

Berlin, 17 December 2021

Dear stakeholders,

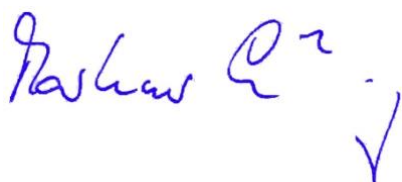
I am pleased to reaffirm Löning - Human Rights & Responsible Business' commitment to the Ten Principles of the UN Global Compact in the areas of human rights, labour standards, environment and anti-corruption.

This is our fifth annual communication on progress (COP). In this year's COP, we describe the actions taken to integrate the Ten Principles into our business strategy, corporate processes, daily work and corporate culture from January 2021 to December 2021. We additionally show how our progress on the Ten Principles contributes to the relevant Sustainable Development Goals (SDGs).

Transparency and engagement with our stakeholders are important to us. We thus commit to sharing the information laid out in this COP through our primary communication channels.

I look forward to sharing next year's progress with you in 2022.

Yours sincerely,



Markus Löning

Managing Director

Our highlights in 2021



Human Rights

We continue to strengthen organisations' sustainability by advising organisations on their human rights management systems. By deepening our engagement with stakeholders and our relationship with partners we are able to build trust in the process of guiding human rights due diligence.



Labour rights

We continuously offered our staff the choice to work from home or in the office, all the while applying a strict safety procedure to keep our staff safe from potential Covid-19 infections. We managed to overcome challenges that Covid-19 presented, and we are happy that we did not have to let any of our employees go. Within our work, we conducted training on the four labour principles of the UN Global Compact.



Environment

Due to Covid-19, we did not have any business trips for most of the year. Thus, we reduced our carbon footprint for the second year in a row and continue our efforts to protect the environment.

Our goals for 2022



Human Rights

In 2022, we strive to help companies in Luxembourg and the Netherlands to start their human rights due diligence journey. We furthermore aim to deepen our relationship with existing clients and partners that are currently mainly based in Germany.



Labour rights

Together with our employees, we are working on a safe way to come back into the office in 2022. Our team is growing, and, with that, we will adapt our office premises, work environment and corporate culture to the new reality.



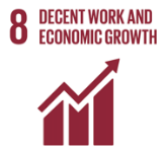
Environment

We aim to continue to reduce our carbon footprint in total and per person. Furthermore, we plan to include additional factors in our calculation as of next year, e.g., by including office material such as notebooks in next year's carbon footprint monitoring.

HUMAN RIGHTS

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

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



Löning – Human Rights & Responsible Business is an international consultancy and think tank specialised in business and human rights. Within our consultancy work, we advise organisations on how to integrate respect for human rights into their business operations and value chains and help them set up effective human rights due diligence processes into their management systems. We fully align our work with international human rights and labour standards and frameworks. Respect for internationally proclaimed human rights thus guides our entire corporate strategy.

This is also mirrored in our think tank work, where we conduct research, write knowledge papers, reports, policy briefs and hold webinars. Stakeholders can freely access all our insights on our [website](#). We also participate in conferences and events as business and human rights experts, panelists or keynote speakers. These have mostly taken place virtually this year for health and safety reasons. The think tank work allows us to (1) collect additional in-depth knowledge on business and human rights, (2) share this knowledge with stakeholders, and (3) enhance dialogue and debates by engaging with stakeholders such as governments, non-governmental organisations, companies and academics. Our aim is to raise awareness on the importance of the corporate responsibility to respect human rights and the challenges that come with taking on this responsibility, and to provide guidance for organisations in taking on these challenges.

We are pleased to see that companies are progressing further on their human rights due diligence systems and that more companies are taking on this important task. This year, we were able to further develop our tools and processes and we now advise entire industries in the energy, food, coffee, retail, tourism, textile, finance, raw materials, chemical, manufacturing and mechanical engineering sectors. Furthermore, we support companies in their country-specific research on links to

human rights risks or violations. This year again, we continued our work on stakeholder-dialogue and engagement strategies.



16 PEACE, JUSTICE AND STRONG INSTITUTIONS **Public engagement.** We actively and publicly advocated for the upcoming German Supply Chain law. Our Managing Director spoke as an expert on business and human rights at four internal and external hearings in the German Parliament on the draft bill of the Federal Government for a law on corporate due diligence in supply chains. He furthermore provided a written statement in May 2021 on the draft bill, answering questions by Members of Parliament and positioning his views on the draft bill. In addition to the political engagement, we were also present in the media and wrote articles on this matter.

