Ten years of the German Sustainability Award
Impact and prospects for sustainability within companies
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Foreword

Prof. Dr. Günther Bachmann, Secretary General of the German Council for Sustainable Development (RNE)

Dear readers,

The German government created the RNE as a form of support. In addition to the Council giving advice on specific issues and regarding sustainability policy, the government has mandated the Council to champion the expansion of their common objective on its own initiative, namely to make sustainability part of everyday life for as many people as possible in the workplace, at school, when shopping, in leisure time and when choosing energy and means of mobility.

Taking paths less trodden is inherent to the Council’s self-perception. And when exploring new avenues, being mindful about the beginnings and first endeavours is especially important, as is a determination not to cater to a niche and an echo chamber, but rather to pave the way for sustainability into the mainstream.

During the economic and financial crisis of the first decade of the millennium, Stefan Schulze-Hausmann approached us with the idea of recognising and celebrating good examples of sustainability. This was something new and unusual – and it had a lot of promise. At a time when solutions were being sought (and found) in the form of car scrappage premiums, bank bailouts and short-time work, no one really imagined that a sustainability award could be both appealing and effective. We jointly brought this idea to maturity. Since then, the Council has been supporting the presentation of the German Sustainability Award and the foundation Stiftung Deutscher Nachhaltigkeitspreis e.V., which is headed by Stefan Schulze-Hausmann.

The passing of ten years is an appropriate time to reflect on what the award has achieved other than a great deal of work, in-depth discussions and many enjoyable celebrations. What impact has it had – within companies, in the sectors and within the economy? And what can we benchmark ourselves against? What do the companies involved think the next steps should be?

We are very grateful to Matthias Kannegiesser and his team for their evaluation work. As an independent consultant who nonetheless knows the award inside out, he presents a study the content and form of which live up to the questions asked. Experts from within the companies were involved; the study is based on their knowledge and on facts, and is critical and by no means blinkered.

Asking to have its own activities scrutinised is an unusual step for an advisory body to take. But it is a step that most certainly has its place in sustainability policy as a whole.

It won’t be easy or indeed possible to implement everything that the study recommends and proposes. But all of it does justice to the value of the Sustainability Award.
1. The Award as a reflection of development

The foundation Stiftung Deutscher Nachhaltigkeitspreis has been recognising top sustainability performance within companies, municipalities, the research field and in construction since 2008. The German Sustainability Award also presents honorary awards to public figures for their contributions to sustainable development. The public figures presented with the German Sustainability Award in recent years include (listed with their positions at that time) Ban Ki-moon as Secretary-General of the United Nations and António Guterres as UN High Commissioner for Refugees, Patricia Espinosa as Mexico’s Minister of Foreign Affairs, Achim Steiner as Head of UNEP and his predecessor and former Federal Minister for the Environment Klaus Töpfer, Volker Hauff and Gro Harlem Brundtland for their endeavours to establish sustainability as a concept, Prince Charles, the Mayor of Palermo Leoluca Orlando and committed individuals from the fields of music and TV.

**Figure 1: Categories of the German Sustainability Award**
The award is presented at a gala event in conjunction with the German Council for Sustainable Development (RNE), the German federal government, local authority associations, business associations, civil society organisations and research institutes. To select the companies that will be recognised, the foundation works with a jury made up of public figures, stakeholders and scientists. The jury’s decision is preceded by a competition and comprehensive research on the part of involved consultancy companies and scientists. The foundation is also advised and assisted by a top-calibre board of trustees.

The study “Ten years of the German Sustainability Award” examines the Award company awards as shown in the figure. Company awards have been presented in various categories ever since the Sustainability Award’s inception in 2008. The overarching objectives of presenting the company awards are as follows:

- **Recognising achievements**
  Sustainability should be communicated positively wherever this is justified by the facts. The focus is placed on what’s gained, rather than what you go without.

- **Encouraging others by example**
  Companies that couple business success with social responsibility and environmental conservation, thus encouraging sceptics and those who tend to wait and see to take steps in the direction of sustainable action, are presented as role models.

- **Highlighting opportunities and new avenues**
  Sustainability should be presented in its entirety, including as a problem, a hurdle and sometimes something which is restrictive, but also as a market of the future, a growth driver and an opportunity for German companies to stand out from their international competitors.

### COMPANIES WHICH WON AWARD

- AfB
- Alnatura
- Aquafil
- Axel Springer
- Bank Sarasin
- Barmenia
- BASF
- Bau-Fritz
- Bohlsener Mühle
- BSH
- C&A
- Daimler
- Deutsche Post DHL
- Deutsche See
- dm-drogerie
- ebm-papst
- ENTEGA
- F. O. BAGS
- Frosta
- FUCHS PETROLUB
- GEPA
- GESOBAU
- GLS Bank
- Henkel
- Hess Natur
- HiPP
- HOWOGE
- Interface
- IWAN BUDNIKOWSKY
- Jack Wolfskin
- Kübler
- Lebensbaum
- LichtBlick
- memo
- Miele
- Müller – Die lila Logistik
- Osram
- Procter & Gamble
- PUMA
- Rauch Möbelwerke
- REWE
- SAP
- Siemens
- SolarWorld
- SPEICK
- Studiosus Reisen
- Symrise
- Tchibo
- tegut
- TransFair
- Unilever
- Vaillant
- VAUDE
- Viessmann
- W. Neudorff
- Weleda
- Werner & Mertz

Source: German Sustainability Award
• **Offering dialogue**
  The Award competition represents a singular opportunity for cross-sector communication. It also serves to further develop our understanding of sustainability.

• **Learning**
  Companies are introduced to concrete approaches to improving their sustainability management.

The company award categories which have become established are:
• Germany’s Most Sustainable Large Enterprise
• Germany’s Most Sustainable Medium-Sized Enterprise
• Germany’s Most Sustainable Small or Medium-Sized Enterprise (SME)
• Germany’s Most Sustainable Brand
• “Resource Efficiency” special award

The categories have undergone dynamic development since the Award’s inception: some of the original categories have been done away with, while new categories have been added, such as the Next Economy Award (NEA) for start-ups and a consumer award for products. This study does not consider these newer categories. The study “Ten years of the German Sustainability Award” focuses on categories in which the participating companies could be observed over the full ten-year period.

There have been 57 Award company award winners since 2008. Also, at least two additional companies are nominated in each category.

In 2008, the Award for companies was the first award of its kind with an overarching approach.

• **All sectors**
  The award takes a cross-sector approach, i.e. companies from any sector may enter the competition, with all the companies competing together. This highlights the fact that sustainability has market relevance in all sectors.

• **All sizes**
  Companies of any size may participate in the award. The situations specific to large corporations, medium-sized companies and SMEs are taken into account by means of separate categories. In this way, the award signals that sustainability can be integrated into the business model and can be a success factor irrespective of a company’s size.

• **All three dimensions of sustainability**
  The award recognises pioneering companies that combine environmental conservation and social responsibility with economic success and are successful in the market. As such, all three dimensions are considered in an integrated manner for the first time.

• **All stages of the value chain**
  The award considers all of a company’s value chain stages including the upstream supply chain and the downstream consumption stages. The Award’s fundamental understanding of sustainability is that a company is sustainable when it acts sustainably in all of its core lines of business, at all of its value added stages and in all three sustainability dimensions. In the “Brand” award, all the communication elements are additionally considered.

• **Materiality orientation**
  The award evaluates companies methodically on the
All sectors, all sizes
All companies of any sector and size that offer products and services in Germany can participate in the award.

Five categories
There are awards for the most sustainable companies by size (major, medium-sized, SME) and for the most sustainable brand, and a “Resource Efficiency” special award.

Application
Companies submit applications online by means of a closed questionnaire process. The Award does not publish rankings or ratings and only makes the nominated companies and the award winners known.

Two stages
There are two stages: the competition (longlist), followed by the jury presentation (shortlist).

Competition
In the competition, companies answer overarching questions about the opportunities and challenges of sustainability, strategies and measures, successes and goals. Methodology partners use a scoring model to evaluate the applications before drawing up a shortlist for the jury. Each member of the jury can make proposals for additional shortlist candidates.

Jury presentation
The shortlist companies submit an application for the jury via a detailed online questionnaire. The companies give detailed accounts of their sustainability activities with regard to purchasing, core business, support functions and usage, and concerning their overarching sustainability management. Drawing on another scoring model, the methodology partners make a preliminary assessment and put a jury presentation of the companies together.

Jury meeting
An expert jury headed by the Secretary General of the German Council for Sustainable Development (RNE) chooses the award winners on the basis of the applications and in-depth research. The shortlist companies are presented to the jury and are discussed by the jury members. The nominees and award winners are selected in a multistage voting process. The jury’s reasons for their decision are published. The jury is appointed annually by the foundation Stiftung Deutscher Nachhaltigkeitspreis, taking continuity on the one hand and innovation and new outlooks on the other into account. The names of the jury members are published.

