

Berlin, 11 December 2018

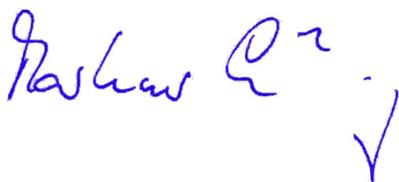
To our stakeholders,

I am pleased to reaffirm 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.

This is our second annual Communication on Progress, covering the period from January 2018 to December 2018, in which we describe our actions and committed work to integrate the UN Global Compact principles into our business strategy, corporate culture and daily work. This year, we also reflect upon our commitment to the relevant Sustainable Development Goals (SDGs) for each of the areas. Additionally, we illustrate our highlights with respect to the progress of our work with clients in 2018. We also commit to sharing this information with our stakeholders using our primary channels of communication.

I look forward to providing you with an update on our progress in 2019.

Yours sincerely,



Markus Löning  
CEO

## Our actions

### Human Rights – Business & Human Rights

*Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure they are not complicit in human rights abuses.*



Löning- Human Rights & Responsible Business is a consultancy firm based in Berlin, Germany, that helps companies meet their human rights obligations in a strategic way. Our goal is to make companies effectively incorporate the respect of human rights into their business activities. In other words, we seek to make companies align their activities with international human rights and labour standards, and through that **contribute to the Sustainable Development Goals (SDGs)**. Through our analysis and further development of comprehensive strategies, we help companies identify which human rights issues apply to their business, where there might be risks of violations and how to tackle them to ensure sustainable business success.

Likewise, the **respect and protection of human rights** lies at **the core of our own business** activities: we are committed to respecting international human rights in all our operations while contributing to the realisation of the SDGs.

Along with our advisory work for companies, we operate as a think tank. Through our think-tank work, we actively engage with all kinds of relevant stakeholders, NGOs, governments and companies to promote dialogue and foster fruitful debates on business and human rights matters. We also provide advisory work in certain specific human rights matters on a pro bono basis. Additionally, we regularly publish papers, reports and webinars, which are freely available on our official website. By doing so, we aim to spread our knowledge and create awareness about the challenges in the area of business and human rights.

When it comes to the respect of human rights, we want to lead by example. For that, we comply with all applicable laws and we, as a company, ensure the respect of human rights at our workplace on a daily basis. Our strong commitment and knowledge from the field lead us to choose ethical brands, or with low impact, whenever possible, in our purchases. For instance, when we purchase groceries or computers for the office. As a small company, we do not have any formal (grievance) mechanism in place as we address human rights issues that might arise directly, through dialogue with the affected parties.

This year, we also want to communicate the progress of our work with clients in helping them to implement their human rights due diligence processes. Our portfolio includes internationally operating companies in the fields of tourism, food, coffee, consumer goods, household goods, IT, textiles and energy. We support companies, step-by-step, as they integrate respect for human rights into their corporate strategies. By providing a structure for the process of human rights due diligence, we help them navigate through the different phases and ensure the process is compatible with international standards.

Some of our highlights include the following:

- We conducted assessments of human rights impacts to develop strategies on how to address them. For instance, this year we conducted an internal human rights impact assessment (HRIA) for an organisation with a unique international workforce. Through our work, we identified actual and potential impacts of the organisation's operations on people's rights and developed recommendations for the improvement of certain current practices. The focus on participation of rights-holders was an important feature of the HRIA, and we engaged accordingly during the assessment.
- We also conducted human rights risk and gap analysis, as a very first step in fulfilling a company's human rights due diligence obligations.
- Additionally, we have recently developed a project contributing to the development of a human rights due diligence strategy starting with a context and regulatory analysis.
- We have also worked on stakeholder-dialogue and engagement strategies. This year, we worked together with an international NGO on developing a strategy to better foster its engagement with businesses on children rights, including the fight against child labour.
- Additionally, we carried out a workshop to develop further a human rights country risk register tool, which we created for a client from the tourism-sector.
- Finally, in the context of our think-tank work, we also organised jointly with a Berlin-based coffee roastery an event about coffee and human rights, to raise awareness about the hard work behind a simple cup of coffee as well as the human rights challenges many farmers face at the coffee plantations.

