



# Communication on Progress United Nations Global Compact



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# 1 Statement of continued support by the Chief Executive Officer

Dear stakeholders,

from an internal perspective, the last year was an important one for DFGE. The company has grown in size, in revenue and in number of employees. From an external standpoint, 2019 was also an active year for sustainability reporting. In June 2019 the TCFD released its 2<sup>nd</sup> status report and found signs of progress regarding the disclosure of climate-related information to mitigate financial risks. However, this journey requires continuous improvement. Facing the prevalent importance of climate change and slow-moving implementation of measures of companies to align their business strategies with the Paris Agreement from COP21, in 2019 the SBTi corrected their approach from a former maximum of 2°C total warming to a well-below 2°C scenario. Furthermore, the pressure for companies to disclose climate-related risks and opportunities is still increasing and trends like digitalization, SDG reporting or circular economy have gotten more dynamic.

DFGE considers such movements very positive, as they show strong signals that various players are striving for a more sustainable world. DFGE wants to keep supporting these trends. Therefore, we are working on solutions related to digital aspects like artificial intelligence or regarding the SDG integration into the strategy of a company. In addition, we have provided competent solutions for our customers regarding their CDP or EcoVadis efforts and supported other clients in their fulfillment of several CSR standards and measures based on our Sustainability Intelligence approach.

In order to support these efforts, we have always aligned and partnered with internationally 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 want to help our customers to be more sustainable by defining a sustainability strategy as well as goals and support their efforts to participate in external standards. In addition, we support them in reducing emissions and reporting on sustainability. We also actively promote sustainable issues among our customers, including the 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 2020

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 having safe working conditions, being entitled to some rest and being compensated fairly. Other labor human rights are treated in the third chapter of this document.

**Risks for DFGE:**

According to the Maplecroft Human Rights Risk Index 2016<sup>2</sup> the risks regarding human rights abuses are identified as low in Germany.

**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).”

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

<sup>2</sup> Source: [Maplecroft Human Rights Risk Index 2016 – Q4](#)



## 2.2 Description of actions

We comply with the German laws related to these topics and implement actions. As in 2018, we also implemented the following actions in 2019:

### 2.2.1 Health and safety

- Clear and communicated rules in case of accidents
- Employees trained in the use of fire extinguishers
- Employees able to provide first aid support
- Provision of ergonomic chairs
- Provision of low blue light screens and adjustable screens
- Yearly training on Health and Safety

New action:

- Updated training on first aid and fire-fighting (as part of the Health & Safety training)

### 2.2.2 Working conditions

- Work-life balance measures (home office, flexible working hours)
- Lunch time: financed by the company, opportunity for a get-together
- Free coffee, tea and water supply provided by the company
- Innovation day, a time slot where employees suggest innovations for the company
- During summertime, outdoor facilities
- For every purchase in common online shops a small share (usually up to 5% of the price) is donated to the non-for-profit association Tierparkfreunde Hellabrunn e. V.

## 2.3 Measurement of outcomes

- 0 work accidents in 2019
- 0 harassment cases in 2019



## 3 Labor

### 3.1 Principles, assessment and objectives

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

**Definition:**

In the UNGC the labor principles refer 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:**

As in 2018, 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 strives 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 fundamental human rights is prohibited.
- Any form of violence and harassment is forbidden. Workplace violence is defined by the ILO as bullying, mobbing, threats, assault and homicide on the job as forms of violence at work.



## 3.2 Description of actions

The following measures will continue to be implemented

- Compliance with laws
- Collective bargaining: due to our small size, there is no collective bargaining in place. However, there are mechanisms of yearly assessment interviews and quarterly discussion. In any case of conflict that cannot be resolved, we can resort to the company's legal consultant.
- Child and forced labor: only employees above 18 are hired, clear working contracts are used to establish working conditions and are based on widely used templates.
- Discrimination: regarding payroll, negotiated beforehand based on experience (same practice as last year)
- Telephone job interviews to focus on expertise and objective criteria
- Providing trainee positions for university graduates
- Introduction of program "Open Office – Open Mind" allowing more home office work and web-based meetings to optimize the resources and ensure a healthy work-life balance

