

António Guterres
Secretary-General
United Nations
New York, NY 10017
USA

Grevenmacher, 13.03.2021

Seventh Communication on Progress (COP) from Doneck Euroflex S.A.

Dear Mr. Secretary-General Guterres,

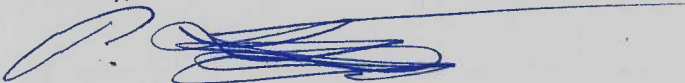
In its seventh Communication on Progress (COP), Doneck Euroflex S.A. again confirms that it is fully committed to supporting the ten principles of the Global Compact. And as always, we have many successful further developments to report on.

In recent years we have gladly reported on our cooperation with CARE Luxembourg. We have just extended this until 2021 and are supporting the establishment of ten nutrition schools in eastern Chad, following the example of the project in Niger that was completed in 2018. However, the most important innovation in the areas of human rights and labor standards can be found in our Code of Conduct for Suppliers and Business Partners, which has been in force since the end of 2019 and is explained in detail in this COP.

We again have some additional improvements in the environmental area to present. For example, Doneck has reduced its total CO₂ emissions (including upstream chains) per kilogram of paint produced by 8 % between 2017 (0.05 kg CO₂) and 2019 (0.046 kg CO₂). In addition, since 2018 we have been offsetting our entire carbon footprint through initiatives such as a forest protection project in Brazil, and we capture the emissions in such detail that we can continue to implement targeted savings measures in the near future.

The top management of Doneck Euroflex S.A. fully backs the chosen path of integrating corporate responsibility and the principles of the Global Compact even more strongly into the day-to-day company culture.

Sincerely,



Patrick Lonsdorfer

Sustainability Officer

Human Rights:

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 rights abuses.

Assessment, principles and goals

In the last COPs, Doneck Euroflex S.A. (hereafter referred to as DONECK) has consistently reported in detail on its cooperation with CARE Luxembourg, which has now lasted for nearly five years. From 2016 to 2018, with the help of DONECK's donations, two maternity clinics in Niger were connected to a clean water supply and 18 nutrition schools were established for mothers with malnourished children, which have demonstrably reduced nutritional problems among young children in a catchment area of 59 villages. In 2019, psychological support for Syrian children and their families was also expanded in the Jordanian refugee camp Azraq.

For the years 2020 and 2021, DONECK has again signed a cooperation agreement with CARE for a substantial donation. With this donation, ten nutrition schools (similar to those in Niger) will be built in eastern Chad together with the local village communities in order to sustainably change and improve nutritional behavior. In the region, an increase in poor harvests is leading to insufficient food stocks and thus to widespread malnutrition among young children. As a result, children have weak immune systems and are more susceptible to disease, which is even more dangerous in the current situation.

Since the situation in Niger was comparable and the nutrition schools established there are achieving great success, DONECK is convinced that this success is also replicable in Chad. In Niger, these schools provided medical care and nutrition to malnourished children, while their mothers learned to prepare nutritious, high-calorie meals with just a few ingredients and the right portion sizes. Subsequent home visits by CARE showed that this knowledge was also being applied at home. During a visit to a hospital, the medical staff confirmed that children whose mothers had attended the nutrition schools did not return to the hospital due of malnutrition.

DONECK places great importance on the enforcement of human rights through the support of people who experience disadvantages for various reasons. Therefore, DONECK would like to continue supporting various projects on the African continent in this form, with a focus for the time being on young children and their mothers/families.

Frédéric Hauptert, Director of CARE Luxembourg, stated as follows at the signing of the contract:

“The initiative in Niger was the first project we were able to implement in 2018 thanks to the support of Doneck. We are very proud of the unique results we have achieved together in the fight against hunger among young children. What makes us particularly happy is that we notice a deep and sincere conviction in the management and staff to this social commitment. We also take pride in what Doneck and CARE are achieving together. We are now taking this successful concept to Chad in order to sustainably combat hunger among young children there as well.”

The sponsorship of the Trier wheelchair basketball team DONECK Dolphins, which finished its 2019/2020 season in seventh place in the 1st German Wheelchair Basketball League, also continued despite Corona. The close contact between DONECK as the main sponsor and the Dolphins team has become routine. DONECK employees attend the games together with their families and experience first hand the fascination and dynamism of this sport. DONECK regularly reports to the staff about the games via the internal broadcaster. At the same time, DONECK fully supports the team's decision to end the 2020/2021 season prematurely due to the Corona pandemic in order not to endanger players, club members or their families.

