**Reporting of Social and Governance Measures in 2020 and 2021 by Real Estate Companies Stemming from German-Speaking Countries**

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**Abstract:** In recent years, Environment, Social and Governance (ESG) related rules such as the Taxonomy Regulation of the European Union (EU) have had a lasting impact on the real estate industry and other market participants, and this trend is expected to continue. This study compares European regulation with common sustainability reporting practices in the Real Estate (RE) Sector in Germany, Austria and Switzerland (DACH region). The aim is to investigate what type of information related to employees and other social and governance issues is being provided and by how many of the largest RE firms are in the years 2020 and 2021. Our findings show that 20 out of 35 sustainability measures are more often reported in 2021 than in 2020. Although the trend is positive, there is still a lot of room for improving reporting quality. Small reporting frequencies are observable in the case of the following ESG measures: violations of the code of conduct (mentioned 1 time in 2020 and 2 times in 2021), safety inspections of buildings (mentioned 5 times in 2020 and 8 times in 2021), the total number of suppliers (mentioned 4 times in 2020 and 6 times in 2021), the share of expenses for local suppliers in % (mentioned 2 times in 2020 and 3 times in 2021), and obtained well-being certificates (reported by 5 firms in 2020 and 4 ones in 2021). Only 5 in 2021 (2 in 2020) firms planned to tie the board compensation to sustainability measures. These findings are important for individuals, companies, institutions and policymakers introducing new sustainability reporting rules in Europe as not only the real estate industry needs to prepare for the uniform EU taxonomy reporting requirements besides CSRD in the future.

1. **INTRODUCTION**

The importance of sustainability and reporting on it has evolved rapidly over the past two decades. Nowadays people and businesses are aware of the need for fighting against climate change and for behaving ethically when interacting with communities, customers, suppliers and employees of companies. Even though the United Nations (UN) defined the term sustainability in 1987 for the first time, it took almost thirty years (until the 2015 Paris Agreement) to create the 2030 Agenda for Sustainable Development with 17 Sustainable Development Goals (SDGs) and 169 targets United Nations (1987) and United Nations General Assembly (2015). Sustainability is used as a term for describing many "green" concepts and corporate responsibility, while the abbreviation ESG (standing for Environment, Social and Governance) has become the preferred term for investors and capital markets. The reported ESG risks and performance measures show which risks a company faces and how it mitigates them to sustainably act and generate long-term financial returns. Unfortunately, various stakeholder groups have difficulties

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following the provided information, because of different coexisting ESG reporting standards and frameworks besides non-mandatory reporting regimes. For companies the high costs of data collection and additional reporting matter the most. However, effective ESG data management and sustainability reporting are essential for complying with the requirements of the existing Non-Financial Reporting Directive (NFRD) and the upcoming 2024 European Taxonomy combined with the Corporate Sustainability Reporting Directive (CSRD).

This study analyzes the status quo of mandatory and voluntary sustainability reporting, as the relevant laws in the European Union (EU) are only very rudimentarily formulated. The study aims to show what kind of information related to employees and other social and governance issues is provided by how many companies (this corresponds to “S” and “G” of the ESG dimensions). A key success would be to fix the traceability of ESG information provided in annual reports and other sustainability reports as this is essential/material for decision-making. The focus of this study is, therefore, on how comparable the ESG measures from large listed real estate companies from Germany, Austria and Switzerland are. The importance of ESG reporting by real estate companies can also be deduced from the commonly known fact that they are responsible for more than 30% of global CO2 emissions. The European Real Estate Association (EPRA) has issued recommendations on which measures to report and how to calculate them in advance, especially the environmental indicators (the latter are not covered in this article). Finally, the analysis aims to promote best practices developed by the largest companies in the sample for which sustainability reporting is mandatory.

