

# Communication on Progress United Nations Global Compact

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## 1 Statement of continued support by the Chief Executive Officer

Dear stakeholders,

2016 was an important year for sustainability. New frameworks were launched in order to achieve a more sustainable world, like the United Nations Sustainable Development Goals, the UNFCCC Paris Agreement, aiming at aligning emissions reduction targets on scientific scenario, which entered into force at the end of the year, and much more.

Standards were also updated or developed, such as ISO 20400 on Sustainable Procurement which will be released in 2017, or ISO 37001 on anti-bribery; GRI G4 Guidelines transitioned to the GRI Standards, and the EU Directive on non-financial reporting will be translated to law in 2017.

DFGE considers such movements very positive, as they show strong signals towards that various players are striving for a more sustainable world. The reinforcement of CSR standards shows a will to structure and universalize such principles, as when participating to UNGC. DFGE wants to support such positive trends.

In this sense, we have always aligned and partnered with international recognized organizations. For example, we renewed this year our partnership agreement with the CDP, and we were chosen as the only EcoVadis consulting partner in the German-speaking region. We strongly want to support our customers in being more sustainable, by setting a sustainability strategy and targets, taking part in external standards, implementing actions such as emissions reduction initiatives, and measuring and reporting related metrics in a proper way. We actively promote sustainable topics to our customers, including UNGC.

As a sustainability solutions provider, it is important for us to apply such principles ourselves, and show our stakeholders that we commit to them. We strongly believe in sustainability standards and frameworks; this is why we commit to the UNGC and are happy to report our activities and improvement in this Communication On Progress. We hope that you will find valuable information in this report.

Greifenberg/Munich, January 2017

Dr.-Ing. Thomas Fleissner, CEO/Managing Director  
DFGE – Institute for Energy, Ecology and Economy







## 2 Human rights

### 2.1 Principles, assessment and objectives

#### Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights; and

#### Principle 2

make sure that they are not complicit in human right abuses.

#### DEFINITION:

Human rights refer to “civil and political rights, such as the right to life, equality before the law and freedom of expression; economic, social and cultural rights, such as the rights to work, social security and education, or collective rights, such as the rights to development and self-determination”<sup>1</sup>. In the context of work, they can relate to have safe working conditions, to be entitled to some rest, to be compensated... Other labor human rights are treated in the third part of this document.

Risk for DFGE: considered low.

#### Statement:

“As a service provider company, our workforce is our greatest asset. We intend to provide a nice workplace where employees can thrive

- DFGE promotes a healthy and safe workplace
- DFGE provides its employees with decent working conditions with proper working hours and compensation
- DFGE has at heart to focus on the development of its employee through career management
- DFGE acknowledges the right to social dialogue and collective bargaining. Social dialogue is considered as all types of negotiation, consultation or exchange of information between or among representatives of governments, employers and workers, on matters of common interest relating to economic and social concerns. (ISO 26 000)“

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<sup>1</sup> Source: United Nations OHCHR



## 2.2 Description of actions

We comply with the German laws related to these topics and implement actions.

### 2.2.1 Health and safety

- Rules displayed in case of accidents
- Employees habilitated to extinguish fires
- Employees able to provide first aid support
- Ergonomic chairs
- Low blue light screen

New actions:

- Purchase of new fire extinguisher
- Purchase of additional first aid kit

### 2.2.2 Working conditions

- Work-life balance measures (home office, flexible hours for arrival and departure...)
- Lunch time: food is purchased by the company, meals are spent together

New action:

- Innovation day, a time slot where employees suggest innovations for the company

## 2.3 Measurement of outcomes

Targets reached!

- Two more clients taking part in UNGC
- 0 work accident in 2016
- 0 harassment case in 2016



### 3 Labor

#### 3.1 Principles, assessment and objectives

|  |  |
|--|--|
| <b>Principle 3</b><br>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; | <b>Principle 4</b><br>the elimination of all forms of forced and compulsory labor;               |
| <b>Principle 5</b><br>the effective abolition of child labor; and  | <b>Principle 6</b><br>the elimination of discrimination in respect of employment and occupation. |

#### Definition:

In the UNGC principles, labor refers to the right to collective bargaining, as well as the prohibition of forced labor and child labor and the principle of non-discrimination.

#### Level of risk:

Even if these risks are not likely to manifest for DFGE due to location, size and sector, DFGE commits to prevent any form of forced and child labor, recognizes the right to collective bargaining and wants to prevent any form of discrimination in hiring, promoting, training, paying or dismissing employees.

