



Global Compact

Banco joined the Global Compact in 2003. This was a natural step for us since our work over the past years has been to promote the values, principles and practices behind the ten principles of the Global Compact within our sphere of influence. In the following context, we are describing implementation of the ten principles into our daily work.

The ten principles and Banco's investment criteria

Our investment criteria embrace general human rights, working conditions, environmental impact and anti-corruption practices. The investment criteria mentioned above have been developed in close cooperation with Banco's Ethical Committee. Organizations represented in the Ethical Committee are, for example, Amnesty International and the Swedish Red Cross.

In practice, our investment criteria imply that the companies within our portfolios shall conduct their business in a manner compatible with the principles of the Global Compact. In line with our investment criteria, Banco has excluded approximately 40 companies from our investment portfolios due to their lack of commitment and/or poor practices.

In order to streamline our work according to the Global Compact Principles, we have over the past years converted a number of mainstream funds into socially responsible investment funds (SRI). This implies that more than 58 per cent of our assets under management are SRI focused. The Principles for Responsible Investments (PRI) was signed by Banco in May 2006.

Active ownership promoting the ten principles

In our governance policy, it is stated that we shall practice active ownership. As a result of this, we have over the recent year engaged in dialogues with a number of companies on issues directly related to one or more of the ten principles, aiming at achieving a positive change within the company. We practice our active ownership through different channels, for example

- engagement dialogues
- workshops
- field trips

Engagement through company dialogues

Banco has during 2007 engaged with over 35 Nordic companies, major aspects addressed are supply chain assessments and transparency. Several major progresses can be reported from both environmental and social aspects. In 2007 Banco implemented a new investment tool with focus on upside and opportunities instead of the traditional risk perspective. This means that Banco favours companies that integrate sustainability within core business and products. Today there is limited information from the companies; Banco has therefore highlighted the importance to be more transparent and to integrate sustainability into products and services. During 2007 Banco appealed to colleges within the Swedish Finance sector to take responsibility for the climate by integrating policies on investments, lending etc.

Engagement through Workshops

During 2007 Banco hosted two separate workshops to discuss corporate responsibility from the two perspectives, diversity and water. Invited were companies that Banco invests in and the purpose is to have informal discussions and to facilitate knowledge sharing between the companies. The workshops were well visited and appreciated by the companies. Among the speakers at the workshops were Ericsson and Swedish Water Institute.

Engagement Field trips

During 2007 Banco made one major field trip to Brazil and one minor fieldtrip to Tunisia. The purpose of the field trips was to meet companies that we invest in their local business. Focus for these trips are on general corporate responsibility aspects, policy, implementation evidence and communication.

In April 2007 Banco went to Tunisia to visit an oil platform owned by a Swedish company. During two days the analyst evaluated the accuracy of environmental practices and management of social issues. After the meeting the company was urged to develop an environmental plan for decommissioning of the site in order to minimise impact on the marine environment.

Banco visited Sao Paulo, Brazil in November 2007. Banco met with eight Swedish companies in the region, meetings that included discussions with the management and a factory tour. Each visit resulted in a report to the company with recommendation for long-term and short-term improvements. The general impression from visiting the companies is that a

majority of the Swedish companies are handling both a social and environmental aspects satisfactory. However some companies need to improve within overtime work, health and safety aspects and also prevention of corruption and briberies within in the supply chain.

Community involvement

Banco supports the The World's Children's Prize For The Rights Of The Child which empowers children and young people all over the world in order to make their voices heard and demand respect for their rights in accordance with the UN Child Convention, more information is available on www.childrensworld.org.

Banco will during 2008 continue to work in support of the Global Compact principles.

Camilla Robinson Seippel,
CEO Banco Fonder

<http://www.unglobalcompact.org/CommunicatingProgress/index.html>