In this study, the focus is on 55 companies with a market capitalization of more than 100 million EUR that submitted an annual report or/and a sustainability report in 2020 and 2021. Currently, there are no studies that explicitly address environmental, social and governance (ESG) reporting by real estate companies in the DACH region (Germany, Austria and Switzerland). Studies analyzing listed companies emphasize investor’s demand for ESG information (e.g., Holdener-Webb et al., 2009; Khan et al., 2013; Reverte, 2009) and provide crude measures of stakeholder sustainability orientation (e.g., Branco & Rodrigues, 2008; Campbell et al., 2006; Huang & Kung, 2010). The studies by Contrafatto (2014), and O’Dwyer and Unerman (2016), provide evidence of the drivers of mandatory corporate social responsibility (CSR) reporting by unlisted companies. Past research also shows that companies can subconsciously or consciously influence policy decisions through their ESG reporting (Morsing & Roepstorff, 2015; Shirodkar et al., 2018; Weyzig, 2009; Zhao, 2012) or/and consumer behavior (Asay et al., 2022; Carrigan & Attalla, 2001; Vogel, 2005). The results of the underlying study guide companies from different industries for their reporting on sustainability, especially concerning their social and governance issues based on best practices from the real estate industry in German-speaking countries. Additionally, it contributes to the literature by showing how patchy voluntary sustainability reporting still is in the real estate industry in 2020 and 2021. Implications for various stakeholder groups and more political action arise from these differentiated findings.

In the following, section 2 provides the regulatory background and section 3 describes the data and methodology. The discussion of the empirical results follows in section 4, while section 5 concludes the paper.
2. BACKGROUND ON SUSTAINABILITY REGULATION AND REPORTING REQUIREMENTS

The Sustainability Movement’s Short History. As early as 1987, sustainable development was defined in the World Commission on Environment and Development’s 1987 Brundtland report “Our Common Future” as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Hauff, 1987). It seeks to reconcile economic development with the protection of social and environmental balance. Next, in 1992, the UN Summit (United Nations, 1992) took place and the Sustainable Development Action Plan (Agenda 2021) was developed showing better measurement methods. At this time sustainability was still an abstract and unmeasurable concept, as there were no tools for quantifying sustainable actions (Caradonna, 2014; Thaler, 2021).

In 2005, the UN World Summit recommended the use of the model with the three “E”, namely Environment, Economy and Equity/Social Justice, and the intersection S (Sustainability). This was the turning point as corporate social responsibility (CSR) and the triple bottom approaches were substituted. Subsequently, the UN issued the Millennium Development Goals (MDGs) before formulating the currently applicable Sustainable Development Goals (SDGs) for responsible investing in 2015 (the Paris Agreement). With the 2030 Agenda adopted in 2015 and enforced from 2016 on, the United Nations committed itself to 17 global SDGs and 169 sub-goals for a better future. The goal of the 2030 Agenda is to enable a dignified life worldwide, while at the same time permanently preserving the natural foundations of life. This includes economic, ecological and social aspects. The 2030 Agenda underlines the joint responsibility of politics, business, science and civil society including every individual for future living. In line with this argument, authors like Edmans (2019) stress that the primary goal of businesses is serving society, rather than focusing solely on profit maximization.

In the World Economic Forum’s (WEF) Global Risk Report 2020 one can recognize the top five long-term risks: extreme weather, climate change mitigation failure, natural disasters, biodiversity loss, and environmental disasters (WEF, 2020). All of these developments reflect man-made environmental changes and are therefore indicative of the increased importance of harmonized sustainability reporting. Sustainability standards provide an opportunity for firms and institutions to address environmental and social problems while creating a sustainable economy. In sum, there are three broad categories of standards (Behnam & MacLean, 2011):

- Principle-based standards (e.g., UN Global Compact),
- Certification standards (e.g., external auditors are certifying compliance with the minimum requirements of the ISO 14001 environmental standard),
- Reporting standards (e.g., disclosure and transparency frameworks such as these provided by the Global Reporting Initiative (GRI)).

