




Sustainability as a strategy.

Integrate corporate sustainability
into your organization.



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Publisher:
Campana & Schott

Campana & Schott is an international management and technology consultancy with more than 600 employees in Europe and the U.S. We are passionate about supporting our clients with the most significant changes of our time and ensure that transformation projects and major projects are successful in the long term. Our areas of focus include transformation projects in the areas of digitalization, New Work, and sustainability along with business unit and organizational transformations. Our client base includes 33 out of 40 DAX companies as well as large mid-size sector companies. A follow-up contracting rate of over 90% and excellent customer satisfaction values confirm that we regularly surpass expectations at the highest level. Campana & Schott was named Microsoft Partner of the Year for 2023 in the "Modern Work: Employee Experience" category for its outstanding achievements in innovation and implementation of customer solutions and was a finalist in the "Modern Work: Project & Portfolio Management" category.

Introduction.

“It is unequivocal that human influence has warmed the atmosphere, ocean and land. Widespread and rapid changes in the atmosphere, ocean, cryosphere and biosphere have occurred.” That is one of the key points made in the Sixth Assessment Report published by the [United Nations Intergovernmental Panel on Climate Change \(IPCC\)](#).

According to the report, total greenhouse gas emissions between 2010 and 2019 were higher than in any other decade since record keeping began. The rate of increase has slowed in the past decade, but the trend in the global average temperature for 2023 offers little reason for confidence.

The private sector plays a crucial role in the transformation to global, sustainable value creation. Businesses themselves have come to the same conclusion. Nearly three-quarters of German companies have already defined sustainability targets, and 63 percent have specific sustainability targets within individual organizational units. Those are the findings of the latest [Future IT Report](#) by Campana & Schott and the University of Duisburg-Essen.

The feed-in tariff for renewable energy – and the associated trend in the prices of climate-friendly generation technologies – offers a good example of how innovative and effective the private sector can be in contributing to the sustainable transformation. Electricity generation costs for wind and solar energy at the power plant scale have decreased by as much as 85 percent since 2010. Spurred by a favorable regulatory climate, technological advances have come thick and fast in just a short time, sparking global price competition.

This shows that the technologies for low-emission, global value creation and prosperity already exist. They only need to be applied and further developed for widespread use. This is confirmed by the IPCC, the IEA, and other civil society organizations.

In the EU in particular, society at large, policymakers, and the business sector have grasped that this is the challenge of the century and are now factoring in the market externalities that went unconsidered for so long, triggering the climate crisis in the first place. Taking resource consumption and the environmental impact of business activities into account and communicating these factors to stakeholders will soon be the new norm.

Still, it takes time to put a complex regulatory framework into place on a cross-market basis. And time is running out. After all, it took a while before the



annual financial statements that are now standard in finance in the private sector were used across the board. It was decades before companies oriented toward the capital market were able to provide comparable information on their finances regularly. The task at hand now is to add non-financial aspects of entrepreneurial activity to those same reports, providing a fuller picture of business activities, their environmental and social impacts, and the risks that changing overall conditions pose to the business.

When it comes to sustainable business and long-term success, however, simply gaining an overview of material streams to satisfy reporting obligations and legal specifications is not enough. Climate action and competitiveness are no longer mutually exclusive, especially with an eye to rising CO2 and energy prices across the world's key economic zones. These changes are giving rise to new opportunities for innovation and new options to offer customers.

With this in mind, every company should take a deep dive in examining its overall strategy and business model – a key requirement when it comes to emerging from any transformation as a winner. Only then will efforts to modernize the business bring sustainability as envisaged by the EU taxonomy and the Fitfor55 package as part of the Green Deal. This whitepaper will take you through the key steps in getting there.

Efficiency from data strategy to reporting.

Legal requirements for companies

European policymakers have adopted a number of regulations laying the foundations for greater sustainability in business operations. The [EU taxonomy](#) creates a standard definition of sustainable business, while the Corporate Sustainability Reporting Directive (CSRD) requires transparency in reporting and the Emissions Trading System creates clear incentives for decarbonization.

The goal of the EU taxonomy is to spur investment in the green transformation of energy production and business activity. It also includes requirements that investors and banks will impose on companies going forward, as these entities are now required to verify that their investments conform to the taxonomy.

