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Reporting Sustainability in Facility Management

ABSTRACT

Purpose

This report investigated the status quo of sustainability reporting in Facility Management (FM) service providers operating in Germany. The aim is to determine in which form, according to which taxonomy and which content sustainability has thus far been reported on in FM.

Theory

Regarding taxonomy, sustainability reporting in accordance with Global Reporting Initiative Construction and Real Estate Sector Supplement (GRI CRESS) was taken as a basis. The investigation of the contents focussed upon the reflection of the sustainability criteria established by GEFMA German Facility Management Association e.V, which will be available from 2014 onwards in the form of guidelines and certification.

Methodology

The objects of the examination were those sustainability reports available on the Internet in the 2012 “Lünendonk List” of those FM services providers listed as being the top 25 in Germany.

Findings

10 out of 25 companies publish their own independent sustainability report; a further 4 integrate their sustainability reporting in their annual reports. The taxonomy of GRI was used in 7 of the reports. Of the 24 GEFMA criteria, 21 were addressed in terms of content, of those 13 only seldom. 3 of the criteria have so far not been a subject of the sustainability reporting of FM service providers.

Value

The status quo of the sustainability reporting of FM service companies in Germany can serve as a starting point for international comparisons. Companies which are preparing a sustainability report can gain from this report an overview of the activities of the Top 25 FM service providers in Germany. Synergies between the sustainability reporting according to GRI and sustainability certification according to GEFMA are given, but only in partial areas.

Keywords

Facility Management, sustainability report, Global Reporting Initiative, GEFMA sustainability certificate

1 INTRODUCTION

Sustainable economic activity has developed into a challenge that covers all sectors of the economy. In the field of Facility Management (FM) there is also a growing expectation that it is not merely expertise regarding the costs and quality-optimised performance of Facility Services that is purchased by way of a corresponding contract, but that a contribution towards the sustainability balance of the FM customer is being made at the same time (Nousiainen, Junnila, 2008, p. 266f.; Kummert, May, Pelzeter 2013a, p. 1; BIFM 2013). The reaction to this has been an increasing desire on the part of the FM service providers to systematically communicate the sustainability of their facility services.

So far, two approaches had been available to them for such systematisation: the assessment system for sustainable buildings or reporting on the sustainability of the company itself, e.g. in accordance with the certifiable taxonomies of the Global Reporting Initiative GRI. In view of the fact, however, that neither a building nor the totality of a company's activities allow one to draw conclusions pursuant the quality of the Facility Services performed for a specific customer, the GEFMA (German Facility Management Association e.V.) has developed a taxonomy of its own in its working group "Sustainability." The 24 criteria listed therein for sustainable Facility Services form interfaces to both the buildings being managed and to company policy (Pelzeter 2013b, p. 33). The certification of the sustainability of the Facility Services performed – on the basis of the respective contract with reference to a specific building – is also planned. There will therefore be from 2014 onwards an additional possibility for those active in the FM sector to communicate the sustainability of their Facility Services. This paper, however, exclusively investigates the present communication in the context of sustainability reports.

Accordingly, the sustainability reporting forms the theoretical background to the investigation. Sustainable development was defined by the Brundtland Report of the World Commission on Environment and Development (WECD) in the year 1987 as follows: "Sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs." (Rottke, Landgraf, 2012, p. 29). In this work sustainability – as the result of sustainable development – is to be understood in terms of the three-dimensional model, consisting of the economic, the ecological and the social dimensions (Kopfmüller, 2007, p. 16). Sustainability reports are normally prepared for a great variety of stakeholders. They are intended to make the current state of sustainability development visible in terms of company activities, both within the company and outside it.

Lauesen distinguishes between primary and secondary stakeholders (Lauesen 2013a, p. 1892ff; Lauesen 2013b, p. 2114ff). Primary stakeholders are shareholders and investors, as well as employees, customers and suppliers, as well as government bodies and local authorities. Secondary stakeholders are citizens of the community, real-estate owners, media representatives, interest groups and non-government organizations (NGOs).

According to Coenen and others, FM customers can be further differentiated in terms of client (contract), customer (specifies delivery) and end-users (Coenen and others 2012, p. 79f). Each stakeholder has specific expectations of FM, respectively on the reporting (Clarkson, 1995, p. 101ff). As a help towards appropriately satisfying these multiple expectations in sustainability reports, recommendations are made in the international standards, or in international initiatives, on the contents of the reports.