EU Sustainability Reporting Regulation. In 2001, the European Commission referred to activities carried out voluntarily in its first policy paper on CSR. Later it was recommending the EU improve the reporting and disclosure of corporate social and environmental activities in 2011 (European Commission, 2011). Subsequently, Directive 2014/95/EU, known as the CSR Directive or Non-Financial Reporting Directive (NFRD), required public interest entities to improve the comparability of non-financial disclosures starting in 2017 (EU member states were required to implement the directive by December 6, 2016). The NFRD applies to public interest entities with an average of more than 500 employees, total assets of more
than 20 million EUR, or net sales of more than 40 million EUR in a financial year. Public interest entities are credit institutions, insurance companies, companies listed and traded on a market of an EU Member State, or companies deemed to be of public interest (European Parliament and the Council of the European Union, 2014; Thaler, 2021). These companies are required to either include a non-financial statement in their management report or prepare a separate sustainability report for the public. Statutory auditors should only verify that the organizations delivered the non-financial report. In 2017 and 2019, the EC published guidelines for non-financial reporting and expanded them to include applicable sustainability standards such as the Carbon Disclosure Project (European Commission, 2017b, 2021). On April 21, 2020, the EU Commission adopted a proposal for a Corporate Sustainability Reporting Directive (CSR D) to apply from 2024 on. It aims to amend and supplement existing directives to include a wider range of companies (and audits) and to refine reporting requirements (European Commission, 2021). On November 3, 2021, the IFRS Foundation’s Trustees established the International Sustainability Standard Board (ISSB) with a headquarter in Frankfurt, Germany. Its goal is to develop a global basis for sustainability-related disclosure standards. To create comparable information, an EU reporting standard for sustainability reporting is to be created. International frameworks such as Global Reporting Initiative (GRI), Sustainability Accounting Standard Board (SASB), International Accounting Standards Board (IASB), Task Force on Climate-Related Disclosures (TCFD), as well as UN Global Compact and the SDGs need to be considered. The EU sustainability reporting standards will be published in a delegated act of the EC (supplementary guidelines follow by Oct. 31, 2023).

**Sustainability Reporting Requirements.** Minimum reporting on environmental, social and employee issues, human rights, anti-corruption and anti-bribery, and diversity policy is required. In addition, the company’s business model, business policy, risks and risk management concerning the aforementioned aspects need to be disclosed. Its due diligence policies, the results of these policies and non-financial performance indicators should be reported. The NFRD regulations lead to changes in the Third Book of the German Commercial Code, in particular in sections 289b to 289e and 315b to 315d HGB. The content required for the non-financial statement or sustainability report is set out in Section 289c HGB. In addition, it is recommended that organizations base their reporting on recognized national and international standards and indicate which standard has been used. The NFRD cites the Eco-Management and Audit Scheme (EMAS), the United Nations Global Compact (UNGC), the Guiding Principles on Business and Human Rights, the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, the International Organization for Standardization ISO 26000 Social Responsibility Framework, and the GRI. All in all, the NFRD includes the following basic principles:

- Essential, critical information;
- Presented in a fair, balanced, unbiased and understandable manner;
- Presented comprehensively but concisely;
- Providing insights into future strategy and processes;
- Taking into account all stakeholder requirements;
- Consistently and coherently prepared over time (European Commission, 2017a).

Similar rules apply to Austrian companies of relevant size. The NFRD was retroactively implemented into Austrian law in 2017. The Sustainability and Diversity Improvement Act (NaDiVeG) came into force on December 6, 2016, and the amendment to non-financial reporting is found in Sections 243b and 267a of the Austrian Business Code. Occasional changes occurred in the
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Austrian Stock Corporation Act and the Limited Liability Companies Act (Bernhard & Riedlberger, 2021; Thaler, 2021). Lastly, on April 21, 2020, the EC adopted a proposal for the CSRD and these rules equally apply to Germany and Austria.

**CSRD Regulation Relevant from 2024 on.** The CSR Directive, published in the Official Journal of the European Union on December 14, 2022, amends the existing NFRD of 2014. Uniform European reporting standards and reporting rules following the principle of double materiality are specified. The CSRD also introduces an audit requirement for sustainability reporting and improves the accessibility of the information by requiring its publication in a digital and machine-readable format in the management report. The EU rules apply to all large companies (250 employees, net sales of 40 million EUR, total assets of 20 million EUR) and to all companies listed on regulated markets (listed micro-enterprises are exempted). A subsidiary will be exempted from the CSRD, if the parent company includes the subsidiary in its consolidated CSRD-compliant management report. Companies currently applying for the NFRD have to implement the CSRD starting in 2024, while others follow in later years.

