

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

Grevenmacher, 13.03.2022

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


Dear Mr. Secretary-General Guterres,

in its eighth Communication on Progress (COP) report, Doneck Euroflex S.A. proudly reports on a reorientation of our external communication, which shares our corporate philosophy and, above all, our daily sustainability strategy with our network, our customers and all interested parties. In doing so, we place particular emphasis on communicating externally that we are fully committed to supporting the ten principles of the Global Compact.

As an ink manufacturer, our focus is on the sustainable design of our products and workflows, which is why we combine green products and workflows under our slogan "We think green!", visibly displayed directly on the main page of our online presence (<https://www.doneck.com/de/>). Therefore, the part about the environment, which was already extensive in the past COPs, is given even more space in this one and many improvements are presented, for example, as announced in the last report, we have reduced our total CO₂ emissions by 23% and fully compensated for them. Under the ClimatePartner ID 53392-1801-1001, Doneck is retroactively listed as a climate-neutral company since 2018, which can be tracked by the public at any time.

Under our second motto "We care!", we have reported on our cooperation with CARE Luxembourg in recent years. We have continued this in 2021 and continue to support development projects in eastern Chad.

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 progress report, Doneck Euroflex S.A. (hereafter DONECK) reported that the cooperation with CARE Luxembourg had been extended. For the year 2021, DONECK has therefore also supported the projects in eastern Chad with a considerable donation. However, the CARE projects have already been described in great detail in recent years, so that only a brief summary follows here:

With the donation from DONECK, ten nutrition schools were built in eastern Chad together with the local village communities in order to change and sustainably 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. In the nutrition schools, malnourished children are given medical care and nutrition while their mothers learn to prepare nutritious, high-calorie meals with few ingredients and the right portion sizes.

DONECK respects human rights throughout the entire value chain, but also attaches great importance to enforcing human rights by supporting people who experience disadvantages for various reasons. Therefore, DONECK would like to continue supporting various projects in developing countries in this form, with a focus for the time being on young children and their mothers/families.

With a similar background, the name sponsorship of the Trier wheelchair basketball team DONECK Dolphins was also continued at a high level. While the DONECK Dolphins still finished their 2019/2020 season in seventh place in the 1st Wheelchair Basketball League despite Corona, the 2020/2021 season was cancelled by the Dolphins with a heavy heart due to Corona and was not completed. DONECK has always supported this decision, but is also pleased that the Dolphins are playing successfully again in the current 2021/2022 season.

As every year, donations were made to the Foyer Pietert and the Grevenmacher Volunteer Fire Department.

Implementation

As DONECK already reported last year, a comprehensive "DONECK Code of Conduct for Suppliers and Business Partners" was developed, in which the topic of human rights is one of the most important. This "Code of Conduct" 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 Labour Organization ILO. It defines a set of minimum requirements for suppliers and business partners in order to guarantee minimum ethical standards throughout the supply chain. 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 basically 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, in addition to the relevant national laws on child labour, DONECK also requires its suppliers and business partners to comply with Conventions 138 on minimum age and 182 on the prohibition of child labour of the International Labour Organization ILO.

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. 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

With the motto "We are all in the same boat", Doneck Euroflex S.A. (hereafter DONECK) expresses that only a perfect team performance can succeed in the competition for customers. DONECK is committed to complying with international labour standards throughout the entire supply chain. Also with regard to occupational health and safety, efforts are continuously made to further develop the already comprehensive safety concept.

Implementation

The "DONECK Code of Conduct for Suppliers and Business Partners" described above and in the last COP contains, in addition to human rights, the area of labour standards as a second main topic. 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 payment and working hours as well as covering occupational health and safety of their employees, which can clearly be assigned to labour standards and only to a limited extent to human rights, such as the obligation to pay the minimum wage. However, the "Code of Conduct" has already been described in detail in the last COP.

The innovations worth highlighting in 2021 were the reformulation of the occupational safety policy, which deals in detail with human resources policy and development as well as occupational health and safety, and the aforementioned reorientation of DONECK's external communication. This year's report focuses somewhat on the area of environmental protection, as this is where most progress can be reported, whereas last year there was a focus on the areas of human rights and labour standards through the "Code of Conduct".

Nevertheless, the new website provides detailed information about DONECK's commitment to its employees, such as the opportunities for further development or free use of a fitness studio or systemic coaching.

Measurement and results

Last year, DONECK reported so extensively on the "DONECK Code of Conduct for Suppliers and Business Partners" that, as an exception, the targets achieved in the area of KPIs were not presented, which will be done in the following:

The three important KPIs in this context are the training carried out per employee, the number of accidents or the hours lost due to accidents as a proportion of the hours worked (*1,000,000 in %).

