
AUGUST 2021 – AUGUST 2022

WIK FAR EAST LTD.

COMMUNICATION ON PROGRESS

COMPANY'S VISION

A truly circular economy whose impact in the world is solely a positive contribution to Nature and people's lives.

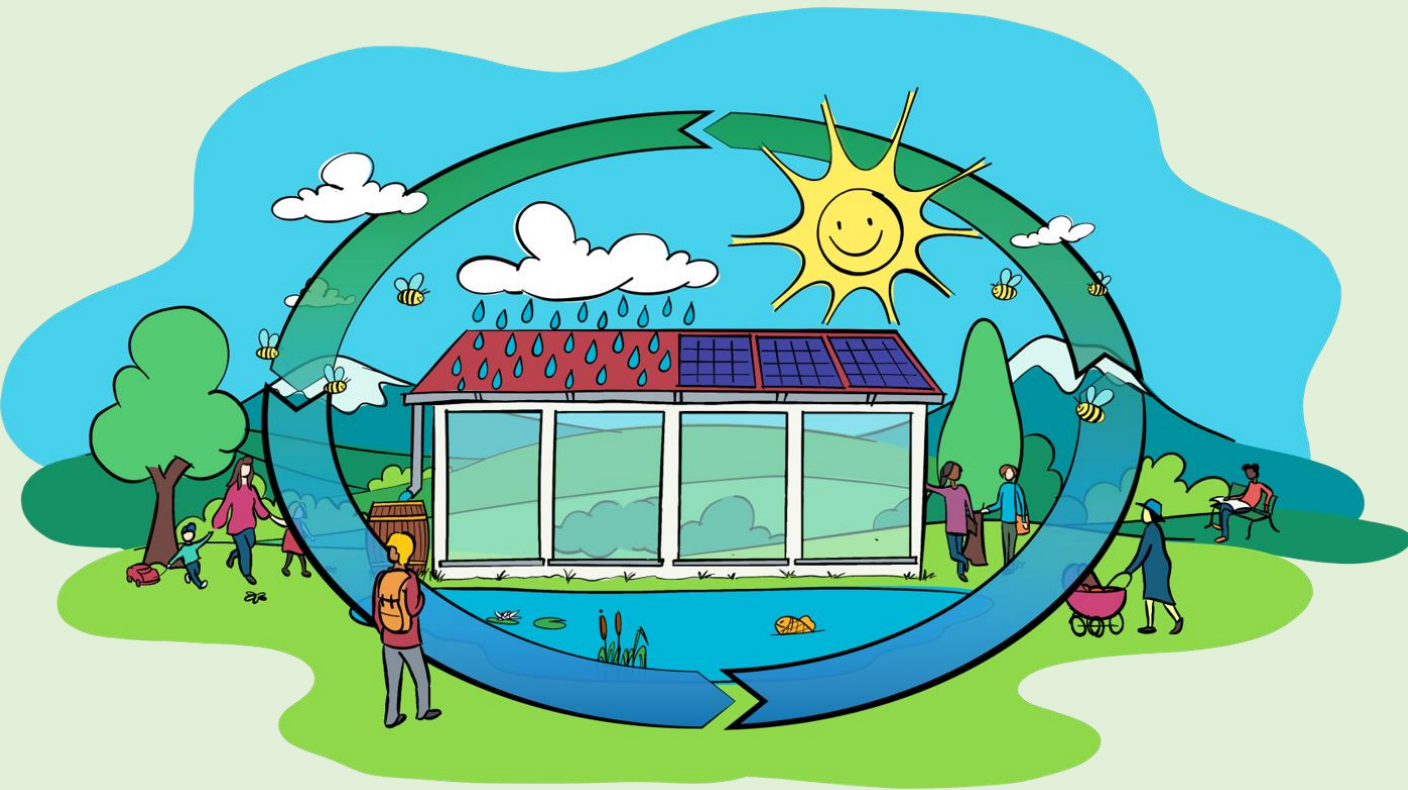


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STATEMENT OF CONTINUED SUPPORT

Dear Readers,

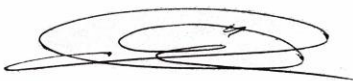
In challenging times, when the help of all of us is needed to contribute to sustainable development, WIK is becoming a key driver transforming the most impactful human activities for our ecosystems, from consumption to regeneration, and therefore is creating an economy without ecological guilt. We are building the foundation for future generations to develop an authentic self-esteem to be the guardians of flourishing ecosystems around the globe.