**Recent Swiss Regulation.** There is still no legal obligation for reporting sustainability measures in Switzerland, even though the discussions in the Federal Council are currently dealing with this topic in detail. On Feb. 23, 2022, the Federal Department of Justice and Police (FDJP) commissioned the Federal Office of Justice (FOJ) to investigate the impact of the current EU regulations on sustainability reporting, transparency and due diligence obligations, and to survey any need for integrating into Swiss law. GRI is currently working with the European Financial Reporting Advisory Group and the International Sustainability Standards Board to align their respective sustainability reporting standards (Flach, 2022). ESG recommendations were already added to the Swiss Code of Best Practice for Corporate Governance in 2014. The Six Swiss Exchange even introduced the option for sustainable reporting (an opt-in option). Currently, four standards are accepted by the exchange: Global Reporting Initiative (GRI), United Global Compact (UNGC), Sustainable Accounting Standard Board (SASB), and European Real Estate Association (EPRA) (Kleibold & Veser, 2019).

In 2015, the Swiss Federal Council published a statement on CSR calling for (voluntary) transparency and non-financial reporting on corporate sustainability activities (Baumüller et al., 2018). The Federal Assembly provided an indirect counterproposal with the following two new regulations for the Code of Obligations in 2020 (Swiss Confederation, 2020). First, it introduces mandatory non-financial reporting for organizations defined similarly to the NFRD. Thus, companies affected are public interest entities with at least 500 employees in two consecutive financial years, total assets of more than 20 million CHF, or net sales of more than 40 million CHF. The report must be made available to the public for ten years and have similar content to the NFRD. Second, companies will be required to conduct due diligence and reporting on conflict zone minerals and child labor. This reporting and due diligence requirement apply to companies that import materials from conflict zones or high-risk areas as well as companies that offer products or services potentially linked to child labor. In sum, potential risks must be defined and countermeasures established (Swiss Confederation, 2020; Thaler, 2021).

It is expected that the new EU sustainability reporting obligation will also apply to non-EU companies that generate net sales of more than 150 million EUR in the EU and have at least one subsidiary or branch in the EU from 2028 on. Besides the currently estimated 50 000 companies affected by the new CSRD regulation in the EU, several large Swiss companies will also be
affected in the future by the latter. In the context of the updating process of the OECD Guidelines for Multinational Enterprises Switzerland is lobbying for adopting disclosure recommendations consistent with other international standards.

3. DATA AND METHODOLOGY

We analyze sustainability reporting practices of 55 publicly listed Real Estate (RE) companies from Germany, Austria and Switzerland region having a market capitalization above 100 million EUR in 2020 and 2021. Their annual reports or sustainability reports, if provided separately, are compared concerning the comparability of social and governance measures. Ideally, following EU law sustainability reporting is informative (materiality) and comparable. The three largest German companies are Vonovia (XTRA: VNA), Deutsche Wohnen SE (XTRA: DWNI) and LEG Immobilien AG (XTRA: LEG), while in Austria these are CA Immobilien Anlagen AG (WBAG: CAI), IMMOFINANZ AG (WBAG: IIA), S IMMO AG (WBAG: SPI). In Switzerland, the relevant counterparts are Swiss Prime Site AG (SWX: SPSN), PSP Swiss Property AG (SWX: PSPN) and Allreal Holding AG (SWX: ALLN).

The applied methodology is known as a content analysis based on investigating individual documents like non-financial text passages or statements (Wooldridge, 2013). As stated similarly in Austrian and German law, minimum reporting is required on environmental, social and employee concerns, human rights, anti-corruption and bribery issues, and diversity policies (e.g. § 289c of the German Commercial Code/HGB). This minimum reporting on the employee, and other social and governance issues are being further analyzed as it is not further specified. Most of the sample firms provide this information on a voluntary basis as their number of employees lies below 500. Hence, no mandatory disclosure is required unless a company is classified as a public interest entity, which is not the case here.

