



Communication on Progress 2012-2013 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 supporting asset owners and asset managers develop and implement integrated investment strategies with environmental, social and governance (ESG) considerations.

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 Responsible Investment Research Standard ARISTA®.

Our external practical actions and outcome 2012-2013

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 2012-2013, the impact of our services has increased due to several factors:




- GES' assets under advice have increased to EUR 750 billion.
- We have continued to increase the number of companies that we screen – this year by 8 per cent to approximately 17,300 of the largest listed companies in the world.
- In the past year, we visited more than 60 emerging market companies all over the world, including in Nigeria and the Gulf. For many of them it has been their first investor meeting ever on such issues. This Emerging Market Engagement is focusing on the most material ESG risks and opportunities and aims to narrow the gap between the ESG risks and the preparedness of the companies and to actively help them taking advantage of the ESG opportunities. GES keeps in regular contact with these companies, typically every six months with conference calls and onsite meetings.
- We continue in our role in an advisory panel to the Polish government and through it we have delivered a series of recommendations on how to promote the development within Responsible Investment in Poland, which holds a leading position in Eastern Europe.




- GES has co-led the ‘Risk Transparency’ project in Poland, which covers all Polish companies listed on the Warsaw Stock Exchange and NewConnect. The main purpose of the project is to educate the companies how to increase their transparency on ESG issues. The project is unique in Europe taking into consideration its dimension but also its size.
- We have established official representation in Australia in order to meet increasing investor demand for engagement services in Australia / New Zealand region. We have also strengthened our strategic partnership with oekom research in Germany.

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>	
	In April 2013 GES was joined by a group of investors with a combined asset under management totalling 1.3 trillion USD on a Israel-Palestine study tour. During the visit the group met with key actors of both the Israeli and the Palestinian private sectors. On the table were how to ensure that human rights are respected by private enterprises under relevant International Humanitarian Law.
<i>Labour rights</i>	
	A number of cocoa and chocolate companies associated with the use of child labour in their cocoa supply chains in West Africa have engaged with GES for a few years. During the last year several of the companies have made increasing efforts to combat child labour in their cocoa supply chains by, among other things, setting up traceability systems, substantially increasing the amount of certified cocoa beans purchased, developing KPIs to measure progress from farmer programmes aimed at increasing productivity and improving livelihood among cocoa farmers and by supporting school projects to improve access to school for children in cocoa growing communities.
<i>Environment</i>	
	A palm oil cultivation company operating in Malaysia adopted a responsible course of action to limit negative impacts of pesticides on its plantation workers and the environment. Since 2010 GES held fruitful discussions with the company aimed at limiting the exposure and finding a suitable replacement to two toxic pesticides. Consequently, since 2010 the company managed to fully phase out one of the substances and limit the use of the second one by 85 per cent. The company is still working on research to operate pesticide-free and has acknowledged the value of the dialogue with GES in this process.



<i>Anti-corruption</i>	
	<p>In 2012, an engineering company group was accused of making illegal payments to government officials in India and Bangladesh to win major engineering contracts. GES engaged with the company's new Chief Compliance Officer, who explained that the implementation of measures to address material weakness and to strengthen financial controls and procedures as recommended by the Audit Committee are progressing well. Higher management and employees operating in difficult regions, working with governmental customers will receive tailored training during fall 2013. The company has appointed a new CEO and adopted a new Code of Ethics, as well as adapted the anti-corruption policy to include an Ethics Hotline and expectations regarding managers.</p>

Our internal practical actions and outcome 2012-2013

As travelling is our major environmental impact, we have a strong focus on reducing travelling to a minimum. During 2012-2013 we have continued to extensively use the video conferencing equipment in our offices in Sweden, Denmark, Poland and Switzerland to further facilitate virtual meetings as a replacement for travelling. This makes regular and frequent distance meetings a natural work method at GES, both in our engagement and internal processes, 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. We continue to use low power processors and hard drives for our servers, as well as repair damaged computers and equipment when possible to avoid waste. As a further commitment to lower our carbon footprint the measurement of our CO2 emissions will be included in the bi-annual report.



Magnus Furugård
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