

Communication on Progress United Nations Global Compact

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1 Statement of continued support by the Chief Executive Officer

Dear stakeholders,

2017 was an important year for sustainability. The EU Directive on non-financial reporting was translated to applicable law. New standards were implemented, such as ISO 20400 on Sustainable Procurement or the German guideline VDI 4070 concerning resource management. CDP underwent a huge revision in fall 2017, which led to the transformation of their 2018-questionnaire towards sector-specific questions. Beginning in 2016, the GRI G4 Guidelines were still transitioning to the GRI Standards in 2017. Therefore, a lot of movement caused an environment of change on the CSR-market.

DFGE considers such movements very positive, as they show strong signals towards that various players are striving for a more sustainable world. The implementation of the non-financial reporting law was a large step towards the introduction of CSR management in big companies. 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, therefore we contributed by releasing a CSR-handbook to help companies developing a CSR-strategy.

In this sense, we have always aligned and partnered with international recognized organizations. For example, we are still partner of the CDP, and are currently 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 2018



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.
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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”¹. 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).”

¹ 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:

- Training on Health and Safety

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
- Free coffee and water supply is provided by company
- Innovation day, a time slot where employees suggest innovations for the company

New actions:

- Organization of cultural team building events (for example a guided visit of a museum)
- Outdoor lunch table and chairs for summertime
- Support communities through Gooding, a platform where for every purchase in common online shops a small share (usually up to 5% of the price) is donated to various, selectable projects. By that, DFGE donated money to several non-beneficial associations like for example the Tierparkfreunde Hellabrunn e.V.

2.3 Measurement of outcomes

Targets reached!

- 0 work accident in 2017
- 0 harassment case in 2017



3 Labor

3.1 Principles, assessment and objectives

Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Principle 4 the elimination of all forms of forced and compulsory labor;
Principle 5 the effective abolition of child labor; and	Principle 6 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 actions:

- Telephone job interviews to focus on expertise and objective criteria
- Providing trainee positions for young, unexperienced university graduates
- More home office and web-based meetings to optimize the resources and ensure a healthy work-life balance

3.3 Measurement of outcomes

We are happy to announce that our targets were reached:

- No breach of labor right is to be reported.
- Of our permanent members of staff, 50% are currently female. We also employ three male working students.
- In addition, we currently have one trainee employed at our company



4 Environment

4.1 Principles, assessment and objectives

Principle 7 Businesses should support a precautionary approach to environmental challenges;	Principle 8 undertake initiatives to promote greater environmental responsibility; and
Principle 9 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
- Office-wide installation of multi-pole sockets which can be switched off during the night
- Process description for employees regarding the reduction of energy and resource consumption and regarding environment-friendly commuting / traveling.

New actions:

- Implementation of paperless office
- Remote controlled heating system for office rooms
- Purchase of a water carbonators to stop purchasing bottles

4.3 Measurement of outcomes

- No reported incidents of violation against any legal obligations in the environmental field
- DFGE's total carbon footprint increased by 9% to about 22t CO₂e in the reporting year due to the increasing number of business travels and the hiring of more people
- Several hundreds of kilogram CO₂e could be saved by our car sharing scheme
- About 46% of emissions can be categorized as direct emissions (Scope 1), about 52% 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).

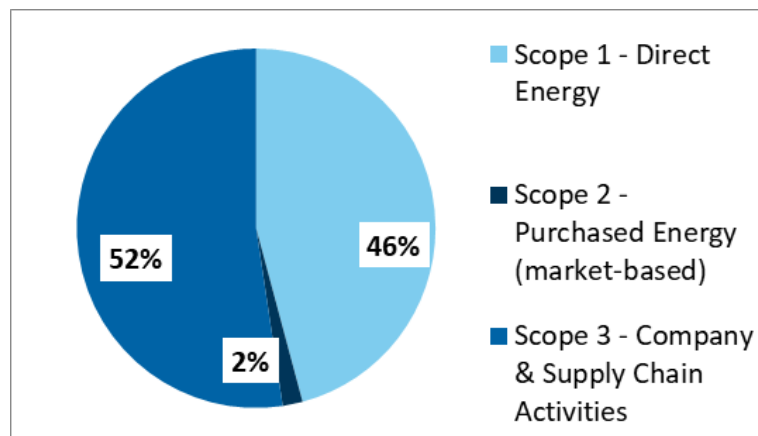


Figure 4-1: CO₂e emissions categorized in Scopes



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”². 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 81, and ranks 10 on 176 countries³, 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 companies⁴”. 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.