- AA 1000 (Account Ability). This standard is intended to help improve the credibility and quality of sustainability reports.
- ISO 26000 (Guidance on Social Responsibility). A guideline adopted in September 2010, that is intended to promote a uniform understanding of social responsibility and is to be applicable for all sorts of organisations regardless of size and location.
- GRI (Global Reporting Initiative). A guideline on the preparation of sustainability reports that is especially suitable for large international concerns. It contains concrete proposals on the use of (core) indicators in the dimensions ecology, economy, social life / society (for details see Ch. 4).

Further variance in sustainability reporting can also be found in terms of the types of reports. They can be published as reports on corporate social responsibility (CSR), as part of the general business report or as a concrete sustainability report. Even separate reports on environmental management, e.g. in keeping with ISO 14001, cover a part of the dimensions of sustainability. The latter type, however, has not been integrated in the present investigation.

The aim of sustainability reports can also vary. By their publication they can exert a feedback effect on the management in the sense of a control system (Henry and Journeault 2010). At the same time companies can pursue their marketing objectives with the publication in that they can thereby present themselves as sustainable and trustworthy (Belz and Peattie, 2009).

2 RESEARCH QUESTION

From a scientific standpoint the status quo of sustainability reporting in the German FM branch is not documented. For this reason a quantitative and qualitative report is required particularly regarding the specific depiction of sustainability in Facility Services. From a practical standpoint, companies which have not yet prepared a sustainability report will find it interesting to learn what is currently customary in the FM branch.

- Question 1:
How widespread is the compilation of sustainability reports currently in the FM sector?
- Question 2:
What is the contents structure of these reports?
- Question 3:
Which FM-specific contents are already present in the reports today?

The 25 largest FM-services providers according to the Lünendonk List 2012 (collected data from the year 2011, see Table 1, Lünendonk 2012) have been taken as a basis upon which to reflect the status quo in the FM sector. Lünendonk is the leading company in Germany that prepares rankings for the FM branch. This ranking list is published each year in August. It sorts the FM-companies according to the turnover they generate in Germany.

The object of this investigation is the sustainability reports of those "Top 25" that had been published by July 2013. The group of FM companies has a joint turnover of about 11 billion euros, which accounts for approx. 19% of the turnover of 57.5 billion euros attributable to the FM market in Germany (Lünendonk 2012, p. 2). The remaining 81% of turnover is generated by many smaller companies. To this extent the Top 25 businesses on the Lünendonk List cannot be taken, in terms of their size, as being representative of the branch as a whole. Nevertheless, since sustainability reporting is typical for large companies (over 70% of the 100 largest companies per nation report on sustainability in the Americas, Europe and Asia Pacific, KPMG 2013) but un-

typical for the small and medium-sized businesses (Sweeney, 2007), the FM companies shown in Table 1 can be regarded as representative for the development of sustainability reports in the FM branch.

Table 1: Leading Facility Management Businesses in Germany in the Year 2011
According to the Lünendonk List 2012

1	Bilfinger	14	ISS
2	Strabag	15	Götz
3	Dussmann	16	Lattemann
4	Compass	17	RGM
5	Wisag	18	Johnson controls
6	Hochtief	19	Dorfner
7	Sodexo	20	Clemens Kleine
8	Cofely	21	Sauter
9	Vinci	22	Schubert
10	Gegenbauer	23	Dr. Sasse
11	Klüh	24	WIS
12	Piepenbrock	25	Bockholdt
13	Kötter		

The reports discovered by internet research were classified according to their structural incorporation (separate sustainability report or a part of the annual report) and orientation towards the existing reporting taxonomy of the Global Reporting Initiative (GRI) and were also reviewed for containing FM-specific topics. Such topics were defined as FM-specific that are defined more closely in the sustainability assessment of the GEFMA (further details in chapter 4).

3 RESEARCH TEAM

The investigation was carried out by the author at the Berlin School of Economics and Law at the Department of Cooperative Studies. The fact that the author is also the leader of the GEFMA working group “Sustainability” enabled access to the criteria drawn up in the course of the years 2012 and 2013 for the assessment of sustainability in the FM sector even before the publication thereof in 2014.