The [CSRD](#) aims to create greater transparency around non-financial aspects of business activity. It has created substantial new reporting obligations based on a standardized definition of sustainable business for companies in the EU, and soon also companies that deliver to the EU. These obligations include reporting information on environmental, social, and governance (ESG) matters.

According to the CSRD, the [European Sustainability Reporting Standards \(ESRS\)](#) set out which data must be reported. The following companies are subject to the new reporting requirements:

- Companies that are already subject to the Non-Financial Reporting Directive
- Companies that meet two of the following three criteria: over 250 employees, more than 40 million euros in sales, balance sheet total at least 20 million euros
- Listed SMEs, with the exception of very small companies
- Companies with parent companies from third countries, which generate total group sales of more than EUR 150 million in the EU over two consecutive years

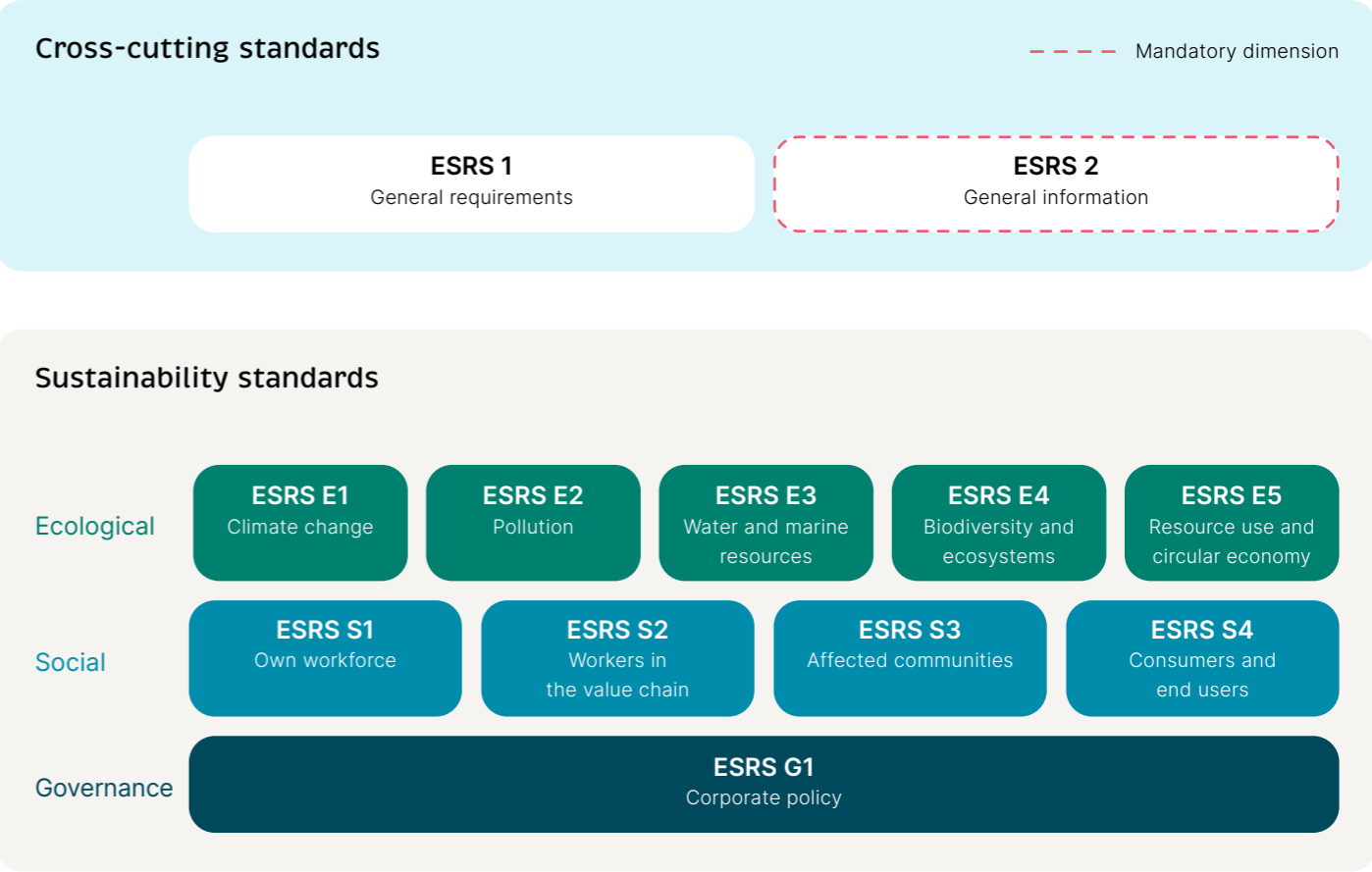


Fig. 1: Thematic areas for ESRS reporting obligations

The information to be reported is broken down into thematic areas that apply to all companies, cutting across different areas (see Fig. 1). Reporting obligations relating to data on specific areas of sustainability are also defined based on topic-specific standards. Sector-specific standards applicable to companies from certain industrial sectors are also currently in development.

Companies use a double materiality analysis to evaluate which sustainability dimensions are relevant to them and what must be reported. On the one hand, double materiality (see Fig. 2) means the impact of environmental factors on the business model and the company's success ("outside-in", or financial materiality); on the other hand, it also refers to the impact of the company's actions on people and the environment ("inside-out", or impact-related materiality).

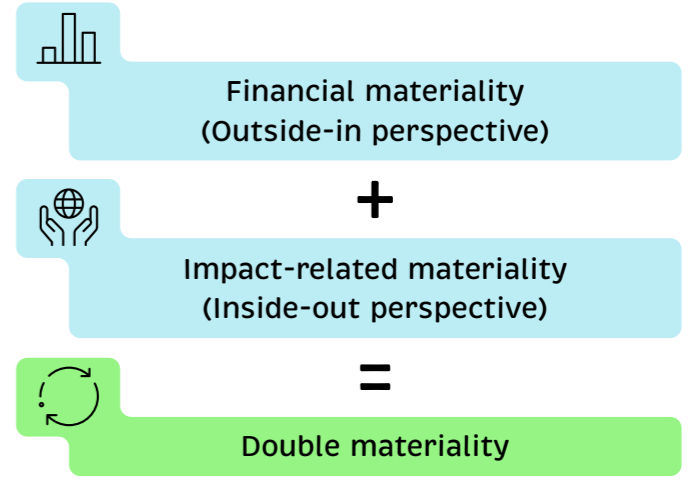


Fig. 2: The two factors involved in double materiality

The right data strategy can help with compliance in reporting – without adding substantial time, effort, and expense