The competition process begins in the spring and ends with the jury meeting in early September. The award ceremony is then held at the end of the year. At the end of each award cycle, the jury members, experts and research team members have the opportunity to make suggestions regarding how the competition could be shaped in the future and to raise issues they think need addressing. Decisions regarding possible modifications to the competition are made by the foundation.
Structure and methodology of the study “Ten years of the German Sustainability Award”

The German Council for Sustainable Development (RNE) commissioned the study at the initiative of the Award’s Board of Trustees. On the occasion of the Award’s tenth anniversary, the purpose of the study was to examine the extent to which the German Sustainability Award had achieved its goals and had had an impact. All the companies that had taken part in the competition since 2008 were invited to participate, and of these, 122 companies did so. Expert interviews were also conducted with jury members and observers, including Germany’s figures.

Feedback

All the companies are given written feedback on their applications covering their strengths and suggestions for improvements plus feedback in the form of a best-practice webinar.

Figure 3: Study structure
former Minister for the Environment Prof. Klaus Töpfer as well as actor and activist Hannes Jaenicke.

The study covers multiple areas: firstly, all the study’s company participants were classified. Four areas were then examined that relate to sustainability development in general and the impact of the Award in particular. The matter was examined from the perspective of the individual companies and, insofar as was possible, also from the perspective of the market as a whole.

The companies were questioned by means of an online survey conducted between 19 June and 24 July 2017. The 122 study participants did not answer all the questions, depending on their circumstances, and as such the number of participants varies from question to question.

Companies of all sizes participated. The sector with the most participants is the consumer goods and retail sector. In addition, there was strong representation from

![Figure 4: Study participants broken down by company characteristics](image-url)

![Figure 5a: Study participants broken down by frequency of participation in the competition](image-url)
other manufacturing companies, the process industry, and the construction industry and craft sector.

It is noticeable that there was less representation than expected within focal sectors for Germany and sustainability such as the automotive, energy and utility, electrical engineering and mechanical engineering sectors. Representation from the financial services and real estate sectors was also proportionately low compared with their economic importance.

A relevant number of companies had participated in the competition on multiple occasions, suggesting that the topic of sustainability was being addressed continuously within the companies and indicating internal learning steps. The majority of the companies participated in the competition in the second half of the Award’s existence, i.e. from 2013 onwards, approximately 20 per cent took part in the first five years from 2008 to 2012, and 14 per cent were involved during both five-year periods. Around a third of the study participants were award winners, approximately 20 per cent had been nominated and 40 per cent had taken part without either being nominated or winning an award.

The study cohort is therefore very diverse in terms of experience of and outlook on the competition. However, far more companies “merely” participated, but were not nominated. Insofar as possible, the study discusses their results independently of participation success, as the experiences of the award winners and nominees can be different to those of participants who have received no award recognition.

In the context of the EU’s newly introduced sustainability reporting obligations (so-called non-financial information), it was interesting to see whether the participants produce a sustainability report or an integrated report. Across all participant groups, 66 per cent of the companies have published such a report. This is an impressively high figure, in particular in view of the fact that the study features not only companies with a reporting obligation, but also a number of companies that are reporting on sustainability voluntarily. This shows that, over the past ten years, public reporting has become standard among the trailblazers.

Of the standards used, those mentioned most frequently in addition to the UN Global Compact were

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**TIME OF PARTICIPATION**

- 2nd half (from 2013): 59%
- 1st half (2008–2012): 20%
- Other/no details given: 7%
- Both halves: 14%
- Other/no details given: 9%

**BEST PERFORMANCE IN THE COMPETITION**

- Award winner: 34%
- Nominated (top 3): 17%
- Participated, but not nominated: 40%
- Other/no details given: 9%

Figure 5b: Study participants broken down by time of participation in the competition

Figure 5c: Study participants broken down by best success categories in the Sustainability Award
the Global Reporting Initiative (GRI) and the Sustainability Code. The EFFAS standard is used rarely in comparison. Under "Other", the study participants mention the following instruments which are not sustainability reports in a strict sense, but which are classed as such here because they too signal the companies' continued focus on important sustainability aspects:

- Environmental reporting formats: for example EMAS, CDP, German EMAS Advisory Board (UGA) guidelines, CO2OL, QuB
- Industry formats: for example Chemie³ guidelines, TourCert
- Region-specific formats: for example Baden-Württemberg WIN Charter
- Sustainability evaluation formats: for example Common Good Balance Sheet
- Ratings/rankings: for example IÖW/future e. V. ranking criteria
- Own formats: for example based on the CSR Directive Implementation Act

Based on the positions of the people who participated in the study, the answers for more than half of the study (56 per cent) were provided by sustainability/CSR managers. In 16 per cent of cases, the study was responded to by the management, with answers otherwise coming in particular from individuals working in marketing or corporate communications.

The spread allows for evaluation of the governance structures in the area of company sustainability. It suggests that in medium-sized enterprises and SMEs in particular, the management is directly responsible for sustainability, while larger companies tend to have a position dedicated to sustainability. The fact that it was first and foremost companies' sustainability/CSR managers that participated in the study emphasises

Figure 6: Study participants broken down by report characteristics

<table>
<thead>
<tr>
<th>Does the company publish a sustainability report/an integrated report?</th>
<th>Percentage of all companies surveyed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>66%</td>
</tr>
<tr>
<td>No</td>
<td>28%</td>
</tr>
<tr>
<td>No details given</td>
<td>6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>If so, which reporting standards are used?</th>
<th>Percentage of companies with a report, multiple responses allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI*</td>
<td>54%</td>
</tr>
<tr>
<td>Sustainability Code</td>
<td>33%</td>
</tr>
<tr>
<td>EFFAS**</td>
<td>2%</td>
</tr>
<tr>
<td>UN Global Compact</td>
<td>30%</td>
</tr>
<tr>
<td>Other</td>
<td>38%</td>
</tr>
<tr>
<td>No details given</td>
<td>5%</td>
</tr>
</tbody>
</table>

* GRI: Global Reporting Initiative
** EFFAS: European Federation of Financial Analysts Societies

n = 113
n = 72
In which area of activity within the company do the study participants work? Percentage of all companies surveyed:

- Sustainability/CSR management*: 56%
- Other: 28%
- Management: 16%
- Marketing/communications: 11%
- Sustainability Management: 5%
- Environment/QEHS**: 4%
- Other positions: 6%
- Owner: 2%

Figure 7: Study participants broken down by area of activity

that many companies now embed sustainability organisationally in the form of dedicated positions.

In addition to the companies, interviews were conducted with jury experts and a circle of Award observers regarding the study questions. The jury experts are long-standing members of the Award jury who have been able to monitor the development of the Award and the companies from the inside over many years. The circle of observers comprises individuals who have monitored the Award critically over the years. A detailed register of the jury experts and the circle of observers can be found in the appendix.

The opinions stated in the interviews have been incorporated into the study and offer an additional outlook and angle for evaluating the study results. The detailed interviews and statements of the circle of observers can be obtained from the German Council for Sustainable Development (RNE) in electronic form separately from this study.
EXPERT INTERVIEWS WITH LONG-STANDING JURY MEMBERS

Figure 8: Jury experts and circle of observers
ENDORSERS FROM THE CIRCLE OF OBSERVERS OF THE GERMAN SUSTAINABILITY AWARD

DR DANIELA BÜCHEL
Executive Board Member, REWE Group

KARL FALKENBERG
Former Director-General for Environment, European Commission

DR ALEXANDRA HILDEBRANDT
Publicist and sustainability expert

HANNES JAEINICKE
Actor and activist

FRITZ LIETSCH
Managing Director, ATOP Verlag

KLAUS MILKE
Chairman of the Board, Germanwatch e.V.

PROF. EDDA MÜLLER
Chairwoman of the Board, Transparency International Deutschland e.V.

Sources:
German Sustainability Award (for photos of Büchel, Gege, Jahns, Liedtke, Schaltegger: Marcel Schindler; for Jaenicke photo: Ralph Larmann)
N-Kompass Magazin (for photos: Dercks: Markus Braumann; Hildebrandt: Peter Stumpf; Lietsch: Maud Olofsson; Milke: Jennifer Zumbusch; Müller: Dominik Butzmann-Töpfer; Nils Krüger)
German Council for Sustainable Development (RNE) (for Menges photo); A.T. Kearney (for Sonnenschein photo); Wikipedia (for Hauff photo)
2. Sustainability leaders earn successes

Ten years on, the question is whether sustainability has paid off for the companies that have gone down this road. What successes have companies achieved with their sustainability management? What challenges have they faced?

The first section of the study therefore considers the successes and challenges of corporate sustainability from the companies' perspective. The focus in this context is not on global sustainability challenges in relation to the United Nations' Sustainable Development Goals (SDGs) or specific contributions made to, for example, biodiversity, climate protection or the circular economy.

The vast majority of companies rate their developments in the area of sustainability management positively.

97 per cent of the participating companies rate their own sustainability management developments over the past ten years positively. 60 per cent even rated their development as above-average (ratings from 3 to 5).

Wide-ranging internal and external successes due to sustainability management

The companies stated they had been successful in all three sustainability dimensions. What's more, they noted improvements both externally (i.e. in the market) and internally. Figure 10 “Successes due to sustainability management” shows how the study participants rated their successes on a scale of “1 = less successful” to “5 = highly successful”. We will now analyse the companies that rated their successes as “4 = successful” and “5 = highly successful”. A detailed list of the success topics can be found in the appendix.