The number of training courses conducted per employee in the area of environment and occupational safety has risen sharply in recent years and the target value was always exceeded. DONECK's target of exceeding 100% for the key figure "training carried out / Ø employees" was far exceeded with 207% in 2018 and 235% in 2019. In 2020 and 2021, this value declined somewhat, as fewer training/education courses took place due to Corona, but the target was still exceeded in both years with 161% and 194%.

Naturally, the obvious target for the accident rate is 0, i.e. no accidents. However, since this is unrealistic in a manufacturing company, the target to be achieved is based on the average for the industry, which is between 41 and 45 (number of accidents / number of hours worked * 1,000,000). DONECK's target of under 24 is already far below this average, and has always been undercut since measurement began in 2015 (2014 was the fire). In 2020 and 2021, this accident rate was 9 and 6. In 2021, there were only 2 accidents in total.

However, regardless of the accident rate, the severity of an accident is of course also important, as one seriously injured person is far worse than many small insignificant accidents. The accident severity (number of lost hours / number of working hours * 1,000,000) was very high with 468 in 2014 due to the fire, but then quickly dropped again to 83 in 2015. The target value "below 250" has always been undercut since then and was also far below this 250 in 2020 with 78 and 2021 with 153. However, the value was very high in the second quarter of 2021 with 117, as one of the two accidents led to a longer absence from work. DONECK's overall occupational safety policy aims at avoiding such accidents, which DONECK will continuously pursue.

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 DONECK) has been following sustainability goals firmly integrated into its management system for more than a decade, e.g. since 2011, DONECK has been sourcing electricity exclusively from 100 % hydropower. The comprehensive environmental management system has already been certified according to DIN ISO 14001 since 2010 and is integrated into the larger context of the additionally existing 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 towards DIN ISO 26000. DIN ISO 26000 is a non-certifiable guideline for the social responsibility of companies, which DONECK has been aligning its corporate philosophy of daily responsible action with since 2014. As a company in the chemical industry, DONECK has a special responsibility in the area of the environment, where the clear goal is to operate in a way that saves resources, energy and waste as much as possible.

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 KPIs 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, but these have developed particularly well in 2020 (detailed data for 2021 will not be available until mid-2022). Therefore, in the sub-heading Measurement and Results, not only are the striking developments and successes of the years 2019 and 2020 discussed, but the most important environmental indicators are also briefly defined again.

Implementation

As mentioned above, DONECK has restructured its external communication and redesigned its website to emphasize the DONECK Network's focus on its sustainability strategy. Throughout the company, DONECK continues to focus on products and workflows for a green future. How "We think green!" is lived in the DONECK Network is shown by innovative product developments from in-house research and development for the circular economy and the previous achievements in the green workflow, which can be accessed in a new design directly from the homepage (<https://www.doneck.com>):

We think green!

New product series
Green life ink
Our printing ink series for the biological cycle, partly using renewable raw materials.
Green life ink

Green life ink + **Blue planet ink**

New product series
Blue planet ink
Our printing ink series for the technical cycle for the optimisation of recycling processes.
Blue planet ink

We think green !
Learn more about our goals and solutions for sustainable products and production conditions
Green products + Green workflow

We are partners
INKtelligence®
Our customer philosophy is based on the desire to build and maintain reliable, long-term partnerships.
INKtelligence® service package

We are colour
Inks for flexographic and gravure printing
Since the early days of our company, we have always focused exclusively on flexographic and gravure printing inks.
Applications
Water-based inks
Solvent-based inks

We care
Responsibility
We feel responsible for our business activities, and constantly scrutinise our actions.
We care & We cooperate

Among the green products, a lot of new and innovative things can be accessed, e.g. six different OK compost-compliant printing inks and 5 printing ink series with a portion of naturally renewable raw materials are presented. The compostable ink series meet the requirements for compostability of packaging made of paper, cellulose or film in accordance with EN Standard 13432. For the ink series with a portion of naturally renewable raw

materials, the DONECK research and development team has succeeded in substituting significant portions of the formulation components by raw materials based on renewable raw materials. External users can view DONECK's environmental achievements to date under the green workflow:

- CO₂-neutral company since 2018, confirmed by Climate Partner (ID 53392-1801-1001)
- Electricity from 100% hydroelectric power since 2011
- Green CO₂-neutral natural gas
- Saving of approx. 1,000,000 litres of drinking water and wastewater through closed wastewater cycle. That is equivalent to around 6,666 full bathtubs
- Targeted use of recyclable reusable containers for sales packaging, as well as internal storage and transport containers and work materials
- Large-scale conversion to LED technology
- Commissioning of a large-scale solar system
- Company's own truck fleet exclusively with Euro VI standard

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 with e-Golfs.