With help from an experienced partner like Campana & Schott, companies can craft a suitable data strategy to meet their reporting obligations. This kind of partner can also assist with implementing and automating processes to ensure that regular reporting takes place with as little time, effort, and expense as possible while still meeting audit requirements in the future. One approach has proven its value in practice in this regard:

1. Perform materiality analysis:

The first step is to conduct a materiality analysis – or to add the aspect of double materiality to the existing analysis. Financial opportunities and risks arising for the company from external sustainability aspects are also taken into account at this stage. So, do emission reduction specifications give rise to financial risks or increased costs? One key difference between this and the previous approach is that a matter is already considered to be material if it meets the criteria to be deemed material from either the inside-out perspective (effects of the company's actions on sustainability aspects) or the outside-in perspective (financial consequences of external events for the company). This has significantly increased the number of topics requiring consideration.

2. Gather sustainability data:

A thoughtfully considered data strategy is needed in order to systematically collect and prepare the data required for reporting purposes. This approach combines the existing sustainability strategy with a clear concept for the effective collection, harmonization, calculation, storage and use of company-wide sustainability data. This ensures that there is great trust in the data while also boosting analytical maturity and ensuring that operation and maintenance of data management are handled as a line function. It is especially crucial for medium-sized and large companies with multiple subsidiaries, locations, and departments to map out the data points involved in their sustainability indicators in detail before choosing an IT solution.

3. Calculate sustainability indicators:

The correct processing of the sustainability data and the calculation of the indicators are essential for reporting in the context of the CSRD. Specialized tools are particularly useful for calculating greenhouse gas emissions based on consumption data and emission factors.