4. RESULTS

The annual or separate sustainability reports of the largest 55 real estate firms from the DACH region (Germany, Austria and Switzerland) provide a good overview of common sustainability reporting practices. Table 1 shows how many companies provided employee, other social and governance-related information together with the type of information provided in the years 2020 and 2021. The direct comparison of the figures in these years allows observing the ESG measures reporting dynamics (i.e. the level of acceptance and implementation). We observe that more than 50% of the analyzed firms mentioned the total number of employees, supervisory board members, the share of women and the number of permanent full-time contracts in 2020. In 2021, this reporting frequency was only observable with regard to the total number of employees, supervisory board members, the proportion of female executives and % of women on the board of directors. Hence, while 49% of the companies surveyed still reported the total number of employees in 2020, the reporting rate fell by 14.3% in 2021. By contrast, the proportion of female executives rose by 33.3%, and the percentage of women on the board of directors by as much as 50%. In 2020, more than a third of the 55 firms commented on the proportion of female executives, % of women on the board of directors, staff turnover rate, newly hired employees, full-time employees and part-time employees. In 2021, the share of women, staff turnover rate, newly hired employees, total accidents, average age, full-time employees, and the number of part-time employees’ number were mentioned by more than a third of companies.
Finally, in 2020 and 2021 less than a third of the Real Estate firms provided information on the salary ratio of woman to man, average sick days/year, the total number of trainees, executive pay ratio, and employee satisfaction except for total accidents and the average age that were seldom mentioned in 2020. In Table 1, it can be observed that several ESG measures are being mentioned more often in 2021 than in 2020. For example, some numbers increased by approx. 20% newly hired employees, approx. 35% average age, approx. 50% of women on the board of directors, executive pay ratio and employee satisfaction, ca. 80% total accidents. In contrast, less often are mentioned in 2021: the total number of employees in Austria and Switzerland (in Germany this information is mandatory), the share of women, employees with a permanent contract, total number of trainees and full-time employees, which is surprising as the latter information does not seem to be too difficult to be obtained from internal data.

Individuals, institutions and companies interested in sustainability reporting best practices can focus on the sustainability reports of the largest RE firms and EPRA recommendations. For example, Vonovia’s report consists of more than 100 pages and contains many visualizing pictures, boxes, graphs and relatively easy-to-understand text passages. Readers with a higher level of business knowledge may rather be interested in the tables placed at the end of the report, which show the quantitative ESG measures over time. The sustainability performance indicators can also be looked up in an Excel file separately provided by the firm on its webpage. It contains more than 15 sheets and can be used for orientation when developing its own ESG reporting system. Almost all of the largest RE companies in the sample provide very solid sustainability reports that can be recommended for further hands-on guidance.

### Table 1. Overview of the Changing Number of Firms Reporting Employee, Other Social and Governance Information in 2020 and 2021 – Part I (55 Sample Firms)

<table>
<thead>
<tr>
<th>Information type</th>
<th>Number of reporting firms in 2020/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>49/42 (-14,3%)</td>
</tr>
<tr>
<td>Share of women</td>
<td>28/26 (-7,1%)</td>
</tr>
<tr>
<td>Employees with a permanent contract</td>
<td>28/16 (-42,9%)</td>
</tr>
<tr>
<td>Proportion of female executives</td>
<td>21/28 (+33,3%)</td>
</tr>
<tr>
<td>% of women on the board of directors</td>
<td>18/27 (+50,0%)</td>
</tr>
<tr>
<td>Salary ratio of woman to man</td>
<td>12/13 (+8,3%)</td>
</tr>
<tr>
<td>Staff turnover rate</td>
<td>20/21 (+5,0%)</td>
</tr>
<tr>
<td>New hired employees</td>
<td>20/24 (+20,0%)</td>
</tr>
<tr>
<td>Average sick days per year</td>
<td>11/11 (+/-0%)</td>
</tr>
<tr>
<td>Total number of trainees</td>
<td>14/11 (-21,4%)</td>
</tr>
<tr>
<td>Executive pay ratio</td>
<td>7/10 (+42,9%)</td>
</tr>
<tr>
<td>Total Accidents</td>
<td>10/18 (+80,0%)</td>
</tr>
<tr>
<td>Average age</td>
<td>14/18 (+28,6%)</td>
</tr>
<tr>
<td>Full-time employees</td>
<td>23/22 (-4,3%)</td>
</tr>
<tr>
<td>Part-time employees</td>
<td>19/17 (-10,5%)</td>
</tr>
<tr>
<td>Employee-Satisfaction</td>
<td>8/12 (+33,3%)</td>
</tr>
</tbody>
</table>