In 2021, WIK committed to the UN Global Compact that its principles formed part of the company strategy, culture, and day-to-day operations. Engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals, is part of our sustainability strategy and deeply anchored in the company's vision and mission.

I am pleased to confirm that WIK reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Yours faithfully,



Christoph Dörn

August 2022

UN GLOBAL COMPACT

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.



LABOR

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 labor;

PRINCIPLE 5: the effective abolition of child labor; and

PRINCIPLE 6: the elimination of discrimination in respect of employment and occupation.



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.



ANTI-CORRUPTION

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



ACTIONS | HUMAN RIGHTS



The protection of human rights and compliance with human rights in our production sites and offices is always in the center of attention and the basis of any working relationship.

BUSINESS ETHIC CODE & CODE OF CONDUCT

To ensure the preservation of human rights, WIK has set up a code of business ethics. All employees of WIK Group are required to understand and comply with the code, company policies and laws that govern their activities. As the Ethics Code applies to all employees of WIK, the Code must be signed at the beginning of the employment.

To guarantee compliance with human rights along the entire supply chain, individuals and companies conducting business on our behalf also need to follow the Code, which must be signed before cooperating.

TRAININGS

Introduction trainings are held for new employees - Making sure employees understand their rights.

HOTLINE

A hotline has been established that can be used by all employees in case of any kinds of human right abuse.

VISITS TO PRODUCTION SITES

There are regular visits to the production sites to check the working conditions and to verify that human rights are observed.

To ensure that good working conditions are guaranteed independently, various audits are carried out at different production sites. Given that most audits and standards also affect labor, the environment and anti-corruption measures, they are listed in the following chapters.

ACTIONS | LABOR



All our policies are aligned with the corresponding local labor laws, thus ensuring a good workplace for all.

WORKPLACE OF CHOICE

To ensure a good working atmosphere and a workplace of choice, WIK takes the following actions:

- Concepts for a health-supporting workplace
- Employee satisfaction and engagement survey
- Talent management system

HEALTH AND SAFETY

Health and safety are the top priority of all actions. To create a safe workplace, health and safety trainings are mandatory for all employees. Appropriate personal safety equipment is provided to all employees.

ENABLING PARTICIPATION FOR ALL

To involve employees beyond the statutory requirements, periodic employee representative meetings are held at the production sites.

IDEA MANAGEMENT

The recently introduced Idea Management is a tool providing the opportunity to harness the creative potential of our employees for the development of new products and services. To encourage lively participation a reward system will be installed.



UP-TO-DATE

We create awareness by publishing various sustainability-related info sheets monthly. Topics of the past months were: Urban gardening, sustainable clothing and mobility.

ACTIONS | LABOR



MONITORING

To monitor goals on social topics, WIK is collecting KPIs on gender pay gap, women's quota, incident rate and average age.

Interim results are discussed in monthly meetings. Moreover, key figures are monitored to evaluate the status of the targets.

ISO STANDARDS

WIK is monitored and certified to ISO 9001 which sets out criteria for a Quality Management Systems Certification.

The process-oriented standard ensures that all key processes are aligned with each other. This means for each employee

- That all tasks are well known
- Appropriate trainings are carried out
- Necessary material resources are available

- Problems are identified and eliminated in advance (TÜV SÜD, 2022).

SMETA

The production sites in Shenzhen, Prilep and Batam are audited according to Sedex Members Ethical Trade Audit (**SMETA**) audit protocol.

The chosen protocol is based on the following four pillars:

- Labor Standards
- Health and Safety
- Environment
- Business Ethics

The international standard SMETA assesses companies and their production sites and ensures independent verification of named criteria (Sedex, 2022).

ACTIONS | ENVIRONMENT



Increasing anthropogenic greenhouse gas (GHG) emissions leads to the greenhouse effect, which is responsible for global warming (UBA, 2016). GHG emissions are mainly caused by the combustion of fossil fuels such as coal, gas and oil that are still used for electricity and heat generation (Climate Watch, 2022).

Without a change in human behavior, the increase in global temperature will exceed the critical level of more than 1.5°C within the next few decades. This rise has devastating consequences, namely heat waves and heavy rain (IPCC, 2022). Limiting global warming as

much as possible is one of the most important challenges of our generation. To achieve this, each of us needs to reduce GHG emissions to preserve the basis of future human life.

To further strengthen the commitment as an organization with a strong focus on environmental protection WIK has established a Sustainability Department. The reduction of GHG emissions and the circularity of products are the focus of all actions.