80 per cent of the companies surveyed stated that they improved their reputation by implementing sustainability principles, with many of them winning awards in the area of sustainability. In total, 58 per cent of the companies increased their economic success thanks to adopting a sustainable approach and secured themselves a competitive edge. In addition, the majority were able to make themselves stand out for applicants and skilled workers thanks to their sustainability activities. Jury expert Dr Volker Hauff emphasises that companies have come to understand that sustainability is a major competitive advantage when it comes to recruiting junior employees. With regard to the environmental dimension, more than 70 per cent of companies were able to improve their

OVERALL DEVELOPMENT IN SUSTAINABILITY MANAGEMENT

How has the company's sustainability management developed overall over the past ten years? on a scale of −5 = very negatively, 0 = neutrally, +5 = very positively, percentage of all companies surveyed

Figure 9: Companies' overall development in sustainability management
products’ ecological footprint when used. 60 per cent of the companies stated that they had improved their social effect on the customers by means of their products and services (social dimension), for example in the area of customer health and safety. Even regarding more complex issues such as environmental and social conditions within the supply chain or social improvements within society, more than 50 per cent of the companies rated their successes as highly positive. Other external successes mentioned include certification, customer acquisition abroad (for example in Asia) and the establishment of industry initiatives. By focusing on sustainability, pioneering companies were able to realise efficiency improvements and thus even reduce the prices of their products.

The most highly ranked internal successes were the sustainability report and the internal social impact on staff (close to 80 per cent). More than 70 per cent of the companies said they had been especially successful in the areas of strategy development and designing processes, rules and organisation forms for sustainability. 71 per cent of the companies have also successfully dovetailed their research and development and their innovation processes with sustainability. The topics of digitisation and sustainability are also correlated, with more than 40 per cent of the companies stating that they have already been particularly successful in this area. More than 70 per cent of the companies have additionally achieved particular improvements in their internal ecological footprints and in
the social conditions for their staff. More than 60 per cent have been especially successful in engaging their stakeholders in sustainability dialogue, while just as many have strategically expanded and improved their risk management based on the concept of sustainability. In the category of other successes, the companies mentioned, for example, the prioritisation of leverage projects, finding “purpose” and developing a conscience, and staff-related successes. The indicators here include the introduction of sustainability officers, ambassadors and committees, promotion of the employees’ personal responsibility and self-management, and increasing employee satisfaction. According to jury expert Dr Martin Sonnenschein, sustainability has evolved into a normal corporate governance topic in relation to which companies with no report are already facing a real problem.

Challenges regarding investors and internal incentive systems

The survey shows that the positive impacts of sustainability are not seen and/or embraced equally across the various sectors. In particular, these effects have not yet made it to the heart of the financial sector. As such, only 35 per cent of the companies have so far been able to use sustainability aspects in relation to investors, for example to secure better loan conditions. Additionally, only 27 per cent of the companies have incorporated sustainability into internal incentive systems for their management and their employees. Even within the pioneer companies, bonus and management incentives are still not tied to sustainability targets in many cases. A detailed list of the challenges can be found in the appendix.

Overall, however, clear conclusions can be drawn that contradict widely held mindsets and reveal them to be preconceptions. Although it is frequently maintained that sustainability is for aficionados only or is merely a fad, the study results tell a very different story. Companies see integrating sustainability management as a worthwhile endeavour. This sends an important message to the market: the pioneers have not remained isolated, but have reaped successes in all three sustainability dimensions, including the economic dimension. This confirms the assumption that sustainability is an inherent part of modern-day and dynamic corporate governance.

Main hurdles: a lack of willingness to pay and insufficient regulation incentives

For 63 per cent of the companies, the biggest challenge is the customers’ lack of willingness to pay. While demand for sustainable solutions does indeed exist in many cases (only 40 per cent of the companies see this as a greater challenge), the customers do not want to or are unable to spend more money. The participants commented that with regard to company purchasing in particular, decisions were still based not on the aspects frequently associated with sustainability such as longer useful lives, greater residual values and therefore lower life cycle costs, but more short-sightedly on the purchase price. In addition, 60 per cent of the companies lamented the lack of regulation and appropriate market incentives for sustainability. A lack of funding for sustainability initiatives or for developing and marketing sustainable solutions is another market challenge for many companies. In short, this means the prices of sustainable solutions are still too high for customer demand and there is no greater readiness among the customers to pay. Taking fair trade as an example, jury expert Prof. Maximilian Gege specifies that fair trade products are in demand in the market, but that the majority of consumers are unwilling to pay a higher price, and argues that the task of raising awareness among the consumers therefore still needs to be dealt with. On the other hand, it has to be acknowledged that this lack of a willingness to pay shouldn’t come as a surprise, because if consumers get a good deal with a company, they will always want more of the same.
The majority of the companies said that the complexity of the topic and there being too many requirements and standards were major external challenges. In the case of large companies, the plethora of rankings, ratings, certifications, customer surveys and reporting standards can easily mean that up to 50 questionnaires are having to be completed each year, not to mention the related data collection. This amounts to a great deal of bureaucracy, which diminishes in subsequent years if the standards become increasingly established and harmonised. The participants mentioned the following points as other challenges:

- **Government and regulation**
  A lack of the government setting an example (e.g. regarding procurement, resulting in a lack of economies of scale); too great a discrepancy between the possibilities and the legal requirements

- **Priority and weightings**
  In the current climate of societal and political change, sustainability is a secondary issue which doesn’t get discussed; striking the right balance between the environment, social affairs and economics isn’t easy

- **Comparability**
  Information options which are not all that suitable, for example in retail, resulting in a lack of provider comparability; high competitive pressure and
services that can’t be compared; a lack of transparency; too many free riders

- **Product functionality**
  Product functionality limited by sustainability

- **Tools and advisory services**
  Expensive software tools and advisory services, in particular for SMEs

- **Suppliers**
  No suitable suppliers that are willing to innovate

- **Educational work**
  No systematic educational work in the area of sustainable development

- **Language**
  The buzzword effect of the term "sustainability" is not always helpful

- **Stakeholders**
  Contradictory demands from and populism of many of the stakeholders

Evaluation of the results showed that the external challenges are considered more substantial than the internal ones. This seems logical, as the companies can react to internal challenges, take action and then formulate suitable solutions themselves. The majority of the companies stated that the biggest internal challenges were a lack of resources in the form of budgets and staff (38 per cent) and a lack of data (34 per cent). This can be attributed to the cross-sectional character of sustainability management within a company: it encompasses all the company functions and the entire value chain. If a company’s sustainability manager isn’t supported by the other employees in implementing the sustainability strategy, they can soon be left with too much on their plate. In addition, the sustainability data requirements are extensive: for example, many of the non-financial performance indicators required for sustainability reporting are new to the companies and data has to be collected throughout the company, which can involve a great deal of work. At the same time, just as many participants report that resources and data are a minor challenge or do not represent a challenge at all. These companies are possibly more advanced already in terms of sustainability organisation and data collection, for example thanks to the use of appropriate software.

Just over 50 per cent of the participants said the lack of a business case in favour of sustainability and conflicting sustainability goals were either only a minor challenge or no challenge at all. This is a success, as it was once widely held that sustainability contributed little to enterprise value and that there was no business case for it. Ten years down the line, however, the majority of the pioneer companies have succeeded in developing a business case for sustainability and in identifying conflicting goals and resolving the conflicts as best they can. Only around a third of the study participants reported that it was difficult for them to develop a business case for sustainability and that there were still conflicting goals within the three sustainability dimensions.

The participants’ appraisal of the management is interesting: the majority of them no longer see a lack of support from the management regarding sustainability issues as a major challenge. This constitutes a very positive development, as support from the management is rated as the most important factor for the success of a company’s sustainability strategy (cf. Gerhardt et al., 2015).

The participants mentioned the following points as other internal challenges:

- **Growth**
  Company focusing only on growth and not on sustainability; on top of daily business sustainability holds back and disrupts

- **Role models, emotions, purpose**
  What’s needed are strong images, role models and individuals who can inspire and convey emotion and enthusiasm; management expertise alone isn’t enough; the issue of purpose needs to be clarified

- **Staff**
  The strategy and knowledge needs to be embedded in all of the employees’ minds
• **Resource efficiency**
  A link needs to be forged internally between sustainability and resource efficiency.

On the whole, the study participants mentioned significantly more successes than challenges on average. What’s more, the majority of the companies rated their successes as better or considerably better than expected. With regard to challenges, the reverse is true: only a minority said the challenges were greater or far greater than expected. Additionally, the external successes and challenges were described as being more comprehensive than the internal ones.

With the track record being generally positive for the companies, albeit with varied and different experiences from company to company, the question is how the German Sustainability Award has been able to contribute to this development over the years.

**Expectations: Successes**

Have the company’s successes in the area of sustainability management been better or worse than expected?

Percentage of all companies surveyed

<table>
<thead>
<tr>
<th></th>
<th>External Successes</th>
<th>Internal Successes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score</td>
<td>0</td>
<td>-1</td>
</tr>
<tr>
<td>Percentage</td>
<td>0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

n = 99

**Expectations: Challenges**

Have the challenges the company has faced in the area of sustainability management been smaller or bigger than expected?

