

POLICY MANUAL – V1.0 / Dec. 2017
Mid-Year Progress Report

ELFIN Consulting – ELFIN GmbH

Introduction

Corporate Social Responsibility and societal contributions play an increasingly important role in a world that is more and more affected by our activities as consuming humans and societies. At ELFIN Consulting, we understand ourselves as part of this world and having an impact beyond business, e.g. on the environment and social welfare.

For the beginning of 2018 ELFIN Consulting will become a partially operating unit for itself. Therefore, the time is right to ask, with regard to our sustainably oriented consulting services, what our own societal contribution is and how to continuously improve on this. So we took our passion for this topic and created this management system including policies and measures on individual fields of action as a first stepping stone to start through on our journey of practicing responsibility and eventually receive a corresponding third-party certification once the system is fully established.

We acknowledge the efforts everyone in the team invests for our contribution and thank all key stakeholders for their participation in decreasing our today's footprint for tomorrow.

ELFIN
.WORKS

ELFIN
.WORKS

**...to decrease our today's
footprint for tomorrow**

Letter of the Managing Director

Today, our business environment is becoming more and more complex, and keeps on changing drastically. In fact, we are already reaching a point where we can no longer close our eyes to the challenges surrounding us; issues in energy, resources, food, and water, nor the social issue of the growing income divide caused by ever-increasing globalization.

If we think of the earth as a huge living being, the damage inflicted by human behaviors—such as the excavation of resources—is beyond imagination. It is a fact that environmental issues have become severe, and there will be a time when this living being reaches its limits. Whether it is decades or centuries later, it will be a major tragedy for people living in that time. It is the responsibility of us living now to protect our environment for the sake of future generations.

I believe that, fundamentally, companies must bring value to society. ELFIN Consulting, therefore, aims to be a company that understands the issues of the times and contributes to solving those issues amid the ever-changing environment. Hence, we are currently establishing the 'Our contribution to society' management system and will evaluate our progress on our contribution regularly.

Every employee should feel that they are contributing to societal wellbeing through their daily actions. I think the role of management is to create an environment that allows this and encourages people to take on challenges so that this feeling further can take root. We will turn the growth of all our employees into our driving force, and will make the most of it to achieve a more sustainable development of ELFIN Consulting and the world we are operating in.



Michael Braun

MD and Head of ELFIN Consulting, ELFIN GmbH



Who we are – What we do – Why we care

ELFIN Consultancy is a management consultancy with many years of experience dealing with the interface between strategy and implementation. Through our expertise in agriculture, organization and marketing, we provide clients along the food value chain with scale-up strategies by applying our management and industry expert skills embedded in an entrepreneurial approach to create results for our clients.

Working for a more sustainable approach to agriculture and food production through our services, we care about adopting sustainable and socially responsible policies and practices ourselves as it is important to us to also make a change in our direct ecosystem of conducting business and working together with our stakeholders.

Hence, we endorse the UN Global Compact, a principle-based framework for businesses with ten principles in the areas of human rights, labor, the environment and anti-corruption (see following page), and derive material fields of action from this through a dialogue-based process with our stakeholders.



Who we are – What we do – Why we care

UN Global Compact – The 10 Principles

being the basis for ELFIN Consultancy's policy-making in 2017 to contribute to societal well-being:

HUMAN RIGHTS

- 01** Businesses should support and respect the protection of internationally proclaimed human rights; and
- 02** make sure that they are not complicit in human rights abuses.

LABOR

- 03** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 04** the elimination of all forms of forced and compulsory labor;
- 05** the effective abolition of child labor; and
- 06** the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

- 07** Businesses should support a precautionary approach to environmental challenges;
- 08** undertake initiatives to promote greater environmental responsibility; and
- 09** encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

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



United Nations
Global Compact

Our Stakeholders

Our stakeholders comprise groups and individuals that are affected by our activities and services, as well as groups and individuals with the potential to affect ELFIN Consulting's ability to implement our strategies successfully and to achieve our objectives. Our internal stakeholder groups include our consulting team and their friends and families, as well as close cooperation partners. Our external stakeholder groups encompass current clients, potential new clients, new talent, and our neighborhood. Our approach to contribute to society reflects on our stakeholders' concerns.

