

Berlin, 19 December 2020

Dear stakeholders,

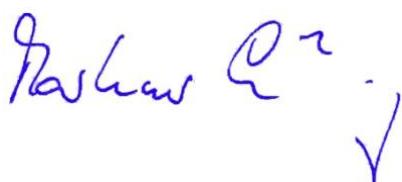
This year again I am pleased to report that Löning - Human Rights & Responsible Business remains committed to the Ten Principles of the UN Global Compact in the areas of human rights, labour standards, environment, and anti-corruption.

In this fourth annual communication on progress (COP), we cover the period from January 2020 to December 2020 intending to illustrate how we integrate the Ten Principles of the UN Global Compact into our daily work, our strategy and our corporate culture. Besides, we reflect upon our commitment to the relevant Sustainable Development Goals (SDGs) for each of the principles. It is equally important for us to report here on the highlights of our work with companies in 2020.

As part of our engagement with our stakeholders, we are committed to sharing the information contained in this COP through our primary communication channels.

I look forward to keeping you informed of our progress in 2021.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Markus Löning".

Markus Löning

Managing Director

Our highlights in 2020



Human Rights

As part of our core business, we continue to support companies through our advisory work on human rights due diligence to make them more resilient and to grow socially sustainable.



Labour rights

We offered our staff greater flexibility to work from home and equipped our office in a way to reduce the risk of infection. We want all of our team members to stay safe during the pandemic.



Environment

We were able to make great effort in reducing our carbon footprint and we are striving to continue our engagement in protecting the environment.

HUMAN RIGHTS – BUSINESS & HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Businesses should make sure they are not complicit in human rights abuses.

10 REDUCED INEQUALITIES



8 DECENT WORK AND ECONOMIC GROWTH



We are an international consultancy and think-tank specialised in human rights. Respect for human rights guides our entire corporate strategy. Within our consultancy work, we help companies meet their human rights obligations by establishing

effective human rights due diligence processes into their corporate strategies. We support our clients to comply with international human rights and labour standards and hence to contribute to the Sustainable Development Goals. Accordingly, the commitment to human rights is part of all our business operations. We actively foster SDGs, especially by enhancing sustainable economic growth and decent work. A more detailed breakdown on "Human Rights & SDGs" can be found on our [website](#). Here we outline the close interconnection between the Agenda 2030 and businesses' human rights due diligence obligations. We also provide advisory work in certain specific human rights matters on a pro bono basis.

In addition to our consultancy services, we also operate as a think tank. Through this work, we gather profound knowledge on the topic of business and Human rights and continuously keep stakeholders informed about news, trends, and debates within the field. In addition, we engage with various stakeholders like NGOs, governments and companies to foster dialogue and

debates. As a think tank we conduct research, publish reports and papers and hold webinars, which are freely available on our website. We also take part in conferences and events to inform about our research findings and/or about our expertise in the field of business and human rights. Our ultimate goal within the think tank work is to create awareness about the challenges of human rights for businesses and provide organisations with guidance.

As we did last year, we also want to communicate on the progress of our advisory work with clients on their human rights due diligence processes obligations. Our portfolio is cross-sectoral, including internationally operating organisations and businesses in the fields of tourism, food, finance, coffee, consumer goods, household goods, biodiversity, IT, textiles, automotive and energy.

We have continued supporting companies and organisations in their efforts to integrate human rights into their corporate strategies and daily operations. Some of our highlights include the following:

- We have continued working closely with the German branch of an international conservation organisation on their efforts of implementing human rights due diligence processes in line with international standards.
- We conducted a human rights impact assessment for a German retailer of its supply chain of berries from Spain. The aim was to identify adverse impacts of the business along the supply chain and provide recommendations on how to manage such impacts and improve practices. One of the key aspects of the process was the engagement with different stakeholders, including workers. Through the engagement, coupled with our research, we gained specific insights into the berry sector and were able to recommend tailored measures for our client.
- As part of our continuous work with a major energy provider, we developed a supplier questionnaire with a focus on human rights. This was one of the topics yet to be covered identified in the gap assessment conducted last year.
- We have also developed for a company in the textile sector a risk exposure matrix linking sourcing countries with procurement categories, unfolding where the greatest risks from a human rights perspective were.
- We have been working on the topic of forced labour imposed by state authorities. In this context, we have developed guidelines on this topic for a global business association to help detect state-imposed forced labour in specific contexts.
- We have continued developing and revising human rights-related policies for several companies, e.g. a human rights policy statement for a company for a reinsurance company.
- We have also continued our work on stakeholder-dialogue and engagement strategies. For instance, we collaborated with the German Global Compact Network on a webinar series about human rights due diligence, requirements and opportunities.