Percentage of all companies surveyed

<table>
<thead>
<tr>
<th></th>
<th>External Challenges</th>
<th>Internal Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score</td>
<td>0</td>
<td>-1</td>
</tr>
<tr>
<td>Percentage</td>
<td>0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

n = 94

**Legend**

-2 = far worse than expected
-1 = worse than expected
0 = as expected
1 = better than expected
2 = far better than expected

Figure 12: Expectations regarding successes and challenges
3. Impacts: the Award creates competitive advantages

Benefits: gaining learning experience and benchmarking

The reason for participating in the award most frequently mentioned by the companies was an improvement in their PR reputation (76 per cent), followed by recognition (61 per cent), the learning experience (approximately 50 per cent) and benchmarking of their sustainability (just under 50 per cent). 30 per cent of the participants want to incentivise their staff and give the management a nudge. Jury expert Prof. Christa Liedtke emphasises the importance of the award giving recognition to those people within the organisations who promote the topic. A similarly high proportion of the companies expects their participation to provide them with feedback on their internal sustainability achievements, while for 27 per cent, the focus is on marketing a sustainable product or solution.

As shown in Figure 13, the German Sustainability Award is rated positively with regard to many of the top aims: a significant majority reported that they had been able to achieve their aims “partially or completely” in particular in terms of a learning experience, benchmarking and feedback. In this context, jury expert Kathrin Menges emphasises that the companies should see the Award more as a platform for learning and use it as such. Jury expert Dr Achim Dercks adds

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**Figure 13: Participants' goals and goal achievement**

<table>
<thead>
<tr>
<th>Company's main goals in participating in the Award</th>
<th>Percentage of all companies surveyed, multiple responses allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reputation bonus</td>
<td>76%</td>
</tr>
<tr>
<td>Award recognition</td>
<td>61%</td>
</tr>
<tr>
<td>Learning experience</td>
<td>52%</td>
</tr>
<tr>
<td>Benchmarking</td>
<td>48%</td>
</tr>
<tr>
<td>Employee incentive</td>
<td>30%</td>
</tr>
<tr>
<td>Management encouragement</td>
<td>28%</td>
</tr>
<tr>
<td>Feedback</td>
<td>28%</td>
</tr>
<tr>
<td>Product marketing</td>
<td>27% (TOP 8)</td>
</tr>
<tr>
<td>Contacts</td>
<td>18%</td>
</tr>
<tr>
<td>Best practices</td>
<td>14%</td>
</tr>
<tr>
<td>Competitors</td>
<td>8%</td>
</tr>
<tr>
<td>Internal justification</td>
<td>8%</td>
</tr>
<tr>
<td>Application process quality</td>
<td>7%</td>
</tr>
<tr>
<td>Other goals</td>
<td>5%</td>
</tr>
<tr>
<td>Congress/gala attendance</td>
<td>4%</td>
</tr>
<tr>
<td>Improved competition entry</td>
<td>3%</td>
</tr>
<tr>
<td>n = 87</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Was the company able to achieve its participation goals?</th>
<th>Percentage of all surveyed companies that selected goal as their primary goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal fully achieved</td>
<td></td>
</tr>
<tr>
<td>Goal not achieved</td>
<td></td>
</tr>
<tr>
<td>Goal partly achieved</td>
<td></td>
</tr>
<tr>
<td>n = 94</td>
<td></td>
</tr>
</tbody>
</table>
that a clear learning curve could be seen in many of the companies.

The fact that only a small proportion of the companies that participate in the Award are ultimately named as winners explains why many of them do not achieve their aim of boosting their reputation and their market opportunities. In addition, the Award has as a rule only named the competition nominees and winners, and not all of the applicants. This might explain the lack of target attainment regarding reputation and recognition, as mentioned primarily by the participants who have not won the award. This is confirmed by the next question on self-perception: to what extent does a company’s performance within the competition tally with the company’s own perception of its sustainability achievements?

While the award winners and nominees felt their self-perception of being pioneers was confirmed or while they even passed their own expectations, the opposite is true for the other participants. The majority of these other participants said they had performed worse or significantly worse than expected. This result can be attributed on the one hand to the confidential process involved, which offers the participants no transparency regarding who else is participating in the competition. This makes it difficult for them to assess their own chances of success. Another explanation could be the ongoing lack of objective comparability of sustainability within the market.
Award has an impact first and foremost on the winners and nominees

When the companies are asked about the impact the competition has had on them, the first thing to note is that it is not the Award alone that encourages companies to step up their sustainability activities. For the major enterprises in particular, there are numerous factors such as ratings and stakeholder requirements that play an important role.

On average, 60 per cent of the companies said their participation in the Award had had a medium to big effect on them and their sustainability activities. Comparable figures for the medium-sized enterprises and SMEs reflect a similar evaluation, with the effect of the competition being rated slightly lower by the major enterprises. However, there are differences between the groups of companies recognised and those not recognised. The award winners and nominees assign a strong (positive) impact to the Award (83 per cent and 73 per cent respectively), while 58 per cent of the remaining Award participants believe the Award has had a lesser effect on their company.

In order to evaluate where and how the Award had an impact, the participants were asked to rate the success areas and challenges previously mentioned and to assess the extent to which participating in the Award was able to have an influence on these areas.

**Figure 15: Impact of participating in the Award on the company**
Specific effects on reputation and competitiveness (of companies)

The results showed that the Award had a positive influence on the external success areas in particular, namely reputation, the companies’ competitiveness and differentiation among job applicants and customers. As such, the Award was able to assist these companies in success areas relevant to sales and competition.

For approximately half of the responding companies, the Sustainability Award had an influence internally regarding strategy, the company’s sustainability management and employee involvement. Jury expert Dr Peter Jahns specifies that for many companies, receiving recognition incentivised them to approach the topic of sustainability in a fundamentally more strategic way. The award also appears to have an effect on

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Influence on External Success Areas (Top 5)
- Reputation
- Competition
- Job applicants
- Customers
- Awards

Total: n = 84

Influence on External Challenges (Top 5)
- Complexity
- Skilled workers
- Standards
- Research
- Demand

Total: n = 87

Influence on Internal Success Areas (Top 5)
- Analysis and strategy
- Stakeholder management
- Control
- R&D/innovation management
- Employees

Total: n = 83

Influence on Internal Challenges (Top 5)
- Clarity
- Values
- Agenda setting
- Knowledge
- Data

Total: n = 66

Legend: -2 = negative influence, -1, 0, 1, 2 = positive influence
the overcoming of internal challenges. The majority of companies said the award provided positive stimuli by facilitating and promoting greater clarity and improved knowledge communication regarding sustainability. Many companies also saw the Award providing positive stimuli regarding company values and management agenda setting. Jury expert Dr Volker Hauff considers the fact that the Award has raised awareness within companies that sustainability is a managerial responsibility to be the award’s greatest effect. However, some participants also mentioned instances of negative stimuli, for example the case of participating in the competition increasing complexity for the company or when the competition proved to be an additional standard that required greater knowledge and new data in order to be met.

On the whole, the German Sustainability Award has had a positive influence in many areas. It has an effect as an award alongside other factors and stakeholder requirements.

Sustainability levels have increased slightly ("moving target")

But have this impact and influence also resulted in an improvement in the companies’ sustainability levels over the past ten years of the competition? A large proportion of the participants (46 per cent) reported that the sustainability levels of award companies had increased slightly, while 18 per cent believed they had seen a significant increase. In contrast, 15 per cent said they had seen their sustainability level fall slightly over the years.

The German Sustainability Award therefore appears to have achieved its “moving target” goal: from the participants’ perspective, sustainability levels of the competition are continually increasing. However, the positive development over the past ten years is not obvious. One respondent commented that it was possibly not so much the levels that had changed, but the topics relating to societal changes, presenting new challenges and also new opportunities. Chapter 4 will examine how the development of sustainability is to be assessed in relation to the German economy overall and whether the developments are sufficient when it comes to urgent sustainability challenges such as climate protection.

Taking into account the current and acute sustainability challenges, for example in the areas of climate

DEVELOPMENT OF THE COMPANIES’ SUSTAINABILITY LEVELS
protection, urban development and other fields of activity, the development in the sustainability level may be inadequate and not ambitious enough.

Considering the effect on individual companies, the question is whether this effect rubs off on the companies’ respective sectors too.
4. The Award raises customer awareness in sectors

The Award has an impact on sustainability in individual industries

If we consider the impact of the competition overall, more than 48 per cent of the study participants said the Award had had a medium to strong impact on their industry in terms of promoting sustainability.

In the process and construction industries in particular, almost 60 per cent of the companies confirmed that the Award had inspired greater sustainability within their sector. Approximately 47 per cent of the companies in the consumer sectors such as the consumer goods industry and retail, which account for the majority of the study participants, said they saw an effect on their sector. At the same time, however, they stressed that the competition was not yet relevant to consumers and many consumers were still unaware of it.

On the other hand, 35 per cent of the participants reported that the Award had had no effect on sustainability in their sector. Closer analysis indicates that the Award has had a greater effect on certain sectors, but little or no effect on others. The sectors on which the Award has had more of an effect are the construction industry and skilled trades, other manufacturing companies, and service providers. The situation in the transport and tourism sector is ambivalent, with one group of study participants in this sector attesting to no visible effect from the Award, while another group reported a strong effect.