New actions:

- Employees Handbook: documentation of administrative processes, e. g. travel expenses, working times and home office schemes as well as formalization of safety guidelines, security concepts and training procedures in one central document which has been made available to all employees in order to standardize all practices and speed up the onboarding process
- IT security concept: central documentation of all IT-related aspects like system availability, software and data integrity and security guidelines regarding data manipulation, etc. The security concept secures GDPR<sup>3</sup> conformity and is available to all employees.
- New operating system: during DFGE's strategy day 2019, restructuring measures have been discussed. In this context, every employee knows the company goals and future journey. Besides, due to the growing number of employees and customers, DFGE is now building different teams with dedicated focus such as marketing, sales, quality and product management, research and development, etc. These teams have various accountabilities and roles, and should foster more efficiency in the future, in order to address new trends and to support more customers.

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<sup>3</sup> <https://eugdpr.org/>



### 3.3 Measurement of outcomes

We are happy to announce that our targets were reached:

- No breach of labor right is to be reported.

In addition:

- No full-time employee left the company.
- In 2019, we employed two working students and three trainees.
- We employed one doctoral candidate in 2019 compared to two in 2018.





## 4 Environment

### 4.1 Principles, assessment and objectives

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

**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

The following procedures and actions were also applied in 2019

- Waste sorting
- Compensation of emissions from heating oil and electricity
- Collaboration with the local supermarket to avoid single-use plastic
- Car sharing organized and further developed by employees, enhanced home working possibilities
- Extension of multi-pole sockets which should be switched off during the night
- Updated process description for employees regarding the reduction of energy and resource consumption and regarding environmentally friendly commuting / traveling
- Paperless office
- Remote controlled heating system for office rooms
- Use of water carbonators instead of plastic bottles

New actions:

- Internal presentation events related to UN World Days, like the Water Day<sup>4</sup> and Earth Day<sup>5</sup>, to show latest scientific results, to raise awareness and to give general information about current sustainability topics. The same is valid for blog contributions in 2019 with topics like food waste<sup>6</sup> and sustainable gastronomy day<sup>7</sup>.

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<sup>4</sup> <https://dfge.de/worldwaterday/>

<sup>5</sup> <https://dfge.de/earth-day-2018/>

<sup>6</sup> <https://dfge.de/food-waste-reduce-it/>

<sup>7</sup> <https://dfge.de/sustainable-gastronomy-day/>



### 4.3 Measurement of outcomes

- No reported incidents of violation of any legal obligations in the environmental field
- DFGE’s total carbon footprint increased by approx. 11% in the calendar year 2019 compared to 2018 mainly due to cold weather conditions which led to an increased demand for heating and higher electricity demand due to new hires.
- Approximately 60% of the carbon footprint are covered by indirect upstream and downstream emissions (Scope 3). The Scope 3 emissions decreased slightly compared to the previous year due to the declining number of emissions related to business travels. In addition, through our car sharing scheme several hundreds of kilogram CO<sub>2</sub>e could be saved, in particular with regard to the ‘Employee Commuting’ aspect.
- Almost 40% of DFGE’s total carbon footprint can be categorized as direct emissions (Scope 1). Scope 1 emissions increased by almost 40% due to higher heating demands.
- The rest of DFGE’s carbon footprint is covered by indirect emissions from use of energy that can be considered low as it only amounts to 2% (see fig. 4-1). The emissions regarding this position remained mainly the same due to the regional energy supplier which provides 100% green electricity from renewable sources. Only the upstream and downstream emissions caused by construction, maintenance and end-of-life of renewable energy sources (especially wind and hydro power) are considered in our calculation.