INTERNAL

- _ CONSULTING TEAM
- _ FAMILIES AND FRIENDS
- _ CLOSE COOPERATION PARTNERS

EXTERNAL

- _ CURRENT CLIENTS
- _ POTENTIAL NEW CLIENTS
- _ NEW TALENT
- _ OUR NEIGHBORHOOD

Materiality

FOCUSING ON WHAT MATTERS

Especially when setting-up a management system for steering and improving on our societal contribution, selecting a set of organization-specific issues to tackle in fields of action poses a major challenge. A best practice approach that we apply with clients involves the use of a 'materiality matrix' that confronts stakeholder concerns with current or potential business impacts on ELFIN Consulting. Such a matrix helps us to identify material issues systematically and to focus on fields of action where we can realize an impact in.

On the following two pages we explain how we compiled such a matrix and how we applied it to identify our most material issues and fields of action for ELFIN Consultancy.

OUR MATERIALITY MATRIX



Materiality

LEVEL OF STAKEHOLDER CONCERN

In order to evaluate whether a certain issue/topic is of stakeholder concern, we developed a two-stage process. First, we internally discussed for crucial aspects under the UN Global Compact 10 Principles whether it is generally known to be a priority to stakeholders when looking at European-based SMEs in the service sector. This helped us significantly reduce the number of aspects, due to the fact that German (and European) law strongly protects e.g. human and labor rights and bans child and forced labor as well as disciplinary practices. As a knowledge-based service company with no upstream product chain, concentrating on our direct impact, we did not consider such aspects to be within our scope of societal contribution.

So as not to miss relevant stakeholder issues/topics, we discussed in the second round aspects that internal and external stakeholders are concerned about (Y-axis). Concentrating on our key stakeholders, our discussion was guided by the following core question:

→ **What aspects and issues can easily be influenced/improved by ELFIN Consulting so that stakeholders might expect activities in this area?**

CURRENT OR POTENTIAL IMPACT ON ELFIN CONSULTING

On the X-axis of the matrix we assessed the current or potential impact of each aspect on ELFIN Consulting. This rather broad description can be broken down to current or potential impacts on:

- **Staff satisfaction;**
- **The image of ELFIN Consulting as perceived by our customers;**
- **Our general stakeholder reputation (among neighbors, members of community);**
- **Our costs, and**
- **Our service quality**

As expected, these different areas of impact appeared to be strongly interconnected. While working on all relevant aspects is demonstrating our commitment towards societal contribution, it also shows our ability to 'walk our talk'. Yet most environmental aspects are also closely related to resource use, and thus costs, which of course could rise. Other aspects, such as education and training or pro bono work may (beyond reputational implications) have positive effects on staff experience and knowledge to maintain a high quality of service.

Our Materiality Matrix

Applying the Matrix

By intersecting both perspectives in the four-field matrix shown on the right, we have arranged the issues/fields of action according to their relevance for ELFIN Consulting. The white area includes those aspects that are considered low priority and low impact for us, while the light rose areas comprise aspects of high(er) importance to stakeholders or our company. Finally, the aspects in the red area are those most relevant and material from either perspective. The corresponding GRI G4 indicators are indicated in parenthesis. This simple yet systematic approach helps us to focus our efforts.

Level of concern to stakeholders
high priority/ expectation
low priority/ expectation

Biodiversity (EN11-14) Water Use (EN8-10, EN21)	Employment & Wages (EC5, LA1-4) Career Management (LA9-12) Non-discrimination & Diversity (HR3, LA13) Occupational Health & Safety (LA7) <i>Policy #1</i>
	Good Conduct, Ethics and Integrity (SO3-5, SO8, PR9, G4-56 & G4-58) <i>Policy #2</i>
	Customer Privacy (PR8) Customer Satisfaction (PR5) <i>Policy #3</i>
	Emissions (EN16-19) Energy (EN3-6) Workforce Travel (EN7, EN30) Financial Implications of Climate Change (EC2) Waste & Recycling (EN23) <i>Policy #4</i>
	Materials/Sustainable Procurement (EN1-2) Pro-bono Engagement (EC8) <i>Policy #5</i>
Employee Representative (HR4) Child and Forced Labor (HR5-6) Security Practices & Indigenous Rights (HR8-9) Anti-competitive Behavior (SO7) Marketing Communication (PR7) Impact of Operations on Community (SO1)	Economic Performance (EC1, 3-4) Local Hiring (EC6)