RENEWABLE ENERGY

To constantly reduce the emissions that arise during production, on the roof area of the production sites



PRILEP, MACEDONIA

ACTIONS | ENVIRONMENT



in Shenzhen (CN), Batam (ID) and Prilep (MK) photovoltaic (PV) modules have been installed. These PV modules have a total capacity of 2.15 GWp. Harnessing renewable energies, for example from wind and sun, offers great potential to reduce GHG emissions (UN, n.d.).

Additional electricity for the production site in Shenzhen is purchased from suppliers that generate power from renewable sources (REC). Currently 60% of WIK's energy consumption at all production sites is covered by renewable energy. The target is to raise this rate to 100% by the end of 2026.

SCOPE 1 AND 2

To track Scope 1 and 2 emissions, WIK follows the GHG Protocol. Scope 1 emissions cover all direct emissions that are generated within the company. Scope 2 includes indirect emissions from electricity purchased for the company's consumption (Ranganathan et al., 2015).

Since 2022 Scope 1 and 2 emissions have been recorded and offset with offsetting projects, which are certified according to Gold Standard and Verified Carbon Standard.



ACTIONS | ENVIRONMENT



SCOPE 3 EMISSIONS

In the context of Scope 3 emissions, WIK focuses on the raw materials used. The emissions that result from these raw materials along the value chain are measured and evaluated.

The idea is to compare and understand the different materials in terms of their carbon footprint. The aim is to identify optimization potentials.

We are working on collecting all further Scope 3 emission rates in cooperation with our suppliers for increased transparency and depth of detail.

LIFE CYCLE ASSESSMENTS

To determine optimization potentials for specific products, WIK is conducting life cycle assessments (LCA) for all products.

ISO standards 14040 and 14044 are used for this purpose, in order to enable the individual assessment of components in terms of their environmental impact,

particularly the global warming potential (UBA, 2018). In this process, low-emission alternatives are further analyzed.

ISO STANDARDS

WIK is monitored and certified to **ISO norm 14001** which sets out the standard for Environmental Management Certification.

The focus of ISO 14001 is a constant process of improvement (UBA, 2020).



BIOPLASTICS

Plastic is one of the fundamental components of most electronic devices. Since conventional plastic is based on fossil petroleum with high environmental impact, WIK engages in research for alternative materials.

Biobased materials offer great potential to drastically reduce emissions, save non-renewable materials and encourage a safer environment.

ACTIONS | ENVIRONMENT



CIRCULAR DESIGN

Global resource consumption exceeds the capacity of our planet in far extent. On average 1.75 worlds are needed to run our current lifestyle worldwide (Global Footprint Network, 2022).

At the end of the life cycle of the products, only 13.5% are recycled and 5.5% are composted. This means that 81% are neither returned to the technical nor to the biological cycle (World Bank, n.d.). Instead, more and more resources are needed to produce new goods.

The e-waste sector is also affected by this problem. Around 32% of e-waste comes from small equipment such as coffee machines and toasters (Statista, 2022).

As a company, this means a huge responsibility as well as the potential to contribute to sustainable development to us. One way to address this problem is the Cradle-to-Cradle (C2C) approach.

The goal here is to return all components of a product to the technical or biological cycle. In addition to the preservation of materials, material health, clean air & climate protection, water & soil stewardship, and social fairness are also considered (EPEA, 2022).

The holistic approach provides guidelines for sustainable product design, in which materials are kept in "eternal" cycles and resources can thus be saved.

Accordingly, WIK is working tirelessly to develop products in accordance with the C2C-approach and, from year 2025 onwards, C2C-certified products will be launched.



WORKING TOGETHER

To achieve continuous progress in the areas of energy, eco-design and waste, regular get-together are held to exchange ideas and monitor improvements.

ACTIONS | ENVIRONMENT



PLANTING TREES

Trees are important CO₂ sinks (Stiftung Unternehmen Wald, 2022), which also improve the microclimate (UBA, 2022). Together with our employees, we have planted trees in Hong Kong (HK) and Batam (ID).

