

Measuring and reporting on sustainability impacts

Symposium "Business in Development – new avenues for
complementarity and collaboration"

Vienna, 30 June 2014



Systain: CSR strategies for industries with complex global supply chains



References (selection) :



● Systain offices

● Partner offices

● Countries of activities



- What are the **enviromental and social effects** of business activites?
- What are the feedback implications on business – what are resulting **risks and opportunities**?
- What kind of **actions** increase postive and decrease negative effects?

Challenges for companies regarding CSR – fact base on sustainability impacts



CHALLENGES FOR CSR MANAGEMENT

1. Transparency of impacts

How to measure across the complete value chain

2. Determination of business effects

How to determine resulting business effects (regulation, reputation, customer requirements)

EXTERNAL PRESSURE



GLOBAL REPORTING INITIATIVE (GRI) G4



EU ORGANIZATION ENVIRONMENTAL FOOTPRINT (OEF)



INTERNATIONAL INTEGRATED REPORTING FRAMEWORK

CLIENT SITUATION

> 10.000 suppliers

> 1000 products

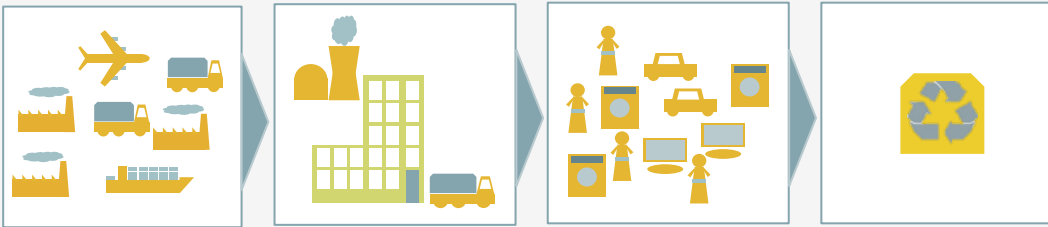
> 10 countries

Requirements for a quantitative sustainability fact base



1 CONSIDERATION OF THE COMPLETE LIFE CYCLE

supply chain own manufacturing and retail use phase disposal/recycling



2 CONSIDERATION OF ALL RELEVANT SUSTAINABILITY ISSUES

- climate
- environment
- natural resources
- water
- social compliance
- human health
- ...