And of course, as every year, donations went to the Foyer Pietert for a rolling container for musical instruments and to the Grevenmacher Volunteer Fire Department for further training of the firefighting team. As always, DONECK also supported the TMS & Friends EAGLE Charity Golf Cup 20, which, due to Corona, received slightly fewer donations than usual. Despite this, a generous sum of € 80,324 could be donated to various charities as always.

Implementation

The new cooperation agreement with CARE Luxembourg has increased in scope compared to previous years. However, as it is only just getting underway, the detailed implementation steps will be addressed next year.

What DONECK has reported on repeatedly in recent years is the internationally valid Code of Conduct, which was extended to the entire supply chain in the 2016/17 GRI report. After intensive work on the ethical principles of this Code of Conduct for the employees of DONECK, these principles were elaborated in an additional detailed Code of Conduct for all suppliers and business partners, and presented to them for signature, including on-site inspections.

In the following, this "DONECK Code of Conduct for Suppliers and Business Partners" will be explained in detail under the sub-heading of human rights in most of its contents. This is because the human rights aspect stands out from all the rules of the Code of Conduct in an international supply chain with many suppliers all over the world, even if parts of it naturally also belong to the area of labor standards. In this case, references will then only be made once again to the points reported here in detail.

The "DONECK Code of Conduct for Suppliers and Business Partners" defines the basic rights of all employees of suppliers and business partners on the basis of the eight internationally valid fundamental conventions of the International Labor Organization (ILO):

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)
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)

Like its own customers, DONECK also wants the products offered to DONECK to be manufactured under ethically acceptable conditions. Therefore, the Code of Conduct is a collection of minimum requirements for suppliers and business partners to meet these ethical standards in the entire supply chain. DONECK's goal is to continuously improve the production environment and working conditions from an ethical and social point of view. The Code of Conduct applies to all suppliers and/or business partners who manufacture or supply products or raw materials for DONECK. All suppliers and business partners are obliged by their signature to comply with the laws of the countries in which their sites are located. However, DONECK's Code of Conduct also contains much stricter requirements than the national laws of some supplier countries.

For example, DONECK requires its suppliers and business partners to comply not only with the relevant national laws on child labor, but also with Conventions 138 on the minimum age and 182 on the prohibition of child labor of the ILO. Convention 138 on the minimum age stipulates that even in countries with a rather poor school system, compulsory education must be maintained until at least the age of 14 and the minimum age for the working population must

be at least 15. Moreover, this minimum age must be raised over time to a level at which the full physical and mental development of young people is assured. Convention 182 prohibiting child labor defines children universally as all persons under the age of 18. There are, of course, forms of qualification or the like that allow exceptions, but all forms of actual child labor are prohibited and must be eliminated. In this context, the ILO refers primarily to the following forms, which are also considered completely unacceptable by all suppliers and business partners of DONECK:

- a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom, and forced or compulsory labor, including forced or compulsory recruitment of children for use in armed conflict;
- b) the use, solicitation or offering of a child for prostitution, for the production of pornography or for pornographic performances;
- c) the use, solicitation or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties;
- d) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.

In addition, supplier companies, business partners as well as their subcontractors must organize all activities of their employees in such a way that ALL social and labor law regulations are complied with. Under no circumstances may physical violence or any other form of coercion occur; psychological abuse or other forms of psychological pressure (e.g. threats of violence, sexual harassment, verbal threats) are also strictly prohibited. A safe, tidy and clean working environment must be created for the well-being of employees, which is of course also important for good product quality. The supplier company must ensure that workplaces are brightly lit, adequately ventilated, and at an appropriate temperature. The supplier company or the business partners shall provide their employees and third parties with hygienically clean sanitary facilities without any restrictions on use.

According to ILO Conventions 29 and 105, no involuntary or unpaid employees including convicts may be employed in production facilities. According to ILO Conventions 100 and 111, temporary workers and employees of outside companies may not be forced against their will to continue working beyond the end of their contract. Furthermore, no employee may be discriminated against on the basis of his or her origin, race, skin color, religion, sexual orientation or gender. In accordance with ILO Conventions 87 and 98, all employees must be

free to join a trade union of their choice and the employer must not take action against employees who wish to organize peacefully in accordance with the law. The decision to unionize rests solely with employees.