Source: Own research

In Table 2, further information regarding the employee, and other social and governance measures is provided. In sum, most of the companies (37 in 2020 and 39 in 2021 out of 55) list their supervisory board members, which is mandatory for many firms. In 2020 and 2021, more than a

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3 The proportion of female workers (mentioned by 21 firms in 2020 and 28 ones in 2021) lies between ca. 27% and 74% (not reported). The percentage of women in executive positions is rather low, which is partially the reason why the gender pay ratio is seldom provided.
third of the 55 companies confirm to have anti-corruption processes implemented and reported 2 in 2021 (0 in 2020) proven cases of corruption and 1 in 2021 (0 in 2020) incident of discrimination. However, firms are not willing to comment on these issues. Moreover, in both years 25 companies directly related their activities to the SDGs and 20 out of 55 firms obtained sustainability certificates in 2021 versus only 14 out of 55 having one in 2020.

Small reporting frequencies are observable in the case of the following ESG measures: violations of the code of conduct (mentioned 1 time in 2020 and 2 times in 2021), safety inspections of buildings (mentioned 5 times in 2020 and 8 times in 2021), the total number of suppliers (mentioned 4 times in 2020 and 6 times in 2021), the share of expenses for local suppliers in % (mentioned 2 times in 2020 and 3 times in 2021). Obtained well-being certificates, which confirm that firms are offering good working conditions for their workforce, were only reported by 5 firms in 2020 and 4 in 2021. Only 5 (2) firms in 2021 (2020) planned to tie the board compensation to sustainability measures. These surprises are because tying the board’s and management’s compensation to common sustainability measures (with low chances to be manipulated) could be the most effective tool in speeding up sustainability efforts. In this context, it is interesting to recognize that the number of companies that developed their sustainability performance index increased from 4 in 2020 to 9 in 2021 (+125%). This, together with the fact that 20 firms in 2021, instead of 14 in 2020, obtained a sustainability certificate shows a positive trend toward sustainable changes.

Less than a third of companies confirm to follow the human rights guidelines (14 in 2020 and 12 in 2021 out of 55). In addition, 11 in 2020 and 7 in 2021 companies mentioned offering ESG-specific employee training, while another 7 in 2020 and 15 in 2021 firms mentioned employees examining a Code of Conduct training. In 2020 and 2021, 10 and 14 firms respectively, undertook customer surveys to further improve service/product quality and on the supplier side 13 firms reported in both years to have business partner Code of Conduct/Supplier Code of Conduct rules established. Finally, 8 in 2020 and 13 in 2021 companies engaged in regional sponsoring projects. On the one side, the involvement of firms, customers, suppliers and employees in following human rights guidelines, ESG and Code of Conduct rules could be extended to more firms. On the other side, it is important to admit that several measures were mentioned more often, even though the original 2020 frequency level was low. The number of employees with a code of conduct training more than doubled, regional sponsoring projects increased by ca. 60%, mentioning the total number of suppliers, safety inspections of buildings, customer surveys, developing own performance indices, tied board compensation to sustainability measures and obtaining sustainability certificates increased by ca. 50% (Table 2).

Even though the comparability of the employee, and other social and governance measures increased over time, one has to admit that there is still a lot of room for improvement. Companies should invest more time and resources to increase sustainability reporting quality to make the latter comparable. This type of basic sustainability reporting should become mandatory for a wide range of firms, not only the largest ones. Over time sustainability indicators will be generated directly in the finance department and supervised by the Chief Financial Officer (CFO). Finally, the sustainability trend can be perceived as an opportunity for increasing innovativeness and publishing confirming ESG scorecards. From all 55 analyzed real estate companies only a few are planning to tie compensation to sustainability measures or self-developed indices in the coming years, which would be motivating management the most to rise sustainability reporting quality to the next level. The new EU regulation which comes into effect in 2024 can lead to major improvements in sustainability reporting quality in the future.
Table 2. Overview of the Changing Number of Firms Reporting Employee, Other Social and Governance Information in 2020 and 2021 – Part II (55 Sample Firms)