3 CONSISTENT VALUE AS A BASE FOR COMPARABILITY

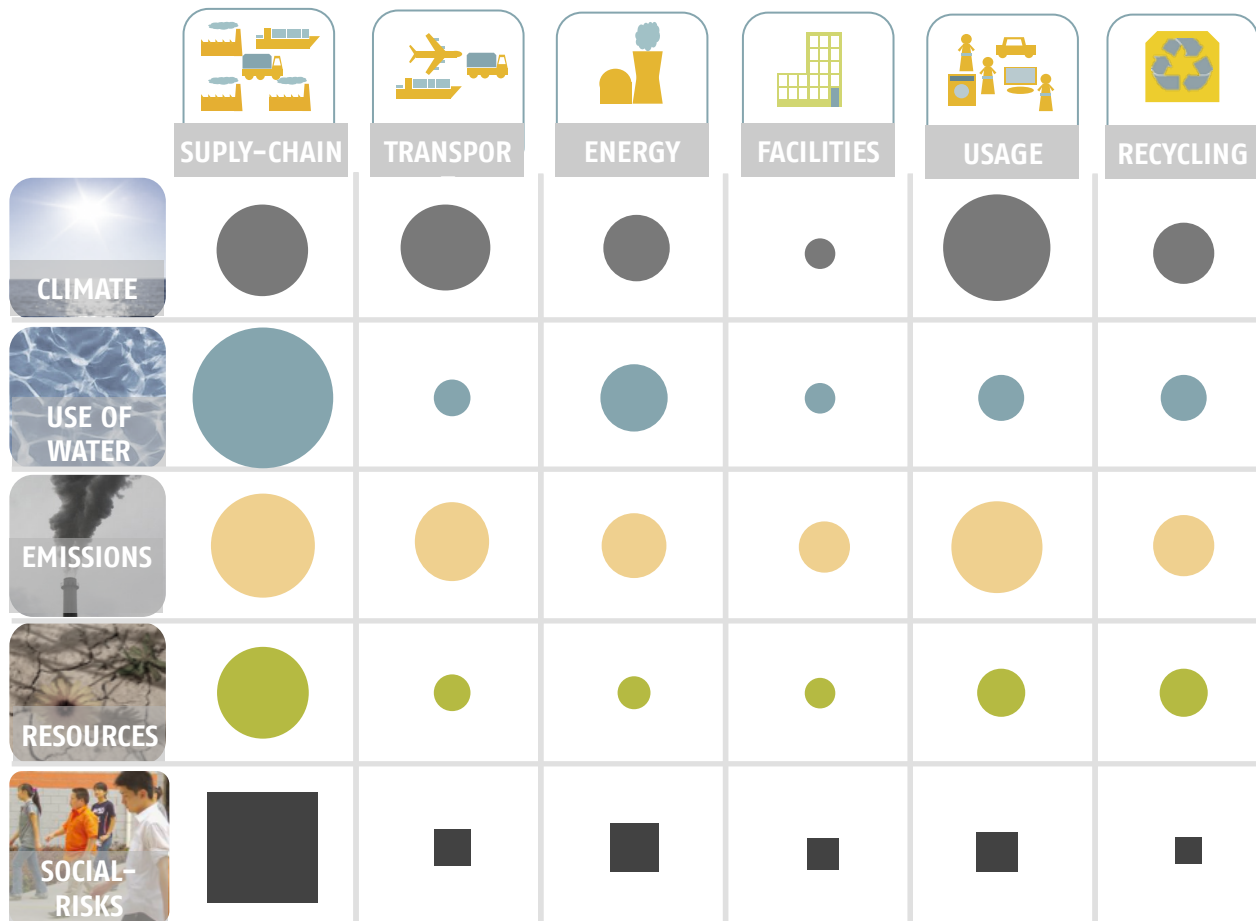
Identifying the social and environmental relevance of emissions as 1 kg CO₂ or 1 kg SO₂ or the use of 1 l water

4 EFFICIENT AND REALISTIC IMPLEMENTATION IN A COMPLEX ORGANISATION

estell top-level view – Total effects throughout the value chain und sustainability topics