Statement: As far as DFGE is concerned, the following principles apply:

- Discrimination, e.g. any distinction, exclusion or preference that has the effect of nullifying equality of treatment or opportunity based on illegitimate grounds (like gender, marital status etc.), is prohibited. DFGE promotes diversity and equal opportunities.
- Violation of fundamentals human rights is prohibited
- Any form of violence and harassment is forbidden. Workplace violence is defined by the ILO as homicide, assault, threats, mobbing and bullying on the job as forms of violence at work



### 3.2 Description of actions

- Compliance with law
- Collective bargaining: Mechanism of yearly assessment interviews and quarterly discussion. In any case of conflict that cannot be solved, we can resort to the company's legal consultant.
- Child and forced labor: only hired employees above 18, clear working contracts establishing working conditions
- Discrimination: Regarding payroll, same practice as last year, negotiated beforehand based on experience.

New action:

- Dedicated job offer to make sure to recruit employees on objective criteria

### 3.3 Measurement of outcomes

We are happy to announce that our targets were reached:

- No breach of labor right is to be reported.
- Among new employees hired, 66% were women, showing that diversity is important for DFGE.



## 4 Environment

### 4.1 Principles, assessment and objectives

|   |  |
|---|--|
| <b>Principle 7</b><br>Businesses should support a precautionary approach to environmental challenges;   | <b>Principle 8</b><br>undertake initiatives to promote greater environmental responsibility; and |
| <b>Principle 9</b><br>encourage the development and diffusion of environmentally friendly technologies. |  |

#### Definition:

According to the UNGC, environmental challenges refer to climate change, water, energy, biodiversity and agriculture. Corporate efforts should focus on meeting environmental responsibilities, valuing natural capital, and better understanding the linkages between resources.

#### Level of risk:

Being a service company, DFGE's environment-related risk can be considered moderate. Nevertheless, there is a certain impact and responsibility which DFGE will assume, e.g. in the areas of procurement, resource consumption or employee commuting.

#### Statement:

DFGE commits to lower its resource consumption, to reduce the company-wide carbon footprint and to forgo all practices which have a negative environmental impact through the release of harmful substances. Furthermore, DFGE commits to actively promote UNGC principles to its customers, and to explicitly procure products whose environmental impact is certified to be low.





## 4.2 Description of actions

- Consequent waste separation
- Compensation of emissions from heating oil
- Cooperation with the local supermarket regarding the use of re-usable plastic bowls
- Car sharing scheme for employees, home working scheme

New actions:

- Office-wide installation of multi-pole sockets which can be switched off during the night
- Emissions compensation from letter mailing by making use of the GoGreen program by Deutsche Post
- Process description for employees regarding the reduction of energy and resource consumption and regarding environment-friendly commuting / traveling.

## 4.3 Measurement of outcomes

- No reported incidents of violation against any legal obligations in the environmental field
- DFGE's total carbon footprint decreased by 5% to about 20t CO<sub>2</sub>e in the reporting year
- Relative carbon emissions per FTE decreased even stronger
- Several hundreds of kilogram CO<sub>2</sub>e could be saved by our car sharing scheme
- About 56% of emissions can be categorized as direct emissions (Scope 1), about 42% of emissions belong to upstream and downstream indirect emissions (Scope 3). Indirect emissions from use of energy can be considered low (about 2%, Scope 2) (see figure 4-1).

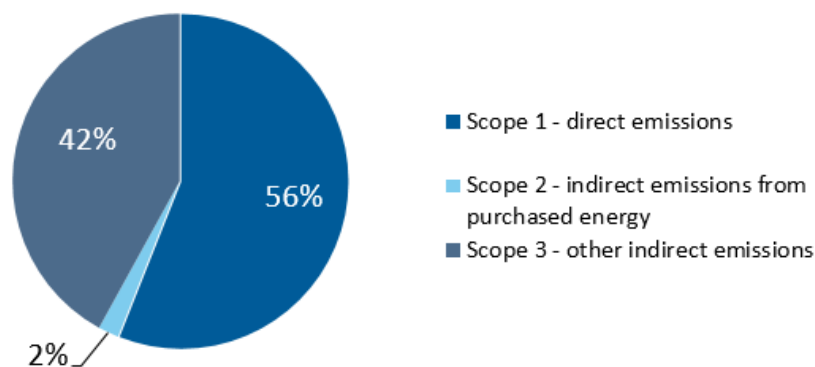


Figure 4-1: CO<sub>2</sub>e emissions categorized in Scopes



## 5 Anti-corruption

### 5.1 Principles, assessment and objectives

#### Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.

#### Definition:

Anti-corruption is “the abuse of entrusted power for private gain”<sup>2</sup>. It can take many forms: money-laundering, fraud, conflict of interest, ... It can also be linked to fair competition.

#### Risk:

quite low. According to Transparency International Corruption Perception Index, Germany scores 79, and ranks 12 on 175 countries<sup>3</sup>, meaning that the corruption risk is low in Germany. However, we identify some risks from tendering and linked to our carbon footprint activities.

