

MITO - Tool-based ESG Reporting Facilitates Sustainability Reporting

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1- Introduction

Purely financially oriented corporate management is no longer sufficient to adequately take into account the non-financial factors that determine value in the production of products or services. This requires a new form of reporting that also takes greater account of the interests of stakeholders. Companies must therefore adapt their business models to current sustainability requirements if they want to ensure long-term value creation. In doing so, it is important to take a holistic approach in order to arrive at value-oriented corporate management and stakeholder communication. In order to be able to assess the adaptability and sustainability of companies, the ESG reporting standards (E= Environment, S= Social, G= Governance) specified by the EU Commission require sustainability reporting that complies with the rules. This can be systematically implemented with the MITO model governance approach and the MITO methods tool explained below. The MITO model on which the procedure model is based, with its 5 model segments

"Leadership, Input, Transformation, Output, Direction."

Maps the process-oriented approach required in all Integrated Management Systems (IMS) as a control loop and is the reference point for the other organizational structure specifications discussed in point 2, by which is meant the MITO business model, the MITO process model and the MITO governance structure model.

The aim of the MITO sustainability governance approach is to implement holistic planning, steering and controlling for the required ESG reporting via an integrated management and governance system in order to create more credibility and trust in the market through the proven embedding of sustainability in all corporate activities. In this way, ESG criteria are to be anchored in the company's strategy, i.e. to use the environment, social issues and good corporate governance as criteria for the company-specific sustainability assessment. The non-financial information must be auditable in order to assess the achievement of sustainability goals, i.e. it must be prepared in such a way that it can be audited and thus be auditable. The EU Commission with its regulatory authorities is increasingly placing the focus of ESG performance reports on the supply chain. The Corporate Sustainability Reporting Directive (CSRD) together with the Supply Chain Sourcing Obligations Act (LkSG) are specified as reporting standards.

2. MITO model - supported CSR - further development

The further development of the recommendations for action on the assumption of social responsibility (Corporate Social Sustainability) aimed at by the EU Commission through ESG reporting is intended to support the achievement of the sustainability targets shown in Figure 1 by means of the ESG reporting standards. For the company in question, this means making considerable efforts with regard to the necessary ESG strategy alignment. Starting with the sustainably oriented and transparently described business model with the explanation of the impact of the business activities on society and nature. This is combined with the specification of a sustainability-related value culture that is presented externally in a sustainable manner and lived internally.