SUSTAINABILITY IMPACT SCORECARD



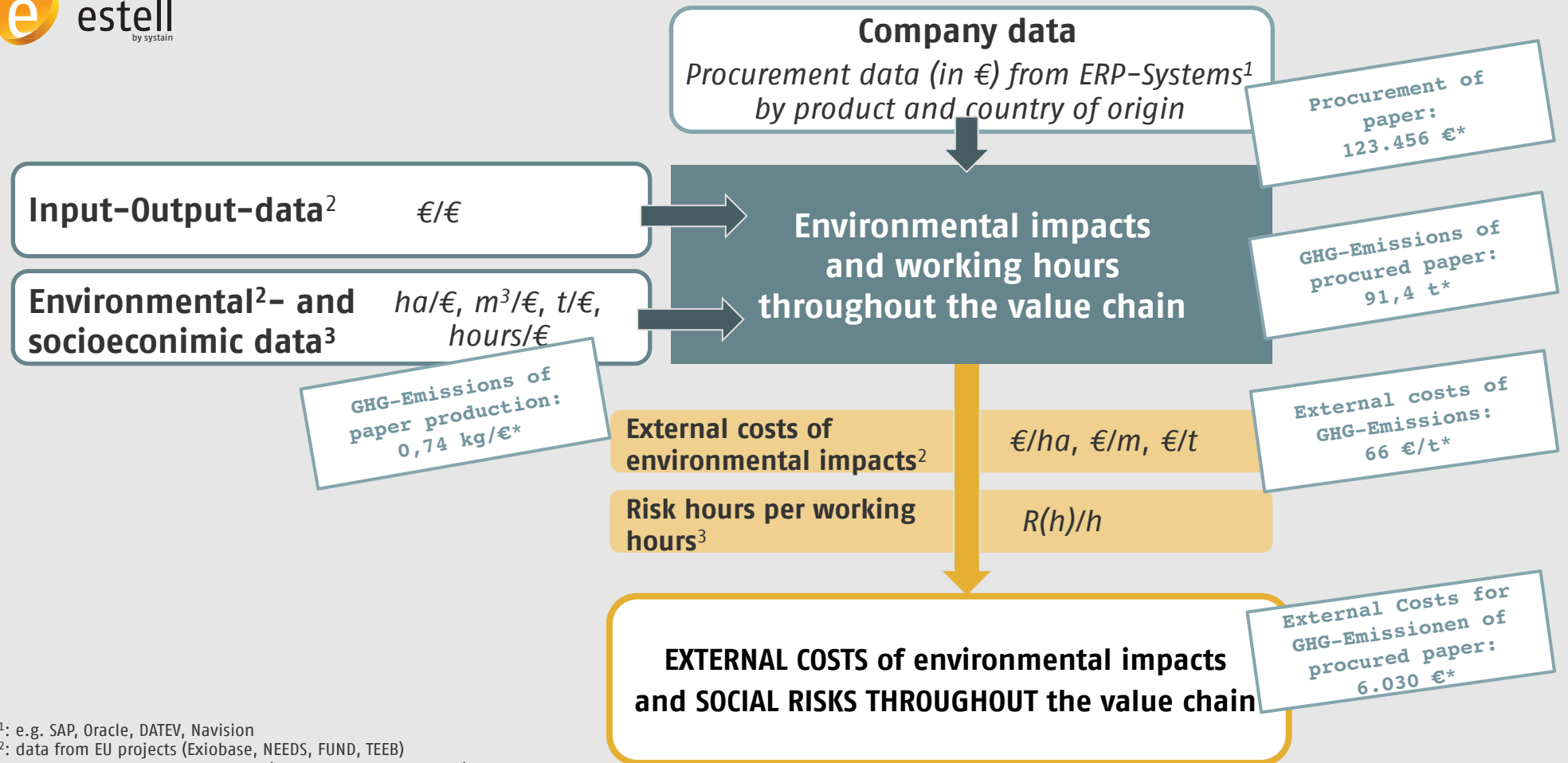
- **Comparability** due to a consistent evaluation standard – external costs
- **Transparency** of sustainability impacts throughout the **value chain**
- **Transparency** of particular contributors to sustainability impacts

○ □ Size of the circle or square depicting the external costs (environment) or risk hours (social risks)

Systains tool *estell* uses only readily available data



MEASURING IMPACTS WITH *ESTELL*



¹: e.g. SAP, Oracle, DATEV, Navision

²: data from EU projects (Exiobase, NEEDS, FUND, TEEB)

