



THE
GOVERNANCE
GROUP

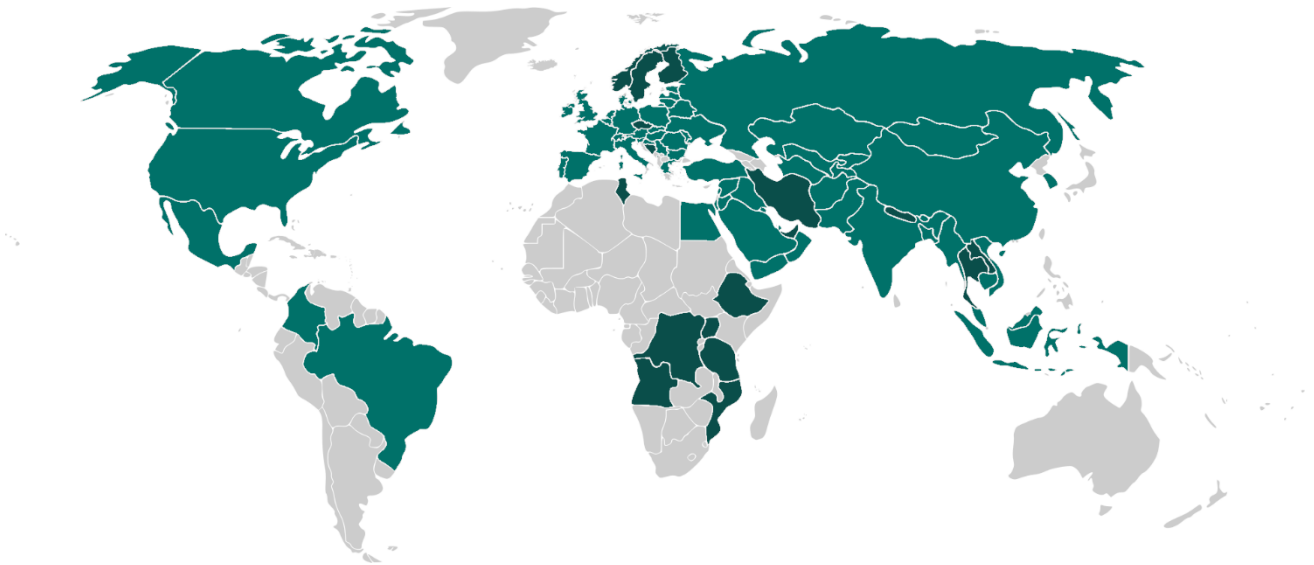
Communication on Progress

Sustainability 2019



Our business in 2019

Project countries	Employees	Revenues (mNOK)	Listed clients
20	10	17 014	21



ABOUT THE REPORT

The report is aligned with the professional and commercial services framework established by the Sustainability Accounting Standards Board (SASB). We have incorporated the ten principles of the United Nations Global Compact (UNGC) covering human rights, labour, environment and anti-corruption. The report and data cover the period 1 January to 31 December 2019.



UN GLOBAL COMPACT

The Governance Group is a member of and has incorporated the ten principles of the United Nations Global Compact in our operations and reporting. The Principles are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.



Statement of support

The Governance Group hereby reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. As our first annual Communication on Progress, we are pleased to describe how we integrate the Global Compact and its principles into our business strategy, culture and daily operations.

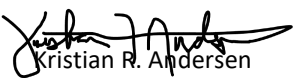
The Governance Group AS (TGG) is an advisory firm specializing in risk analysis, governance and sustainability – environmental (E), social (S) and governance (G) issues. **Our aim is to make ESG measurable and actionable.**

TGG has a core team in Oslo and a network of affiliated experts in Africa, the Americas, Asia and Europe. Our clients are large corporations in the energy, shipping, telecom, real estate and finance sectors, as well as government agencies in several countries. During 2019, we experienced an increased interest from corporates in managing ESG issues in a targeted manner. We welcome the enhanced requirements from the financial sector to measure material risks relating to sustainability and especially climate related issues. Due to the Covid-19 outbreak, we are conscious that many sectors experience challenging times, however we believe that the 2030 agenda and the commitment to the Paris Agreement will continue to support a global effort towards sustainability.

