiality: The principle of materiality is firmly entrenched in accounting standards. It is based on the idea that when preparing financial statements, all information must be disclosed that is material to gaining an understanding of the company's business operations. Using this as a measure helps to set the scope of the reporting and highlight important information. In the context of sustainability reporting, the respective frameworks use a variety of approaches for determining which information is material and therefore subject to reporting.

Sustainability topics are considered material within the Code if they fall under one of the following categories:

- **Outside-in perspective:** sustainability topics entailing opportunities or risks for the course of business, the annual financial statements or the company's situation (business relevance)
- **Inside-out perspective:** sustainability topics which are either positively or negatively affected by the company's business activities, business relations or products and services (sustainability relevance)
- **Stakeholder perspective:** sustainability topics which are defined as material by key stakeholders (stakeholder relevance)

The definition of materiality as per the Sustainability Code therefore goes above and beyond that of CSR-RUG – in the interests of ambitious reporting and a correspondingly more comprehensive perspective.

When applying the Sustainability Code, the principle of materiality as a measure of reporting scope applies to the whole document. It is to be taken into consideration for disclosures relating to all criteria. The reporting on strategy and/or the sustainability concept for criterion 2, however, is a special case: here, information is provided in the Code declaration about the aspects of sustainability with particular relevance for the company and how these impact the assessment of opportunities and risks as well as (sustainability) strategy. Thus, criterion 2 is also governed by the general reporting scope principle of materiality, but can in this respect be viewed as an independent reporting section containing supplementary information.

National Action Plan for Business and Human Rights: The National Action Plan for Business and Human Rights (NAP) was agreed by the German federal cabinet on 21 December 2016. The plan's aim is to realise the implementation of the UN Guiding Principles on Business and Human Rights and in particular to improve the human rights situation throughout supply and value chains in Germany and the world as a whole. In the Action Plan, the federal government lays out the goal of at least 50% of all companies with

over 500 employees having integrated human rights due care obligations into their processes by the year 2020. A corresponding statutory obligation does not yet exist, however. The Action Plan was drawn up over a period of two years in consultation with a variety of players from civil society, the business sector and the political arena. In addition to the Federal Foreign Office (AA), acting as lead institution, the Federal Ministry of Labour and Social Affairs (BMAS), the Federal Ministry for Economic Cooperation and Development (BMZ), the Federal Ministry of Justice and Consumer Protection (BMJV), the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMUB) and the Federal Ministry for Economic Affairs and Energy (BMWi) were also involved. The Action Plan's implementation is reviewed annually by the federal government.

OECD: In 2011, the Organisation for Economic Co-operation and Development formulated guidelines for the sustainable and responsible conduct of companies (in particular multinationals). 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/>)

Performance indicators: The term performance indicator refers to metrics that express 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. Users from capital markets can integrate the indicators into their analyses or use them as a basis for calculating other indicators (e.g. emissions per unit of output). The performance indicators selected from GRI and EFFAS (see checklist) are used as a baseline for reporting in accordance with the Sustainability Code and are reported on like the Code criteria. Sector- or company-specific performance indicators may additionally be relevant. Examples of performance indicators include energy consumption per tonne of produced product, paper consumption per employee or the proportion of women in senior management.

Policies: A policy is a clearly described programme for implementing a plan. Descriptions of (sustainability) policies refer to explanations of the strategies a company uses to approach the topic of sustainability overall and/or individual sustainability aspects, which measures it wants to implement in which time frame, how the company management is involved in these measures and which processes it intends to implement. The respective internal due diligence processes also form part of the policies. With regard to a Code declaration, policies play a key role in two regards: due to the holistic sustainability concept of the Sustainability Code, the information provided for criteria 1–10 involves reporting on the company’s overall sustainability policy. In these sections, information is provided on overall strategy, target setting and target achievement. Companies subject to a reporting obligation as per the CSR-RUG are required by Sect. 289c Para. 3 Nos. 1 and 2 HGB to present in their non-financial statements the policies they apply for the individual non-financial matters and the results they have yielded. The reporting company only needs to report on existing policies or alternatively provide an explanation as to why no policy exists.