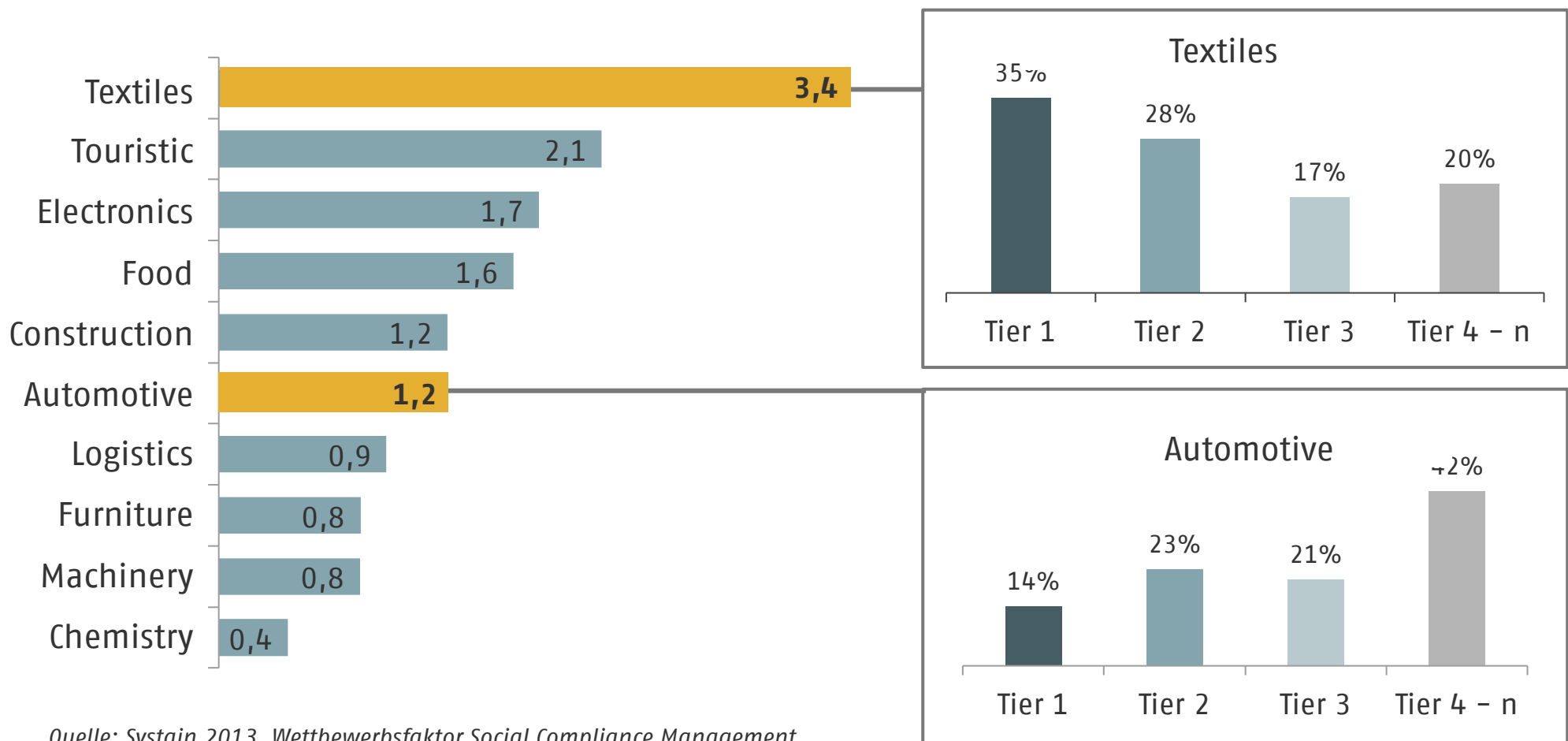
³: data from international statistics (WHO, ILO, Worldbank etc.)