<table>
<thead>
<tr>
<th>Information type</th>
<th>Number of reporting firms in 2020/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of employees with Code of Conduct training</td>
<td>7/15 (+114,3%)</td>
</tr>
<tr>
<td>Violations of the Code of Conduct</td>
<td>1/2 (+100,0%)</td>
</tr>
<tr>
<td>Regional sponsoring projects</td>
<td>8/13 (+62,5%)</td>
</tr>
<tr>
<td>Supervisory Board members</td>
<td>37/39 (+5,4%)</td>
</tr>
<tr>
<td>Proven Case of corruption</td>
<td>21(0)/19(2) (-9,5%)</td>
</tr>
<tr>
<td>Incidents of discrimination</td>
<td>16(0)/17(1) (+6,3%)</td>
</tr>
<tr>
<td>Safety inspection of buildings</td>
<td>5/8 (+60,0%)</td>
</tr>
<tr>
<td>Total No. Of Suppliers</td>
<td>4/6 (+50,0%)</td>
</tr>
<tr>
<td>Share of expenses for local suppliers (in %)</td>
<td>2/3 (+50,0%)</td>
</tr>
<tr>
<td>ESG specific training (Yes/No)</td>
<td>11/7 (-36,4%)</td>
</tr>
<tr>
<td>Customer Survey (Yes/No)</td>
<td>10/14 (+40,0%)</td>
</tr>
<tr>
<td>Well-being certificate (Yes/No)</td>
<td>5/4 (-20,0%)</td>
</tr>
<tr>
<td>Business partner Code of Conduct/ Supplier Code of Conduct</td>
<td>13/13 (+/-0%)</td>
</tr>
<tr>
<td>Own Sustainability Performance Index (Yes/No)</td>
<td>4/9 (+125,0%)</td>
</tr>
<tr>
<td>Board Compensation tied to Sustainability measures (Yes/No)</td>
<td>2/5 (+150,0%)</td>
</tr>
<tr>
<td>Anti-Corruption processes implemented (Yes/No)</td>
<td>22/21(-4,5%)</td>
</tr>
<tr>
<td>Human-rights issues commented/followed (Yes/No)</td>
<td>14/12 (-14,3%)</td>
</tr>
<tr>
<td>Sustainability Certificates (Yes/No)</td>
<td>14/20 (+42,9%)</td>
</tr>
<tr>
<td>UN SDG’s Included in the Report</td>
<td>25/25 (+/-0%)</td>
</tr>
</tbody>
</table>

Source: Own research

5. CONCLUSION

This study aimed to show common sustainability reporting practices of real estate companies in 2020 and 2021, given prevailing European regulations. To date, it remains unclear, whether firms on purpose establish sustainable processes or whether they argue existing structures into being sustainable. In the last years, sustainability became a buzzword and sustainability reporting is often perceived as a marketing tool. However, transformative work needs to be done as investors and consumers are aware of the necessity to go green.

Generally, it is not easy to compare the reported sustainability measures focused on employees and other social and governance issues across firms stemming from one industry in one country (e.g. Real Estate in Germany or Austria). In all three countries, most data can be found on employees and governance issues, while other social issues are seldom commented on. We find evidence that several ESG measures are being mentioned more often in 2021 than in 2020. For example, some numbers increased by ca. 20% newly hired employees, ca. 35% average age, ca. 50% the % of women on the board of directors, executive pay ratio and employee satisfaction, and by ca. 80% total accidents. More than 50% of the analyzed firms only mentioned the total number of employees, supervisory board members, the share of women and the number of permanent full-time contracts in 2020. In 2021, only the total number of employees, supervisory board members, the proportion of female executives and % of women on the board of directors are mentioned this often. Although a positive trend in the reporting of sustainability measures can be recognized, the general reader usability of sustainability reporting seems to be rather low in 2020 and 2021. Our findings are indicative as only two years of data and a relatively small sample of 55 firms stemming from one industry were analyzed. Future research could focus on smaller firms in this industry and undertake a content analysis across various industries for several years including all possible ESG measures.
Sustainability standards/measures arguably play an essential role as they allow corporations to evaluate and disclose their sustainability-related activities. The number of sustainability standards is constantly increasing, while one global comprehensive system for companies is still missing – this remains problematic. Establishing the ISSB and extending the sustainability reporting requirements at the EU level from 2024 on may be improving reporting quality.

References


