



# NEW MOMENTUM FOR REPORTING ON SUSTAINABILITY?

Study on the Implementation of the German CSR Directive Implementation Act (CSR-RUG)  
by econsense and Global Compact Network Germany  
(*Read full study in English: [Link 1](#) & [Link 2](#)*)

# CSR Directive Implementation Act (CSR-RUG)

## In a nutshell:

- Information on **relevant** non-financial matters (,double materiality requirement‘)
- Disclosure risks and approach dealing with them
- Non-financial Statement (NFS): Either as part of the management report or as/in a separate report
- **Auditing** of the NFS by the **supervisory board**
- Almost 490 companies affected

# Key Questions of the Study

- **How** did the companies affected **implement** the **provisions** laid out in the CSR-RUG?
- What **challenges** emerged in the **implementation** of the CSR-RUG in the affected companies?
- What **impact** did the implementation of the CSR-RUG have **on internal structures, processes, and reporting** by the affected companies?
- How did the implementation of the CSR-RUG **impact on the awareness for sustainability** within the companies affected?

# Methodology



## 1. Desk research

255

Non-financial Statements and  
Non-financial Reports  
(which were available on the reference date 30  
April 2018)



## 2. Online survey

90

questionnaires answered



## 3. Interviews

24

company interviews  
(2 of which were carried out as a double  
interview)

212 from capital market  
oriented companies

89%

81 from capital market  
oriented companies

34%

23 with capital market  
oriented companies

10%

43 from non-capital market  
oriented companies

9 from non-capital market  
oriented companies

1 with non-capital market  
oriented companies

Formal analysis

Quantitative and qualitative  
results

In-depth insights

# Point of Departure: Varying Levels of Maturity



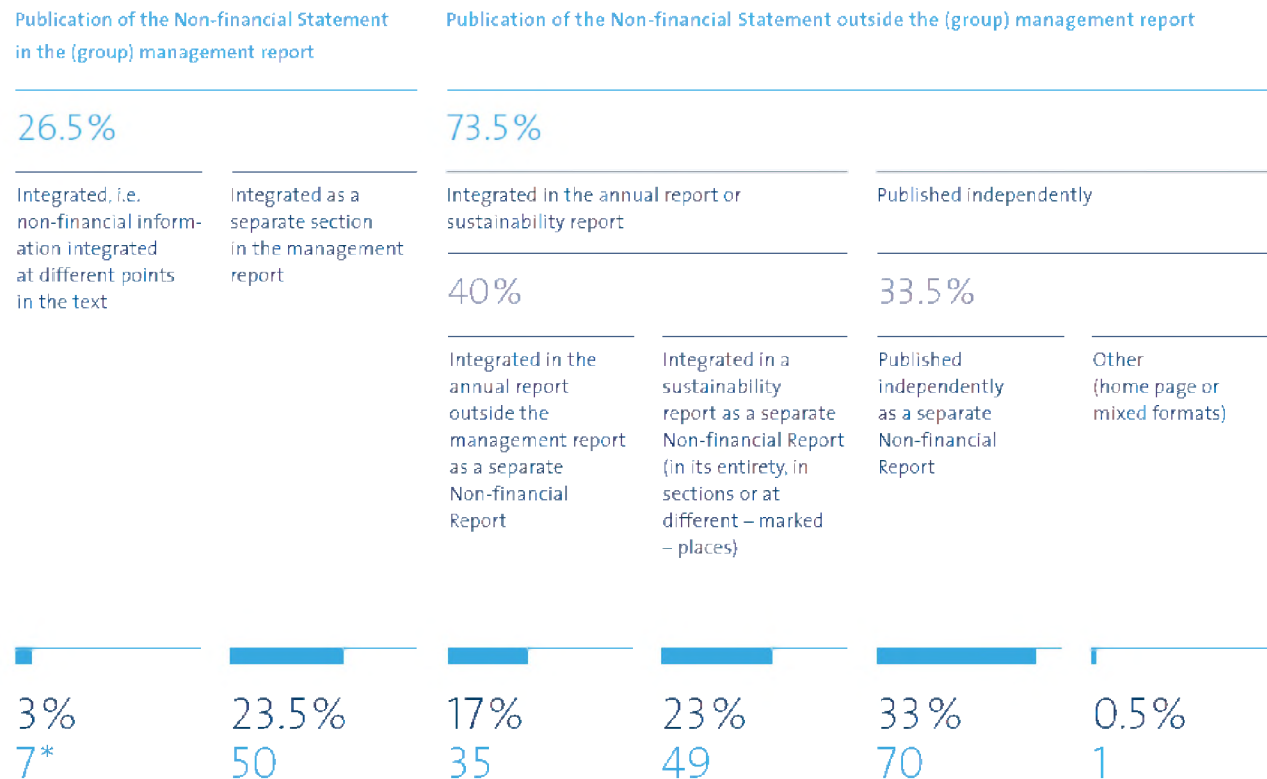
Have you already published non-financial information in the past? (n = 81, more than one answer is possible)