Risks: The term risks refers to events that are associated with potential negative impacts. The presentation of risks relating to the individual aspects of sustainability (criteria 11–20) that result from the business operations or the products or services serves in particular to allow for a better understanding of the company’s course of business and makes it clear what challenges a company is aware of with respect to aspects of sustainability. As per Sect. 289c Para. 3 Nos. 3 and 4 HGB and in line with the CSR-RUG, companies subject to reporting obligation must disclose the principal risks which are highly likely to have significant adverse impacts on the individual non-financial matters. The severity of the effects should be assessed according to both extent and intensity. How the risks are managed is also to be disclosed. The risks to be reported on include not only those risks which are directly linked to the company’s operations but also those risks that result from their products or services or from the company’s business relation-

ships. Companies not subject to the reporting obligation should also report on risks in their Code declaration. They may use the statutory benchmark as their orientation for this reporting, however additional presentation of risks relating to individual aspects of sustainability that goes beyond the standard requirements may aid in achieving better understanding.

Scope of reporting: In order to establish financial reporting comparability, for companies that are not subject to the reporting obligation of the CSR-RUG, the Code declaration generally refers to the same group of companies as those included in the consolidated financial statements. In some cases, it may be expedient and necessary to deviate from this. As a rule, it is necessary to expand the scope beyond that of the financial reporting when discussing individual criteria relating to the supply chain, for instance. In such instances, the companies indicate this and give reasons for their decision. Companies subject to the reporting obligation of the CSR-RUG must explain in their Code declaration with regard to scope of reporting whether they are preparing a non-financial statement or a non-financial report that uses a scope comparable to that of the annual financial statements and the management report which focuses at its core on the individual company, or if they are preparing a non-financial statement or a non-financial report with a scope comparable to that of the consolidated annual financial statements and the consolidated management report and as such related to the consolidated group of companies.

SDGs: The Sustainable Development Goals – the 17 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

Stakeholders are legal or natural persons or groups of persons connected to an organisation's sphere of activity that either have an influence on its business operations or are already or will, in the future, be significantly affected by the activities, products and/or services of the organisation. These include, for instance, business partners, employees, clients and suppliers as well as municipalities, political parties, associations, government bodies, non-governmental organisations, financial service providers, creditors, etc. (see criterion 9). A distinction is made between internal stakeholders, i.e. groups of people within the organisation (e.g. employees, executives, union representatives) and external stakeholders, in other words interest groups outside of the organisation (e.g. local residents, associations, media, competitors).

Standard: In this context, a standard is a comparatively uniform, widely accepted course of action that is usually taken into account. A standard is often the result of a standardisation process. Whether a standard is established by a public or other formalised procedure or by general recognition is not decisive.

Supply chain: The supply chain is the sequence of activities or parties that provides products or services to the organisation. Depending on a company's business area, supply chains can differ in length or complexity. The depth of the supply chain denotes the stages of extraction of raw materials, prefabrication, refining, production, sales and logistics. Furthermore, product responsibility may also refer to the use of the products by customers as well as recycling and disposal (value chain).

Sustainability strategy: A sustainability strategy outlines how the relevant sustainability aspects will be handled. Sustainability strategies are the core foundation of sustainability management. They relate to key processes within companies and the political arena and are to be systematically integrated into processes and measures throughout all areas. Sustainability strategies are well suited for management purposes when they contain goals and time frames as well as quantifiable indicators, are reviewed

regularly and regular reporting is carried out on goal achievements and, if necessary, conflicts among goals. Authors of sustainability strategies may be organisations, companies and nation states, countries, and local governments.