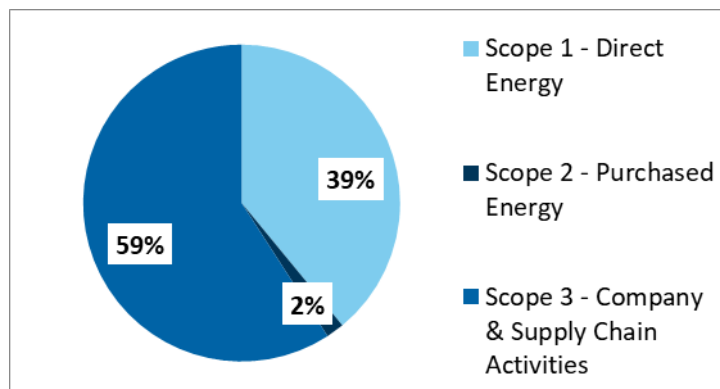


Fig 4-1: DFGE’s CO<sub>2</sub>e emissions categorized in Scopes according to the GHG protocol<sup>8</sup>

<sup>8</sup> <https://ghgprotocol.org/>



## 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:**

Corruption is “the abuse of entrusted power for private gain”<sup>9</sup>. It can take many forms: money-laundering, fraud, conflict of interest, etc. It can also be linked to unfair competition.

**Risk:**

The risk of corruption is estimated to be quite low. According to the Transparency International Corruption Perception Index, Germany scores 81, ranking 12 of 180 countries<sup>10</sup>. This means the corruption risk is low in Germany. However, we recognize some risks arising from tenders and in connection 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>11</sup>”. This can be extended to private sector also.
- In the field of climate protection, or more precisely in the field of emission permits, incidents of tax fraud as well as other irregularities were reported. DFGE never was nor is involved in the trade with emission permits, green electricity or similar products.

**Statement:**

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

<sup>9</sup> Source: Transparency International

<sup>10</sup> Source: [https://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2017](https://www.transparency.org/news/feature/corruption_perceptions_index_2017)

<sup>11</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

Under the umbrella term Sustainability Intelligence, we support companies in their CSR reporting efforts like UNGC, EcoVadis, GRI, CDP, SBT, Carbon Footprint calculations<sup>12</sup>, etc. For these activities, we only use true and reliable data provided by our customers. As part of our projects, we support our customers within the data collection phase with plausibility checks and general tips. Furthermore, we follow guidelines provided by several CSR initiatives (e.g. GHG protocol, UNGC guidelines and requirements) and use of scientific approaches for our daily work. In this context, our intention is to prevent ‘Greenwashing’ and ‘Bluewashing’ activities and to avoid any corruption related issues.

Regular dedicated measures to prevent corruption:

- Compliance with laws
- Implementation of accountability principles following the German (tax) law via a tax attorney
- Update our 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, especially reinforced in the context of the GDPR
- Update of IT policies on a regular basis
- Training on data protection
- Set up of more stringent processes

New actions:

- Formalization of some core processes and sub-ordinated processes. This secures transparent, clear and stringent procedures which prevent the team becoming involved in any corruption related issues
- Employees Handbook that also addresses anti-corruption aspects, e.g. disciplinary procedures, Code of Conduct references, rules related to expenses, etc.
- IT security concept to underline, support and intensify above mentioned IT policies in a centralized document

## 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 were 0 breaches declared in 2019.

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<sup>12</sup> For further information regarding CSR reporting and our support: <https://dfge.de/sustainability-intelligence/>



## 6 Summary 2019 and Targets for 2020

### 6.1 Summary of reached targets 2019

	Target	Achievement
<b>Human Rights</b>	0 breaches 0 accidents 1 additional customer endorsing UNGC	1 additional customer endorsing UNGC
<b>Labor</b>	0 breaches 2 employee hires 1 additional customer endorsing UNGC	0 breaches 1 additional customer endorsing UNGC 3 employees hired
<b>Environment</b>	0 breaches 1 additional customer endorsing UNGC	0 breaches 1 additional customers endorsing UNGC
<b>Anti-corruption</b>	0 breaches 1 additional customer endorsing UNGC	0 breaches 1 additional customers endorsing UNGC
<b>Overall</b>	Reach Gold-status in EcoVadis assessment scheduled for 2019 Full implementation of a new operating system	Gold status reached System implemented