![Figure 18: Impact of the Sustainability Award on the participants' sectors](image-url)
The degree to which an impact is attributed to the award depends very much on the individual participants’ market positions and their sectors. In particular, award winners and nominees reported that their recognition had been noted within their sector and that this had resulted in a greater push for sustainability in sector discourse. Other participants who had not been recognised in the competition did not always observe such effects, and this explains why they attributed less of an impact to the Award in their respective sectors.

The sectors important for Germany and for sustainable development on the whole are noticeable in their absence almost across the board, in particular the automotive industry, banks and insurance companies, the mechanical engineering and energy sectors (above all the renewable energy industries, for whom a high level of participation would have been expected), and utilities. However, as few representatives of companies within these sectors participated in the study, thus making them under-represented, no statements regarding the Award will be made here. Nonetheless, it should be noted that this absence may represent a trend – is “Sustainability made in Germany” possibly increasingly being carried and invested with meaning by other sectors, while dynamic corporate governance regarding transformation processes is falling by the wayside in Germany’s traditional big-business industries? We will leave this question unanswered.

Figure 19: Specific impact of the Award on sector trends

- Raising customer awareness: 53%
- Greater competition: 42%
- Further development of industry standards: 36%
- Facilitating cooperation outside of the sector: 33%
- Addressing problematic issues: 24%
- Knowledge development and exchange with experts: 23%
- Establishing new networks and associations: 23%
- Facilitating sector cooperation: 20%
- Establishing sector awards: 10%
- Promoting international partnerships: 2%
- Other trend effects: 1%
- No trend effects: 24%

$\text{\textit{n}} = 92$
Raising awareness among sector customers and boosting competitiveness

What effect does the Award have on the sectors exactly? What specific trends can it trigger? In his interview, Prof. Klaus Töpfer posits that evidence of sustainability in production, sales and in the product itself is having an increasingly important effect on the market and the sectors. And this effect can be bolstered by a form of recognition like the Award.

53 per cent of the participating companies said the Award had contributed above all to raising the customers’ awareness of sustainability within the sector. On average, this applies both to business customers and to consumer sectors. More than 42 per cent said the Award had fostered sustainability competition within the sector. When the Award recognises a company, this prompts the competitors to assume a position regarding sustainability and to take steps. An example given by the jury experts is that of traditional food retail, in which a major food retail company was recognised as a pioneer. In response, that company’s competitors stepped up their sustainability activities in the following years.

Approximately 35 per cent of the companies additionally reported that the Award had helped establish industry standards and had fostered industry partnerships. Examples here include the VDMA’s Blue Competence initiative in the mechanical engineering industry, support with the discourse within the Roundtable on Sustainable Palm Oil and support for the German government’s Textiles Partnership.

On the other hand, 25 per cent of the participants commented that the Award had had no effect on trends in their sector. This was above all the case among participants who had not been recognised. In the category of other trends, a small number of participants warned of the greenwashing effects that the award might have if applications are not examined thoroughly enough. However, the ongoing modification of the methodology and the fact that greenwashing has not been identified within nominated companies are factors which speak for themselves. They prove that warnings against greenwashing are being heeded on both sides.

Overall, then, there are two different stories here: the Award has resulted in greater sustainability in a number of concrete sectors, including important sectors for Germany such as consumer goods and retail, the process industry, and the construction industry and craft sector. Specifically, the Award has made a contribution in many sectors, among other things to raising the customers’ awareness of sustainability and to increasing sustainability competition within the sectors. This is an effect that the award winners and nominees had felt in particular.

On the other hand, the industry effect experienced by participants receiving no recognition was significantly less pronounced, if evident at all. This raises the question as to how a positive sector effect can also be achieved for the participating companies that are not recognised. The effect of the Award could also be boosted within the consumer sectors if the consumers were to be made more aware of the competition. In addition, key focal sectors are not represented in the overall effect, including a number of sectors under great pressure to transform, such as the automotive sector, banks and insurance companies, and vast swathes of the wind and solar industries.

What, then, is the larger picture regarding the development of sustainability management within companies in Germany? Can the Award developments be applied to the market as a whole and to the business sector mainstream?
5. The market is dynamic, but not dynamic enough

Major gap between leaders and rest of business sector

The Award companies still see a large sustainability management deficit within the German business world. In particular, they see a large chasm between the Award companies and other German businesses, with their rating the sustainability management of the Award participants, including the winners and nominees, as either well or fully developed. Insofar as this is achievable, “fully” developed means the companies have incorporated sustainability into their core lines of business and have put structures and foundations in place to enable them to improve their sustainability in a targeted manner. They have the necessary instruments for managing the transformation, i.e. for comprehensively transforming their value added and their portfolios in terms of sustainability. Jury expert Dr Achim Dercks believes there is generally a great deal of professionalism in the way that companies are handling the topic of sustainability.

On closer analysis, a larger discrepancy becomes apparent in comparison to the competition participants: a clear majority of the study participants said their peer companies’ sustainability management was considerably less developed than their own, both in Germany as a whole and within their specific sectors, while 25 per cent suggested other companies had not developed any sustainability management at all. Meanwhile, 40 to 45 per cent of other companies were believed to have the beginnings of sustainability management in place.

Jury expert Prof. Stefan Schaltegger also noted that there has been a three-way split in the development of
sustainability management in recent years, suggesting that (cf. also Schaltegger et al., 2013):

• There is a small group of sustainability pioneers which has remained unchanged over the past ten years without any substantial changes or improvements.

• The greatest improvement has been made by the mainstream companies, which have begun to address sustainability and have made significant progress.

• There has also been regression within some (major) enterprises which have scaled back their sustainability endeavours, thereby causing serious deterioration in their sustainability achievements in some cases.

Prof. Schaltegger believes that clear developments and improvements can be identified on the whole, but that German companies are nonetheless mediocre on average when compared internationally.

The study data can neither fully confirm nor disprove this. The maintained participation of some companies in the competition can be interpreted both as unwavering coherence among the pioneers and as those responsible for the companies being intrinsically motivated to see their companies’ improvements in the competition. The latter is likely to apply in particular to the companies that have significantly improved their performance (and not just how it is presented) over the years. In addition, there have frequently been companies among the more recent nominees and winners that had never entered the competition before and that are therefore “new additions” to the top group.

More than green tech: market dynamic for comprehensive sustainability

Overall, the majority of the companies believed there was a positive market dynamic for sustainability in Germany.

The sustainability trend in Germany is believed to be comprehensive and is believed to be about more than merely green tech product innovations (cf. BMUB, 2014) and the founding of social businesses. It is no longer just about individual aspects such as green products or one specific dimension of sustainability – the focus is on a company’s core line of business and on its value added. And it is about realising sustainability in all three dimensions (economy, environment and social affairs). However, a number of jury experts did stress that the focus over the past ten years had very much been on bringing together the environmental and economic dimensions, while social aspects were frequently overlooked – an imbalance which they say needs to be addressed.

In addition, the majority of the participants saw clear indications of a comprehensive market dynamic, with sustainability innovations reportedly being a success, key technologies developing dynamically, sustainability specialists having succeeded in moving out of a niche (for example Alnatura and GLS Bank) and sustainability increasingly making its way into the market as a whole. A small majority of the study participants said there was a competition dynamic and a business case for sustainability, allowing companies to pursue and further develop sustainability in a market-oriented manner as part of their business model. Jury expert Dr Peter Jahns states that the industry is developing in the direction of sustainability based on its own motivation on the one hand and driven by the consumers on the other. However, opinion is divided among the end consumers and in the mass market: a third of the study participants said sustainability was not yet relevant as a buying criterion, while around 40 per cent saw clear signs of this indeed being the case. In his interview, Prof. Klaus Töpfer sees clear signs of change in consumer awareness and therefore also in the consumers’ buying behaviour, resulting in sustainability having stock market relevance.

In general, no specific conclusions regarding particular sectors or sustainability challenges can be drawn from the assessments. They do, however, suggest that the companies believe market forces are facilitating sustainability transformation in specific areas.

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Market dynamic insufficient for overarching sustainability goals

There is, however, an important “but”: 42 per cent of the companies said the market dynamic was not sufficient for overarching sustainability goals such as climate protection and the SDGs to be achieved (cf. also Kroll, 2015). Only 21 per cent believed the market dynamic to be sufficient. As such, the current market dynamic for sustainability may help the pioneers to achieve business success, but it is not yet enough for the overarching, global goals to be achieved. The participating companies mentioned a number of measures that could considerably boost the market dynamic, enabling the overarching goals to be achieved.
Policy-makers can take the market dynamic to the next level

Policy-makers in particular have one of the biggest levers at their disposal for substantially boosting the current market dynamic for sustainability, with the study participants mentioning a combination of statutory minimum standards, financial incentives and sustainability transparency for the consumers. The observer Fritz Lietsch specifies that sustainability should be reflected in pricing, i.e. sustainable companies and products should be taxed at lower rates than those that are not sustainable. Prof. Edda Müller of Transparency International adds that clear rules and incentives, including requirements and bans, are needed in the international arena, arguing that environmental and climate protection, the upholding of human rights and compliance with social standards needed to become an integral part of trade agreements and contracts concluded between companies, including the sanctioning of corrupt business practices. Prof. Müller also posits that the public authorities possess an important lever in their procurement activities with which to help give sustainable solutions their market breakthrough via economies of scale.

