



INDEX OF CONTENTS

The EU reporting obligation	1
The Sustainability Code: History and Ambition	2
The Sustainability Code in Germany	2
The Sustainability Code fulfils future EU reporting obligation	3
Training Concept for the Sustainability Code	3
The Sustainability Code: 1 Code, 20 criteria	3
QualityNet Foundation: First European adaption of the Code	4
RNE offers financial support for new members	4
Survey on the application and benefits of Code-based reporting	4
The German Council for Sustainable Development (RNE)	4

READER

Brief summary of the Sustainability Code

THE EU REPORTING OBLIGATION

In 2013, the EU Parliament adopted the so-called Accounting Directive (Directive 2013/34/EU), which harmonizes Europe's legal framework for accounting. Moreover, it seeks to promote the change towards a sustainable global economy. To this end, the EU Parliament adopted Directive 2014/95/EU on 22 October 2014 amending Directive 2013/34/EU. The amended Directive requires the future disclosure of certain non-financial and diversity information, such as social and environmental aspects. It seeks to identify the contributions made by undertakings towards a sustainable development, to increase the trust of investors and consumers and to raise the competitiveness of European undertakings as well as the European Economic Area as a whole.

The member states are required to transpose both directives into national law by December 2016. In accordance with this, the obligation to disclose non-financial key performance indicators and information will come into force at the beginning of the fiscal year 2017

The German draft version of the law was published March 11, 2016 by the Federal Ministry of Justice and Consumer Protection.





THE SUSTAINABILITY CODE: HISTORY AND AMBITION

The Sustainability Code is a benchmark for sustainability management, which was developed in Germany by initiative of the German Council for Sustainable Development (RNE). The service of the Code database is available to companies on the website www.sustainabilitycode.org in German and English. Translations of the Sustainability Code are available in English, French, Greek and Russian. After a successful launch, the RNE presents this transparency standard on the European level.

After an elaborate stakeholder process in 2010/2011, that led to the assumption that businesses concern themselves with sustainability and that systematic sustainability management will lower (capital) costs, the Council established the (German) Sustainability Code as an instrument to manage and report corporate sustainability. With its update of the Sustainability Code in 2014, RNE reinforced its aim of advancing the idea of sustainability and of making companies' sustainability performance transparent and comparable. The update once again involved the interested parties in a broad process. The promotion of the transparency of the sustainability data and their standardization to an exacting level are central concerns of the German Council for Sustainable Development. In the process, the Sustainability Code provides the opportunity for dynamic standard setting by the companies themselves when they make applied and ambitious sustainability management their benchmark.

THE SUSTAINABILITY CODE IN GERMANY

In Germany, companies and organizations apply the Sustainability Code voluntarily. Users of the Code include large and small, public and private enterprises, companies with and without an existing sustainability reporting system, capital market oriented companies, as well as companies that seek to inform their stakeholders about their corporate sustainability strategies. The Sustainability Code provides a framework for reporting non-financial performance and can be used by all organizations and enterprises regardless of their size or legal structure. It is applicable worldwide, as it is not dependent on a company's registered location. The Code contains 20 qualitative criteria regarding sustainability strategy, process management, environmental and societal aspects of business operations. These criteria have been supplemented by quantifiable performance indicators, based on the Sustainability Reporting Guidelines of GRI (Global Reporting Initiative) and the „KPIs for ESG“, developed by the European Federation of Financial Analysts Societies (EFFAS), to increase the comparability of the declarations of conformity.

In order to comply with the Code, companies submit a declaration of conformity relating to the Code. By doing so, they indicate what is at the core of their organization's corporate sustainability. They report on whether they have met the indicator in question (comply) or provide reasons for deviating from it (explain). Sector-specific particulars and additions, as for the housing industry are possible.

THE 20 CODE CRITERIA

STRATEGY	ENVIRONMENT
1 Strategic Analysis and Action	11 Usage of Natural Resources
2 Materiality	12 Resource Management
3 Objectives	13 Climate-relevant Emissions
4 Depth of the Value Chain	
	SOCIETY
PROCESS MANAGEMENT	14 Employment Rights
5 Responsibility	15 Equal Opportunities
6 Rules and Processes	16 Qualifications
7 Control	17 Human Rights
8 Incentive Schemes	18 Corporate Citizenship
9 Stakeholder Engagement	19 Political Influence
10 Innovation and Product Management	20 Conduct that complies with the Law and Policy

For more detailed information on the criteria, see the brochure.

The Code aims particularly on market relevance: financial analysts and investors can incorporate information on ecological, social and governance (ESG) aspects of corporate analyses. The Code can be consulted as a basis of evaluation in B2B relations, in portfolio management, for corporate bonds, lending, and for investor information. For traditional investors and analysts, the Sustainability Code is a suitable standardized instrument for swiftly gaining a condensed overview of the sustainability information provided by the companies under evaluation. The flow of capital can thus be steered towards sustainable business models and enterprises.



THE SUSTAINABILITY CODE FULFILS FUTURE EU REPORTING OBLIGATION

Using the Sustainability Code, undertakings can meet every aspect of the EU's future non-financial information disclosure requirements. As of the fiscal year 2017, numerous large undertakings in the EU will be required to divulge information relating to environmental, social, employee-related and anti-corruption matters as well as respect for human rights. This new regulation will apply to around 6,000 undertakings and enterprises with over 500 employees. Moreover, small and medium-sized enterprises (SMEs) will indirectly be affected by the new Directive.