Ethical choices. It is important for us to lead by example, especially as a consultancy specialised in business and human rights. Sustainability is integrated into our work environment. For instance, in order to keep our social footprint as low as possible, we choose ethical brands when buying office material, technical equipment, food or drinks. Compliance with applicable law and respect for human rights at work is of utmost importance to us. Facilitating dialogue between employer, employees and/or other stakeholders is an integral part of our company policy, which is why we have an open-door policy to address any grievance or complaint that may arise.



17 PARTNERSHIPS FOR THE GOALS **Partnerships.** We believe that creating partnerships by combining experience and knowledge is important to advance respect for human rights. This year, we strengthened our partnerships with Human Rights at Work and Ulula. Together with those partners, we provide digital solutions for human rights risks analyses and monitoring systems on-the-ground. We also created a new partnership with Sustainabill, where we developed a tool to help companies comply with the new German Supply Chain law. Furthermore, we are cooperating with the Luxembourg Employers' Association (UEL) in order to support companies in Luxembourg implement the national pact on business and human rights. Signatory companies commit to setting up human rights due diligence processes.

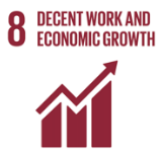
LABOUR RIGHTS

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.



8 DECENT WORK AND
ECONOMIC GROWTH

When advising clients on their human right due diligence processes, we put a special focus on decent working conditions, mitigating modern slavery risks and tackling child labour.

This year, we were commissioned by the [German Global Compact Network](#) within our consultancy work to prepare and conduct four webinars, each one focusing on one of the four labour principles of the UN Global Compact. We provided participants with background knowledge on structural issues and practical guidance on what businesses can do to better integrate these principles.

In addition, we incorporated the insights and lessons learned from our daily advisory work into articles, knowledge papers, our newly launched series of policy briefs and webinars. All our publications are freely accessible on our [website](#). This year, we put a special focus on how companies should act in light of specific political developments. For instance, we address some of the most pressing questions companies have in relation to the new German Supply Chain Due Diligence Law in a paper available in [German](#) and [English](#). In the policy brief [The Myanmar coup – how we can help your business now](#), we write about the political situation in Myanmar following the military coup, what it means for businesses and what they can do to ensure human rights along their Myanmar operations in response to the ongoing crisis.

As mentioned above, we ensure compliance with German legislation and international labour standards. At the workplace, we provide an open, tolerant and non-discriminatory working culture aligned with those laws. Our measures relate to specific SDGs as described below:

5 GENDER
EQUALITY



A diverse and tolerant workplace. Diversity and tolerance at the workplace have a high priority for us. Being a diverse team, we show a high level of cultural awareness and understanding. Gender equality and the empowerment of women is just as important to us. These values are embedded in our corporate strategy. The majority of our team are women from different cultural and academic backgrounds. We strongly believe that successful and sustainable development needs empowered women in society and in the business world. We continue our efforts to achieve a greater balance in this regard and integrate this consideration in recruitment processes. Through our flexible working conditions we enable our employees to align their work and family life and thus further contribute to gender equality.

3 GOOD HEALTH
AND WELL-BEING

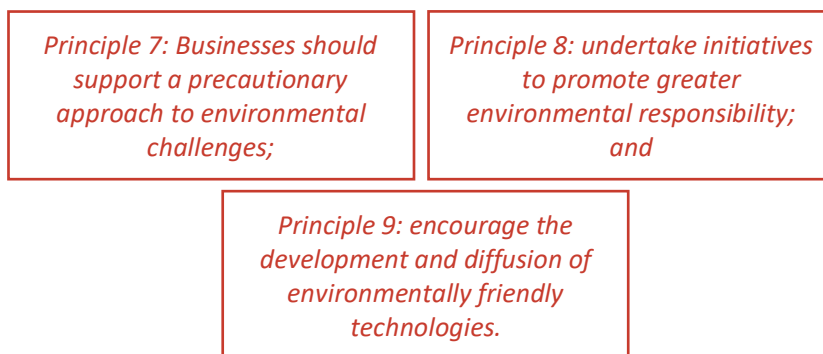


Health and safety. This year again, we ensured safe working conditions, especially in light of the ongoing Covid-19 crisis. At the workplace, we provided our team with safe, suitable and sanitary working facilities adapted to the current reality. As in the previous years, our office rooms and equipment meet the highest standards and comply with the German law. We have slowly started to resume necessary business trips, all the while reverting to video calls as much as possible in order to avoid exposure to the Covid-19 virus and its variants. Additionally, the number of people allowed to be in the office is still reduced and we've put a system in place that allows employees to sign up in advance to come to the office. In order to avoid contamination with Covid-19 or any of its variants, every person needs to get tested when coming to the office, even if they are fully vaccinated. There are self-tests and FFP2 masks in the office at our staff's disposal. Furthermore, employees received a monitor for their home office in order to make their home-office working environment more comfortable. We also bought additional monitors for the office rooms to provide a flexible and suitable working space. In the office, we have a CO2 counter that shows the CO2 content of the breathing air in the office. Its value is linked to the aerosol value of

the air. Additionally, we are using an air filter. These measures help us to reduce the risk of infection.