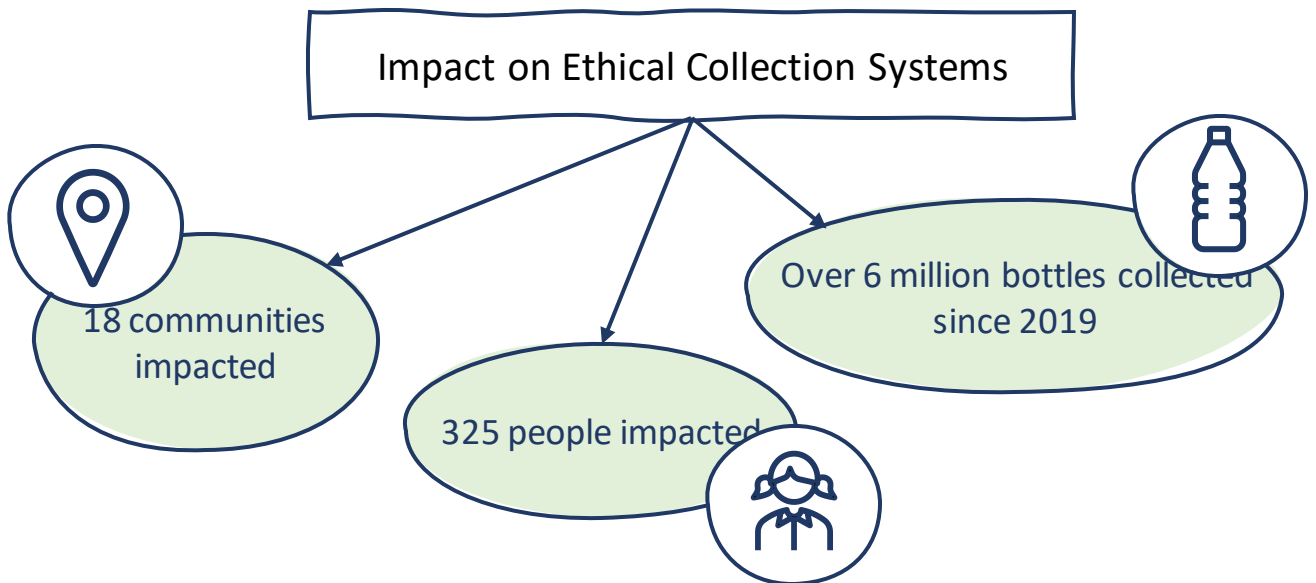


AWARENESS

To create awareness for our environment and the consequences of our actions, workshops were held on sustainability-related topics. A central topic last year was waste, as avoiding waste is a pivotal as recycling. In the workshops, attention was paid to the global waste problems and guidelines were presented on how everyone can help to combat the problems by avoiding waste and separating it correctly.



Founded in 2019, WIK subsidiary Free The Sea (FTS) developed a mechanical solution to upcycle ocean-bound single-use plastic wastes such as PET bottles into FTS Rescued Plastic resin which is used in WIK products. In collaboration with Plastic Bank, ocean-bound plastic is collected by community members in Batam, Indonesia. Members exchange the plastic for life-improving benefits such as increased income, work insurance, groceries, and internet data.





Cooperation with **Plastic Bank**

- Clean up on Batam Island (ID) and reduce ocean plastic
- Give social benefits for the society in forms of payments for plastic bottles
- Give life-improving benefits to collection members in exchange for the plastic they collect

Our Impact in Batam, Indonesia

1
Income
Increase

2
BPJS Working
Insurance

3
BPJS Health
Insurance

4
Grocery
Vouchers

5
Rice
Package

6
Smartphones

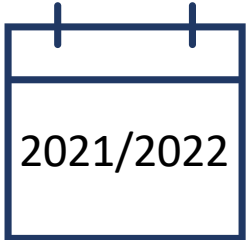
7
Saving
Accounts

8
Internet
Data

9
Electricity
Token



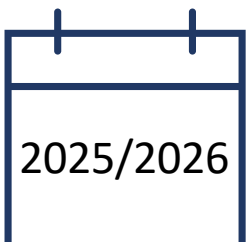
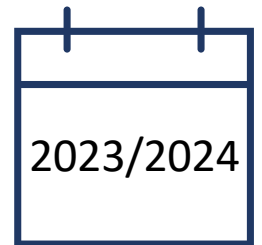
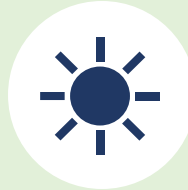
OUR VISION



- ✓ Reduce waste
- ✓ Education in circular economy
- ✓ Research in eco materials
- ✓ Compensate scope 1 & 2 emissions



- ✓ Minimize waste
- ✓ New products circular
- ✓ Eco materials for several products
- ✓ Expansion of renewable energy



- ✓ Minimum waste
- ✓ Circular products
- ✓ Eco materials
- ✓ 100% renewable energy
- ✓ CO₂ positive



ACTIONS | ANTI-CORRUPTION



WIK as a company has zero tolerance for any illegal behavior such as corruption, bribery and unfair competition.

