



Federal Ministry for the  
Environment, Nature Conservation  
and Nuclear Safety



## <sp> **How to develop an EMAS Environmental Statement towards a Sustainability Report**

## **Imprint**

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# 1 Introduction

The voluntary expansion of EMAS into a Sustainability Report through additional information has often been discussed, but the modalities were never concretely formulated. Such a step, in fact, was recommended by the Article 14 Committee as also elsewhere (e.g. in the EVER Report of the EU Commission). The present document presents a concrete framework and an initial draft for discussion.

Companies and organizations participating in EMAS publicly disclose information on their environmental targets and performance by means of an EMAS environmental statement. This environmental statement – validated by an accredited environmental verifier – contains all the information expected in 'traditional' environmental reports. In Germany, for instance, roughly 1,500 companies and organizations have published an EMAS environmental statement, by far outnumbering the environmental reports published outside of EMAS (approximately 280). However, companies are now increasingly moving towards sustainability reporting. This means they not only report about their environmental performance but also about activities contributing towards social and economic sustainability. Although it is mostly large corporations that are driving the trend at present, this kind of comprehensive reporting can equally be of interest to SMEs. In Germany, for instance, several smaller companies have already “expanded” their EMAS environmental statement into a Sustainability Report.<sup>1</sup> All over Europe, several dozen EMAS participants have expanded their EMAS environmental statement into a Sustainability Report (compare also the annex).

A Sustainability Report can be an attractive option for several reasons:

- In some companies, employee welfare has been an intrinsic aspect of corporate culture far longer than a concern for the environment. The Sustainability Report provides companies with the opportunity of communicating both actions.
- Other companies operate in markets with stringent environmental and social standards. In such a scenario, a Sustainability Report can satisfy legitimate demands for information and forestall criticism.
- Still other companies feel a strong commitment towards the place and region where they are located. The Sustainability Report enables them to communicate the local roots of the company and to highlight its positive impact on the local economy.
- Finally, there are companies, which wish to highlight their commitment towards the environment and society. A Sustainability Report allows them to put on public record their perception of corporate social responsibility (CSR).

The present document is intended to demonstrate, in particular to small and medium-sized enterprises and organizations, how the EMAS environmental statement can be developed into a Sustainability Report within a reasonable outlay. The knowledge for preparing an

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<sup>1</sup> Environmental statements that have been developed into Sustainability Reports or that combine environmental management based on EMAS with sustainability reporting are available for companies such as Alsterdorf Assistenz Umland GmbH, Bremer Straßenbahn AG, Engelbrechtsmüller, Evangelische Akademie Bad Boll, GRUNDFOS GmbH, Heidelberger Versorgungs- und Verkehrsbetriebe GmbH, Hipp GmbH & Co., Kärntnermilch, Katholische Akademie in Bayern, Kloster Schlehdorf – Missions-Dominikanerinnen, Kommunalkredit Austria, Neckermann-Versand AG, Neumarkter Lammsbräu, Norske Skog, Oesterreichische Kontrollbank, Stift Schlägl, Turkna Turn-u. Sportgerätefabrik, Vinnolit GmbH & Co. KG, and Weleda-AG. The project team would be grateful for any other information on relevant reports.

EMAS environmental statement is presumed given. This document refers to various existing concepts, such as the *Global Reporting Initiative (GRI) Guidelines*, and takes several sustainability reporting guidelines into account, such as *Reporting about Sustainability – In 7 Schritten zum Nachhaltigkeitsbericht*.<sup>2</sup>

It is not, however, explicitly intended to be used for purposes of certification. As a rule, Sustainability Reports are voluntary reports, for which, to date, there are no compliance or certification obligations. As regards the scope and nature of sustainability reporting, there are no standards, norms, laws or other obligations governing the format and other formal details; the guidance aspects below are, therefore, based upon best practices.

## **2 Moving from an EMAS Environmental Statement to a Sustainability Report**

The concept of sustainability is widely understood to comprise three dimensions: ecological, social, and economic. The EMAS environmental statement helps organizations to comprehensively incorporate the ecological dimension in their corporate reporting and fulfils all requirements for transparency in this respect. Thus the necessary information in one of the three dimensions of a Sustainability Report is already provided by the EMAS environmental statement.

EMAS participants consequently need *only* to add and integrate social and economic aspects, if they wish to incorporate the full range of sustainability criteria in their corporate policy. These requirements are further reduced with regard to reporting since companies and organizations normally follow a procedure of comprehensive reporting on economic aspects, as reflected in their annual and management reports. Consequently the economic dimension of sustainability does not necessitate a detailed projection in the Sustainability Report. If necessary, however, financial facts and figures can be integrated into the company's/ organization's corporate profile as well as the product descriptions. Proceeding from the above discussion, the following table reflects the fundamental overlaps and differences between an EMAS environmental statement and a Sustainability Report.