4 EXISTING STANDARDS

So far there is no obligation in Germany to publish sustainability reports, but this question has been repeatedly discussed (UN Global Compact 2013, p. 33). On a worldwide level a growing number of legal requirements in this area can nevertheless be observed (UNEP et al. 2013, p. 9). Overall, sustainability reporting in the real estate sector is on the increase (Stibbe, Voigtländer 2013, p. 8). In addition, a trend towards the integration of commercial and sustainability reports may be observed (James 2013, p. 15). The Global Reporting Initiative GRI has created, by way of an international, consensus-oriented dialogue with a wide variety of stakeholders, a recognised framework for sustainability reporting (O’Dwyer and Owen, 2008, p. 384ff.; Castelo 2013): which is referred to by various non-profit making, public and also political institutions such as UN Global Compact, the Federal Ministry of the Environment (BMU 2009), the German Coun-

cil for Sustainable Development in the context of the German Sustainability Codex (Rat für Nachhaltige Entwicklung - Council for Sustainable Development 2012) or by ZIA (Zentraler Immobilien Ausschuss e.V. - German Real Estate Foundation, Mösle 2013, p.12).

GRI requires a balanced, comparable and exact system of reporting (Hoffmann 2011, p. 76f.) on the following topics:

- Company profile
- Economic performance indicators
- Environmental performance indicators
- Social performance indicators
- Labor practices and decent work performance indicators
- Human rights
- Society
- Product responsibility

The complementary criteria of the Real Estate Sector Supplement (CRESS), especially developed for the real estate sector, are assigned to the above-mentioned topics. One of the CRESS-criteria enquires about the nature and number of sustainability certifications for buildings managed by the company.

In Germany the following systems for the certification of the sustainability of buildings are common: DGNB German Sustainable Building Council Seal of Approval, LEED Leadership in Energy and Environmental Design (developed in the USA) and BREEAM BRE Environmental Assessment Method (developed in the UK). It is in particular the respective system variants for existing buildings that allow one to draw conclusions pursuant to the sustainability-oriented actions of the FM. The key figures collected there regarding e.g. the consumption of resources by the facility during its useful life do not, however, reveal anything about the activities of the FM employees concerning the continuous improvement of the environmental and social impacts of a building in the context of the respective contractual conditions.

In order to fill this void in the systematic measurement of sustainability in the FM sector (Pelzeter, May 2012, p. 38), 24 criteria have been developed by members of GEFMA. These have been sub-divided into the categories Environment, Economy, Society, FM Organisation and Facility Services, cf. Table 2.

In most of the criteria the question of the sustainability-oriented quality of conception, realisation, control and renewed optimisation of the respective processes (Plan-Do-Check-Act-Cycle) is addressed. Also the utilisation of specific sustainability measures with regard to the individual services is monitored. Behind the keyword legal conformity lays the identification of all relevant legal regulations as well as the documented and systematic realisation thereof verified by audits. It is the legal regulations pursuant to safety that are at the centre of attention hereby, but not the prevention of criminal acts – as is striven for in e.g. internal regulations under the motto “Corporate Governance”.

Regarding the question defined in the above, these GEFMA-criteria have been taken as the basis for the analysis of the contents of the sustainability reports from FM service providers.

Table 2: GEFMA Sustainability criteria

Category		Criterion
Ecological Quality	1	Energy Management
	2	Water Management
	3	Waste Disposal Management
	4	Disaster Management
Economic Quality	5	Utility Costs Management
Socio-Cultural Quality	6	User Contentment Management
	7	Complaints Management
	8	Legal Conformity
	9	Indoor Air and Drinking Water Quality
	10	Building Security Management
	11	Work Safety Management (FM employees)
Quality of the FM Organisation	12	Real Estate Management Strategy
	13	Human Resources Concept, Deployment, Organisation
	14	Workflow Organisation / Processes
	15	Documentation and Reporting
	16	Procurement
Services, depending on the commission (optional)	17	Space Allocation
	18	Operation
	19	Maintenance
	20	Projects in Technical Facility Management (Modernisation / Restoration / Refurbishment)
	21	Cleaning
	22	External Areas incl. Winter Services
	23	Catering
	24	Security

5 RESEARCH METHODS

For the period from May to July 2013 the homepages of all top 25 companies from the Lünendonk List were searched using the keywords “Nachhaltigkeit” (German), Sustainability, Corporate Social Responsibility and CSR. If this search did not lead to an independent sustainability report, then the annual company report was analysed. Statements pursuant to sustainability activities on the homepage were not taken into account. In the case of FM service providers that are part of a larger group of companies, the sustainability report usually covered the business activi-

ties of the entire group. This was the case with 5 of the reports examined: these reports have been integrated into the analysis.