In order to satisfy their obligation, undertakings will be allowed to draw on tried and trusted standards such as the Sustainability Code. An external legal assessment showed that companies and organizations applying the Code already meet the EU's reporting obligation deriving from the Directive. In some areas, the instrument even exceeds what is required. It is especially detailed in its specification of individual areas relating to environmental, employee-related and social matters. Therefore the Code serves as a very suitable means of guidance for the reporting obligation that is due to enter into force as of 2017. For further information see press release.

THE GERMAN COUNCIL FOR SUSTAINABLE DEVELOPMENT HAS DEVELOPED A TRAINING CONCEPT TO HELP UNDERTAKINGS APPLY THE SUSTAINABILITY CODE

In order to facilitate the entry into sustainability reporting with the Sustainability Code especially for SMEs, the German Council for Sustainable Development has established a training and advisor network. Currently it offers events on the Sustainability Code in Germany. Meanwhile 62 training partners with 78 trainers are available offering informational events, trainings and individual support. These events are carried out by Code training partners with many years of expertise in sustainability that have undergone an extensive train-the-trainer course. A free "Sustainability Code Toolbox" has been developed to ensure consistent implementation. The toolbox addresses matters relating to sustainability reporting, the EU reporting obligation and various standards. It also provides a detailed introduction to the set of Sustainability Code criteria among others referring to the Guideline for small and medium sized companies. This guidance for SMEs is available in English, German and Russian and has been adopted for the housing and the food industry. Adoptions for banks, the recycling industry and science are in process.

THE SUSTAINABILITY CODE: 1 CODE, 20 CRITERIA

Until now, the database allows declarations of conformity in German and English, both reviewed by the Office of the German Council for Sustainable Development. To enlarge its scope of application, a relaunch of the database is currently in progress and will entail structural innovations: Five decentralised accesses will be provided for cooperation partners in further EU member states. These will have the chance to join in at no or low charge, depending on the specifications. With the upcoming relaunch, the Greek QualityNet Foundation will be the first partner to join with the first national adaption of the Sustainability Code. The aim is, to make the Sustainability Code accessible for companies in Greece with regards to their specific needs and situation. The common understanding is that on European level one Code with twenty criteria constitutes the framework.





QUALITYNET FOUNDATION: FIRST EUROPEAN ADAPTION OF THE CODE

QualityNet Foundation is a Greek Dialogue and Stakeholders Engagement Network in the field of Sustainable Development. It is operating as a multi-stakeholder interactive platform that promotes social responsibility towards the private and the public sector as well as the wider civil society with the objective of achieving sustainable development and social cohesion. QNF has been established in 1997 as a pen network and up today has 2,850 member companies, 150 institutions, 340 NGOs, 21,000 active citizens while covering the needs of 35,000 children in primary schools in Greece with its educational programs and activities.

To raise awareness on issues of Sustainable Development, Responsible Entrepreneurship and Social Responsibility among the Greek business community and society at large, the QualityNet Foundation in partnership with the leading Business Associations of Greece launched The Sustainable Greece 2020 Initiative. The initiative's strategic goal is the development of a systematic dialogue and the creation of methodologies and tools that would support national efforts towards Sustainable Development on the micro and macroeconomic level.

As one outcome of the initiative, QNF adapted the Sustainability Code by adding various levels of maturity. In this way, organizations/companies can connect to issues of Sustainable Development through a systemic approach and process that each organization applies as well as via those procedural and operational systems which they could (or/and) differ according to the requirements of each legal and regulatory framework.

QNF presented the Greek Sustainability Code in Athens on 7 April 2016, attended by Greece's Economy Minister, George Stathakis, Nicolas Bernier Abad of the EU-Commission, as well as the Secretary-General of RNE, Prof. Dr. Guenther Bachmann. The Greek Sustainability Code is part of the initiative [Sustainable Greece 2020](#).

RNE OFFERS FINANCIAL SUPPORT FOR NEW MEMBERS

The Council offers particularly decisive partners in five EU member states the opportunity to become part of the Sustainability Code network. This year, these interested parties will, with the support of RNE, be granted administrator rights to a national section of the database.

SURVEY ON THE APPLICATION AND BENEFITS OF CODE-BASED REPORTING

What benefits do undertakings and organizations see in using the Sustainability Code? How has the declaration of conformity with the Code been received and how much time and effort do undertakings need to invest in order to compile these? These and other questions were raised in a survey conducted among those using the Code by the German Council for Sustainable Development (RNE). The findings show that the Code is of great help for first-time reporters, and SMEs in particular – including those instances where an internal sustainability management system is being established. Around half of the 71 participating undertakings stated that they use the Code to successfully strengthen their own reputation. Moreover, more than 70 percent of all users want to use this to inform their customers and other stakeholders. The detailed findings, are published [online](#) (only German).

THE GERMAN COUNCIL FOR SUSTAINABLE DEVELOPMENT (RNE)

The German Council for Sustainable Development (RNE) is an advisory body mandated by and reporting back to the German Federal Government. The Council comprises 15 public figures appointed ad personam by Federal Chancellor Dr. Angela Merkel for a three-year term. The RNE was first established in April 2001 by then Chancellor Gerhard Schröder. The Council's tasks include generating contributions to the German sustainability strategy, specifying concrete fields of activity and projects and also providing contributions that make sustainability a public issue of vital importance.