* Example

Case study 1: Social Compliance issues due to German consumption



RISIK-HOURS IN THE SUPPLY CHAIN OF THE TOP 10 SECTORS IN GER IN BILL. HOURS

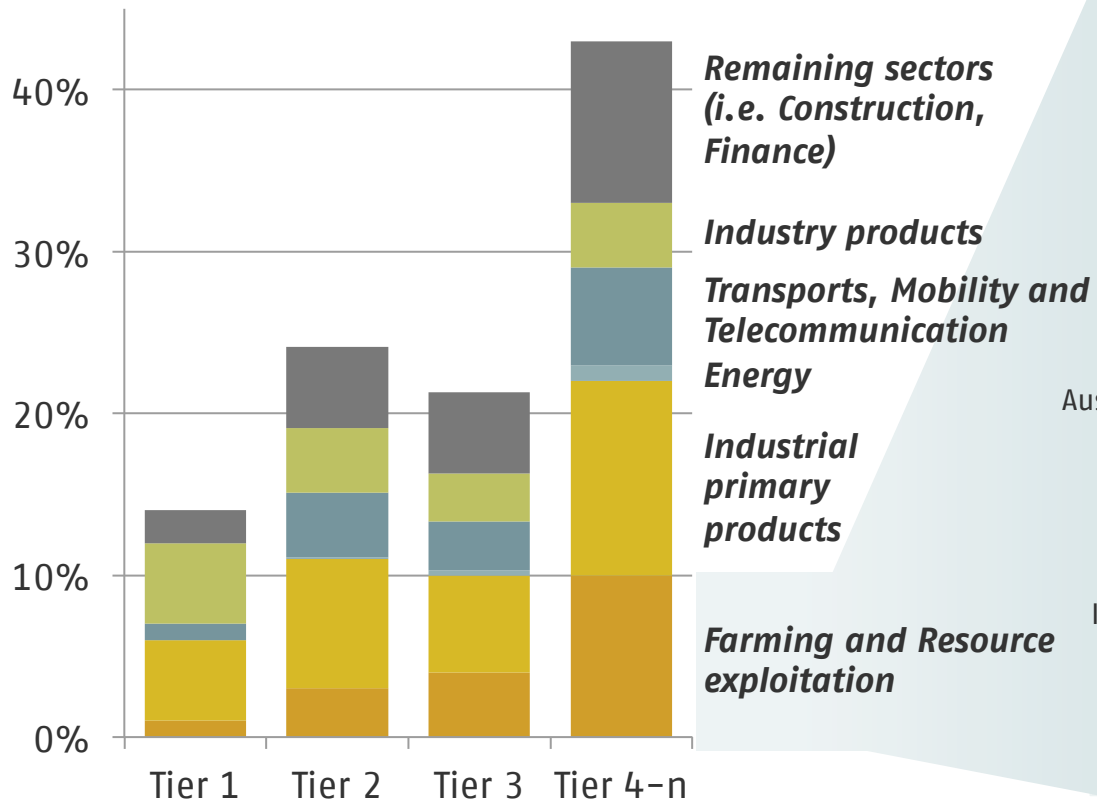


Quelle: Systain 2013, Wettbewerbsfaktor Social Compliance Management

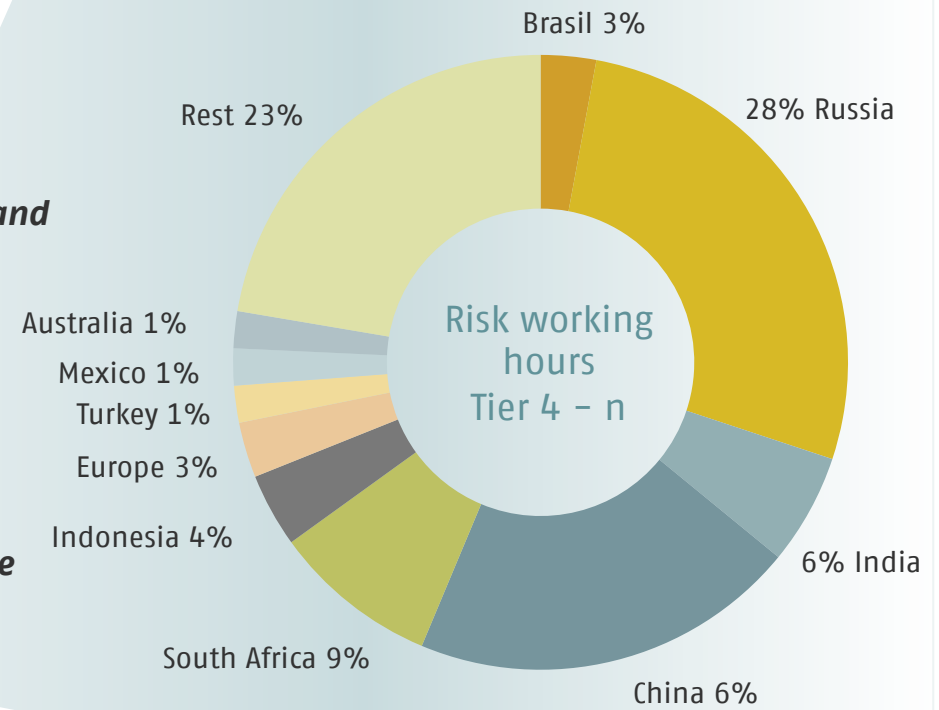
estell allows to dig deeper into the structure of impacts in tiers, sectors and countries