TGG is an advisory firm with a limited number of employees, and by adhering to our Code of conduct and HSE policy – our emissions footprint and value chain challenges are not significant. However, as our business model is to enable corporates and governmental institutions to identify material ESG issues and make them able to monitor, achieve and report on progress – we may significantly contribute to sustainability. In 2019, we launched our second review of ESG reporting among the 100 largest listed companies on the Oslo Stock Exchange. Compared to the previous year, there was a significant improvement in the report of climate risk – and we believe promoting leading ESG standards puts pressure on decision makers to prioritise sustainable business practices.

Our Communication on progress covers the principles of the UN Global Compact. In order to include relevant reporting criteria specific to our business model, we have chosen to disclose data according to the Sustainability Accounting Standards Board (SASB) - Professional & Commercial Services (updated October 2018).

Joachim Nahem
Chairperson
The Governance Group AS


Kristian R. Andersen
CEO
The Governance Group AS

THE UNGC PRINCIPLES

Human Rights	1: Businesses should support and respect the protection of internationally proclaimed human rights.
	2: Make sure that they are not complicit in human rights abuses.
Labour	3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
	4: The elimination of all forms of forced and compulsory labour.
	5: The effective abolition of child labour.
	6: The elimination of discrimination in respect of employment and occupation.
Environment	7: Businesses should support a precautionary approach to environmental challenges.
	8: Undertake initiatives to promote greater environmental responsibility.
	9: Encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	10: Businesses should work against corruption in all its forms, including extortion and bribery.

DISCLOSURES

SASB SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

Professional & Commercial Services, updated October 2018.

TOPIC	ACCOUNTING METRIC	UNIT OF MEASURE	DATA	CODE
Data Security	Description of approach to identifying and addressing data security risks	n/a	Page 6	SV-PS-230a.1
	Description of policies and practices relating to collection, usage, and retention of customer information	n/a	Page 6	SV-PS-230a.2
	(1) Number of data breaches, (2) percentage involving customers confidential business information (CBI) or personally identifiable information (PII), (3) number of customers affected ¹	Number, Percentage (%)	1) Zero 2) N/A 3) Zero	SV-PS-230a.3
Workforce Diversity & Engagement	Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees ²	Percentage (%)	1) 33 % female 2) 60 % female (5/7)	SV-PS-330a.1
	1) Voluntary and (2) involuntary turnover rate for employees	Rate	1) 10 % 2) 0 %	SV-PS-330a.2
	Employee engagement as a percentage ³	Percentage (%)	Not deemed relevant	SV-PS-330a.3
Professional Integrity	Description of approach to ensuring professional integrity	n/a	Pages 5-6	SV-PS-510a.1
	Total amount of monetary losses as a result of legal proceedings associated with professional integrity ⁴	Reporting currency	None	SV-PS-510a.2
ACTIVITY METRIC		UNIT OF MEASURE		CODE
Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract		Number	1) Full time: 10 2) Temporary: 3 3) Contract: 1	SV-PS-000.A
Employee hours worked, percentage billable		Hours, Percentage (%)	19 272, 61%	SV-PS-000.B

ESG MANAGEMENT

ENVIRONMENT

TGG seeks to establish environmental consciousness and to protect the environment in our internal business and in the delivery of our services. Our commitment to reduce our impact on the external environment is further outlined in the Code of Conduct.

Office environmental management

The Governance Group chooses solutions that are sustainable, and this applies to everything from choice of transport, to offices and suppliers. Although we are a small business, we will keep track of our own impact on our surroundings, and we establish climate accounts and compensate for our own emissions by purchasing quotas. TGG has chosen the EKOenergi eco label, an internationally recognised mark of quality for renewable electricity, gas, heat and cooling.