Measurement and results

Especially suppliers producing in regions affected by crises or conflicts have difficulties to prove compliance with human rights, and in the Corona pandemic even more than before. Therefore, as previously reported, DONECK's purchasing and compliance officers are increasingly visiting suppliers to verify compliance with the ethical guidelines signed in the Code of Conduct.

Project partners such as CARE Luxembourg or the organizers of the Charity Golf Cup, which collects donations for various support associations and foundations, are responsible for communicating with the projects, but report transparently to DONECK. This information is shared with the public in the form of DONECK's COPs and the sustainability report via the company website (<https://www.doneck.com/de/>).

Labour:

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.

Assessment, principles and goals

Doneck Euroflex S.A. (hereafter referred to as DONECK) is committed to complying with international labor standards throughout the supply chain. Also with regard to occupational health and safety, efforts are continuously made to further develop the already comprehensive safety concept.

Implementation

The outstanding innovation in the area of labor standards is the "DONECK Code of Conduct for Suppliers and Business Partners" already described in detail above in the section on human rights. Principles 3 to 5 have already been dealt with in this previous section, as the Code of Conduct deals in great detail with freedom of association on the basis of Conventions 87 and 98 of the International Labor Organization (ILO), forced labor on the basis of Conventions 29 and 105, and with child labor on the basis of Conventions 138 and 182.

Furthermore, suppliers and business partners also sign rules on remuneration and working hours as well as covering occupational health and safety of their employees. The factors that can clearly be assigned to labor standards and only to a limited extent to human rights are as follows:

Wages and working hours at the production sites of supplier companies must comply with the locally applicable legal requirements and must be agreed between the employer and an employer organization. Employees must be paid at least the statutory minimum wage or, if there is no statutory minimum wage, the wage must correspond to the local standard. Regular weekly working hours must not exceed the statutory minimum or 48 hours, unless otherwise agreed between the employer and the employee organization. Employees must have at least one day off within a seven-day period. Overtime is voluntary and, unless otherwise permitted by law or agreed between the employer and the employee organization, may not exceed 12

hours per week and must be paid at least in accordance with the statutory regulations. All employees must be granted at least the statutory vacation, sick days, maternity leave, etc. All employees must have an employment contract that includes, as a minimum requirement, their full name, date of birth, gender, salary and annual vacation entitlement. During on-site inspections, DONECK reserves the right to use these employment contracts to verify such things as the minimum age of employees. Additionally, occupational safety is always the TOP priority in all production facilities and other company areas at DONECK and in the entire supply chain. For this purpose, all laws, guidelines and rules on occupational health and safety must be complied with and documented.

Measurement and results

DONECK expects its suppliers and/or business partners to comply with all rules of the "DONECK Code of Conduct for Suppliers and Business Partners" and to make all necessary efforts to meet these standards. It is the responsibility of the suppliers and/or business partners to inform employees and third parties about these rules. No employee shall be subject to problems, dismissal or discrimination as a result of reporting violations of these rules.

In order to be verified and for DONECK to be able to measure the results, suppliers and/or business partners must grant DONECK or a representative of DONECK access to the production sites and all relevant documents in order to monitor compliance with the Code of Conduct. Inspections must be possible at any time and without prior notice. If the supplier or business partner does not comply with the requirements of the Code of Conduct, DONECK may cancel the business relationship at any time and without financial consequences if the supplier is not willing to implement a corrective plan approved by DONECK. If an approved corrective plan is not implemented, DONECK reserves the right to cancel planned or already placed orders. In doing so, DONECK wants to ensure that human rights and labor standards are respected throughout the supply chain.

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.

Assessment, principles and goals

Doneck Euroflex S.A. (hereafter referred to as DONECK) has a comprehensive environmental management system according to DIN ISO 14001, certified already in 2010, which is monitored in detail by the target system and for which detailed environmental and audit reports are available. This well-established environmental management system is integrated into the larger context of additional measures, namely DIN ISO 9001 (certified since 2001), DIN ISO 45001:2018 (formerly OHSAS 18001), DIN EN 22000, lean management, the 5-S method and the orientation on ISO 26000. The integrated management system forms the basis for a comprehensive system of key figures that is linked to concrete targets. Measures are derived from the targets twice a year. The system of key figures and targets enables DONECK to quantify both the absolute use of resources and energy and to form environmental and energy efficiency indicators. DONECK has frequently presented the most important key figures of this target system in previous COPs, which is why only the most striking developments and successes of the years 2019 and 2020 will be discussed below. Above all, it should be emphasized that, in addition to savings in the CO₂ balance, DONECK has been operating in a climate-neutral manner since 2018 through compensation schemes, a goal that has been continuously worked towards since the status quo analysis in 2014.