1.2 Bn. risk hours spread over:



52 Mio. risk hours accumulated in:

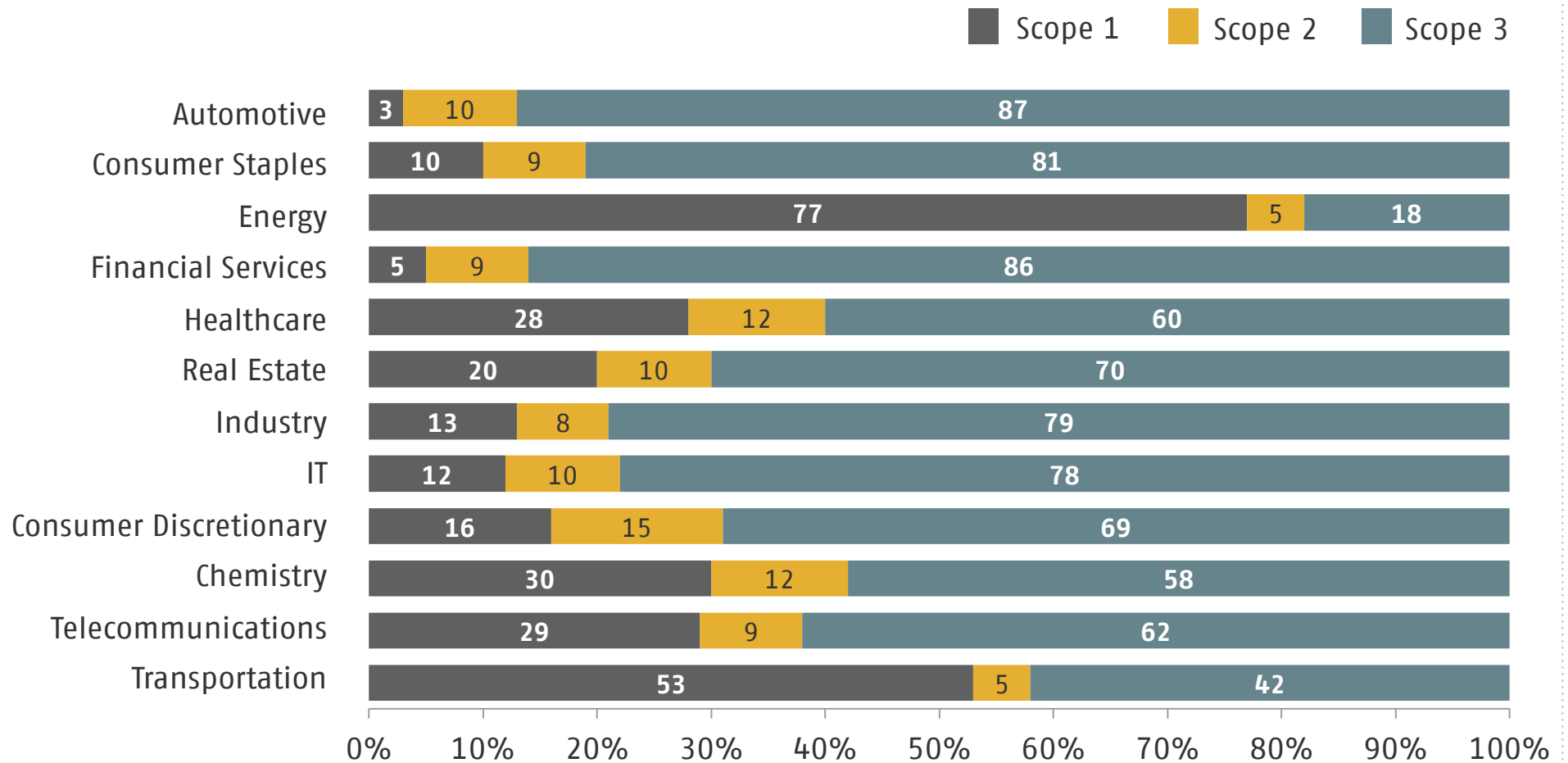


Source: Sustain 2013, Competition factor Social Compliance Management (German)

Case study 2: The supply chain dominates the greenhouse gas emissions of most industries