### ADDITIONAL MEASURES FOR ACHIEVING OVERARCHING SUSTAINABILITY GOALS (SDGs, CLIMATE TARGETS)

<table>
<thead>
<tr>
<th>Categories</th>
<th>STUDY PARTICIPANTS’ COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEGAL STANDARDS</td>
<td>• Consumer power not sufficient for transformation, government push and pull factors needed&lt;br&gt;• Legal framework needs to be formulated much more rigorously&lt;br&gt;• Legal provisions, standards and parameters and international regulation needed&lt;br&gt;• Much more stringent regulation and monitoring of product approval criteria (life cycle assessments)&lt;br&gt;• Put a high wall in place between policy-making and industry lobbying</td>
</tr>
<tr>
<td>FINANCIAL INCENTIVES</td>
<td>• Pricing of external effects (e.g. introduction of a carbon tax)&lt;br&gt;• Tax incentives (bonus/penalty systems), words alone are not enough&lt;br&gt;• Taxation of natural resource consumption and negative sustainability effect&lt;br&gt;• Fines for not meeting carbon emission targets&lt;br&gt;• Relief for sustainable products, production methods and value added (work factor)&lt;br&gt;• Tax incentives for sustainable companies and sustainable individual measures</td>
</tr>
<tr>
<td>CONSUMER TRANSPARENCY</td>
<td>• Raising the end consumers’ awareness of sustainability&lt;br&gt;• Sustainability traffic light ratings on products that make comparisons possible and highlight the consequences of choosing a particular product</td>
</tr>
<tr>
<td>PUBLIC AUTHORITIES</td>
<td>• Greater regulation of contracting: companies that lack positive social and environmental standards may not participate&lt;br&gt;• Sustainability management at the local authority level as an example for businesses (currently the other way around)</td>
</tr>
<tr>
<td>IMPLEMENTING, MEASURING, REPORTING</td>
<td>• Not just talk, but action and implementation: within companies incl. customers/suppliers&lt;br&gt;• Not sugar-coating the progress made, but appraising it honestly, tackling conflicting goals, transparent approach to transformation&lt;br&gt;• Tie business success to sustainability achievements (incl. resources and social affairs), not to financial achievements&lt;br&gt;• Sustainability report mandatory for all organisations (companies, associations, etc.)&lt;br&gt;• Public auditors should be made sustainability auditors (incl. resource auditing)</td>
</tr>
<tr>
<td>NETWORKING</td>
<td>• Networking of all the stakeholders (politicians, companies, company associations, NGOs, education institutions)</td>
</tr>
</tbody>
</table>

Policy-makers in particular have one of the biggest levers at their disposal for substantially boosting the current market dynamic for sustainability, with the study participants mentioning a combination of statutory minimum standards, financial incentives and sustainability transparency for the consumers. The observer Fritz Lietsch specifies that sustainability should be reflected in pricing, i.e. sustainable companies and products should be taxed at lower rates than those that are not sustainable. Prof. Edda Müller of Transparency International adds that clear rules and incentives, including requirements and bans, are needed in the international arena, arguing that environmental and climate protection, the upholding of human rights and compliance with social standards needed to become an integral part of trade agreements and contracts concluded between companies, including the sanctioning of corrupt business practices. Prof. Müller also posits that the public authorities possess an important lever in their procurement activities with which to help give sustainable solutions their market breakthrough via economies of scale.
the company side, the participants call for the existing instruments such as reporting and auditing requirements for the companies’ sustainability activities to be expanded. It is argued that the change of perspective from the single, purely economic dimension to all three dimensions of sustainability should be reflected in the companies’ balance sheets and reports, and that the previously externalised costs should be incorporated in particular. There also needs to be greater cooperation across borders – stronger ties need to be forged between all the stakeholders, in particular within politics, businesses, associations, NGOs and educational institutions, if the overarching goals are to be achieved. In his summary, actor and activist Hannes Jaenicke argues that everyone – industry, politicians and consumers – needs to change the way they think and that this only works with new laws and an entirely different pricing policy.

To summarise, sustainability management has been established in a great many companies in Germany over the past ten years. The gap between the Award pioneers and the rest of the market is substantial, however. Whether this gap is so large that the market will be unable to close it of its own accord remains to be seen. But for many of the study participants at least, the current market dynamic is not sufficient for the overarching sustainability goals to be achieved – new input needs to come from the politicians and the public authorities if the market dynamic for sustainability is to be substantially boosted. It is also evident that the expectations generated by the Award go far beyond what an award mechanism can actually achieve. It can make the market dynamic visible and tangible, but it can’t generate market dynamic itself. It can recognise and promote good business models for sustainable development, but it can’t create them itself. It can raise awareness of the gap discussed above, but it can’t close it.

The Award can, however, further contribute to motivate companies rising to the challenges and facilitating and exploiting change in the direction of sustainable development on the basis of sustainable business models. There is a strong likelihood of this being the case. Overall, the majority of the study participants believe there is a market dynamic for sustainability and that, as such, companies with a sustainable business model can achieve economic success.
6. Path forward for the Award

The study participants were asked to name the Sustainability Award’s three biggest strengths and the three most important potential improvements. In all, the participants made 308 comments, 60 per cent of which were strengths and 40 per cent potential improvements. This reflects the assessment of Dr Volker Hauff in an interview that the Award can’t afford to stay as it is, and needs to evolve and also further develop its topics.

The study participants’ proposals are presented here insofar as they directly relate to the Award’s purpose and capabilities. Other desirable and necessary changes relating to the broader political, media and economic policy environment were also named. Strengths and potential developments in seven areas were mentioned for the Award:

1) The competition is at the heart of the award.

In the study participants’ opinion, the Award’s biggest strengths are the good reputation, credibility and trust it has built up, resulting in it being rated highly by companies. This is founded on its quality ethos, the professional evaluation methodology employed and clear criteria with high hurdles, which need to be maintained and expanded. The participants state that the methodology is demanding and enquires about sustainability goals in a detailed and qualified manner. It allows for benchmarking, with comprehensive examination of all the sustainability aspects. This process encourages the companies to consider their own sustainability achievements and challenges. The jury’s expertise is named as another strength. Regarding improvement potential, the companies say the Award should strike more of a balance again between the three dimensions of sustainability, suggesting that the environmental and economic dimensions often dominated, while social issues...
were somewhat overlooked. These could be represented more strongly once again within the competition and through the jury, they said. Potential for improvement is also seen regarding the award categories, although opinion is divided here: on the one hand, the suggestion is made that the categories be reduced to the main categories so that more time and attention can be devoted to the nominees and winners during the award ceremony. And on the other hand, study participants suggested that the categories be further developed or that new categories be introduced (e.g. for products, sustainability managers, companies with strong achievements, future topics). It was argued that the work involved in the application process could be reduced with existing standards to be integrated. The standards could also be further increased with regard to quantitative comparisons and minimum participation requirements. In the case of major enterprises in particular, it was suggested that the cores of the business models needed to be considered and evaluated in terms of their sustainability. Another suggestion was that the jury could develop annulment rules that would apply if poor sustainability conduct came to light after a company had been recognised. And some participants said the international aspect of the award could be further developed – in particular with regard to the EU or supply chain topics and cooperation programmes with other regions around the world such as Africa.

2) The Award has a relatively high number of participants, with a broad group of applicants and recognised companies. The study participants said the approach of including numerous sectors and companies of various sizes worked and that the Award consequently created a networking platform via which contact could be made with and maintained with like-minded award participants. Another aspect mentioned as a Award strength was its function as a learning platform for the communication of knowledge and best practices. The study participants said the feedback given highlighted their strengths and weaknesses in comparison to the other award participants and was therefore an important and helpful tool for companies. Overall, the competition dynamic encouraged companies to adopt a strategic approach to sustainability and to continuously increase their sustainability endeavours, the study participants suggested. An important task for the future that offered great potential was, according to some study participants, developing incentives for lateral entrants and follower companies to take some initial steps and to participate in the award. It was suggested that the Award could specifically reach out to lateral entrants and/or develop formats that also offered an incentive to beginners who trailed far behind the pioneers, but who could achieve the biggest leaps in terms of improvement. The Award could also relate more to the consumers, it was suggested. Some respondents from medium-sized and smaller companies believed there was potential for greater visibility and recognition to serve as the backbone of the industry. Comments were also made that the benefit and effectiveness of the award needed to be increased for participants who had not been recognised.

3) In the opinion of the study participants and interview partners, the Award has done a great deal for public awareness of sustainability in general. They believe it has a high profile and a large reach, raises public awareness and therefore has an impact on people and can thus sensitise people to the topic of sustainability. It is widely accepted and has a positive image, allowing it to put issues of sustainability in the public arena, the study participants said. This broad public impact was further supported by the involvement of well-known figures as attractive, charismatic ambassadors for sustainability, they said, with the award consequently already having a relatively high media presence and generating a high media response. The next step according to the study participants is for awareness of the Award to be made even broader. The award’s public awareness could be expanded in order for it to be registered in particular by the general public (including the end-consumers) and become a part of the mainstream, the study participants said. To this end, the Award could also seek
to expand its press and media presence and enter into additional media partnerships, it was said, although it would be reliant here on the support of strong media partners. The Award could also increase its communication throughout the year, said the study participants, in order to be heard more continuously in the public arena as a leading voice for sustainability.