The use of GRI as a taxonomy for reporting is usually elucidated by the companies at the beginning or the end of the report by way of assigning individual statements or chapters to the GRI-criteria.

The content analysis was carried out with the aid of a keywords matrix based on the GEFMA-criteria catalogue. The respective statements pursuant to the keyword in question and where they were found in the report of the individual company were noted herein. A statement in the sustainability or annual company report was registered as being thematically in accordance with the GEFMA criteria in the case that factual information had been available that contained a reference to sustainability (specific measures, processes, targets, success). The mere naming of a concept without any link to activities of the company was not deemed sufficient for this. A review extending beyond the thematic allocation, e.g. pursuant to a complete agreement between the statements and the GEFMA criteria profiles did not follow.

6 FINDINGS

Of the 25 FM service providers on the Lünendonk List 14 companies had, by mid-July 2013, published a report that exclusively (10 reports) or in the context of the company's annual reporting (4 reports) dealt with the question of sustainability in the company. Question 1 may thus be answered as follows:

- Answer 1:
The compilation of sustainability reports in the FM sector is becoming more widespread: significantly more than half (56%) of the companies investigated can point to a corresponding report.

Pursuant to the question as to the structure of the reports it was reviewed whether reference to the taxonomy according to GRI had been made. This was the case in 7 out of 14 reports, exactly half of them. By way of comparison: world-wide the Initiative Global Real Estate Sustainability Benchmark established a percentage of 34% for the reports according to GRI (GRESB 2013, p. 20).

- Answer 2:
The systematisation of the contents of the reports according to GRI had been undertaken in half of the reports found (7 out of 14 reports).

The analyses of matches between current report contents and those criteria recently defined by GEFMA for sustainable FM resulted, depending upon the criterion, in a widely varying picture, cf. Figure 1. "Energy Management" was reported on most frequently. This accords with the results of other investigations (Business and the Environment 2010, p.8; GRESB 2013, p. 20). The topic of "Work Safety Management" – with reference to the FM-employees - and the sustainability of the "Human Resources Concept" is also touched upon in the majority of cases (in 9 out of 14 reports). These are followed by two further criteria from the environmental sector in the shape of "Water" and "Waste Disposal Management".

Other criteria frequently integrated (8 matches) as “Real Estate Management Strategy”, “Workflow Organisation/Processes” and “Procurement” belong to the topics covered by the FM Organisation. Not mentioned at all from a sustainability point of view were the criteria “Disaster Management”, “Indoor Air and Drinking Water Quality” as well as “Technical Facility Management Projects” (e.g. regarding modernisation). A report on sustainability activities in specific services is implemented in part (between one and five matches): this rather seldom referencing is to be attributed in part to the fact that individual Facility Services are not reported on in detail in group annual reports.

• Answer 3:

FM-specific content – according to GEFMA criteria for sustainability in FM – is already to be found in part in the current sustainability reports of FM-companies. Matches are to be found particularly in the fields of “Environmental Quality” and “Quality of the FM-Organisation”. “Work Safety Management” is a further topic frequently to be found in the current reports (in 9 out of 14 reports).

