

Focus on Germany: the uptake of sustainability disclosure measures by Europe's largest economy

Germany's economy is the largest in Europe and the fifth largest in the world in terms of purchasing power parity (PPP). Its economic success is largely built on its strong export industry, which initially suffered quite substantially as a result of the 2008-2009 global financial crisis – the worst recession for Germany since 1949. It was against the backdrop of this economic crisis that Europe's largest economy began to have a sharper focus on sustainability within capital markets. The German Sustainability Code (GSC) was born.

The **GSC** is a standard that provides transparency on a company's sustainability performance. It features 20 indicators of sustainability performance that are aligned with the GRI Guidelines, the United Nations Global Compact (UNGC) principles, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Companies and the ISO 26000 Guidelines. The Code, which was passed by the **German Council for Sustainable Development** (Rat für Nachhaltige Entwicklung/RNE) in October 2011, can be used by companies of every size and legal form, with or without previous sustainability reports, and is recommended to be used as a voluntary instrument.

The Code helps companies navigate through the variety of guidance that currently exists, and describes the core guidance to be followed by companies when it comes to sustainability management. The German Council for Sustainable Development is a **member of GRI's Report or Explain Campaign Forum** - a convening space for all who believe that companies should reveal their sustainability performance or explain why if they don't.

CSR is generally understood as a voluntary commitment in Germany, something above and beyond what is required by law. In the aftermath of Rio+20, Chancellor **Angela Merkel spoke** at the Annual Conference of the RNE about conducting economic activities more sustainably and made reference to the German Sustainability Code as an instrument for doing this: "The Federal Government supports this Code. We advertise that even more companies apply it."

Last month, the Code garnered even more support when **Deutsche Börse**, the largest of the German stock exchanges, made a declaration of conformity towards it. So far, 16 companies have made declarations of conformity towards the Code and the RNE recently launched a database where these declarations are stored.

GRI and RNE held their first ever joint event at the Rio+20 Conference on 21 June 2012. At the event, Güther Bachman, Director of the RNE, said: "As reporting is a means and not an end in itself, with the GRI Guidelines to be revised and the recently launched German Sustainability Code we can add value to the sustainability performance of companies and organizations, and we have to do so in order to regain fiscal stability in the world economy."

After feeling the pinch of the worst recession in more than 60 years, Germany's economy is now going from strength to strength - aided no doubt by the implementation of sustainability initiatives such as the German Sustainability Code.

Find out about other **sustainability disclosure initiatives** from around the world, and **learn more about GRI's Report or Explain Campaign Forum**.

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