Flexible working conditions. In 2021, we kept the flexible working policy of our company, as the Covid-19 pandemic still demands us to be cautious of physical meetings. The flexible working policy has existed since before the pandemic, as we have always allowed our employees to work from home if it was necessary for their concentration, psychological well-being, alignment with their private schedule or for other reasons. During the ‘full’ lock-down period in the beginning of 2021, all employees stayed at home. Throughout the ‘light’ lock-down, we extended our flexible working policy, and our employees were able to choose whether to work from home or come to the office.

ENVIRONMENT



7

Being a small consultancy and think tank, the nature of our work is office-based and our direct impact on the environment is relatively small. Nonetheless, we strive to minimise our environmental impact and therefore take positive actions to live up to our obligation to contribute to mitigating the environmental impact.



Eco-friendly office. As in the previous year, our office rooms are designed in an eco-friendly way. To improve our energy efficiency,

there is an automatic heating system in place, our windows are double-glazed and we have a green energy provider.

Use of public transport. Our policy on the use of transport remains the same as in the previous years. For all our business trips, we use public transport. Whenever possible, we use the train instead of the airplane. This year, we did not undertake any business trips by plane. We have continued to provide discounted travel through membership cards such as the BahnCard for the German train company.

Recycling. In order to help contribute to the reduction of waste materials worldwide, we recycle our waste. This commitment applies especially to plastic and paper. Additionally, we exclusively buy recycled paper for our workplace. The Covid-19 pandemic still forces us to revert to paper towels in the sanitary facilities. However, we here again ensure that this paper is recycled.

13 CLIMATE ACTION



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 2019, we developed a CO2 monitoring system. For the third year in a row, we are assessing our environmental impact by calculating the carbon footprint that our company has and comparing it to previous years. Our CO2 monitoring system takes into account various factors, for instance business travel (including the use of airplanes, cars/taxis, trains, trams/subways and buses), electricity, gas and water consumption from 2020. We aim to continuously improve the methodology of this monitoring by adding other factors and to monitor and reduce our greenhouse gas emissions from year to year.

Methodology: We developed an in-house carbon footprint calculator that draws on information from official sources such as the German Federal Environment Agency. In our power consumption calculation and for the monitoring of business trips, we consider the greenhouse gases CO₂, N₂O and CH₄. Regarding the gas and water consumption calculation, we used CO₂ values.

In 2020, our team spent most of its working time at home since mid-March 2020 and not in the office rooms. Thus, if we only look at the electricity, gas, and water

consumption for the office from 2020, the company's CO2 emissions will of course be significantly lower in 2020 compared to 2019. However, the CO2 emissions for working hours have only shifted. Since we cannot calculate the individual emissions that were emitted during working hours of each employee at home, we use the average consumption from 2019 for the office per employee in this year's calculation. This allows us to get a realistic estimation of our employees' CO2 emissions.

Result: In 2020, our team emitted a total of 4,510 t CO2, leading to 0,564 t CO2 per person. This year again, we were able to reduce our carbon footprint compared to 2019. We are pleased to report this success. We are aware that the reduction can partly be attributed to the elimination of business trips, which are however also partly offset by the additional consumption of electricity and heating in every employee's household. To compensate our emissions, we will again support Weforest at the end of 2021. Additionally, we will offset our emissions for 2021 at the end of the year 2022.

ANTI-CORRUPTION

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



This year again, we renew our commitment to (1) ensure compliance with all relevant applicable laws, including anti-corruption laws, and (2) support international and regional frameworks, such as the United Nations Convention against Corruption. We do not have a specific anti-corruption policy or team training on this issue.

Measurement of outcomes

We evaluate our company's performance in the four areas based on internal annual audits and regular meetings.

Internal Annual Report: We have an internal annual review of our business that takes into account our processes, goals and organisational aspects in order to steadily become more efficient and improve. During our internal annual review, we specifically take a look at our performance on the integration of the Ten Principles of the UN Global Compact in our daily working environment and working culture.

Regular meetings: Each year, our Managing Director organises individual meetings with team members. During those one-on-one meetings, personal concerns, further development opportunities, and individual career goals for the following year are discussed. We furthermore have weekly team meetings and bi-weekly strategy meetings during which there is always room to express concerns and make suggestions.