

The European Sustainability Code & The Greek Sustainability Code. A tool of transparency & competitiveness

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Dear Chair Mrs. Katseli, dear Mrs. Exarchou,
Dear Deputy Minister Mardas, Mr. Secretary General Papaderakis,
Excellencies, Ladies and Gentlemen,

All over Europe people and politicians are debating migration, the refugee issue and financing problems. Those are top in the political agenda. And still, we are today meeting here discussing sustainability. Does this really matter? My answer is it does.

Over many years now the term sustainability has been a sleeping beauty while “globalization” and “competitiveness” were the dominant buzzwords. Has this situation changed? Is there now a chance for change? My answer is there is.

This is what I want to talk about, expressing my huge respect and congratulation to Greece, the QNF and to what Chrysoula Exarchou, in her network, has achieved so far.

Sustainability is not a German invention. We do have some long historic roots, but others have similar cultural features that are built into their history. Sustainability is not simply a renewed term for environmentalism. It is about a change in the way we secure social inclusion, a change in the way we understand economic competitiveness, and a change in our efforts to respect the planetary boundaries set by the environment. As of 2015, when all nations committed to the Global Sustainable Development Goals, it is a universe principle.

All European nations are facing challenges to social inclusion and their economic balance. The macroeconomic house is not in order. Short-term thinking is hurting social inclusion. It is hurting the dedication to future and the memory of the past, as well.

We will not overcome this crisis when we are still stuck in the traditional mantra of “either or”. Traditionally it is either growth or justice, either jobs or tree hugging, either smoking chimneys or lunatics, either economy or ecology. But this is no more to the point.

Today it is about sustained growth in a sustainable economy. It is about collaborative approaches and a new sense of bringing society and business together. Competitiveness of enterprises and societies, and future-bound investment have to be conceived and informed in this respect.

Where might change come from? Change always comes with people, new ideas and the commitment and dedication of individuals. A transition towards a sustainable economy, in its first steps, builds on individual change of particular entities. Regulation and the role of the state surely remain important. But we will not simply regulate ourselves into a sustainable development. That is why new approaches are important.

The German Council for Sustainable Development is a body of 15 eminent persons from the private sector, corporations and medium sized companies, the trade unions, churches, the environmental nongovernmental organizations. Elder politicians are also on the Council. The Chancellor mandates the Council every three years. Thus the Council continued five Governments in four colors. Tasked to advise the Government on all issues of sustainable development the Council is free and independent in his agenda and the projects he is pursuing. The Council recommendations cover a wide topical canvas as environment, resource productivity, soil and land use, demography, or budget issues.

The Council forms part of the overall institutional architecture of Germany's approach to sustainable development. Important elements are the cross-cutting bodies of State Secretary's and the Parliament.

The Sustainability Code is one of the RNE's projects with prime importance. The Code is a benchmark for sustainability management. There is a detailed service package available for those wishing to access the Code. Translations of the Sustainability Code are available in English, French, Greek and Russian, and upcoming in Hebrew.

Triggered by the financial crises 2008 and 2009 we started thinking of how to realign the real economy and the investment industry. An elaborate stakeholder process in 2010/2011 was the first step, and stakeholder processes accompany the Code ever since. The first stakeholder process proofed that there are good examples for businesses to concern themselves with sustainability. We also made the point that systematic sustainability management will lower (capital) costs. While this is not the mainstream there is substantive evidence that sustainability will play a major role in pretty all future bound businesses.

Launching of the Code is, as we found out, is not exactly an uphill battle. But also, it is far from being already a no-brainer. Instead, you have to have tools that would showcase performance and practice, and you have to create opportunities for sharing experiences. Alongside the Code we have the German Sustainability Award for best practice in companies and cities. From nine years of running this Award scheme my guess is that around 5 000 German enterprises are involved with sustainable development in some way or the other. The Government is just on its way to relaunch the German Sustainability Strategy as an overall policy framework. The Council's annual public conference, better known as sustainability summit, brings together a crowd of more than 1000 multiplier and experts from politics, and the private and public sector.

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 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.

Most important, it is robust and essential. It is easy to access. It addresses leaders with a first and simple question: Can you maintain your business case over the next ten or 20 years? In the light of climate change and resource restrictions, massive demographic change, will I be forced to do something different or will I do things differently?

I am happy that renowned experts from Germany accompany today. Two of them represent the food industry and the saving banks, two sectors that are among the first movers in terms of the implementation of the Code. In collaboration with the Council their respective associations set up sector specific amendments and guidelines that are well accepted. My colleague Yvonne Zwick with her team leads the work on the Code including the technical stuff, the stakeholder relation, and the networking. I take this opportunity to thank her for doing a wonderful job.

The Code, as I said, is robust and meaningful. Its criteria have been supplemented by quantifiable performance indicators, based in part on a selection of key performance indicators of the Global Reporting Initiative (GRI) and the European Federation of Financial Analysts Societies (EFFAS). This increases the comparability of the declarations of conformity. For an easy access and in order to minimize extra double work, in the first phase of the Code's implementation we also accepted a shortened declaration of compliance by those companies that already a recent report based on other reporting standards.

The Code aims particularly on market relevance. 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 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. Aside the obvious investor relation benefits a company itself may also benefit from capitalizing reputation gains and status in human resources. Often we here from companies that enter the field of reporting anew that for them working the Code was an eye opener, both on what they already are doing and on chances and business options they might be able to trigger.

Last but not least companies may use the Sustainability Code in order to meet the recent EU-Directive on non-financial information disclosure, namely once those requirements are being implemented in national legislation.

The Greek QualityNet Foundation is the first partner to join us in rolling out the Code. The Greek SD Code is the first national adaption of the Sustainability Code. And it is innovative. QNF adapted the Sustainability Code not one by one. QNF rather adds an important element by introducing four levels of maturity. This is a great move. Once brought into practice it adds credibility to the Code.

I would like to end with a personal observation. It is about the dire and constant EU bashing that we experience so often throughout Europe these days. I am tired of it. I think it is a shame. For 60 years now, we are living together in a unified Europe. Are we not living in peace and in a prosperity that our grandparents have never experienced, and could never have dreamt of?

Europeans, for hundreds of years, are used to have neighbors with whom we share mutual borders, and we finally learnt to develop a cross-border and collective responsibility. But neighbors change. A war in the Near East makes countries our indirect neighbors and shows us that we are all in this collectively. With the universe Sustainable Development Goals, with climate change and migration our societies are learning now big style the story about the five P: People, Planet, Prosperity, Partnership, and Peace. In this we are all together. We are all countries in development.

Sustainable Development is a generational project. A project of those who care about the future, of those who care about others in other parts of the world, and of those who start doing the right thing right in their own backyard.

Change begins with the idea that change is possible. Not beyond reason, but combining a vision with the next step that can be done in a concrete way.

Once again, I congratulate Chrysoula and her team for doing exactly this, combining visionary leadership with the rationality to do the next little step. Because that is exactly what the launch of the Greek Sustainability Code is about.

Thank you for your attention.