

Communication on Progress 2011-2012 to UN Global Compact

Our commitment

GES joined the UN Global Compact in 2004 and we are strongly committed to its ten Principles on human rights, labour rights, environment and anti-corruption. This is also reflected in our Mission statement, Code of conduct and Independence policy, as well as in our overall dedication to sustainable development, which the company was founded upon in 1992. In practice, this is demonstrated in our daily work of providing institutional investors and asset managers with Environmental, Social and Governance (ESG) services.

GES is a signatory of the Principles for Responsible Investment (PRI) and the UN Caring for Climate. Furthermore, we actively promote the Global Reporting Initiative (GRI) amongst investors and companies and have certified our business services against the European Voluntary Quality Standard (VQS) for Independent Corporate Sustainability and Responsibility Research.

Our external practical actions and outcome 2011-2012

Our premier opportunity to make a difference is through our services. They are based on international norms as expressed in the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises. The philosophy behind GES' services is essentially that all international norms agreed upon between countries and their multilateral organisations are of importance to companies operating in those countries and that they eventually will be judged in accordance with these norms by the authorities, the public and their representatives, NGOs, media, etc. Therefore, these agreements serve as a reasonable foundation for evaluating companies.





During 2011-2012, the impact of our services has increased due to several factors:

- GES' number of clients has grown to nearly 90 pension funds, banks and other investors, managing assets of EUR 700 billion under our advice.
- We have continued to increase the number of companies that we screen – this year by 45 per cent to approximately 16,000 of the largest listed companies in the world.
- We have visited more than 70 emerging market companies all over the world and raised ESG issues. For many of them it has been their first investor meeting ever on such issues.
- As part of an advisory panel to the Polish government, we have delivered a series of recommendations on how to promote the development within Responsible Investment in Poland, which has already taken a leading position in Eastern Europe.
- We have established a strategic partnership with oekom research in Germany in order to meet increasing German investor demand for engagement services, as well as strengthened our long-time partnership with ICCR, Interfaith Center on Corporate Social Responsibility, providing our clients with enhanced collaboration opportunities with US investors.



But most importantly, we have conducted extensive engagement with hundreds of companies in order to make them improve ESG performance. The engagement activities consist of e.g. company dialogue and meetings, resolutions and voting, as well as coordination of the work of several of our clients.

During the last year notable progress has been achieved in GES' engagement efforts with a number of companies regarding several of the UN Global Compact principles, for example:

<i>Human rights</i>	
	<p>In January 2012 - in continuation of our ongoing engagement with companies importing phosphate from Western Sahara and thus indirectly funding Morocco's illegal occupation of the territory - GES, together with clients, invited other PRI signatories to co-sign letters to be sent to ten companies identified as being involved in the territory. Altogether, 14 investors from eight different countries, collectively representing \$748 billion in assets under management, participated in the collaboration. Targeted companies were asked about their human rights and legal risk assessment in the context of Western Sahara, along with specific questions relating to stakeholder dialogue and integration of the interests of the indigenous Saharawi people.</p>
<i>Labour rights</i>	
	<p>An auto and truck parts manufacturer associated with the use of child labour at one of their operations has engaged with GES for more than six years and has during 2011 adopted a worldwide policy prohibiting child labour at all their operations. During 2012, GES received confirmation from third parties that the policy is working in practice and that there is no use of child labour. Furthermore the company is now providing schools to their employee's children, instead of the children working with their parents.</p>
<i>Environment</i>	
	<p>A large power-generating company has proven very responsive to international investors' concerns regarding a 2009 power plant accident that killed 75 people. After nearly three years of constructive engagement, an on-site visit by GES provided the final proof to resolve the case. The company acknowledges the value of the dialogue with GES in this process.</p>
<i>Anti-corruption</i>	
	<p>During an extensive engagement trip to Russia in June 2012, GES had the opportunity to discuss with some of Russia's largest and most influential companies about best practices related to corruption issues. In several cases the level of corruption prevention management was surprisingly low considering the business environment. It was clear that the discussion had material impact and added new perspectives when GES raised the issue from an investor perspective.</p>



Our internal practical actions and outcome 2011-2012

As travelling is our major environmental impact, we have a strong focus on reducing travelling to a minimum. During 2011-2012 we have installed video conferencing equipment in our offices in Sweden, Denmark and Poland to further facilitate virtual meetings as a replacement for travelling. This makes regular and frequent distance meetings a natural work method at GES, both internally and externally, which enables us to continue expanding our business without increasing our travelling to the same extent.

We continue to take significant measures to lower our second largest environmental impact, energy consumption, by reducing the amount of IT equipment that we use and by leasing computers from a company that takes life cycle responsibility, thereby further cutting our CO2 emissions and preventing pollution from production and waste. The CO2 emissions from user workstations at our Stockholm office are offset. We continue to use low power processors and hard drives for our servers.

Magnus Furugård
President and Managing Director, GES
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