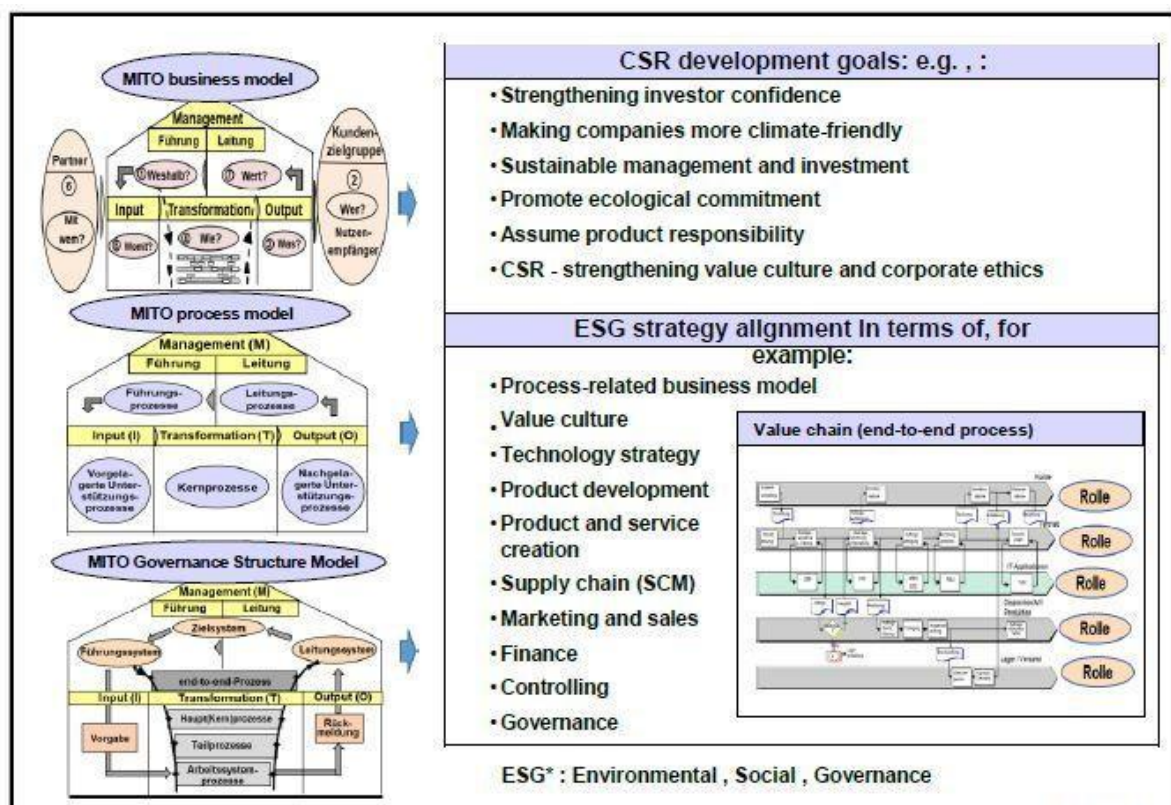


Figure 1: MITO - Model - Supported CSR Further Development Activities

The structured description of the business model is done via the MITO - business model also shown in Figure 1 by systematically answering the 7W -basic questions with:

"1.why?, 2.who?, 3.what?, 4.how?, 5.with what?, 6.with whom?, 7.value?"

For the development of the correct 7W answers, the MITO method tool explained below is available, which also provides the reference checklists for the corporate, environmental and stakeholder analyses required for this. In addition to the strategy and target definition, the business logic with the respective design perspective for the subsequent process analysis and optimization is also explained in each segment. The business model description made in this way in great detail is then the reference point for the control loop-oriented implementation of further design concepts described in the literature, such as for MITO configuration management, MITO transformation management, MITO innovation management, MITO supply chain management or MITO changemanagement. This in all business processes under consideration of sustainable aspects. For this purpose, these business processes must

be modeled and documented. The MITO process model used for this purpose, shown in the middle of Fig. 1, is the basis for the MITO process model development and allocation of the identified processes according to the High Level Structure for Integrated Management Systems (IMS). In the management segment, these are the strategy and planning processes; in the MITO input segment, the upstream support processes with the provision of resources and infrastructure and the selection of employees; in the transformation segment, the value-adding core processes with which the company earns its money; in the output segment, the downstream support processes with the delivery of the products produced and the review of process performance. The control loop closes with the feedback function to the management segment with the controlling, audit and compliance processes executed there. If required, these processes can be broken down into sub-processes down to the lowest work system process level using the process level model. The business processes localized during the process inventory are analyzed, documented and optimized on a role basis using a BPM tool such as Sycat. The process owners, the process objectives, the process tasks, the target key figures and the documents and IT applications used for process digitization are assigned to the individual processes.

Weak point analyses with assignment of the necessary measures, interface analyses or also effectiveness checks are carried out with MITO tool support. The role-related process documentation is subsequently also the reference point for further specific process analyses such as risk, hazard, cost, potential, CIP and other analyses.

This creates the conditions for developing the company-specific corporate governance system in the MITO - governance model structure also shown on the lower level in Fig. 1. In the research project funded by the German Federal Ministry of Education and Research in 2012: "Guidelines for the Management of Organizational and Supervisory Obligations", the following definition of corporate governance is used as a basis in Study 1: "Corporate Governance as a Function of Company Structure and Company Size" - a business management - legal analysis: "Corporate governance" refers to responsible corporate management with the aim of safeguarding and managing the legitimate interests of all relevant stakeholders. This involves, on the one hand, ensuring that the company and its employees act legally and, on the other, assuming social and environmental responsibility for corporate decisions and actions with the aim of generating trust in the company among the relevant stakeholders and maintaining this trust in the long term."