It is recommended that environmental and social aspects in various segments, e.g. supply chain and product development, be portrayed in an integrated manner in the report. All relevant available data should be presented in the form of an overview. The data should facilitate a year by year comparison, so that both progress and negative trends can be established. In addition, the Sustainability Report should throw light on the implications of individual aspects for the organization. Finally, the report should highlight the link between the concrete actions undertaken and the corporate policy/mission statement, as well as their relevance with regard to the objectives and measures of the sustainability programme.

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<sup>2</sup> See also [www.globalreporting.org](http://www.globalreporting.org) and <http://wko.at/up/enet/nachhleitfaden.pdf>.

Table 1: Moving from an EMAS Environmental Statement to a Sustainability Report

<b>Contents of an EMAS Environmental Statement</b>	<b>Additional information for a Sustainability Report</b>
<p><b>Activities of the Organization</b></p> <p>“The minimum requirements for this information shall be as follows: a) a clear and unambiguous description of the organization registering under EMAS and a summary of its activities, products and services as also its relationship to any parent organisation as appropriate;”</p>	<p><b>Description of the Organization<sup>3</sup></b></p> <p>The description of the organization should include additional economic facts.</p>
<p><b>Environmental Policy and Environmental Management System</b></p> <p>“The minimum requirements for this information shall be [...] b) the environmental policy of the organisation and a brief description of the environmental management system of the organization;”</p>	<p><b>Sustainability Policy and Management</b></p> <p>The environmental policy has either to be supplemented with a sustainability policy or executed within the framework of a sustainability policy. However, the environmental management system has continuously to be presented .</p> <p>In addition, responsibilities may be assigned for social and societal areas for action (see below).</p>
<p><b>Relevant Environmental Aspects</b></p> <p>“The minimum requirements for this information shall be [...] c) a description of all the significant direct and indirect environmental aspects that result in significant environmental impacts of the organization and an explanation of the nature of the impacts as related to these aspects (Annex VI);”</p>	<p><b>Relevant Sustainability Aspects</b></p> <p>The description of the relevant environmental aspects should be supplemented with a description of significant social aspects.</p>
<p><b>Environmental Protection</b></p> <p>“The minimum requirements for this information shall be [...] e) a summary of the data available on the performance of the organization against its environmental objectives and targets with respect to its significant environmental impacts. The summary may include figures on pollutant</p>	<p><b>Environmental Protection</b></p> <p>No additions required</p>

<sup>3</sup> The term 'organization(s)' is used in this document to address all economic sectors, e.g. companies, governmental agencies, service providers etc.

<p>emissions, waste generation, consumption of raw material, energy and water, noise as well as other aspects indicated in Annex VI. The data should allow for year-by-year comparison to assess the development of the environmental performance of the organization.”</p>	
<p><b>Corporate Social Responsibility</b> Not required according to EMAS</p>	<p><b>Corporate Social Responsibility</b> A Sustainability Report should (if appropriate) include information regarding the status of and significant activities in the following areas for action:</p> <ul style="list-style-type: none"> <li>• Employee interests</li> <li>• Social accountability</li> <li>• Product responsibility</li> <li>• Working conditions in the supply chain</li> </ul>
<p><b>Environmental Programme</b> “The minimum requirements for this information shall be [...] d) a description of the environmental objectives and targets in relation to the significant environmental aspects and impacts;”</p>	<p><b>Sustainability Programme</b> The environmental programme should be supplemented with information on social, cultural and ethical objectives and measures.</p>
<p><b>Legal Compliance</b> “The minimum requirements for this information shall be [...] f) any factors regarding environmental performance, including performance against legal provisions with regard to their significant environmental impacts;”</p>	<p><b>Legal Compliance and Voluntary Commitments</b> Additional information should be provided about compliance with other laws that are relevant to sustainability, especially employee rights.  Further, voluntary commitments, if any, made by the organization and their compliance should be described.</p>
<p><b>Validation</b> “The minimum requirements for this information shall be [...] the name and accreditation number of the environmental verifier and the date of validation.”</p>	<p><b>Validation / Verification</b> In addition to validation in conformity with EMAS, organizations may opt for verification/certification of the Sustainability Report (see below).</p>

### 3 Corporate Areas for Action Relevant for Sustainability

For a Sustainability Report, the EMAS environmental statement needs to be expanded to include social and partly also financial information. In doing so, many companies highlight the social aspects of their enterprise. These can be categorized broadly into four areas for action:

- Employee interests
- Product responsibility
- Social accountability
- Working conditions in the supply chain

The individual areas for action will be briefly described below. Their significance on a case-by-case basis determines their inclusion in the Sustainability Report.