3

## Labour Standards

**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.



We are committed to providing our employees with an open, friendly and non-discriminatory work environment fully aligned with German relevant legislation and international labour standards. For that, we take concrete actions:

**Work/Home Balance.** We continue taking the well-being of our employees very seriously. The firm has flexible working hours so that employees can adjust them according to their own personal needs. Additionally, we encourage employees to work from home when they deem it necessary for concentration or personal conciliation. To make it possible and a realistic option, we foster meetings via calls or videocalls among our team. We embed flexibility on a daily basis.

**A Tolerant Workplace & Women Empowerment.** Löning – Human Rights & Responsible Business encourages diversity and tolerance at the workplace. We look beyond borders, which gives us a high level of cultural awareness and understanding. We embed gender equality and women empowerment in our corporate strategy. Our team consists of mostly women, with different cultural backgrounds and academic skills. We firmly believe that women empowerment, especially in the business world, is a necessary basis for a successful and sustainable global development.

**Health and Safety.** Our team is provided with safe, suitable and sanitary work facilities, i.e. the rooms and office equipment meet the highest standards and are fully in compliance with German legal regulations. This year, we purchased new ergonomic office chairs for all members of the team. The whole office is now equipped with comfortable and ergonomically designed chairs, allowing healthy posture and alignment.

4

With regard to our work, we would like to point upon the progress we made in 2018 in our work on modern slavery and the promotion of decent work. It is at the core of our consultancy work to address this issue when implementing human rights due diligence processes in companies, e.g. through human rights impact assessments.

We are using the insights from our consulting work to write articles, knowledge papers and to hold webinars. Our webinars, articles and knowledge papers are available on our website free of charge. This year, through our non-profit think-tank work, we have put a great focus on pushing forward our agenda on modern slavery.

- We developed two knowledge papers addressing the topic of severe labour exploitation and modern slavery. Our aim here was to reflect upon measures companies can adopt to tackle modern slavery or severe labour exploitation in their supply chain.

- In July, we also conducted a webinar with a focus on modern slavery and managing risks in the supply chain, where we highlighted concrete challenges industries from different sectors face and showed which groups of people are particularly affected. Finally, we provided recommendations for companies to deal with modern slavery and to prevent their supply chain from generating the conditions for modern slavery to emerge and/or persist.
- In November of this year we organized a joint forum on business and human rights, called “Digitalization in supply chains – a chance for human rights?”. In three panels, corporate, civil and technological experts discussed the potentials of digital solutions for more transparency along global supply chains to facilitate the detection of human rights violation, including modern slavery.

## 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.** Our office is of eco-friendly nature. We are equipped with green energy and automatic heating system. All windows of our office have double-layered glasses to improve and increase energy efficiency.

**Use of public transport.** We continue encouraging our employees, whenever feasible, to make use of public transport for business trips. Indeed, we provide the members of the team who frequently travel with a discount member card for the train trips within the country. For medium and long-distance trips, we still use the airplane. In our previous COP, we committed, as of January 2018, to CO2 compensation when booking flights, and we still uphold such commitment. In case of flights purchased by our clients, we relied on their respective CO2 compensation schemes. To compensate for the CO2-emissions caused by flights we book ourselves we support the “Trees for Carbon” project of the NGO WeForest.

**Recycling.** In order to reduce waste materials, we continue doing recycling, especially of plastic and paper. Moreover, we always purchase recycled paper for our daily work.

### Anti-Corruption

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



We reaffirm our commitment of being in full compliance with all relevant applicable laws, including anti-corruption laws, as well as our support of international and regional frameworks, such as the UN Convention against Corruption. So far, we do not have any specific anti-corruption policy in place or any specific team training on the matter.

### Measurement of outcomes

Löning- Human Rights & Responsible Business does not have any formal monitoring or evaluation programme. As a small business, the monitoring and evaluation of the company's performance in the four areas is done through mainly two channels: (1) internal annual reviews and (2) regular meetings.

**Internal Annual Review.** Every year, we undergo an 'Internal Annual Review' in relation to all the aspects of our business, including our goals, organisational aspects, efficiency and ways of improvement. This revision entails an internal audit of our business activities, including our performance on the integration of the UN Global Compact principles at our workplace. This year we organised a "Strategy Day", a one-day trip in the vicinity of our office in Berlin, to strengthen the relationship as a team and work on our short and mid-term goals while identifying areas for improvements.

**Regular Meetings.** Additionally, the Chief Executive Officer organises regularly meetings with each of the team members, which provides space to express personal views and concerns.