Furthermore, we conducted online trainings with Sri Lankan companies from the garment, rubber and agriculture sector to support them to thrive in the European market. We also prepared a comprehensive human rights training together with a “train the trainer”-session for a reinsurance company.

- We wrote a study for a German development agency analysing how the German government can support companies in fulfilling their due diligence obligations and avoid a “cut and run” from whole countries. In more detail, “cut and run” means that companies leave a country because of new regulations on human rights or reputational demands they are not able to meet. Based on extensive research, we concluded that despite some rare cases of this behaviour, a “cut and run” is not the common response of companies. We furthermore recommended specific measures to the German government for the creation of a strategic program.
- Within the work at the not-for-profit organisation [Finance and Human Rights a.s.b.l. \(FaHR\)](#) which was founded by some of our team members in the beginning of 2019, we carried out a study on the status quo of human rights implementation in European financial institutions. The objective of this study was to get a better understanding of the role that human rights play in the finance industry, with a focus on the European finance industry. This study was jointly undertaken by FaHR and the GCBHR (Geneva Center for Business and Human Rights) and it was commissioned by Luxembourg for Finance (the Luxembourg Agency for the Development of the Financial Centre).

We want to lead by example. For this reason, compliance with applicable law and respect for human rights in the workplace are of particular importance to us. As a small company, we do not have any formal grievance mechanism, yet we address any issue that might arise directly, through dialogue among the affected parties. In our daily work we always strive to integrate sustainability. For example, in our purchases such as food or computers for the office, we choose ethical brands or, whenever possible, make decisions with low impact.

17 PARTNERSHIPS FOR THE GOALS

This year we fostered further partnerships with organisations to increase our outreach and explore future collaborative actions, in particular with [Human Rights at Work](#) and [Ulula](#). Within both partnerships we are tackling the challenges of human rights impacts in the food sector. The combined expertise of Ulula and Löning as well as of Löning and Human Rights at work in this sector gives clients the opportunity to assess human rights risks at a holistic level coupled with technological methods.

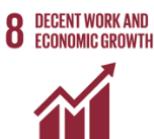
LABOUR RIGHTS

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 labour;

Principle 5: the effective abolition of child labour and

Principle 6: the elimination of discrimination in respect of employment and occupation



As mentioned above, it is at the core of our work, when advising companies on their human rights due diligence obligations, to address the topic of how to ensure decent working conditions and how to tackle the risk of modern slavery.

This year, we continued to use the insights and lessons learned from our everyday consulting work to write articles, knowledge papers and webinars. All our publications are freely accessible online. This year we published a paper on [Business continuity during Covid-19 and beyond: Surviving the pandemic and flourishing in its wake](#). This paper was the result of a [Company Consultancy Projects \(CCP\)](#) between us and [the ESCP-Business School in Berlin](#). The paper identifies trends in the reactions of businesses to cope with COVID-19 and summarizes solutions that contributed to positive continuity of business activities.

We also published [guidelines](#) for business on how to address the immediate human rights challenges that go paired with the COVID-19 outbreak.

In the context of our experience in the coffee sector as a result of our advisory work, we published [Time to wake up: Why a holistic approach is needed to tackle sustainability challenges in the coffee sector](#). The paper provides an overview of the pressing human rights and sustainability challenges in the coffee sector.

We offer a tolerant and non-discriminatory working environment that complies with German legislation and international labour standards. In detail, we take the following measures:



A Diverse and Tolerant Workplace. Diversity and tolerance at the workplace are very important to us. Our self-image is characterised by a high degree of cultural awareness and understanding, which we also anchor in our corporate strategy. Gender equality and the empowerment of women are equally important to us, as our team is largely made up of women from different cultural and

academic backgrounds. We believe that the empowerment of women in society and especially in the business world is essential for successful and sustainable development. We are aware of the underrepresentation of male colleagues in our team and we are making current efforts to bring more balance in this regard.

3 GOOD HEALTH AND WELL-BEING



Health and Safety. Especially during the Covid-19 crisis, it was critical that our team had safe, suitable, and sanitary working facilities. Our offices and office equipment meet the highest standards as well as German regulations. We have taken some additional measures during the pandemic. All business trips were cancelled to avoid any additional risk for all concerned. We also reduced the number of people allowed to be in the office at the same time (max. of 3 to 4 people). For this reason, our home office employees were able to take their external screens home and meetings were held online. For the people who are in the office, there is a CO2 meter in the office, which shows the CO2 content of the breathing air in the office. As this value is related to the aerosol value of the air, our employees are shown when ventilation is required when they are in the office. Also, for the colder winter months, when it is not feasible to ventilate every 20 minutes, we have purchased an air filter that cleans the air with UV light. In the office, surface and hand disinfection are also available, and cloth towels have been replaced by paper towels. All these measures are designed to reduce the risk of infection.