4. Optimize sustainability performance:

The indicators that are calculated provide important insights for formulating and executing the sustainability strategy. This information can be used to identify potential reductions and opportunities for increasing efficiency. In this way, the progress of projects for achieving the sustainability targets can also be tracked and reported according to the relevant sustainability-related key performance indicators (KPIs).

5. Prepare integrated sustainability report:

Once all of the relevant data has been made available on a centralized basis, the report is prepared after the end of the financial year. Turnkey solutions such as the Microsoft Sustainability Manager make the process easier by offering configurable data exports. Additionally, some of the qualitative reporting dimensions require explanations in text form. This information is integrated into the corporate balance sheet.

Finally, the report must be submitted for an external audit, initially with what is known as limited assurance. A successful audit requires the transparent documentation of the processes that are used to obtain the reported data.



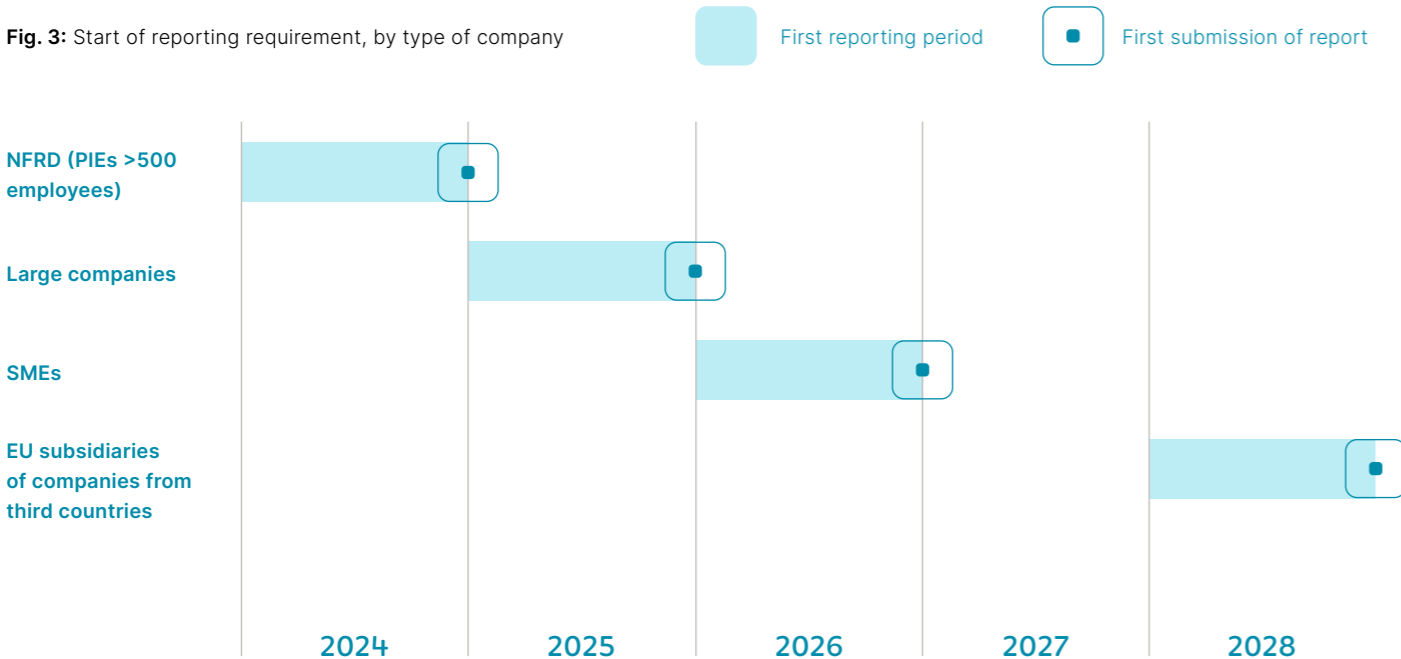
Avert risks, seize opportunities.

Gain full reporting capability on time

Preparing ESRS-compliant reports is a significant undertaking, even with external help. After all, there are many specifications to bear in mind. They include consideration of double materiality along with analyzing five ecological standards, four social standards, and two cross-cutting standards plus guidelines for corporate governance. A vast range of data has to be collected, harmonized, and interpreted with an eye to targets, with clear documentation along the way.