UN Guiding Principles on Business and Human Rights: The UN Guiding Principles on Business and Human Rights – also known as the “Ruggie Principles” after their initiator John Ruggie – were endorsed by the UN Commission on Human Rights in 2011. They define the obligations of states and the responsibility of enterprises to honour their human rights due diligence obligations and provide guidance for implementing corresponding processes, among other things. They comprise an affirmation of the duty to respect human rights, methods for determining actual and potential detrimental effects on human rights, measures to prevent potential adverse impacts and for assessing the efficacy of these measures, reporting and a complaint reporting mechanism accessible to all those potentially affected. (www.unglobalcompact.org/library/2)

United Nations Global Compact: The UN Global Compact is 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. The large majority of content from a company’s Communication on Progress (CoP) can be utilised for a Code declaration. Vice versa, supplemented by a statement from management affirming the company’s ongoing commitment to the Global Compact, a Code declaration can be considered a complete Communication on Progress.

(www.unglobalcompact.org)

Value chain: The value chain is the entire sequence of activities or parties that provide or receive value in the form of products or services. Activities may include: raw material procurement, prefabrication, finishing, sales, logistics, and the recycling and disposal of used products. Parties that provide value include suppliers, outsourced workers, contractors and others. Parties that receive value include customers, consumers, clients, members and other users. Compared to the supply chain, the value chain is therefore the broader term.

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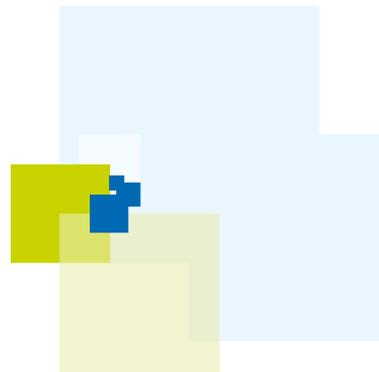
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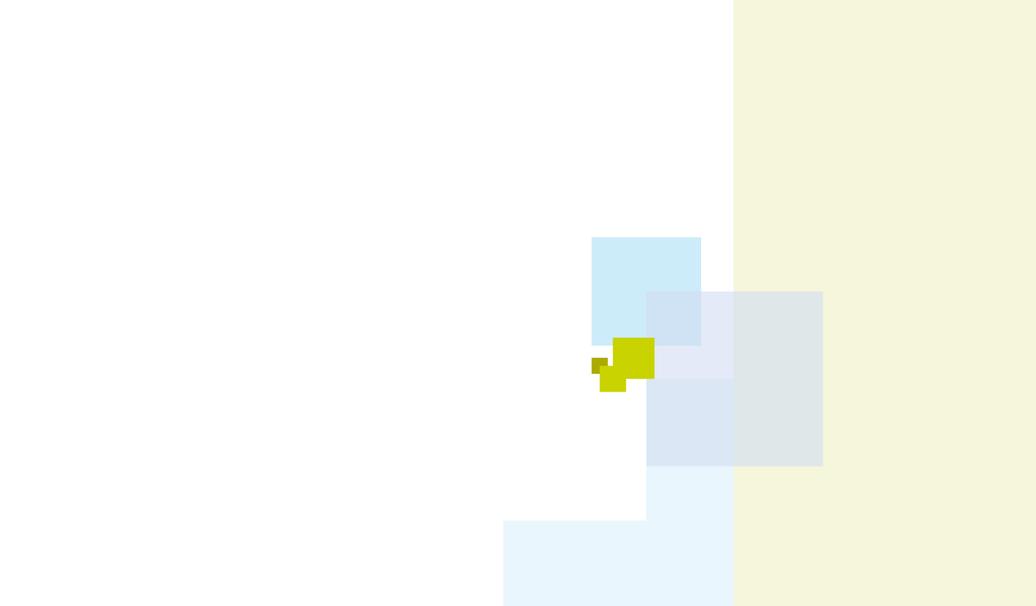
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German Council for Sustainable Development

The German Council for Sustainable Development (RNE) was first called into being by the German government in April 2001. The Council's tasks include generating contributions to the national sustainability strategy, specifying concrete fields of activity and projects and also providing contributions that make sustainability a public issue of vital importance. On 11 December 2019, Federal Chancellor Angela Merkel again appointed 15 public figures to the Council for a three-year term from January 2020.

For more information please visit:

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