² Source : Transparency International

³ Source: https://www.transparency.org/news/feature/corruption_perceptions_index_2016

⁴ 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
- Extensive IT policies, with dedicated server control, company phones, designated access roles, in order to protect the data

New action:

- Update of IT policies on a regular basis
- Training on data protection
- Set up of more stringent processes

5.3 Measurement of outcomes

As a result, our methods and actions were compliant with the above-mentioned regulations and recommendations. We are happy to report that there was 0 breach declared.



6 Summary 2017, Targets for 2018

6.1 Summary of reached targets 2017

We reached our objectives!

	Target	Achievement
Human rights	0 breach 0 accident 1 customer endorsing UNGC	0 breach 0 accident 1 customer endorsing UNGC
Labor	0 breach 1 additional customer endorsing UNGC	0 breach 1 additional customer endorsing UNGC
Environment	0 breach 1 additional customer endorsing UNGC	0 breach 1 additional customer endorsing UNGC
Anti-corruption	0 breach 1 additional customer endorsing UNGC	0 breach 1 additional customer endorsing UNGC
Overall	Implement sustainable procurement	Policy and process implemented



6.2 Targets for 2018

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 0 accident 1 additional customer endorsing UNGC	DFGE action: <ul style="list-style-type: none"> Updated Training on health and safety Controls of safety procedures To support the SDG 3 “Good Health and Well-Being”, Target 3.c ⁵ : Substantially increase health financing and the recruitment, development, training and retention of the health workforce
Labor	0 breach 1 additional customer endorsing UNGC	DFGE action: <ul style="list-style-type: none"> Develop a solution for companies to implement SDGs To support SDG17 “Partnerships for the goals”, Target 17.16: 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 1 additional customer endorsing UNGC	DFGE actions: <ul style="list-style-type: none"> Investigate and implement further options to reduce our carbon footprint Promote a solution to help companies set up science-based targets To support SDG 13 “climate Actions”, Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
Anti-corruption	0 breach 1 additional customer endorsing UNGC	DFGE actions: <ul style="list-style-type: none"> Updated Training on Data Security Rules and Corruption Implementing certified quality management according to ISO 9001 To support SDG16 “Peace, justice and strong institutions”, targets16.5: Substantially reduce corruption and bribery in all their forms and target 16.6. Develop effective, accountable and transparent institutions at all levels
Overall	Act sustainably whenever possible	Regular reviews of our policies

⁵ 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.

Promoting sustainability

Regarding sustainability management, we publish regular blog entries on CSR-relevant questions, which help companies to gain knowledge about the various topics. In 2017, several articles presented the UNGC and the SDGs. In addition, we are trying to extend the offer of free webinars addressing multiple fields of interest in cooperation with partners like CDP, EcoVadis or WEC to provide a solid basis for beginners and advanced users.

Supporting the Paris Agreement

In 2017, we had the opportunity to support two companies regarding Science-Based Targets. Science-Based targets is a methodology enabling companies to set targets which align on the current scientific scenarios. They are in line with the Paris Agreement, which commits to keep the global warming up to a maximum of 2°C compared to the pre-industrial era. We hope that in the future, we will increasingly help companies develop such targets.

Translating GRI

We believe that CSR standards are key to steer the sustainability efforts of the companies. In this sense, DFGE had the pleasure to support the GRI by supervising the revision of the translation of the new GRI guidelines into German.

We hope that in the future, more companies will join the sustainability movement, and we are thrilled to be able to support them in this sense.



Munich/Germany, January 2018

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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