Much of this data can already be collected and analyzed automatically today, but the initial process of determining where the data is located and how it can be harnessed for reporting purposes is often costly, laborious, and time-consuming. At the same time, companies are pressed for time, with reporting obligations entering into force as early as 2024 depending on the type of company (see Fig. 3). This means they need to gain a full overview now, so they can identify any gaps in the data or working processes in time to take action.

Fig. 3: Start of reporting requirement, by type of company



If a company that is required to report violates future national laws based on the CSRD, the company should expect hefty fines and a public statement that names the natural persons and legal entities responsible. The amount of the fines is set by the specific EU member state; the amount for Germany is not known at this time. However, it will likely be similar in amount to the penalties for violating the EU General Data Protection Regulation (GDPR), which stipulates that fines of up to four percent of total global sales or 20 million euros can be imposed. In addition to financial penalties for non-compliance, the damage to a company's reputation among customers and the public at large that is caused by these situations can be even more of a factor, depending on the industry.

Campana & Schott helps companies identify risks and opportunities and plan implementation and achievement of targets in the medium term. In addition to the CSRD, further specifications such as the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, LKSG) can also be considered. This law sets out provisions on corporate responsibility for upholding human rights within global supply chains. This social dimension of sustainable business includes things like protecting against child labor, the right to fair wages, and environmental protections.

Implementing sustainability concretely to achieve competitive advantage

Sustainability will be an important criterion in business success in the medium term, both in terms of the ability to secure funding from investors and meeting customers' requirements. It will also be a significant factor in recruiting future workers, reducing risk in the supply chain, and eliminating the need to purchase costly emission offsets. This is also associated with economic benefits, one of the dimensions of sustainability.

Concretely, this means that where sustainability was previously a key subject for marketing activities, we are now at the dawn of the era when understandable and documented information on how business activities affect the environment and society – and vice versa – must be presented with

true transparency. Taking the following key steps can help companies get ready for the future:

- 1. Identify development potential:**
Every company has a multitude of starting points for reducing emissions and optimizing processes. Life cycle assessment can be used to identify the areas of maximum leverage for the sustainable transformation.
- 2. Set reduction targets:**
Frameworks such as the Science Based Targets Initiative make it easier to define measurable quantitative targets. These kinds of targets are essential to achieving business sustainability.
- 3. Plan concrete reduction actions:**
The sustainable targets should be translated to the project portfolio. Governance structures and modern portfolio management help with success in this area.
- 4. Track and manage project performance:**
Solutions such as a sustainability tracking app based on SharePoint offer an optimum overview and various management perspectives for efficient project execution.
- 5. Lead the change by example:**
Managers and employees should keep sustainability in mind in everything they do. This requires change management appropriate to the target audience, along with modern communication concepts.

How CDO and CSO work together.

Going forward, the individual departments within a company will have to work together more closely so that the sustainable transformation can function efficiently. This starts with collecting data. Right now, various units often generate different data. A reliable “single source of truth” is needed, especially when it comes to ensuring that reports can be verified. Interoperable data formats and standardized databases are key requirements for this. This also eliminates the need to request information from each department individually. Instead, the system can automatically provide the data from the central pool.

Department processes also need to be integrated. Duplicate procedures and unnecessary redundancy are a waste of energy and materials. In this area, sustainability means offering high-quality products and services with as little resource use as possible. This also requires data as the informational basis – a lot of data, comparable over time. Appropriate IT and sustainability capability are needed for this.

The IT team can provide support in various ways when it comes to setting ambitious goals and meeting them, step by step. Within the IT department itself, measures for longer-term use and reuse of hardware and energy-efficient operation should be taken. The shift to resource-optimized working and logistics processes can also be successful with support from IT. Digitalization and automation of processes can unlock tremendous efficiency gains here. Suitable tools can also be used to analyze and select suppliers consistently based on sustainability criteria.

Campana & Schott can help tap into the potential synergies involved in combining sustainability and data strategies. To do this, the firm identifies the current status, potential for improvement, and possible goals and implementation measures. Concrete examples are used to highlight the opportunities and risks associated with the different versions. During implementation, automated processes are introduced on the basis of the combined strategy. These processes do not require much added time, effort, and expense while optimizing internal procedures and, at the same time, facilitating non-financial reporting for the coming decades.