GHG EMISSIONS STATEMENT

Scopes	Value	Metric	Metric tons CO2e
Company cars ¹	21 000	Kilometres	1.91
Scope 1 Direct emissions			1.91
Electricity (market based) ²	9 154	kWh	4.76
District heating ³	16 307	kWh	0.31
Sum Scope 2			5.07
Flights ⁴	49.01	KG CO2	49.01
Sum Scope 3			49.01
Total TGG⁵			55.99

- 1) Electric cars. Assumption: 1.75 kWh per 10 km <https://www.fjordkraft.no/strom/stromforbruk/elbil/>
- 2) In 2019, the Norwegian Water Resources and Energy Directorate (NVE) estimated that emissions from electricity is 520 g/kWh CO2, based on the average rate for Norwegian power suppliers that do not purchase Guarantees of Origin
- 3) In 2019, Fortum (supplier), estimated that emissions from district heating are 19 g/kWh CO2.
- 4) Reported air traffic emissions from travel operator Berg-Hansen.
- 5) In order to calculate our annual emissions, we use an operational approach as defined by the GHG protocol

PEOPLE

The Governance Group consists of ten full time employees committed to promoting sustainability, and to ensure that our working environment keeps everyone safe, included and motivated. We are dedicated to creating a respectful and dynamic culture, where teamwork and togetherness are highly valued.

Non-discrimination

Discrimination and harassment based on, but not limited to, gender, race, age, religion, disability, nationality, ethnic origin or sexual orientation is not tolerated and considered unacceptable. At The Governance Group, unwelcome verbal or physical behaviour interfering with work or creating an intimidating, hostile, or offensive work environment, is considered unacceptable. This includes any form of sexual harassment, exploitation, or abuse.

Labour rights

The Governance Group follows Norwegian labour law and international labour standards expressed in the Core Conventions of the International Labour Organisation.

ILO conventions

Conventions covering subjects considered to be fundamental principles and rights at work. The Governance Group supports these conventions.	1. Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
	2. Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
	3. Forced Labour Convention, 1930 (No. 29) (and its 2014 Protocol)
	4. Abolition of Forced Labour Convention, 1957 (No. 105)
	5. Minimum Age Convention, 1973 (No. 138)
	6. Worst Forms of Child Labour Convention, 1999 (No. 182)
	7. Equal Remuneration Convention, 1951 (No. 100)
	8. Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

GOVERNANCE AND INTEGRITY

Code of conduct

Our Code of Conduct is signed anyone conducting work on behalf of TGG, and the code applies to all staff, partners, sub-contractors and anyone else acting on behalf of The Governance Group. The code includes both mandatory legal requirements and voluntary standards we seek to uphold. The Code outlines TGGs expectations related to:

- Bribery and Corruption
- Conflict of Interest
- Transparency and Confidentiality
- Labour standards and working conditions
- Anti-discrimination and harassment
- Environmental impact
- Personal integrity
- Complaints

Health, Safety and Environment policy

TGG's Health, Safety and Environment policy is upheld in all our work and business relationships. There were no serious incidents or lost time injuries in 2019.

Complaints mechanism

TGG seeks to stimulate open discussions about responsible conduct and invite all stakeholders to express their views and concerns. TGG has established a complaints-procedure to manage reports of unethical or illegal conduct by employees or external stakeholders and seeks to respond immediately to any concerns. Our Code of Conduct further outlines TGGs complaints procedure.

Responsibility and integrity

All TGG employees working on assignments are held to the highest standards of professional integrity. We seek to stimulate open discussions about responsible conduct, and our employees are continually expected to express opinions on the projects and operations we are targeting and carrying out. We encourage all employees to behave and reason ethically, having the right to refrain from working on projects based on personal ethics. Our Code of Conduct further outlines TGGs expectations.

Data security and privacy

The Governance Group protects any proprietary or confidential information entrusted to us in accordance with Norwegian legal requirements for data protection. TGG uses an external system for integrity protection and has implemented measures to ensure compliance with the GDPR. Our Code of Conduct further outlines TGGs management of data security.

