

PRESS RELEASE

Study

Creating a global standard for sustainability reporting

For customers, investors and consumers alike, it can make a difference whether a company operates sustainably and adheres to ethical and ecological standards. Standardized and verifiable reports are needed so that companies can provide credible and verifiable evidence of their ability to walk the talk of sustainability. Reporting standards should present corporate contributions to sustainable development in manner that facilitates comparison and be universally applicable to companies of all sizes and types.

Today, many companies already report on the impact of their activities on sustainability. The reporting frameworks used by these companies are increasingly adopting verifiable standards. However, the sheer diversity of reporting frameworks and standards makes it difficult to compare the performance of different companies.

In an effort to address this, social scientist Christian Felber of the Institute for Advanced Sustainability Studies (IASS) collaborated with BAUM Consult GmbH to develop a catalogue of requirements that would facilitate standardized and comparable reporting and analysed existing frameworks using the requirements. The findings of this research are intended to serve as the basis for the development of a uniform and legally binding framework for sustainability reporting.

The recently published study with the title "Publizitätspflicht zur Nachhaltigkeit" (PuNa-Studie) defines a catalogue of requirements for a universal standard and applies these criteria for the first time to a number of widely recognized frameworks. The study also contains recommendations for a universal standard.

Analysis covers 14 sustainability reporting frameworks

In a first step, 14 frameworks spanning four different categories were analyzed for the study – ranging from codes of conduct for sustainable and ethical business (e.g. OECD guidelines) to regulations for sustainability management (e.g. the ISO 26000 standard) and sustainability reporting (GRI, DNK, the common good balance sheet, B Corp certification) through to selection instruments used by sustainable investment indices and funds (e.g. the Natur-Aktien-Index, NAI).

The requirements against which the 14 frameworks were measured considered the use of participatory approaches in their development, the scope of the resulting report, the measurability and comparability of results, external review mechanisms and the legal force of the frameworks.

The following is an example of the requirement applied: "In order to prevent 'greenwashing', it is vital that the information contained in reports is reliable. Sustainability performance reports should be checked subject to the same robust scrutiny as financial statements. To this end, evidence should be provided to support sustainability performance reporting. Reports should be audited by a qualified

external body on the basis of established standards to ensure that stakeholders and the legislature can reliably draw on their findings as a basis for decision-making and regulation.”

The extent to which the frameworks fulfilled these requirements was measured using a catalogue of questions focussed on particular qualities and characteristics. For example: Does the framework take into account all of the key aspects of ecological sustainability? The additional detail provided by these questions, facilitates the operationalization of the requirement and helps to create transparency and verifiability.

Broad acceptance needed to ensure success

The recommendations outlined in the study include a catalogue of requirements for the proposed standard together with strategic and conceptual considerations as well as proposals for the development process. The study underscores the need for a framework that is user-friendly and enjoys broad acceptance. According to the authors, this could be achieved by inviting relevant parties and stakeholder groups from both the private sector and civil society to contribute to the development process.

“While companies are required to disclose relevant financial information and subject this to external auditing, this legal requirement does not currently extend to the sustainability performance of companies”, explains Christian Felber, Affiliate Scholar at the IASS and study lead. “This study is a first step towards the creation of a universal and obligatory standard for corporate sustainability reporting.”

Publication:

Dorothea Brockhoff, Gudrun Engelhardt, Hanna Yabroudi, Ludwig Karg, Anja Aschenbrenner, Christian Felber: Publizitätspflicht zur Nachhaltigkeit. Entwicklung eines Anforderungskatalogs für einen universellen Standard (PuNa-Studie), IASS Study 09/2020.

Access the report here: https://www.iass-potsdam.de/sites/default/files/2020-09/Studie_PuNa_Endfassung_IASS_Study_final.pdf

To contact the authors:

Christian Felber
Affiliate Scholar

**Institut für transformative Nachhaltigkeitsforschung/
Institute for Advanced Sustainability Studies e.V. (IASS)**
Email: christian.felber@iass-potsdam.de

For all other inquiries, please contact:

Sabine Letz

Press & Communications

**Institut für transformative Nachhaltigkeitsforschung/
Institute for Advanced Sustainability Studies e.V. (IASS)**
Tel. +49 (0)331 288 22-479
Email sabine.letz@iass-potsdam.de
www.iass-potsdam.de/en

The Institute for Advanced Sustainability Studies (IASS) conducts research with the goal of identifying, advancing, and guiding transformation processes towards sustainable societies in Germany and abroad. Its research practice is transdisciplinary, transformative, and co-creative. The institute cooperates with partners in academia, political institutions, administrations, civil society, and the business community to understand sustainability challenges and generate potential solutions. A strong network of national and international partners supports the work of the institute. Among its central research topics are the energy transition, emerging technologies, climate change, air quality, systemic risks, governance and participation, and cultures of transformation. The IASS is funded by the research ministries of the Federal Government of Germany and the State of Brandenburg.

If you no longer wish to receive IASS press briefings, please send an e-mail with the subject line "**Unsubscribe**" to media@iass-potsdam.de.