Flexible Working Conditions. Especially this year, the flexible working policy of our company has proven to be an advantage. The Covid-19 pandemic has changed the circumstances for everyone, making it even more important for us to meet the needs of our employees. Even before the pandemic, we encouraged our employees to work from home if it was conducive to their concentration, psychological well-being or for other reasons. Throughout the pandemic we offered extended flexible home office and our employees could choose whether they prefer to work from home or come to the office. During the lock-down periods all employees worked from home. As part of this flexibility, we held most of the meetings online using video software. Our employees also had the option of taking external monitors home to make their home-office working environment more comfortable.

ENVIRONMENT

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.

As we stated in our previous COP, we are a small consultancy firm, and our work is mostly office-based. Therefore, our direct environmental impact is relatively small. Nonetheless, we do believe that we have an obligation towards the environment and hence, we do take positive actions aimed at minimising our impact.



Eco-friendly office. We take the environment into account in our office design. We have an automatic heating system, use green energy and have double-glazed windows to improve our energy efficiency. We have not taken any additional measure this year.

Use of public transport. We still have the same policy in the use of transport: we still use public transport for all our business trips. For team members who frequently travel nationally, we continue to offer discounted travel through membership cards. For those cases where we need to use air travel for some medium and long-distance journeys, we make sure that we pay CO2 compensation when booking flights. For flights purchased by customers, we rely on the respective offsetting programmes. We still compensate the CO2-emissions caused by flights we book ourselves through compensation scheme of the [WeForest](#) organisation.

Recycling. We want to contribute to a reduction in waste materials worldwide. For this reason, we are committed to recycling, especially plastic and paper, and only buy recycled paper for our daily work. Unfortunately, the Covid-19 pandemic forced us to switch to using paper towels in the sanitary facilities, but we made sure that the paper we use is recycled.



Climate change & human rights. Environmental protection and human rights cannot be considered independently of each other. The fragile ecosystem that surrounds us all is influenced by human beings. Pollution is caused by human activity, but it also affects the right to life, health, food and water of all of us.

Carbon Footprint Monitoring. In order to better assess our impact on the environment and thereby constantly reduce it, we developed a CO2 monitoring system last year. This involves monitoring the so-called carbon footprint that our company has. It includes factors such as business travel (including the use of airplanes, cars/taxis, trains, trams, subways and buses), electricity, gas and water consumption from 2019. We strive to constantly improve this monitoring by including additional factors and to be able to monitor and reduce our greenhouse gas emissions through annual comparisons.

Calculation: For the CO2 monitoring we use a carbon footprint calculator developed in-house. The required information was taken from official sources such as the German Federal Environment Agency. We have included the greenhouse gases CO2, NH4 and CH4 for both

power consumption and monitoring business trips. For gas and water consumption we used the CO2 values for the calculation.

Based on the available data, in 2019 Löning Human Rights & Responsible Business emitted 5,9t CO2, which corresponds to 0,74t CO2 per person. We were able to reduce our carbon footprint significantly compared to 2018. We are pleased to report this success and hope to continue to reduce our greenhouse gas emissions next year. As compensation for our emissions of 2019, we are planning to support the Weforest organisation at the end of 2020 and will continue to offset our emissions for 2020 at the end of 2021.

ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery



As in the last COP, we reaffirm this year our commitment to all relevant applicable laws, including anti-corruption laws. We support international and regional frameworks, such as the United Nations Convention against Corruption. We do not have a specific anti-corruption policy or special team training on this issue.

Measurement of outcomes

As in the previous Communication on Progress reports, the evaluation of our company in the four areas is based on internal annual audits and regular meetings.

Internal Annual Report: Every year, we review internally all processes, goals, and organisational aspects of our company for efficiency and improvement potential. In particular, we take into account our performance in integrating the UN Global Compact principles at our workplace and in our daily work practice.

Regular meetings: Every year, our Chief Executive Officer holds one-on-one meetings with team members to discuss personal concerns, further development opportunities, and individual career goals for the following year. There is also an opportunity to raise concerns and make suggestions at the weekly team meetings.