Measurement and results

In the following, the important environmental indicators that are collected by DONECK are briefly introduced and defined, in order to then discuss their development in recent years up to and including the first Corona year 2020 and partly already including the second Corona year 2021. Where this appears to be important, reference is made to the fact that the radical changes caused by the Covid-19 pandemic are likely to be the reason for changes in the indicators:

CO₂ emissions (Scope 1-3) / kg produced ink

The accounting of greenhouse gas emissions is carried out by the ClimatePartner GmbH in accordance with the guidelines of the Greenhouse Gas Protocol (GHG Protocol). Based on this GHG Protocol, certain scopes were defined in which companies emit greenhouse gases. Scope 1 includes emission sources that are directly operated by the company, such as the machines in production or the vehicle fleet. Scope 2 shows the emissions that arise from the use of purchased energy such as electricity. Scope 3 covers the indirect emissions that can be influenced by the company, but are not directly part of the core business, as they occur outside the company, e.g. at the suppliers of primary products.

ClimatePartner has calculated a 23% reduction in total CO₂ emissions for 2020 compared to 2019, which is equivalent to a reduction from the average CO₂ footprint of 123 European citizens to that of only 94. Since Scopes 1-3 are included, the noticeable reductions due to the pandemic play a major role here, such as the business flights of employees, which fell from an 8.2% share of total emissions in 2019 to a share of 1.1% in 2020. Contrary to what was assumed in the previous report, the additional home office of the office employees did not have an impact on the share of employee trips in DONECK's CO₂ emissions, which still accounted for an approximate share of one third in 2020 and thus represent one of the main items along with another third for heat. In total (Scope 1-3), DONECK's CO₂ emissions for 2020 are 788,008.56 kg CO₂ and were compensated by a high investment in three projects (ClimatePartner-ID: 53392-1801-1001)¹:

- Promotion of clean wind energy in Chile - Verified according to Gold Standard VER (GS VER) by the Colombian Institute for Technical Standards and Certification (ICONTEC)
- Forest protection in Pará, Brazil - Verified according to Carbon Standard (VCS) Social Carbon (SC) by RINA Services S.p.A. (RINA)
- Clean cooking stoves nationwide in Peru - Verified according to Gold Standard VER (GS VER) by TÜV NORD CERT GmbH

¹ https://fpm.climatepartner.com/tracking/53392-1801-1001/de?utm_source=climatepartner.com&utm_medium=id

CO₂ emissions per kilogram of ink produced have fallen continuously, even before the pandemic. Although these CO₂ reductions were marginal, as already shown in previous years, they nevertheless fell continuously from 0.05 kg CO₂ per kilogram of ink produced in 2017 to 0.049 kg CO₂ in 2018 (0.037 kg CO₂ without upstream chains) and to 0.046 kg CO₂ in 2019 (0.035 kg CO₂ without upstream chains). In the pandemic year 2020, this value dropped again to 0.036 kg per kilogram of ink produced (0.029 kg CO₂ without upstream chains), which is also due to various pandemic-related reasons, but which can only be examined in more detail after a comparison with the figures for 2021 in the next COP.

kWh / kg produced ink total (subdivided into kWh / kg produced ink plant 1 & plant 2)

As reported in the second last COP, the energy consumption (in kWh) per kilogram of ink produced increased marginally in 2017 and 2018, which is why DONECK has made the recording of this key figure more detailed and, for example, 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 could be reduced to 0.097 kWh in 2020 and 0.078 kWh in 2021. This is due to more efficient production methods, but again of course for both years also partly due to the reduction in overall consumption due to the pandemic. Therefore, a detailed analysis can be presented in the next COP at the earliest. However, the long-term target of less than 0.065 kWh has not yet been reached, but DONECK is optimistic that it will be able to achieve this in 2022.

As the target for Plant 2 to stay below 0.149 kWh was met (2018: 0.138 kWh per kg; 2019: 0.134 kWh per kg; 2020: 0.144 kWh per kg; 2021: 0.140 kWh per kg), the overall target to stay below 0.187 kWh per kg of ink produced was also met. After a slight increase in 2017 (0.192 kWh per kg of ink) and 2018 (0.191 kWh per kg of ink) and a reduction to 0.177 kWh in 2019, the average energy consumption rose again slightly to 0.180 kWh in 2020, but then fell directly back to 0.160 kWh in 2021. Overall, the consumption targets were thus achieved, but DONECK is very confident that there is still some room for improvement in the coming years and hopes to be able to report in one of the next COPs that the consumption targets have been reduced overall.

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.