3. MITO - Methods Tool - Use to ESG -Reporting Standards – Compliance

The practical implementation of the above-mentioned monitoring and reporting obligations with the associated effectiveness tests mentioned in Fig. 2 is carried out with the support of the MITO method tool. The MITO method tool is an Excel or SharePoint solution with a large number of classic analysis, diagnosis, therapy and evaluation methods that are linked together in an overarching solution cycle as shown in Fig. 3. In addition to the digitized method provision, prepared reference templates and checklists for multidimensional analysis exist for many tasks from a subject-specific point of view in order to obtain an overall optimum in a standardized manner with regard to the implementation of the organizational concepts mentioned above or the fulfillment of the ESG reporting requirements mentioned at the beginning with the associated documentation. Each MITO reference checklist can be subdivided line-by-line into further levels of detail, the submatrices.

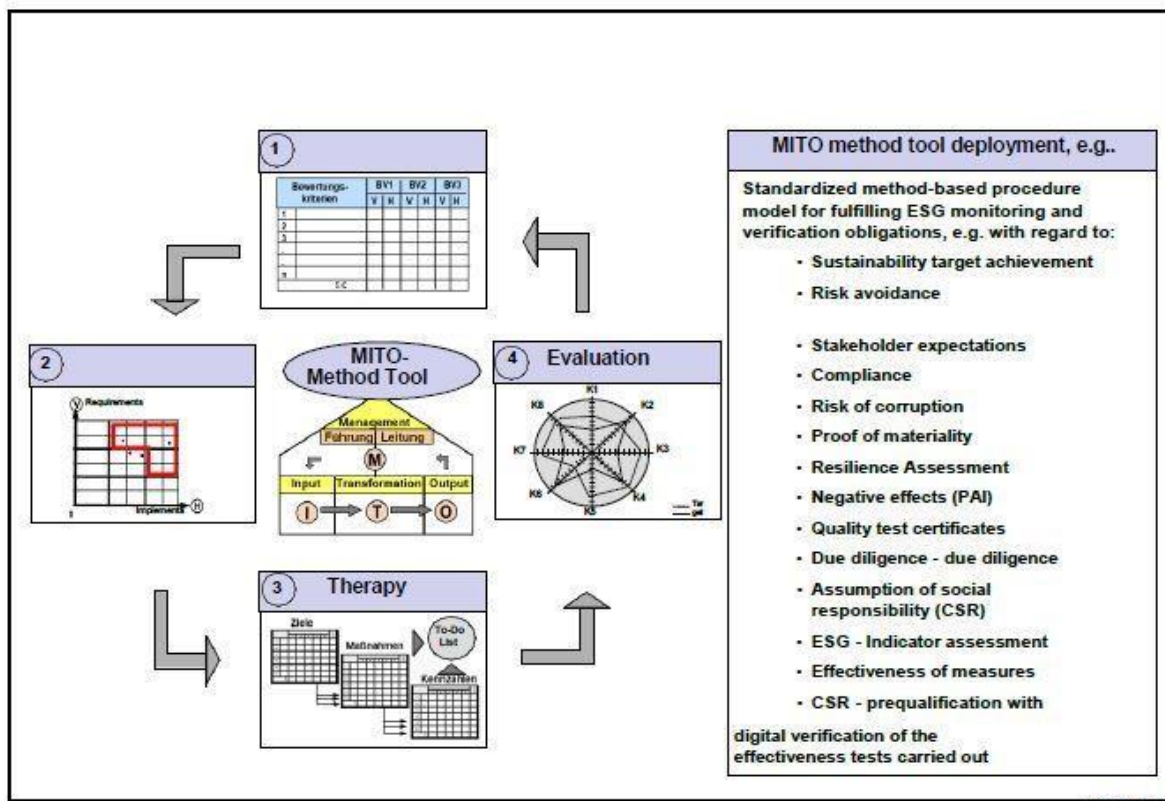


Figure 2: MITO method-tool-supported digital sustainability - governance -reporting standard obligations fulfillment.

The novel software-supported integration of portfolio techniques, QFD matrices, affinity and relationship diagrams, ABC and XYZ distributions, Pareto, FMEA, risk and Ishikawa analyses, causeeffect chains as well as goal-measure trees and PDCA effectiveness evaluations carried out in the MITO method tool increases the technical, methodological and learning competence of those involved, for example in company analyses, maturity assessments, IMS evidence generation or effectiveness audits.