Concretely, a gap analysis is performed to identify divergence between the data collected to date and the information needed for CSRD purposes. This includes mapping out the data points, formats, periods, and collection methods. The analysis identifies the possibilities for automated data retrieval and for crafting the right ESG data strategy, allowing the company to zero in on the necessary data points for the various reporting requirements promptly and without significant added time, effort, and expense.

Sustainability must be established as a universal principle of action throughout the company. In addition to the successful completion of individual projects, it is the effective and efficient implementation of strategic programs and targeted multi-project management that is becoming an increasingly important success factor. To this end, Campana & Schott combines decades of experience in project management support and digital transformation and change projects with

sustainability expertise (see Fig. 4). This includes life cycle assessment, developing a sustainability strategy, and executing that strategy in concrete decarbonization projects. Campana & Schott also partners with organizations to help manage transformation programs and ensure compliance with current regulations.

Project, program, and portfolio management (P3M) from Campana & Schott can translate strategy into concrete success for your business. This is accomplished using a broad range of tools that are plugged into existing IT environments, so there are fewer solutions and lower use of resources. With an approach like this, companies can have a clear conscience even as they succeed in business.



Fig. 4: Campana & Schott service portfolio for the sustainable transformation

Corporate vision supports execution.

A suitable corporate vision can improve the execution of concrete measures and acceptance among employees. The [German Social Collaboration Study 2023](#) published by Technische Universität Darmstadt shows how important it is to have a clearly understandable and transparently communicated corporate vision. According to the study, employees rate their own company's vision just 4.56 on a scale from 1 to 7 – the second worst figure among the six factors involved in employee satisfaction. This is also one reason they do not feel particularly motivated.

By contrast, they rate the relevance of vision at 5.68. The desire for a company to be guided by values and to stand for social and environmental goals is rated 5.45. This highlights the considerable discrepancy between desires and reality. With this in mind, companies should craft a solidly founded, understandable vision that aligns with their business goals. Based on this vision, employees can easily recognize whether they agree with their company's goals. If so, their loyalty to the employer increases significantly, and with it their motivation to support the concrete goals at hand.

Goals already formulated by other companies can be used as examples for this. More than 3,600 companies have already pledged to reach net zero greenhouse gas emissions as part of the [Science Based Targets initiative](#) (SBTi), for example. Depending on the industry, this can be combined with further objectives, such as reducing the use of energy, plastics, heavy metals, or other resources.

Campana & Schott can help translate a company's sustainability strategy into an overarching corporate vision. The firm's experts can also build comprehensive communications with employees, the public, and other stakeholders. Detailed adoption and change management can prepare the workforce for the new processes and get them involved in the transformation right from the start. Thanks to practical use cases, mentors, champions, and a community, employees quickly get acquainted with the specific benefits for their day-to-day work. Appropriate engagement apps communicate information and impetus in fun and entertaining ways in a bid to make job-related activities more sustainable.

Frontline workers should be taken into account at this stage in addition to the information workers who mainly work with digital applications. After all, frontline workers constitute more than 80 percent of global workforces, by far the largest share – and that is true across production, logistics, and direct customer contact. For companies to truly think and act sustainably, it is crucial to build a culture of sustainability in which all employees understand how their actions fit into the company's overall activities – and how those activities tackle the challenges facing society at large, the business sector, and the environment.



Conclusion

Inflation, geopolitics, cyberattacks: right now, there are many challenges making it harder to solve the climate crisis. But in light of the urgency and worldwide impact on all of humanity, there is no responsible alternative to tackling the sustainable transformation now, either from the business or civil society standpoint. It matters less why a company implements a sustainability strategy, whether based on beliefs, economic considerations, or compliance requirements. The crucial point is that companies

need to improve their sustainability now, doing their part in stages so that a few decades from now, increased global value creation with net zero greenhouse gas emissions is a reality. Campana & Schott, the technology consulting firm, knows the decarbonization paths and translates targets into concrete project portfolios. With a corporate vision, data strategy, project management, automation, and change management as a solid base, the sustainable transformation can be implemented efficiently and effectively.

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