Low impact on ELFIN Consulting

High impact on ELFIN Consulting

Current or potential impact on ELFIN Consulting

IMPLEMENTATION MEASURES | Overview (1/3)

Update on: 13.09.2018
By: Michael Braun

POLICIES	RELATED MEASURES	DEADLINE	STATUS
Policy #1 People are our greatest asset			
Employment & Wages	_ Implementation of related procedures and documents: 'Regulation of working time, home office and vacation', 'Regulation of wages and non-wage benefits' and 'Internal communication flow and participation'	07.02.2018	■
	_ Team satisfaction survey: We will conduct a team satisfaction survey in December 2018 and derive corrective measures based on aggregated results	15.12.2018	■
	_ Team fair employment and wages monitoring: Within the team satisfaction survey in December 2018 we will ask for a net promoter scoring ('How likely are you to recommend ELFIN Consulting as a place to work?') and derive corrective measures based on aggregated results	15.12.2018	■
Career Management	_ Implementation of related procedures and documents: 'Recruiting', 'People development' and 'Training Matrix'	07.02.2018	■
	_ People development: Conduct of regular performance review and planning meetings with all team members based on standard template	31.10.2018	■
	_ Training and Education: Organization of relevant trainings for all team members	31.10.2018	■
	_ Sensitization Training: Conduct regular information sessions (min once a year) about CSR and also include this training in the onboarding process of each team member	05.01./ 07.02. 2018	■
	_ Recruiting: Implement double-check-principle / involvement of min two people in the recruiting process to avoid discrimination	07.02.2018	■
Non-discrimination and Diversity	_ Implementation of related procedures: 'Recruiting' (See 'Employment and Wages'), 'Wages and wage ranges' (See 'Employment and Wages'), 'Reporting, handling and monitoring of discrimination & harassment' and 'Reporting, handling and monitoring of internal whistleblowing'	07.02.2018	■
	_ Sensitization training: Conducting regular trainings (min once a year) to create and increase sensitization and awareness for discrimination, harassment, whistleblowing as well as to foster an open communication about related concerns. Training shall be conducted based on the procedure 'Reporting, handling and monitoring of discrimination & harassment' and 'Reporting, handling and monitoring of internal whistleblowing'. Also, this training shall be included in the onboarding process of each new employee	05.01./ 07.02. 2018	■
	_ Documentation and analysis of cases of discrimination, harassment and whistleblowing: All cases of discrimination, harassment and whistleblowing are documented and analyzed to derive and implement corrective and preventive actions	If cases arose	■
	_ Disciplinary Actions: In case of effective discrimination and harassment of our policies or law, we will rigorously and extensively tackle misconduct through disciplinary actions	If cases arose	■
Occupational Health & Safety	_ Implementation of related procedures and documents: 'Occupational safety & health', Occupational safety & health guide – Knowing the risks'	07.02.2018	■
	_ Occupational safety & health training: Conducting of training related to occupational safety & health risks and behavior rules	05.01./ 07.02. 2018	■
	_ Regular audit concerning occupational safety & health: Conducting of audits to check occupational safety of workplaces based on 'Risk and Hazard Assessment Checklist'	30.06.2018	■

■ done ■ started ■ not yet started ■ delay

IMPLEMENTATION MEASURES | Overview (2/3)