4. Systematic MITO - Model-related sustainability reporting

With the new Corporate Sustainability Directive Reporting (CSRD) - Directive of the EU - Commission, the preparation of sustainability reports becomes mandatory for large companies. As Figure 3 shows, the MITO sustainability business model as a common umbrella for all ESG sustainability activities again forms the reference and regulatory framework and in this way links the High Level Structure for Integrated Management Systems with the core topics and recommendations for action of DIN ISO 26000 as well as the above-mentioned ESG reporting standards and indicators with the CSRD reporting content as a control loop. The sustainability report structure with 7 chapters is also based on the control loop-related MITO model segments. This sustainability report is aimed at all customers, employees, suppliers, public authorities and all other stakeholders who have a relationship with the company and would like to know what values and principles it uses to meet their expectations and requirements.

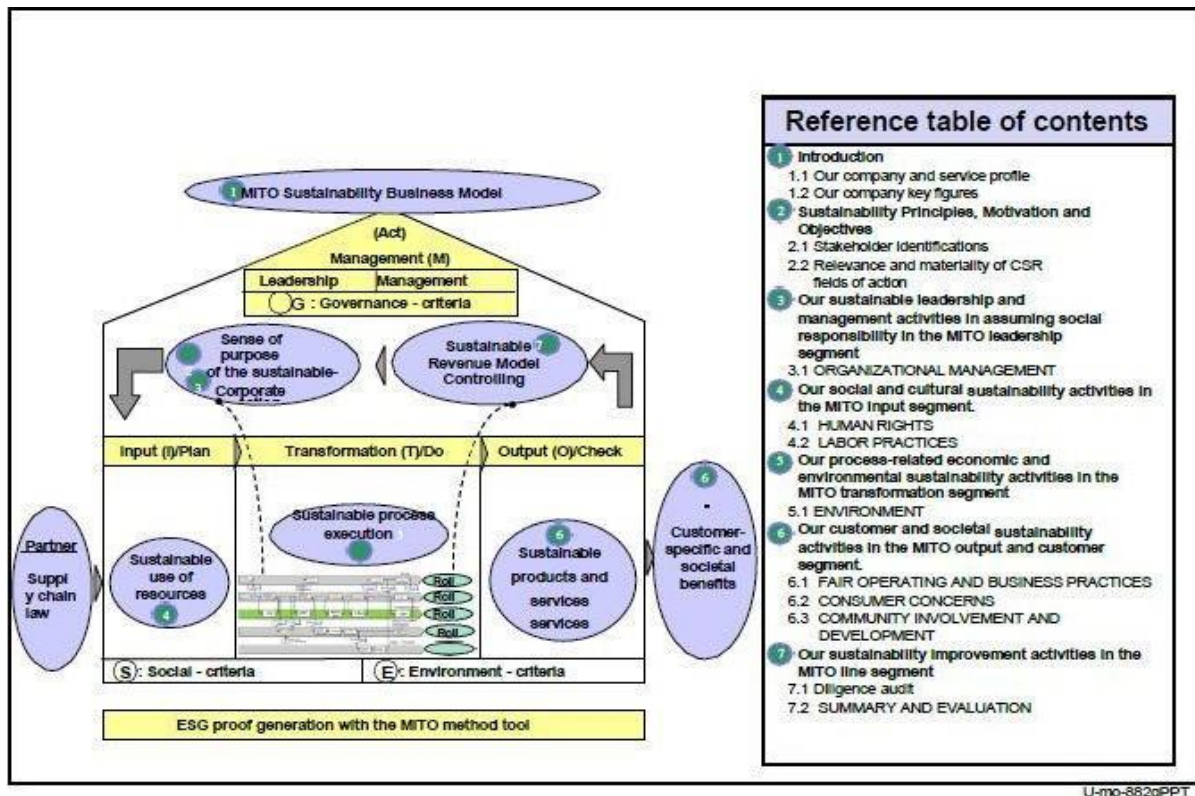


Figure 3: ESG reporting related MITO sustainability reporting structure.

The ESG report contents assigned to the MITO - model segments have the following contents: In the MITO leadership segment, this includes, in Chapters 1, 2, and 3, the descriptions and assessments of the

- Corporate ethics and corporate culture (Code of Conduct)
- Roles of the company's administrative, management and supervisory bodies, including with regard to sustainability issues and their composition.