4) **For the companies themselves, a key goal of participating in the Award is to generate public visibility for themselves, their solutions and their people.** In the way it recognises companies, the Award has specific strengths in terms of generating public visibility for a company and triggering competitive pressure within the sectors and value chains, the study participants said. Companies can boost their reputations and present themselves and their products in a positive light to the public and also to the government and policy-makers. The Award therefore makes pioneers and their achievements visible. For SMEs in particular, the Award serves as a high-reach presentation platform that helped a great many small companies to showcase their ideas and innovations to a wider market, it was said. The PR impact is also important for individuals: the Award can relate the stories of people within the companies who have turned their sustainable vision into impressive solutions, thereby becoming role models for their co-workers. The observer Karl Falkenberg believes the Award has the potential to disseminate the message to society in a far more pronounced way that sustainable solutions result in short-, medium- and long-term success.

5) **Both the participating companies and the jury experts suggest there could be greater networking with society and politics.** A major strength of the award was that it was supported by the RNE, the German government and the political arena in general, the participants said, meaning the award and its winners were perceived at the political level. The Award had also succeeded in breaking down barriers and in creating a platform upon which the relevant stakeholders from the fields of politics, culture and civil society could network, it was said. The Award could further strengthen the political bridge and cooperation on this basis, the participants said. They also said the Award could further promote greater dialogue between local authorities, companies and civil society, and could incorporate NGOs in particular more visibly.

6) **The gala and congress are the highlights of the Award.** Many of the study participants, jury experts and observers praised the format as a successful event that comprised both an award ceremony and a conference. They said the glamour factor resulted in getting the top management of companies that are interested in PR involved in the award and therefore in sustainability being taken to the very top of companies. The fun factor was also important to the study participants, who said sustainability had to be fun just like any other change process, and this was achieved very well by the award ceremony, according to the study participants. The study participants said that award initiator Stefan Schulze-Hausmann and his team did an excellent job of making the gala event impressive and honorable. To further develop the format, the study participants said the younger generation could be more involved on an equal footing with the decision makers, so as to facilitate direct discourse between the generations. Regarding the event itself, it was suggested that the sustainability standards, which are already high, could be further perfected. In terms of the format, the participants suggested devoting more time and attention to the participants and the individual topics, rather than simply trying to make it all “bigger and better”. New conference formats could also be used, it was said, such as peer learning as a form of knowledge transfer. On the whole, it was believed the Award could take specific steps to further develop a very good and successful gala and congress by featuring new aspects.

7) **Future and focus topics round off the areas raised both by the study participants and the jury experts.** It is a question of looking ahead and considering the next ten years from the perspective of the UN’s 2030 SDGs. It’s about examining
disruptive digitisation and technological changes and sustainability focus issues. These are the more meaty problems that have been tackled to a degree in recent years and decades, albeit without any breakthroughs and with increasing time pressure. Examples here include the next stage of the energy transition, transition of the transport sector achieving a circular economy and a turnaround in social poverty in the global supply chain. Jury expert Kathrin Menges believes there is an opportunity for the Award to do more to highlight the complexity and long-term nature of sustainability issues. And the list of topics could be extended to all of the UN's 2030 SDGs. In addition, digitisation will fundamentally change job profiles, resulting in major opportunities and also risks in terms of a division within the labour market and society. Dr Volker Hauff sees societal division as the biggest risk for sustainable development, as this would remove societal cohesion as its bedrock. The Award already stands for expertise and innovation regarding future topics, he says, where it has had an influence repeatedly. The competition must likewise go more in this direction in the future. The future topics already mentioned will lead to significant transformation pressure and change for the companies. Within the realms of possibility, the award could therefore look ahead more and incorporate future and focus topics into the congress programme as visible blocks, says Dr Hauff. The special award could be presented in a forward looking focal area, which changes each year. In this way, the Award could give all the participants important guidance regarding the key future and focus topics.
Award patrons

2008

PROF. DR HORST KÖHLER, FORMER FEDERAL PRESIDENT OF GERMANY

“Sustainability is a huge idea. For me, it’s the concept of the future, because it answers the question as to how we can help the generations to come – both here and elsewhere in the world – to secure their natural, economic and social livelihoods.”


DR ANGELA MERKEL, FEDERAL CHANCELLOR OF GERMANY

“The concept of sustainability combines economic performance with environmental responsibility and social justice. These three goals are mutually dependent, as economic growth which is based on the overexploitation of nature or on social injustice is inconceivable in the long term. Recognising this is an expression of our responsibility not only for the current generation, but also for the generations to come. Our actions today should not deprive future generations of the opportunity to live in an intact environment and in prosperity.”

2012

DR WOLFGANG SCHAUBLE, FEDERAL MINISTER OF FINANCE

“I was delighted to serve as patron for the German Sustainability Day in 2012 – not only because I was a winner of the German Sustainability Award in 2009, but also because, since then, the fundamental realisation that we must further improve the parameters for sustainable growth has become all the more pronounced. What’s needed is ongoing environmentally and socially acceptable growth that’s driven by the dynamics and the productivity of the real economy. Healthy public finances are a fundamental prerequisite here. The debt problems within the eurozone illustrate this unequivocally.

Financial policy which makes a commitment to sustainability can’t afford to limit its focus to the current challenges. It needs to secure the government’s long-term scope for action in order that the investments which will be necessary in the future remain affordable and so that the functionality of our social systems is not jeopardised.”

2017

DR FRANK-WALTER STEINMEIER, FEDERAL PRESIDENT OF GERMANY

“Sustainability projects can sometimes initially strike us as being audacious and utopian. We should nonetheless consider them with curiosity and openness, as they represent substantial innovative potential that both we and future generations wish to exploit: at work, in the responsible use of natural resources and to strengthen social cohesion.”
Further reading


### Annex

### List of the jury members and observers quoted in the study

**AWARD JURY EXPERTS: SOME OF THE LONG-STANDING JURY MEMBERS FROM AMONG MORE THAN 30 JURY MEMBERS**

- **Dr Achim Dercks**, Deputy Managing Director of the Association of German Chambers of Commerce and Industry (DIHK) and Managing Director of DIHK Service GmbH
- **Prof. Dr Maximilian Gege**, founding member and Chairman of the German Environmental Management Association (B.A.U.M.)
- **Dr Volker Hauff**, German politician, former Federal Minister of Research and Technology and former Federal Minister of Transport, and Mayor of Frankfurt am Main from 1989 to 1991. Also involved in the Brundtland Commission and in the 1987 report and former Chairman of the German Council for Sustainable Development (RNE).
- **Dr Peter Jahns**, Managing Director of Efficiency Agency North Rhine-Westphalia
- **Prof. Dr Christa Liedtke**, Director of the “Sustainable Production and Consumption” Research Group at the Wuppertal Institute
- **Kathrin Menges**, Executive Vice President Human Resources and Chairwoman of the Sustainability Council of Henkel AG & Co. KGaA and RNE Council member
- **Prof. Dr Stefan Schaltegger**, Head of the Centre for Sustainability Management (CSM), Leuphana University of Lüneburg
- **Dr Martin Sonnenschein**, Managing Director of A.T. Kearney GmbH and methodology partner for the German Sustainability Award
- **Prof. Dr Klaus Töpfer**, German politician and former Minister for the Environment, former Executive Director of the United Nations Environment
Programme (UNEP) and current Director of the Institute for Advanced Sustainability Studies (IASS) in Potsdam

**AWARD CIRCLE OF OBSERVERS: SOME OF THOSE WHO HAVE OBSERVED THE AWARD CRITICALLY OVER ITS TEN-YEAR HISTORY**

- **Dr Daniela Büchel**, Executive Board Member Retail Germany Human Resources/Sustainability, REWE Group
- **Karl Falkenberg**, former Director-General for Environment, European Commission, and lecturer in sustainability, the environment and international trade
- **Dr Alexandra Hildebrandt**, publicist, sustainability expert and business psychologist
- **Hannes Jaenicke**, German actor and activist
- **Fritz Lietsch**, Managing Director of ALTOP Verlags- und Vertriebsgesellschaft für umweltfreundliche Produkte mbH and editor in chief of *forum Nachhaltig Wirtschaften*
- **Klaus Milke**, Chairman of the Board of Germanwatch e. V. and founding benefactor and Chairman of the Board of the Foundation for Sustainability
- **Prof. Dr Edda Müller**, Chairwoman of the Board, Transparency International Deutschland e. V.