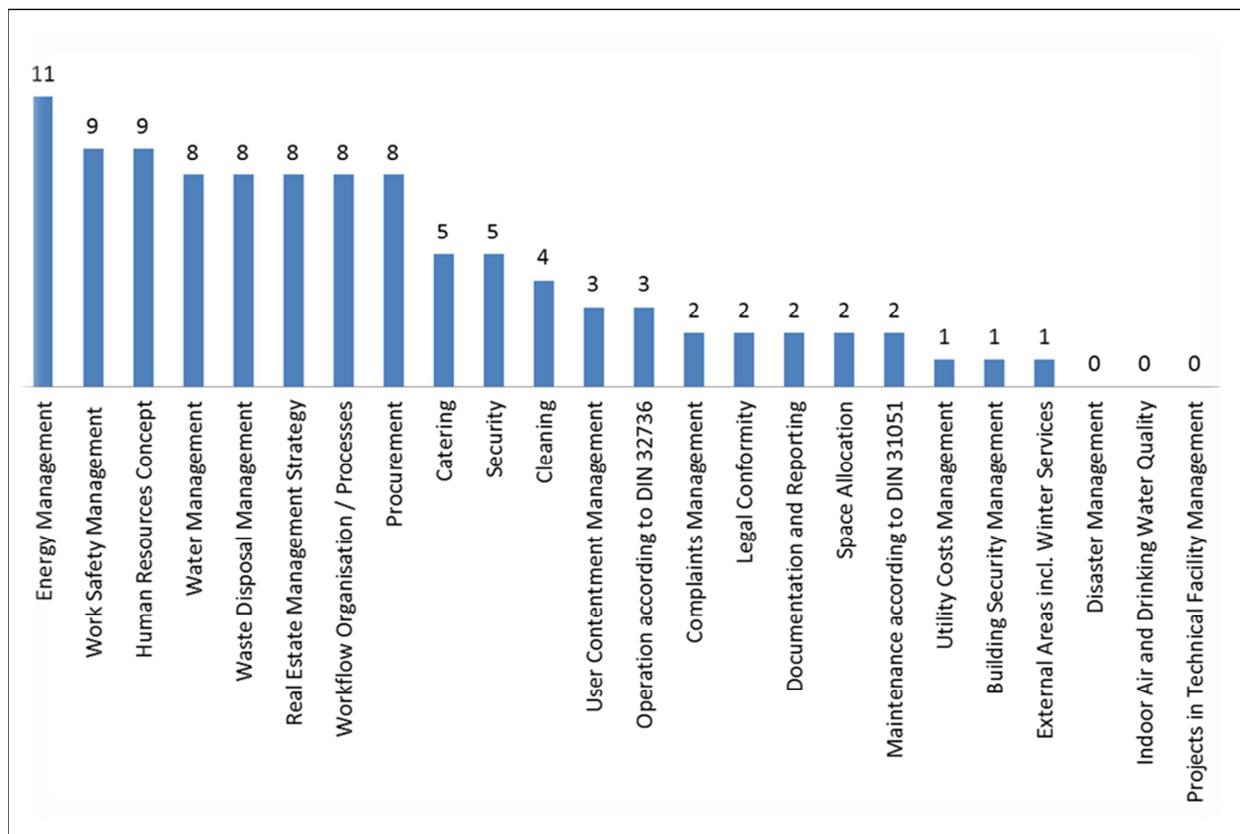


Figure 1: Integration of GEFMA-Sustainability Criteria in Sustainability Reports (As of 7/2013) of the Top 25 FM-companies in Germany

7 FINAL CONCLUSION

One may deduce from these results that sustainability reports are attaining increasing importance in the FM sector: if more than half of the 25 FM companies that generate the most turnover in Germany publish such a report, others will follow their example. Reporting according to GRI

would seem to suggest itself, but is not without alternative: half of the reports demonstrated sustainability by way of individually determined criteria or report content.

The fact that the GEFMA criteria oriented towards the sustainability of Facility Services are already being addressed in current sustainability reporting allows one to conclude that there may be possible synergies between the assessment of Facility Services for individual properties or customers and company-specific sustainability reporting. There is, however, clearly no absolute congruence between the reporting topics in keeping with the GRI and the GEFMA criteria. This means that the two systems can be used as mutually supplementary for communication on sustainability in FM.

With the present description of the status quo in sustainability reporting of FM businesses in Germany researchers can now draw both a quantitative and a formal and contents-oriented comparison to other branches, especially in the service sector. Further research should take account of future developments. The question as to why so little attention has so far been paid, in the reporting, to individual topics such as cost-benefit management would also be worth taking a closer look at.

The generalisation of the results of the investigation is limited by the restriction of the number of reports analysed to the top 25 of the FM companies. Here, an extension of the would be revealing. It would also be desirable, beyond the boundaries of the thematic integration of criteria, to analyse a possible conformity in the details pursuant to the GEFMA-criteria. This would be realisable after the conclusion of the pilot phase of the GEFMA certification.

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