Update on: 13.09.2018
By: Michael Braun

POLICIES	RELATED MEASURES	DEADLINE	STATUS
Policy #2 Good Business Behavior			
Good Conduct, Ethics and Integrity	_ Implementation of related directive: 'Avoidance of business damaging behavior'	07.02.2018	■
	_ Sensitizing trainings: Conducting trainings once a year on avoiding business damaging behavior (based on the directive 'Avoidance of business damaging behavior'), and also include this training in the onboarding process of each new team member	05.01./ 07.02. 2018	■
	_ Whistleblowing mechanism: Next to our internal whistleblower system, all external stakeholders are asked to anonymously notify the head of ELFIN Consulting in case of any violations of our policies or law through sending a letter to our whistleblower postbox (ELFIN GmbH, Whistleblower Postbox of ELFIN Consulting, Siegburger Str. 215, 50679 Köln)	07.02.2018	■
	_ Documentation and analysis of cases of business damaging behavior: All cases of business damaging behavior are documented and analyzed to derive and implement actions for improvement and future avoidance	If cases arose	■
	_ Disciplinary Actions: In case of effective violations of our policies or law, we will address and tackle misconduct through disciplinary actions	If cases arose	■
Policy #3 Partner of choice for our customer			
Customer Privacy	_ Implementation of related procedures and documents: 'Data and IT security guideline', 'Audit form 'Data and IT security guideline', 'Reisswolf confidential paper document disposal' and 'IT Approach'	07.02.2018	■
	_ IT Concept: Implemented new IT concept to increase protection of customer and project related data	31.05.2018	■
	_ IT security training: Regular conduct of 'Data and IT security' sensitizing training	05.01./ 07.02. 2018	■
	_ Sample audits IT security & secrecy regulations: Regular sample audits to assess the compliance of the 'Data and IT security guideline'	30.06.2018	■
Customer Satisfaction	_ Implementation of related Documents: 'Progress Report' and 'Scope of Work'	07.02.2018	■
	_ Continuous exchange: Institutionalization of regular satisfaction evaluation via the proposal document 'Scope of Work'. In bi-monthly face-to-face meetings with customer project leads, quality and achievements are checked (against defined working packages and delivery). Based on this face-to-face meeting and evaluation, corrective measures will be derived and implemented by the ELFIN project lead (where and when necessary)	each proposal	■
	_ Progress Report: With the regular progress report, that is provided to our clients, ELFIN Consulting and the customer project lead confirm that the work delivered was of the specified quality and extent	Each progress report	■
	_ Project Lead Meeting: Identified customer complaints or dissatisfaction will be addressed in the ELFIN Consulting Project Lead Meeting. Corrective and improvement measures will be defined and followed up in the team to assure our standards and organizational learning	If cases arose	■

■ done ■ started ■ not yet started ■ delay

IMPLEMENTATION MEASURES | Overview (3/3)

Update on: 13.09.2018
By: Michael Braun

POLICIES	RELATED MEASURES	DEADLINE	STATUS
Policy #4 Safeguarding our environment			
Emissions, Energy, Workforce Travel, Financial implications of Climate Change, Waste & Recycling	_ Implementation of related directive: 'Eco-friendly behavior in the workplace'	07.02.2018	■
	_ Sensitizing trainings: Conducting sensitization trainings once a year on eco-friendly behavior in our context (based on the directive 'Eco-friendly behavior in the workplace'), and also include this training in the onboarding process of each new employee	05.01./ 07.02. 2018	■
	_ Green IT: All employees are equipped with a mobile notebook office and refurbished equipment, and shall use the equipment beyond regular lifecycle time (e.g. laptops: > 3 years; individual components to be replaced where necessary based on decreased performance)	31.12.2018	■
	_ Offsetting flight-related CO2-emissions: In order to offset our flight-related CO2-emissions from business flights we support sustainable energy projects (overseen by Atmosfair: www.atmosfair.de) and pay amounts for kg CO2 equivalents	31.12.2018	■
	_ Renewable Energy: Addressing in our renting contract renewing discussions with our landlord a renewable energy mix and insist on sourcing accordingly	contract discussion	■
	_ Documentation and analysis of non-eco-friendly cases: All cases of non-eco-friendly behavior are documented and analyzed to derive and implement actions for improvement and future avoidance	If cases arose	■
	_ Corrective Actions: In case of effective violations of our policies or law, we will address and tackle misconduct through corrective actions	If cases arose	■
Policy #5 Supporting Sustainable Businesses & Organizations			
Materials/Sustainable procurement, Pro-bono engagement	_ Implementation of related directive: 'Supporting Sustainable Businesses & Organizations'	07.02.2018	■
	_ Sensitizing trainings: Conducting sensitization trainings once a year on sustainable procurement (based on the directive 'Supporting Sustainable Businesses & Organizations'), and also include this training in the onboarding process of each new team member that needs to deal with sourcing	05.01./ 07.02. 2018	■
	_ Assessing and choosing input providers based on sustainability standards and criteria: All input providers (being it of services or products), given that the offer and value-add is alike, are evaluated and preferred for purchasing based on their sustainability standards and certifications (social and ecological), and on the criteria they are laying down in sourcing for themselves	30.06.2018	■
	_ Assessing and choosing input material and equipment based on sustainability standards and criteria: All input materials and equipment (e.g. office material, technical/IT equipment and furniture), given that the offer and value-add is alike, are evaluated and preferred for purchasing based on their sustainability standards and certifications (social and ecological)	30.06.2018	■
	_ Including key requirements on sustainable sourcing into cooperation contracts: Through including sustainability requirements (social and ecological) in our cooperation contracts we assure conformant services/products not compromising on social and ecological criteria	for next new contract	■
	_ Corrective Actions: In case of effective violations of our policies or law, we will address and tackle misconduct through corrective actions	If cases arose	■
	_ Supplier CSR Code of Conduct: ELFIN Consulting is committed to promoting a Contribution to Society in the marketplace and engaging supply chains that share our philosophy and promote sustainable development. ELFIN Consulting has, therefore, developed the Supplier CSR Code of Conduct("Code") which outlines the basic requirements for its suppliers, including contractors, subcontractors, service providers and cooperation partners ("Suppliers")	07.02.2018	■
■ done ■ started ■ not yet started ■ delay			