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List of abbreviations

B2C  business-to-consumer
CDP  Carbon Disclosure Project
CSR  corporate social responsibility
dena  German Energy Agency
EFFAS  European Federation of Financial Analysts Societies
EMAS  Eco-Management and Audit Scheme
R&D  research and development
GRI  Global Reporting Initiative
IHK  German Chamber of Commerce and Industry
SME  small and medium-sized enterprises
S  sustainability
NEA  Next Economy Award
NGO  non-governmental organisation
QEHS  quality, environment, health, safety
QuB  Qualitätsverbund umweltbewusster Betriebe
RNE  German Council for Sustainable Development (RNE)
SDG  Sustainable Development Goals
UGA  German EMAS Advisory Board
UNEP  United Nations Environment Programme
VDMA  German Mechanical Engineering Industry Association
List of successes, challenges and goals

EXTERNAL SUCCESSES
By frequency of mention by study participants

<table>
<thead>
<tr>
<th>AREA OF SUCCESS</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reputation</td>
<td>Public reputation boosted for company</td>
</tr>
<tr>
<td>Awards</td>
<td>Receipt of awards, complying with standards or certifications</td>
</tr>
<tr>
<td>Products</td>
<td>Differentiation and growth with sustainable products</td>
</tr>
<tr>
<td>Customers</td>
<td>Customer success based on sustainability, e.g. customer retention, customer satisfaction</td>
</tr>
<tr>
<td>Ecological footprint usage</td>
<td>Improved ecological footprint usage, e.g. when customers use and recycle the products</td>
</tr>
<tr>
<td>Job applicants</td>
<td>Standing out for job applicants in the search for skilled workers</td>
</tr>
<tr>
<td>Social impact customers</td>
<td>Improved social impact on customers due to the use of products and services, e.g. regarding customer health, safety and education</td>
</tr>
<tr>
<td>Social impact society</td>
<td>Improved social impact on society, e.g. in culture, education, health care, sports and other promoted social areas</td>
</tr>
<tr>
<td>Ecological footprint supply chain</td>
<td>Improved ecological footprint within the supply chain, e.g. by means of changes in products and raw materials or by switching to suppliers with a better ecological life cycle performance</td>
</tr>
<tr>
<td>Economic success</td>
<td>Economic success in the market based on sustainability (sales, profitability, company value increase)</td>
</tr>
<tr>
<td>Social impact supply chain</td>
<td>Improved social impact on the supply chain, e.g. by means of training and by switching to suppliers with higher labour, human rights and social standards</td>
</tr>
<tr>
<td>Competition</td>
<td>Competitive advantage based on sustainability, e.g. better access to tenders</td>
</tr>
<tr>
<td>Investors</td>
<td>Better ratings and financing opportunities with investors based on sustainability criteria</td>
</tr>
<tr>
<td>Other</td>
<td>Other external successes</td>
</tr>
</tbody>
</table>
### INTERNAL SUCCESSES
By frequency of mention by study participants

<table>
<thead>
<tr>
<th>AREA OF SUCCESS</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report</td>
<td>Development and publication of a sustainability report/an integrated report</td>
</tr>
<tr>
<td><strong>Internal social impact</strong></td>
<td>Improved internal social impact for the employees, e.g. going above and beyond the minimum legal requirements concerning reconciling family and career</td>
</tr>
<tr>
<td>Processes and rules</td>
<td>Integration of sustainability aspects into processes and rules, e.g. in the form of a code of conduct</td>
</tr>
<tr>
<td>Analysis and strategy</td>
<td>Introduction of an analysis and strategy process for sustainability (materiality analysis, value chain analysis, strategy, areas of action, measures)</td>
</tr>
<tr>
<td>Organisation</td>
<td>Development of organisational roles and responsibilities for sustainability</td>
</tr>
<tr>
<td><strong>Internal ecological footprint</strong></td>
<td>Improved internal ecological footprint inside the company above and beyond the minimum legal requirements</td>
</tr>
<tr>
<td>R&amp;D/innovation management</td>
<td>Integration of sustainability into research and development, development of innovations with sustainability</td>
</tr>
<tr>
<td>Control</td>
<td>Development of a control and management process with goals, target values and KPIs</td>
</tr>
<tr>
<td><strong>Stakeholder management</strong></td>
<td>Engaging stakeholders and conducting dialogue with them</td>
</tr>
<tr>
<td>Employees</td>
<td>Greater motivation of and commitment from the staff based on the company's sustainability profile</td>
</tr>
<tr>
<td>Risk management</td>
<td>Management of risks with relevance to sustainability that were not previously considered</td>
</tr>
<tr>
<td>Digitisation</td>
<td>Successfully correlating digitisation and sustainability</td>
</tr>
<tr>
<td>Cost efficiency</td>
<td>Lower costs and greater efficiency of internal processes</td>
</tr>
<tr>
<td>Incentive systems</td>
<td>Basing remuneration and incentive systems on sustainability indicators</td>
</tr>
<tr>
<td>Other</td>
<td>Other internal successes</td>
</tr>
</tbody>
</table>
### EXTERNAL CHALLENGES
By frequency of mention by study participants

<table>
<thead>
<tr>
<th>CHALLENGES</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Willingness to pay</td>
<td>Lack of willingness among customers to pay for sustainable solutions</td>
</tr>
<tr>
<td>Standards</td>
<td>Too many different standards and requirements</td>
</tr>
<tr>
<td>Regulation</td>
<td>Lack of regulation and market incentives from the public sector</td>
</tr>
<tr>
<td>Complexity</td>
<td>Topic is highly complex</td>
</tr>
<tr>
<td>Funding</td>
<td>Lack of funding for sustainable innovations and solutions</td>
</tr>
<tr>
<td>Demand</td>
<td>Lack of customer demand for sustainable solutions</td>
</tr>
<tr>
<td>Partner solutions</td>
<td>Lack of sustainability solutions from partners and suppliers</td>
</tr>
<tr>
<td>Investors</td>
<td>Lack of appreciation of sustainability among investors and banks</td>
</tr>
<tr>
<td>Tools</td>
<td>Lack of appropriate tool and software support</td>
</tr>
<tr>
<td>Research</td>
<td>Lack of sustainability solutions and innovations from the academic research</td>
</tr>
<tr>
<td>Skilled workforce</td>
<td>Lack of skilled workers with vocational training that focuses on sustainability</td>
</tr>
<tr>
<td>Other</td>
<td>Other external challenges</td>
</tr>
</tbody>
</table>

### INTERNAL CHALLENGES
By frequency of mention by study participants

<table>
<thead>
<tr>
<th>CHALLENGES</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resources</td>
<td>Insufficient resources (staff, budget)</td>
</tr>
<tr>
<td>Data</td>
<td>Lack of data for measurement and management</td>
</tr>
<tr>
<td>Goal conflicts between sustainability and traditional business objectives</td>
<td>Goal conflicts relating to sustainability and to traditional business activities</td>
</tr>
<tr>
<td>Business case</td>
<td>Lack of or tricky business case for sustainability</td>
</tr>
<tr>
<td>Agenda setting</td>
<td>Sustainability pushed off the agenda by other topics</td>
</tr>
</tbody>
</table>
## Challenges Description

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overextension</td>
<td>Company attempted to tackle too many issues</td>
</tr>
<tr>
<td>Clarity</td>
<td>Lack of clarity regarding sustainability strategy and goals</td>
</tr>
<tr>
<td>Management</td>
<td>Lack of support and rectification regarding sustainability from the management for the sustainability team and the employees</td>
</tr>
<tr>
<td>Knowledge</td>
<td>Lack of knowledge about sustainability within the company</td>
</tr>
<tr>
<td>Values</td>
<td>Values and corporate culture lack compatibility with sustainability</td>
</tr>
<tr>
<td>Other</td>
<td>Other internal challenges</td>
</tr>
</tbody>
</table>

## Award Goals

By frequency of mention by study participants

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reputation bonus</td>
<td>Company’s reputation boosted</td>
</tr>
<tr>
<td>Award recognition</td>
<td>Strong possibility of recognition or nomination based on own assessment</td>
</tr>
<tr>
<td>Learning experience</td>
<td>Learning by taking part in the competition</td>
</tr>
<tr>
<td>Benchmarking</td>
<td>Assessment of own position compared with sector and peers</td>
</tr>
<tr>
<td>Employee incentive</td>
<td>Incentive for and gratitude shown towards committed employees</td>
</tr>
<tr>
<td>Management encouragement</td>
<td>Encouraging the management to implement additional measures</td>
</tr>
<tr>
<td>Feedback</td>
<td>Receiving individual feedback</td>
</tr>
<tr>
<td>Product marketing</td>
<td>Marketing effect for a specific product/innovation</td>
</tr>
<tr>
<td>Contacts</td>
<td>Platform for contacts, business opportunities, cooperation</td>
</tr>
<tr>
<td>Best practices</td>
<td>Access to and use of best practices</td>
</tr>
<tr>
<td>Competitors</td>
<td>Following suit in response to recognition of competitors in the previous year</td>
</tr>
<tr>
<td>Internal justification</td>
<td>Internal justification for sustainability/CSR department and budgets</td>
</tr>
<tr>
<td>Application process quality</td>
<td>Improving the application process quality</td>
</tr>
<tr>
<td>Other</td>
<td>Other goals</td>
</tr>
<tr>
<td>Congress/gala attendance</td>
<td>Opportunity to attend the congress and gala</td>
</tr>
<tr>
<td>Improved competition entry</td>
<td>Improving the company’s competition entries</td>
</tr>
</tbody>
</table>
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