Implementation

Since January 2018, DONECK has made its entire manufacturing process in Luxembourg climate neutral. As the company's carbon footprint has been recorded for years and documented in previous reports, it has now been possible to compensate for these by participating in a forest conservation project in Brazil and an emissions-reduction program in Peru. This has officially been confirmed by the climate protection specialist ClimatePartner. If required, DONECK's

customers can find out the quantity of CO₂ emissions caused by the production of a specific ink. Everything from pigments and raw materials to delivery is identified. DONECK has been using electricity from 100 % hydropower (Enovos) since 2011. A certificate of origin (GoO) in accordance with the European Directive 2009/28/EC documents this. Since 2018, DONECK has also been using natural eco-gas from Eida. Under the environmental program "We think green!" launched in 2018, DONECK is establishing internal projects such as water dispensers for all employees, bottles with a refundable deposit instead of one-way, prevention of unnecessary waste, waste separation, recycled paper and a more environmentally-friendly vehicle fleet (eGolf, Euro 6 trucks).

Measurement and results

As reported in the last COP, energy consumption (in kWh) per kilogram of ink produced increased marginally in 2017 and 2018. For this reason, DONECK has made the recording of this key figure more detailed. For example, the company has subdivided it into Plant 1 and Plant 2 at the main site in Grevenmacher in order to be able to assess more precisely why consumption has developed negatively. The average energy consumption (in kWh) per kilogram of ink produced increased slightly in Plant 1 from 0.099 kWh in 2018 to 0.105 kWh in 2019, but this was reduced again to 0.097 kWh in 2020 despite the Corona pandemic. However, the targeted goal of under 0.065 kWh has not yet been reached, but DONECK is confident that it will be able to achieve this in 2021. Since the target for Plant 2 of staying below 0.149 kWh was met (2018: 0.138 kWh per kg; 2019: 0.134 kWh per kg; 2020: 0.144 kWh), the overall target of staying below 0.187 kWh per kilogram of ink produced was also met. After a slight increase in 2017 (0.192 kWh/kg of ink) and 2018 (0.191 kWh/kg of ink) and a reduction to 0.177 kWh in 2019, average energy consumption rose slightly to 0.180 kWh in 2020. Overall, the consumption targets were thus achieved, but DONECK is very confident that there is still some room for improvement in the coming years.

As already reported above, the balancing of greenhouse gas emissions is recorded and documented by the external ClimatePartner GmbH in accordance with the guidelines of the Greenhouse Gas Protocol (GHG Protocol). Per kilogram of ink produced, CO₂ emissions fell from 0.05 kg CO₂ in 2017 to 0.049 kg CO₂ in 2018 (0.037 kg CO₂ without upstream chains); and again in 2019 to 0.046 kg CO₂ (0.035 kg CO₂ without upstream chains). The total 1,029,541.52

kg of CO₂ recorded by ClimatePartner (which is roughly equivalent to the carbon footprint of 123 European citizens) is completely compensated by the projects described above. Overall, the detailed overview of the calculated CO₂ footprint opens up a wide range of opportunities for a further reduction of DONECK's CO₂ emissions. For example, a noticeable reduction in CO₂ emissions from employee travel (31.9 % of total emissions) and business flights (8.2 %) can be expected for 2020. DONECK will discuss in detail what of this reductions can be carried over to a post-pandemic phase.

Anti-Corruption:

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

Assessment, principles and goals

DONECK clearly opposes corruption in all its forms. Therefore, an official compliance team is overseeing this area. In addition, there is also a completely anonymized reporting procedure, a so-called whistleblowing process, through which reports of violations of the Anti-Corruption Policy or the entire Code of Conduct can be submitted to a law firm at any time. To date, however, no violation of the Corruption Policy has been reported or otherwise identified. This also applies to legal proceedings based on anti-competitive behavior and violations of antitrust and monopoly law, with none pending to date.

Implementation (as well as Measurement and results)

In previous years, DONECK has consistently reported that no violations of the Anti-Corruption Policy have been identified to date, which is also true for this year's report.