#### 3.1 Employee Interests

**Accident prevention and safety:** Experience shows that the frequency of accidents in organizations, which are potentially high risk, is actually on the lower side because a conscious effort is made to make the workplace safe. Consequently, accident prevention and safety must be made an issue in every organization.

**Implementation options:** Additional information should be provided about the systems in place for occupational safety and the outstanding measures or successes in this area. The facts can be appropriately presented under the conventional indicator “notifiable occupational accidents per thousand employees” or “per million man hours”.

**Health promotion:** Employee health has high organizational relevance because of the costs associated with absenteeism. A low sickness absence rate results from several factors. One is the general fear of losing one's job, but there are other equally important factors, such as an ergonomically designed and motivating workplace environment and – in some sectors – protection against infection.

**Implementation options:** Information should be provided on measures, if any, for the prevention of common industry-specific occupational illnesses. At the same time it is equally important to communicate measures relating to workplace ergonomics and for improving motivation and job satisfaction. The facts can be appropriately presented under the conventional indicator “absenteeism due to illness in % of man days”.

**Training and skills upgrading:** The importance of qualified manpower in a high wage economy is indisputable. The demographic change in the age structure of our society has placed a growing premium on continuous professional development, right until retirement.

**Implementation options:** The report can be augmented by highlighting the priority areas for training and skills upgrading programmes, if necessary with reference to specific categories of employees, such as technical or managerial. The facts can be appropriately presented under the conventional indicator “% of employees having undergone training”

and if necessary under the indicator “number of days spent on skills upgrading per employee and year”.

**Working time schemes and gender equality:** Flexible working time arrangements make for both increased competitiveness and cost reduction, while also helping combine working and home life. The linking of the right of both parents to family time has increased the pressure on organizations. Apart from working time schemes, there are other mechanisms for women’s empowerment that can help organizations to tap the potential that qualified women represent.

**Implementation options:** Options for flexible working time, such as part-time, flexitime, time accounts, teleworking etc should be reported and evaluated with regard to impact. Measures towards gender equality, such as programmes for women’s empowerment, but also measures to encourage men’s contribution to family work, may be described. The facts can be appropriately presented under the conventional indicators “proportion of part-time employees” and “proportion of employees availing of flexible working time”.

**Employment security:** Job security is a critical issue today – both for people and for organizations. Sometimes the best way of achieving this may be to safeguard existing jobs; at other times radical restructuring may be the most effective option. The public image and reputation of an organization hinges increasingly on whether it is seen to be open and frank in its communication on this issue.

**Implementation options:** Motives and strategies should be presented in a transparent manner. The options available for securing existing jobs as well as for creating new jobs should be clarified. Programmes for employee participation (participative management) in the company or in company profits should be reported. Collaboration with employee representatives on crucial issues should be consciously pursued and the outcomes communicated.

**Diversity/Integration:** Small and medium-sized organizations are also becoming increasingly active on a global scale. The integration of people from different cultures in the same organization requires awareness and sensitivity. At the same time, integration measures within our own society can also result in organizations being faced with the challenge of integrating persons with disabilities or those who are poorly qualified.

**Implementation options:** Measures taken to integrate persons of different ethnic origin, religion, age or with disability should be communicated. Facts regarding the integration of persons with disability can be appropriately presented under the indicator “proportion of employees with serious disability in %”.

### 3.2 Product Responsibility

**Consumer interests:** Apart from environmental soundness, the (end) consumer looks for various other features in good products. Aspects of consumer protection are significant in this context, as also a two-way communication.

**Implementation options:** It is useful to report on collaboration with consumers relating to product development; the accommodation of the interests of specific groups of

consumers (e.g. persons with allergies, senior citizens, persons with disability) as well as various forms of communication, e.g. complaint management. Further, the use of product labels, if any product labels are used, and their significance should be explained.

### 3.3 Social Accountability

**Legal compliance and voluntary commitments:** One of the most important commitments that society demands from organizations is the compliance with legal provisions. Such provisions and regulations concern both environmental and social responsibilities.

**Implementation options:** Respect for employee rights or compliance with other laws that are relevant for sustainability should be declared in the Sustainability Report, if the organization is bound by them in terms of specific commitments. Pending lawsuits, judgements or penalties should be mentioned. Any voluntary commitments on the part of the organization should be documented. A categorical statement should be made regarding compliance.

**Donations, sponsorship, Corporate Citizenship:** Many organizations accept financial responsibility for society, particularly within the local community. They promote culture, science or sport through regular donations to all kinds of non-profit organizations. The practice of corporate volunteering is increasingly spreading across to Europe from America.

**Implementation options:** Donations and their financial significance in relation to the size of the organization as well as the purpose for which the donation has been made should be mentioned in the Sustainability Report. The areas in which corporate volunteering in non-profit organizations, if at all, is taking place should be reported.