Response option	Number	%
Yes, in the form of a sustainability report	45	56
Yes, in the management report	43	53
Yes, at another place in the annual report	26	32
Yes, in a different form *	13	16
No	8	10

\*Nine designated online formats for this.

- Reporting on sustainability long-term practice in many companies
- Concrete understanding of sustainability often company-specific
- Integration of sustainability into management processes varies, but tends to be advanced

# Implementation: Many Paths to Destination



– **3 out of 4** publish NFS outside management report.

– **Variety in reporting formats:** Most common format is a stand-alone NFS (33%), followed by a section in the management report (23,5%), integration in the CR-report (23%) and a report in the annual, but outside of management report (17%)

– **Frameworks:** Large companies tend to use GRI, smaller ones the German Sustainability Code or no framework at all

# Non-Financial Matters: Reporting on all Matters

CSR-RUG matters	Number of companies describing the concepts	%
Environmental matters	197	93
Employee matters	206	97
Social matters	170	80
Human rights performance	167	79
Corruption and anti-bribery matters	203	96

CSR-RUG matters	Number of companies which designate indicators	%
Environmental matters	157	74
Employee matters	188	89
Social matters	102	48
Human rights performance	69	33
Corruption and anti-bribery matters	142	67

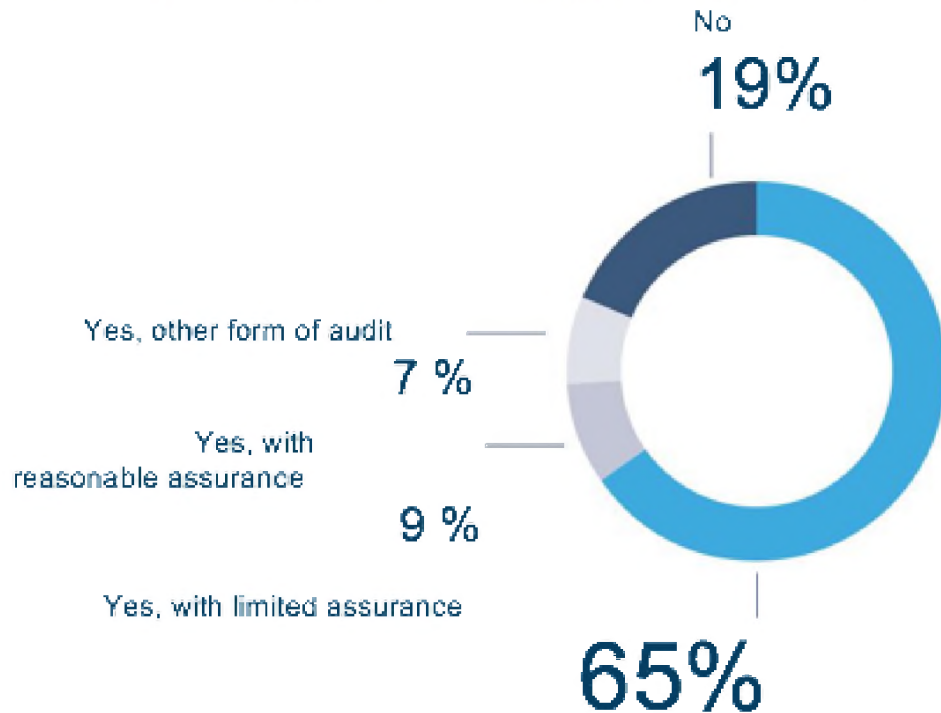
– **Most companies report on all non-financial matters** (slightly less on social matters and human rights)