- According to the European commission, when dealing with German public procurement, companies can face “collusive bidding, conflicts of interest in the evaluation of bids, the involvement of bidders in the design of specifications, unclear selection or evaluation criteria, and tailor-made specifications for particular companies<sup>4</sup>”. This can be extended to private sector also.
- In the field of climate protection, or more precisely in the field of emission permits there have been reported incidents of tax fraud as well as other irregularities. DFGE never was nor is involved in the trade with emission permits, green electricity or similar products.

#### Statement:

DFGE commits to prohibit and prevent embezzlement, money-laundering, fraud, conflict of interest, bribery, extortion among others. DFGE commits to comply with competition framework. DFGE complies with all applicable laws in this sense.

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<sup>2</sup> Source : Transparency International

<sup>3</sup> Source: <http://www.transparency.org/cpi2014/results>

<sup>4</sup> Source: European Commission, Feb. 2014 (<http://www.business-anti-corruption.com/country-profiles/europe-central-asia/germany/public-procurement.aspx>)



## 5.2 Description of actions

To prevent corruption:

- Compliance with law
- Implementation of accountability principles following the German (tax) law via a tax attorney.
- Robust and science-based methodology that prevents false carbon certificates

New action:

- Reinforcement of IT policies, with dedicated server control, companies phone, new access roles, in order to protect the data

## 5.3 Measurement of outcomes

As a matter of course our methods and actions were compliant with the above mentioned regulations and recommendations.



## 6 Summary 2016, Targets for 2017

### 6.1 Summary

We reached our objectives!

|                     | Objective  | Outcome  |
|---------------------|--|--|
| Human rights        | 0 breach,<br>1 customer endorsing UNGC   | 0 breach,<br>2 additional customers endorsing UNGC |
| Labor               | 0 breach,<br>1 additional customer endorsing UNGC                                    | 0 breach,<br>2 additional customers endorsing UNGC |
| Environment         | 0 breach,<br>1 additional customer endorsing UNGC                                    | 0 breach,<br>2 additional customers endorsing UNGC |
| Anti-<br>corruption | 0 breach,<br>1 additional customer endorsing UNGC                                    | 0 breach,<br>2 additional customers endorsing UNGC |
| Overall             | Increase transparency regarding CSR<br>strategy<br>Implement sustainable procurement | Formalized policy                                  |

We want to keep improving, this is why we have set the following targets.





## 6.2 Targets for 2017

To show further support to the United Nations, we have decided to align our targets on the Sustainable Development Goals, the 2030 Sustainability Agenda of the United Nations.

|                 | Target  | Action   |
|-----------------|---|--|
| Human rights    | 0 breach<br>0 accident<br>1 customer endorsing UNGC | DFGE action: <ul style="list-style-type: none"> <li>Training on health and safety</li> </ul> To support the SDG 3 “Good Health and Well-Being”, Target 3.c <sup>5</sup> :<br>Substantially increase health financing and the recruitment, development, training and retention of the health workforce  |
| Labor           | 0 breach<br>1 additional customer endorsing UNGC    | DFGE action: <ul style="list-style-type: none"> <li>Actively promote UNGC and SDGs to our customers</li> </ul> To support SDG17 “Partnerships for the goals”, Target 17.16:<br>Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries |
| Environment     | 0 breach<br>1 additional customer endorsing UNGC    | DFGE actions: <ul style="list-style-type: none"> <li>Investigate and implement further options to reduce our carbon footprint</li> <li>Apply new procurement rules</li> <li>Change to “carbon-free” electricity provider</li> <li>Full compensation of DFGE’s carbon footprint</li> </ul> To support SDG 13 “climate Actions”, Target 13.1:<br>Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries                                     |
| Anti-corruption | 0 breach<br>1 additional customer endorsing UNGC    | DFGE actions: <ul style="list-style-type: none"> <li>Training on Data Security Rules and Corruption</li> </ul> To support SDG16 “Peace, justice and strong institutions”, targets16.5:<br>Substantially reduce corruption and bribery in all their forms and target 16.6.<br>Develop effective, accountable and transparent institutions at all levels   |
| Overall         | Implement sustainable procurement                   | Review our policy and update if necessary  |

<sup>5</sup> Sources: <https://sustainabledevelopment.un.org/sdgs>



### 6.3 With and for our partners



Given our core activity, we have the possibility to promote UNGC and move sustainability forward. We have launched a new website in April 2016, with more resources and materials around UNGC and thematic like sustainability management and reporting.

Also we have launched a CSR handbook, freely accessible for our business partners, setting best practices regarding CSR management.

Munich/Germany, January 2017

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The DFGE– Institute for Energy, Ecology and Economy provides consulting and auditing services to realize a Green Vision integrated in corporate business processes. Strategic advice on topics like technology, energy and emissions is expanded to business related and socio-economic aspects. Services range from consultancy in developing and managing customized analysis for testified Carbon footprint to validation of analysis methods and results for sustainable accuracy. As independent Institute DFGE's work is based on advanced scientific and research methods and institutionalized standards.

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