BUSINESS ETHIC CODE & CODE OF CONDUCT

In order to ensure our values - business recognition and growth, operation excellence, workplace of choice and sustainability - all employees, as well as individuals and companies conducting business on our behalf, are required to understand and comply with the code. The code is subdivided into the following parts:

1. Environmental Protection
2. Business Ethics
3. Labor Protection
4. Social Responsibility Management
5. Protection of Business Assets and Confidential Information
6. Protection of Personal Data
7. Financial Integrity
8. Trade Compliance
9. Record Keeping
10. Reporting

REPORTING HOTLINE

There is a reporting hotline, which can also be used anonymously for all kinds of ethical issues.

Any retaliation against any employee reporting in good faith an ethical, legal or financial issue, is neither allowed, nor will any disciplinary action be taken against the employee.

FOUR EYE PRINCIPLE

To avoid any cases of corruption, WIK has a corresponding four-eyes principle.

Besides, WIK has additional programs in the field of whistleblowing, for example a global whistleblowing hotline

SMETA

Business Ethics is one of the four pillars of the SMETA certification. With the conduction of the audit compliance with business ethics is therefore also verified by external parties.

ENVIRONMENTAL KPIs

Scope 1 and 2 emissions were calculated according to the standards of the GHG protocol. For scope 3 emissions, only emissions from material supply are included in the calculation.

SCOPE 1

1,768 t CO₂eq

SCOPE 2

35,830.62 t CO₂eq

SCOPE 3

71,515 t CO₂eq

Since 2022, Scope 1 and 2 emissions have been compensated. The compensation is provided by offsetting projects, which are certified according to Gold Standard and Verified Carbon Standard.

KPIs | WIK IN NUMBERS

ELECTRICITY FROM RENEWABLE SOURCES



Production site in Shenzhen (CN)

Share of electricity from renewable sources: **100%**

Production site in Prilep (MK)

Share of electricity from renewable sources: **51%**



Production site in Batam (ID)

Share of electricity from renewable sources: **4.5%**

WIK aims to generate 100% of its electricity from renewable energy sources by the year **2026**.

WATER IN NUMBERS



Water
withdrawal:

167,129 m³

WASTE IN NUMBERS

Total weight of
non-hazardous
waste: **1,674t**



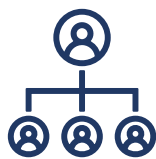
Total weight of
hazardous waste:

125t



SOCIAL KPIs

50.08 % of all employees are women.



12 % women's quota on manager levels.

Average age of all employees is **33** years.



0.3 % is the average incident rate.

SDGs

The Sustainable Development Goals (SDGs) developed by the United Nations are deeply integrated into WIK's sustainability strategy (UN, n.d.).

SDG 3

GOOD HEALTH AND WELL-BEING

- ✓ Work Life Balance

QUALITY EDUCATION

- ✓ Corporate social responsibility (CSR)
- ✓ Employee awareness and participation

SDG 4

SDG 5

GENDER EQUALITY

- ✓ Diversity and equal opportunities
- ✓ Corporate social responsibility (CSR)

AFFORDABLE AND CLEAN ENERGY

- ✓ Regenerative energy

SDG 7

SDG 8

DECENT WORK AND ECONOMIC GROWTH

- ✓ Diversity and equal opportunities
- ✓ Workplace of choice
- ✓ Corporate social responsibility (CSR)

SDGs

INDUSTRY, INNOVATION AND INFRASTRUCTURE

- ✓ Circularity
- ✓ Resource's efficiency and environmental compatibility
- ✓ Sustainable supply chain
- ✓ Production facility of future

SDG 9

SDG 10

REDUCED INEQUALITIES

- ✓ Corporate social responsibility (CSR)

RESPONSIBLE CONSUMPTION AND PRODUCTION

- ✓ Circularity
- ✓ Resource's efficiency and environmental compatibility
- ✓ Management systems and product certificates
- ✓ Sustainable supply chain
- ✓ Product durability

SDG 12

SDG 13

CLIMATE ACTION

- ✓ Inventory of CO₂ and compensation (Scope 1/2)
- ✓ Workplace of choice
- ✓ Green mobility

PEACE, JUSTICE AND STRONG INSTITUTIONS

- ✓ External communication (transparency and role model)

SDG 16

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