## 6.2 Targets for 2020

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

	Target	Action
<b>Human Rights</b>	0 breaches 0 accidents 1 additional customer endorsing UNGC	DFGE action: <ul style="list-style-type: none"> <li>Updated Training on Health and Safety</li> <li>Controls of safety procedures</li> </ul> To support the SDG 3 “Good Health and Well-Being”, Target 3.c <sup>13</sup> : Substantially increase health financing and the recruitment, development, training and retention of the health workforce
<b>Labor</b>	0 breaches 3 employee hires 1 additional customer endorsing UNGC	DFGE action: <ul style="list-style-type: none"> <li>Support companies in their UNGC and SDG efforts</li> <li>Provide further team events and measures to increase the fun factor at work</li> </ul> To support SDG 17 “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
<b>Environment</b>	0 breaches 1 additional customer endorsing UNGC	DFGE action: <ul style="list-style-type: none"> <li>Further measures to reduce own Carbon Footprint</li> <li>Solutions for customers related to Artificial Intelligence and Science Based Targets</li> <li>Repeat ‘Ramadama’ event as philanthropic measure or similar</li> </ul> To support SDG 13 “Climate Actions”, Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
<b>Anti-corruption</b>	0 breaches 1 additional customer endorsing UNGC	DFGE action: <ul style="list-style-type: none"> <li>Updated training on data security according to new implemented IT security concept</li> </ul> To support SDG 16 “Peace, justice and strong institutions”, target 16.5: Substantially reduce corruption and bribery in all their forms And target 16.6: Develop effective, accountable and transparent institutions at all levels
<b>Overall</b>	Reach Gold-status in EcoVadis assessment scheduled for 2019	DFGE action: <ul style="list-style-type: none"> <li>Formalizing of further core and sub-ordinated processes</li> <li>Centralizing of all measures and documents</li> </ul>
	Full implementation of a new operating system	DFGE action: <ul style="list-style-type: none"> <li>Further training</li> <li>Further process formalization</li> </ul>

<sup>13</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. This year we have increased the number of customers by 21% compared to 2017.

We are thrilled to have the opportunity to push the sustainability agenda further, and we hope to push it further in 2020!

### **Promoting sustainability management**

Regarding sustainability management, we publish regular blog entries on CSR-relevant questions, which help companies to gain knowledge about the various topics. In addition, we have kept the offer of free webinars addressing several topics in the field of sustainability. Previously, we provided webinars in cooperation with partners like CDP, EcoVadis and the WEC. Furthermore, we offered free white papers and guidebooks. We published our first White Paper ‘Sustainability Challenges and Resources in the Chemical Industry’ that brings important sustainability aspects in relation with the chemical sector and ‘Closed-loop value chains: how to move towards a circular business model’ to address the rising importance for companies to consider and implement solutions to promote a circular economy. In addition, we have updated our CSR Handbook<sup>14</sup> that covers relevant CSR standards and topics in general. This secures a nice overview and guideline for companies which are interested in setting up or improving their sustainability management.

### **Supporting the Paris Agreement**

In 2019, we had the opportunity to support four companies with regard to Science-Based Targets. Science-Based Targets are 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 well below 2°C compared to the pre-industrial era. We hope that in the future, we will increasingly help companies develop such targets. In this context, the latest IPCC report has put further emphasis on curbing climate change to 1.5°C<sup>15</sup>.

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<sup>14</sup> See our publications page: <https://dfge.de/en/publications/>

<sup>15</sup> See also our blog post: <https://dfge.de/ipcc-bericht-zum-15-grad-ziel-was-heisst-das-fuer-unternehmen/>





## Munich/Germany, January 2020

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Founded in 1999 as a spin-off of the technical University of Munich, the DFGE – Institute for Energy, Ecology and Economy provides consulting services in the field of sustainability. Our offer Sustainability Intelligence featuring calculation management and reporting solutions aims at bundling the effort of taking part in several sustainability/CSR standards and rankings like CDP, UNGC, EcoVadis or GRI. Our services are structured according to our ACCoRD scheme: Analyze, Collect, Compose, Review, and Document, to foster continuous improvement and collect reliable data. Our clients range from international companies (DAX and fortune 500) to SMEs. Our partners are key players in the domain (such as CDP and EcoVadis), and we constantly monitor the current trends and existing norms, to support the organizations with dedicated solutions.

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