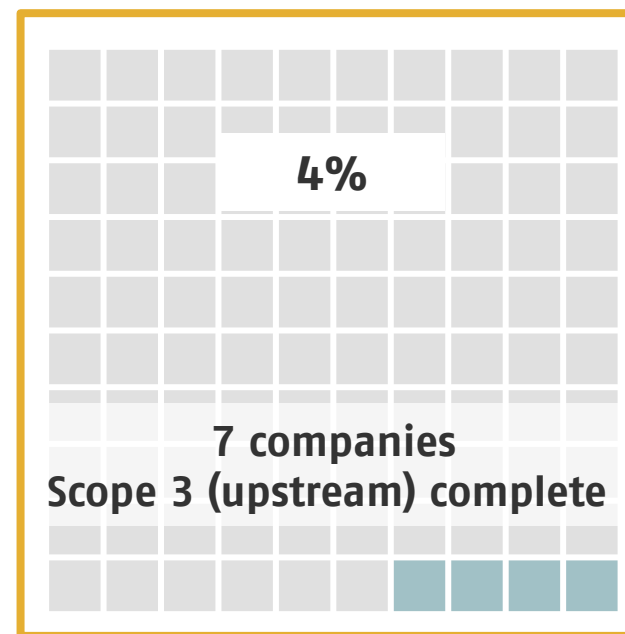
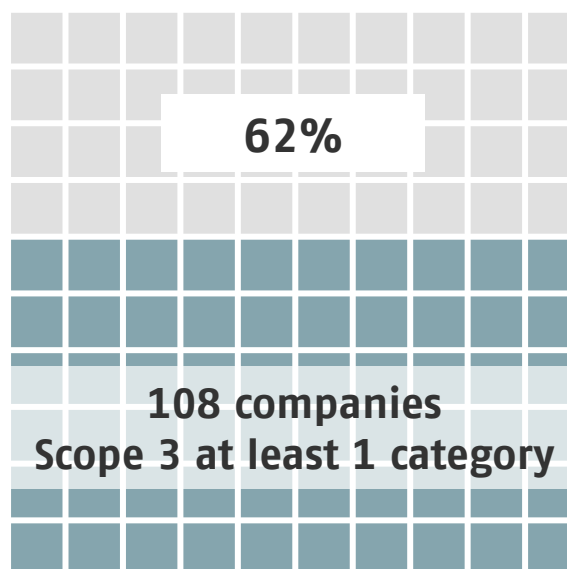
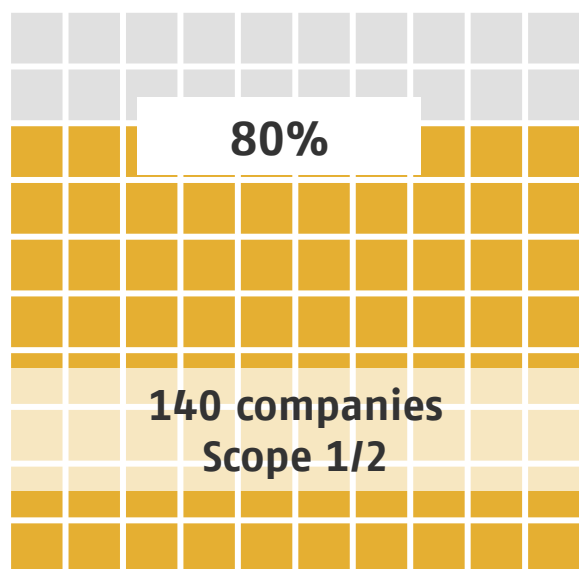
SCOPE-1-, SCOPE-2- AND SCOPE-3-UPSTREAM-EMISSIONS PER SECTOR*



Nevertheless only very few companies provide a transparent picture of GHG emissions



OF 175 COMPANIES (DACH) REPORT:





I am looking
forward to an
interesting
discussion







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Driver	Impacts	Effects
 Resource scarcity	<ul style="list-style-type: none">▪ Price increase▪ Availability	<ul style="list-style-type: none">> Changes in cost structure and stability of supply
 Regulation	<ul style="list-style-type: none">▪ Taxation, ETS, subsidies▪ Material and technology ban▪ Changes in disposal regulations	<ul style="list-style-type: none">> Changes in cost structure (direct and via supplier)> Changes of sales markets
 Customers	<ul style="list-style-type: none">▪ Brand credibility and reputation▪ Seeking for environmental performance	<ul style="list-style-type: none">> Increased transparency> Shift to green procurement> Shift in demand patterns
 Direct risks	<ul style="list-style-type: none">▪ Physical effects to operations due to climate change	<ul style="list-style-type: none">> Threat to the stability of the value chain> Shift in markets