**Anti corruption:** Corruption is internationally condemned. Yet, corruption is unfortunately a phenomenon that is still widely prevalent and which requires consistent vigilance to eradicate.

**Implementation options:** Steps taken to prevent and eradicate corruption must be documented in the Sustainability Report. The documentation of facts must include a description of actual cases of corruption, if any, and the measures taken as a result. It is equally relevant to record that no corruption cases came to light, if that was the case.

### 3.4 Working Conditions in the Supply Chain

**Role of working conditions in procurement, especially in developing and newly industrialised countries:** Poor working conditions in supply chains, especially in the textile and toy industries, have been subjected to growing criticism in recent years. However, attention is also being directed towards the social conditions prevalent among suppliers to the automotive industry and the electronics and mechanical engineering sectors.

**Implementation options:** Actions undertaken to ensure socially equitable procurement in developing and newly industrialized countries must be documented in the Sustainability Report. Participation in public-private partnership (PPP) projects should also be mentioned.

## **4 General Requirements for Sustainability Reports**

### **4.1 Principles of a Sustainability Report**

Sustainability Reports should conform to the principles underlying regular reporting, as applicable to financial reports and also as set out in EMAS Annex III No. 3.3. The most important principles are: establishing clear and unambiguous parameters for the Report (in terms of both location and time), honesty, relevance, consistency, comparability and guaranteeing public access to the Sustainability Report.

### **4.2 Description of the Organization**

The Sustainability Report, analogous to the EMAS environmental statement, must also contain a description of the organization's relevant activities, products and services, and if appropriate, of its locations and plants. This information allows the public to obtain an overall impression of the organization.

It is recommended that the EMAS environmental statement be augmented with key financial data on turnover and the number of employees, details about the ownership and structure of the company, including, where appropriate, the relationship with the parent company. Important developments during the period of the report (relocation of the company, acquisitions, and sales) should all be documented.

While confidentiality aspects must be maintained, the financial statement must also comply with the transparency obligations relevant to the organization.

### **4.3 Strategy and Management**

The Sustainability Report should mention, or quote in entirety if possible, the policy or mission statement on which the company's sustainable management practices are based.

The organization should describe the important management systems and organizational structures in place for pursuing sustainable development. The description should contain an organizational chart that depicts the areas of responsibility and competencies. A report on the dialogue with external stakeholders can in some cases facilitate better understanding.

The organization should explicitly state which parts of its management, data and information systems are subject to a periodical internal and external review through audits or other monitoring instruments.

### **4.4 Sustainability Programme**

The Sustainability Report should contain the sustainability programme of the organization or at least a brief outline. The report should document concrete, verifiable and, as far as possible, quantifiable objectives for the most important aspects of sustainable development,

including steps - implemented or proposed - towards meeting these objectives and their deadlines.

The Report should also reflect the achievement or non-achievement of objectives published in previous Reports so as to enable a credible assessment of the sustainability performance of the company.

#### **4.5 Address**

The Sustainability Report should contain the address of the organization and details of a contact person for feedback.

#### **4.6 Additional Information**

The Sustainability Report should also provide references to additional information relevant for the sustainable development of the organization, along with sources.

References to information from external sources that are relevant for assessing the sustainability performance of the organization facilitate a better understanding of the Sustainability Report.

#### **4.7 Local Accountability**

The Sustainability Report can cover one or more locations of an organization. Since EMAS strives for local accountability, organizations must ensure that the significant environmental impacts at every location are clearly described and included in the Sustainability Report. Location-specific details are unlikely to be relevant with regard to **supply chain** and **product responsibility**. With regard to **employee interests** and **social accountability**, the organization may present a general report that applies equally to all its locations. Any information that augments the Sustainability Report and is location-specific can also be made available on the Internet.

#### **4.8 Linking the EMAS validation with the Sustainability Report**

There are various options available to organizations for documenting their EMAS participation in a Sustainability Report:

- The EMAS environmental statement or parts of it are reproduced in the Sustainability Report
- The EMAS registration is mentioned in the Sustainability Report. A validated EMAS environmental statement forms the background to the Sustainability Report but is not a part of the Report.
- Information that is not a part of the EMAS environmental statement is audited by auditors in conformance with the AA1000 Assurance Standard or according to (the German) IDW PS 821, as is increasingly the practice among large corporations.

This document is intended only to clarify the basic issues that arise when moving from an EMAS environmental statement to a Sustainability Report. A separate document will deal with issues relating to actual implementation, such as the time outlay and other specific requirements entailed by a Sustainability Report, the target groups and opportunities to communicate with them through the Report, along with issues relating to language and layout etc.

# Annex: Selection of Sustainability Reports based on / connected with an EMAS Environmental Statement