– **Significant differences in the disclosure of indicators** between non-financial matters (less common again with ,social topics‘)

# Auditing: Supervisory Board Actively Involved



Was your Non-financial Statement externally audited? (n = 81)



- **81%** have their NFS **externally audited**, most of them with limited assurance
- Less than half publish audit certificate
- Concrete involvement of supervisory board in auditing at times intransparent



# Content: Various Challenges

- **Double materiality as a challenge** (given slightly varying definition of materiality by other reporting frameworks)
- **Human rights and social matters are most challenging** non-financial matters to disclose

- **Disclosure of KPIs is a challenge** across all non-financial matters
- **58 % report on risks** as defined by CSR-RUG, mostly regarding environmental & corruption and anti-bribery matters

# Processes: More Work for Everybody



By comparison with reporting in the previous year:

What resources were expended on drawing up the Non-financial Statement in your company? (n = 73)

Response option	Number	%
Far fewer resources compared with the previous year	0	0
Fewer resources compared with the previous year	0	0
About the same resources	7	10
Higher resources compared with the previous year	34	47
Much higher resources compared with the previous year	32	44

– More work for virtually everybody (90%)

– 78% publish further sustainability information (in addition to NFS)

– Process challenges:

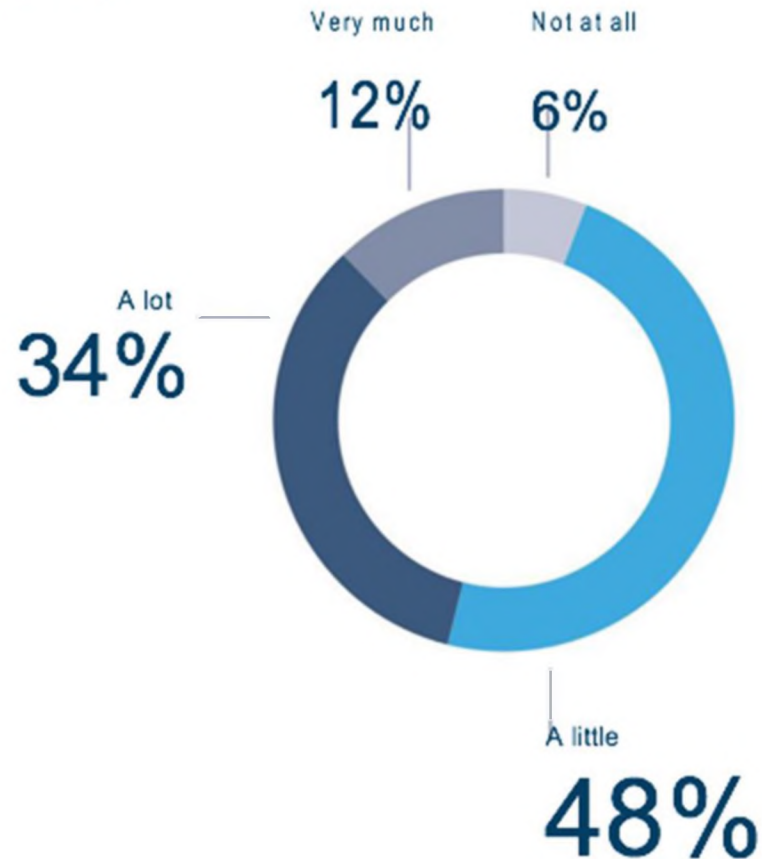
- Limited internal resources
- Auditing the report
- Timely availability of indicators
- Determination of risks
- Data collection from different departments

# Value Added: Higher Awareness and Data Quality

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How much has previous reporting practice changed with you?

(n = 73)



- Positive effects on process and data quality

- Improved collaboration between departments

- 88% emphasise **increase in internal communication** on the issue of sustainability

- Majority of companies reports **higher awareness of sustainability** in management and supervisory board

# Conclusions

- Added value despite additional work
- Increased attention from company management
- Synchronization of processes
- Particularly challenging: identification of relevant non-financial matters and risks, presentation of key performance indicators & scarce resources
- Majority of companies plans future changes, either content or process-related
- Final evaluation of non-capital-market-oriented companies not yet possible