Mid-Year Progress Results

As of: 16.07.2018

By: Michael Braun, Head of ELFIN Consulting

POLICIES AND FIELDS OF ACTION

KPIs & TARGET

STATUS

MEASURES*

Policy #1 | People are our greatest asset

Employment & Wages (EC5, LA1-4)
Career Management (LA9-12)
Non-discrimination and Diversity (HR 3, LA13)
Occupational Health & Safety (LA7)

Average years of employment period in case of leaving in 2018: >3	-	■	
Net Promoter Score in 2018: >9	-	■	
Rate of team members participated in performance & planning meeting in 2018: 100%	70% done / 30% scheduled	■	
Rate of team members trained as part of their personnel development path in 2018: 100%	0% done / 100% scheduled	■	
No of discrimination and harassment cases in 2018: 0	0	■	
Rate of team members participated in discrimination and harassment sensitization trainings in 2018: 100%	100%	■	
Rate of team members participated in whistleblowing sensitization trainings in 2018: 100%	100%	■	
Rate of non-German team members in 2018: 50%	42%	■	Place vacancy on foreign recruiting platforms
Rate of female team members in 2018: 50%	79%	■	Preferably hire male team members for future vacancies in case of equal qualification
No of accidents, injuries or health problems in 2018: 0	0	■	
Rate of team members participated in occupational safety & health trainings in 2018: 100%	100%	■	

Policy #2 | Good Business Behavior

Good Conduct, Ethics and Integrity (SO3-5, SO8, PR9, G4-56 & G4-58)

No of business damaging behavior cases in 2018: 0	0	■	
Rate of team members participated in business damaging behavior sensitization trainings in 2018: 100%	100%	■	

Policy #3 | Partner of choice for our customer

Customer Privacy (PR8)
Customer satisfaction (PR5)

No of customer data/information security breaches in 2018: 0	0	■	
Rate of team members trained on Data and IT security in 2018: 100%	100%	■	
No of rejected project progress reports in 2018: 0	0	■	

Policy #4 | Safeguarding our environment

Emissions (EN16-19)
Energy (EN3-6)
Workforce Travel (EN7, EN30)
Financial implications of Climate Change (EC2)
Waste & Recycling (EN23)

No of equipment-on/lighting-on nights in 2018: 0	0	■	
Remote work ratio (with clients) in 2018: >65%	82%	■	
No of improper disposals in 2018: 0	0	■	
Refurbished equipment ratio in 2018: >25%	6%	■	For each newly hired team member a refurbished notebook will be purchased, if no existing is available
Equipment used beyond regular lifecycle time ratio in 2018: >50%	16%	■	Use existing before purchase new notebooks
Rate of team members participated in eco-friendly behavior sensitization trainings in 2018: 100%	100%	■	

Policy #5 | Supporting Sust. Businesses & Organiz.

Materials/Sustainable procurement (EN1-2)
Pro-bono engagement (EC8)

Sustainable sourcing partner ratio in 2018: >50%	0%	■	Exclusively purchase at sustainable sourcing partners
Sustainable sourcing ratio in 2018: >30%	0%	■	Exclusively purchase sustainable input materials
No of pro-bono engagements in 2018: 3	1 done / 2 planned	■	
Rate of team members participated in sustainable procurement sensitization trainings in 2018: 100%	100%	■	

■ On schedule ■ Fine tuning required ■ Corrective action required ■ Not yet applicable

*Responsible: Head of ELFIN Consulting;
Measures to implemented in Q3/Q4, 2018