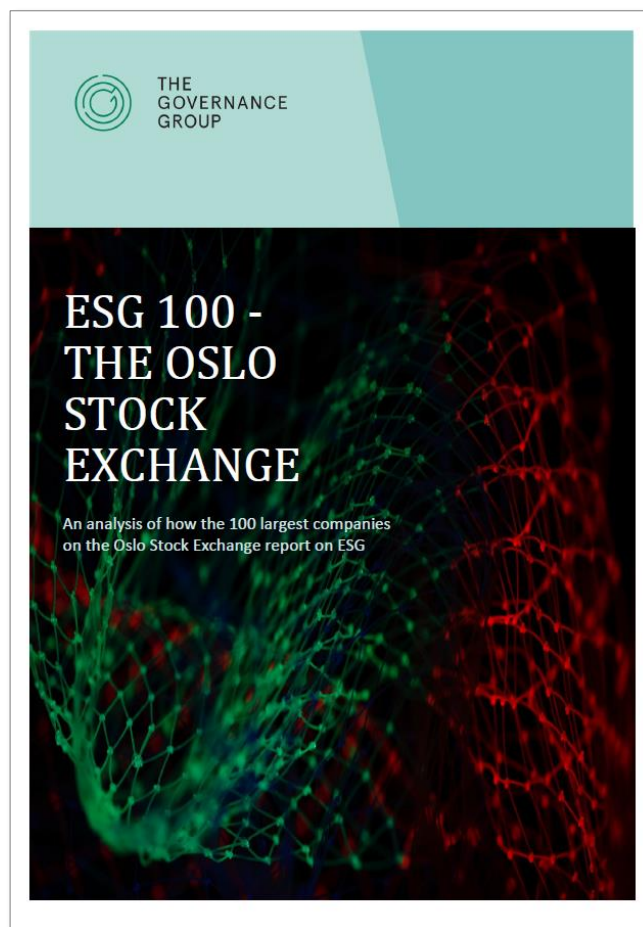


CASE STUDIES

ESG 100

Every year, TGG analyses and rates how the 100 largest corporations on Oslo Stock Exchange report on ESG issues. We do not seek to rate how well the corporations perform on ESG, but how well they disclose relevant data. The analysis is a useful tool for corporations and investors alike to better understand the risks and opportunities related to ESG.

One of the key findings in 2019, was that many listed companies struggle to comply with § 3-3 c of the Norwegian Accounting Act: Companies are obliged to disclose detailed information on the management, strategy and status of environmental, social and governance issues. However, there is no reference to what data should be reported, and thus the information disclosed is often vague and difficult to assess. TGG proposed that the regulatory authorities should review and update the law.



Angola Human Rights Project 2018-2021

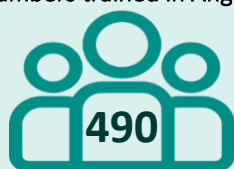
The Angola Human Rights Project, aiming at consolidating, strengthening and sustaining a culture of human rights in Angola, has completed its second year of implementation. The Governance Group has monitored developments in Angola closely over 2019 to identify risks and opportunities with regard to the human rights project. We believe Angola's focus on implementing international human rights norms presents an opportunity for the Angola Human Rights Project to become better integrated with, and reflect the priorities of, Angola's national human rights strategy. Angola underwent multiple human rights treaty reviews in 2019, including their 3rd cycle of the Universal Periodic Review, which made recommendations for Angola notably in relation to the ratification of international human rights treaties and effective implementation of international human rights treaties at the domestic level.

NOTABLE PROGRESS

Three-week intensive course completed on human rights law and practices, <i>Oslo Diploma Course-ODC</i> , for 12 participants from Angolan government and civil society.	Paper on business, human rights and sustainability in Angola co-authored by TGG and MJHR was selected for presentation and publication by the <i>University of Oslo Law Faculty</i> .	A representative from the Angolan Ministry of Justice and Human Rights attended the <i>UN Forum on Business and Human Rights in Geneva</i> - a first time event.
Seminar on regional human rights systems (the African system and the European system in comparative perspective) held at <i>Kangonjo Higher Polytechnic Institute in Luanda</i> with over 200 participants.	One-week <i>Training of Trainers</i> course on human rights for four participants held at the <i>University of Coimbra</i> . All four conducted a training of trainers' course for police in Angola after completion.	One-week <i>Media Training Diploma Course</i> for seven participants from the Angolan government and media (Oslo), Freedom of Expression training (Luanda) to coincide with World Press Freedom Day.

PROGRAMME IN NUMBERS

Numbers trained in Angola



Research and human rights documents available



Radio Broadcast: 50 000 + reach



Individuals involved in research exchange



Numbers trained outside Angola



Visits over 2019



TV Broadcasts



Research articles produced



Nr. of stakeholders trained



Members in alumni network



Newspaper Articles: 100 000 + reach



Completed Master degrees in Human Rights





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