1. In the MITO input segment, from a social perspective (S = Social) in Chapter 4, this includes assessments about:

- Equal opportunities for all, including gender equality and equal pay for equal work, training and qualification, and employment and inclusion of people with disabilities
- Working conditions, including safe and adaptable workplaces, wages, social dialogue,

collective bargaining and worker participation, work-life balance, and a healthy, safe and welladapted working environment

- Respect for human rights, fundamental freedoms, democratic principles and international standards

2. In the MITO transformation segment from an environmental perspective (E = Environment) in

Chapter 5, this includes explanations of how to achieve the six environmental goals:

- Climate protection (mitigation)
- Adaptation to climate change (adaptation)
- Water and marine resources

- Circular economy
- Pollution
- Biodiversity and ecosystems

3. In the MITO output segment, Chapter 6 presents the measures implemented from a social, environmental, and corporate governance perspective for:

- Fair business practices, consumer management, community involvement, including anticorruption and anti-bribery explained

4. Finally, in the MITO management segment, the corporate governance view or compliance is included in Chapter 7:

- Internal control and risk management systems of the company, compliance and CIP management systems also in relation to the company's reporting process in focus

CSRD reporting on the individual named 7 chapter points in the sustainability report is carried out via the standardized assessment and implementation procedure described in point 3 using the MITO method tool via prepared MITO analysis checklists for the individual capital points. The MITO portfolio ESG evaluations are supplemented by the assignment of the GRI (Global Reporting Initiative) standards to the respective ESG indicators. The graphical presentation of the results of the effectiveness tests and ratings is provided in digital form for the required reporting.

5. Summary

A holistic MITO model-based sustainability design approach was presented for the implementation of the specified ESG reporting standard in line with requirements. The company-specific business model, process model and corporate governance model with the integrated management and leadership system to be developed as a reference point are each developed separately in the MITO model structure and described in detail. The Sycat - process standard defines via the graphical swimlane - process representation factually-temporally-logically the relationships between roles, responsibilities, work tasks, competencies and necessary documentation for the business activities to be disclosed. All results can then be closely interrelated based on the common use of the MITO model. In this way, the requirement for holistic, end-to-end and integrated company-specific organizational design and development is met as a prerequisite for implementing the wide range of corporate sustainability requirements specified in the ESG reporting standards.

The MITO - management segment with leadership and direction covers the strategic organizational development view and the ITO model the operational process design view. All sustainable planning, control and monitoring activities in process execution in this business model are carried out by the process owners via the integrated leadership and management system with IT support. Through the consistent application of the MITO control loop principle in the analyses, evaluations and checks with the MITO method tool, deviations are quickly localized and eliminated.

References

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Binner, HF: Holistic Business Model Transformation, Springer Vieweg-Verlag, 2022, 1st edition, 296 pages, ISBN 978-3-658-37366-5, CSR Prequalification Notice

The Professor Binner Academy GmbH in Hanover Hemmingen has as a notified body at the

Deutsche Bahn AG in cooperation with the monitoring association Gleisbau EV Wiesbaden already from 2020 for the suppliers of Deutsche Bahn AG CSR – prequalifications carried out according to the MITO tool process model that she developed. Through a transparent the presentation of results in the form of radar charts is exactly what the supplier companies are given Communicated the need for action when taking on social responsibility according to the Requirements of the DIN ISO 26,000 sustainability guidelines have to be met. PBAKA GmbH also conducts this CSR pre-qualification at other medium-sized companies and in the automotive industry through.

Book reference: Springer Vieweg Verlag

Title: Sustainable MITO business model transformation

Release date: August 2022, 390 pages, ISBN 978-3658-377279-8

A holistic MITO business model sustainability design approach for the Integration of all sustainability issues into the organization and business activities in order to this way for the impact of the organization's decisions on society and the Environment the social responsibility, English Corporate Social Responsibility (CSR). take over. A standardized procedure is ensured in accordance with the standard requirements with a systematic approach using the MITO method tool for responsible sustainability-oriented corporate development. This is based on the specifications of the DIN ISO 26000 with the core sustainability issues and recommendations for action mentioned there. The content of the book chapter structure with the description of the method-based fulfillment of the diverse sustainability requirements and recommendations based on MITO practical examples digital verification, e.g. for a CSR prequalification refers to the MITO Business model as a common umbrella for the sustainability .Main activities within the 7 MITO business model segments.

Further information can be found at www.pbaka.de

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