



Policy Statement on Human Rights

of Gebr. Knauf KG and Knauf Gips KG

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1 Preamble

The Knauf Group is one of the world's leading manufacturers of construction materials for interior design, building insulation, and ceiling designs. Knauf plants across the globe produce state-of-the-art drywall systems, plasterboards, insulation materials and external thermal insulation composite systems. In addition, paints, screeds, flooring systems and machines and tools for the application of these products belong to our product portfolio. We are represented in over 90 countries and operate more than 300 plants across all five continents. There are around 40,000 employees worldwide.

The Knauf Group is guided by our common values of [Menschlichkeit](#), [Commitment](#), [Partnership](#) and [Entrepreneurship](#). These values express the special importance of human rights for the Knauf Group and reflect their significance for the business activities of Knauf. We respect and promote both human and environmental rights and in this way exercise our corporate social responsibility.



This policy statement clarifies the position of Gebr. Knauf KG and Knauf Gips KG (together „Knauf“) on human rights and determines the principles of our human rights strategy. The expectations set forth herein relate not only to employees of Gebr. Knauf KG and Knauf Gips KG, but also to suppliers in the supply chain. This policy statement complements the Knauf Code of Conduct for our own employees, which serves as the basis for all social and ethical business standards of the Knauf Group.

A blue ink signature of Alexander Knauf, written in a cursive style.

Alexander Knauf

A blue ink signature of Jörg Kampmeyer, written in a cursive style.

Jörg Kampmeyer

A blue ink signature of Dr. Uwe Knotzer, written in a cursive style.

Dr. Uwe Knotzer

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2 Our commitment

We take our responsibility towards society and the environment seriously. Our goal is sustainable economic success. We are convinced that this success can only be achieved with an interaction of social, ethical, and environmental factors. For this reason, all corporate actions are oriented towards avoiding harm to people and the environment.

This principle is also reflected in numerous policies, such as the

- Knauf Code of Conduct for our own employees,
- Knauf Supplier Code of Conduct for suppliers.

We realize the importance of human and environmental rights for a future-oriented company. It is important to maintain and preserve an intact ecological, social, and economic structure. This is our objective, because acting sustainably today means doing business in a way that is fit for the future.

We base our business activities on international standards, in particular the following:

- UN Universal Declaration of Human Rights,
- UN Guiding Principles on Business and Human Rights,
- ILO Declaration on Fundamental Principles and Rights at Work.

We respect and support human rights in all matters and fields of activity in which Gebr. Knauf KG and Knauf Gips KG operate and in which they can exert an influence.

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3 Our expectations

We expect from our employees and supply chain partners in the sense of the Supply Chain Due Diligence Act (LkSG) that they will also respect human rights and the environment, and that they will do their best to support us in preventing human rights and environmental risks described in the LkSG in an appropriate manner and putting an end to or mitigating any abuses or breaches.



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4 Human rights and environment

We are committed to the human rights and environmental due diligence obligations of the LkSG. Based on our business activities, we have identified the following specific topics that are potentially relevant for our supply chain:

1/ Prohibition of child and forced labour

Child labour or forced labour is not tolerated. Any employment of children who are still in compulsory education according to the laws of the country of employment is prohibited. Furthermore, children younger than 15 years of age will not be employed by Gebr. Knauf KG or Knauf Gips KG. We advocate the protection of children's physical and mental development and remain firm in our conviction that neither children's education nor their health should suffer as a result of being employed at work.

We also clearly oppose all forms of forced labour such as human trafficking or similar practices. The same applies to all forms of abuse of power in the work environment such as modern slavery.

2/ Occupational safety, working hours and wages

We are aware that our employees form the cornerstone of Gebr. Knauf KG and Knauf Gips KG.

For this reason, we recognise the importance of complying with safety standards and taking appropriate protective measures to prevent accidents at work. Our goal is to eliminate all health and safety risks at work. To this end, all employees are regularly trained in occupational safety.

Furthermore, all employees are allowed sufficient breaks and annual leave. We comply with applicable national working time laws.

Our wage payments comply with the national minimum wage. All employees receive their salary on time and in full.

3/ Freedom of association and collective bargaining

We respect the right of all our employees to join employee representative bodies and trade unions and to bargain collectively.

We work closely with the employee representatives to achieve the best possible results for Gebr. Knauf KG and Knauf Gips KG. We recognize the value that cooperation based on trust and mutual respect brings to Knauf and its employees. No employee is disadvantaged or favored because of his or her affiliation with an employee representative body.

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4/ Anti-discrimination

We clearly stand for our values Menschlichkeit, Commitment, Partnership and Entrepreneurship. Discrimination against individuals or groups of people is not compatible with these values. This includes discrimination based on national and ethnic origin, social class, physical or mental disability, sexual orientation, age, gender, political opinion, religion or belief or health. Hiring and promotions are based solely on qualifications, performance, and experience. We are committed to the individuality and diversity of our employees. We believe in benefiting and growing as a company through the strengths and abilities of each individual.

5/ Environment

We fulfill our responsibility towards sustainable, resource-saving construction, modernization, and renovation. To meet this requirement, constant innovation and further development are essential. That is why we continuously invest in sustainable production technologies, new logistics concepts and innovative system solutions that make building more economical and sustainable.

Every year, we invest in environmental protection. This includes both the renaturation and recultivation of disused stone pits and education on the environment by our graduate geologists through excursions for trainees and students. Moreover, we also focus on operational environmental protection at our sites and invest in maintaining the structural integrity of our plants.

We cooperate with leading companies in the demolition and recycling industry in the GtoG-project (Gypsum to Gypsum). The goal is to effectively close the loop and transform the plasterboard waste market into a recycling market. Furthermore, we have played a key role in developing a recycling concept for “external” plasterboard waste in cooperation with the German “BV Gips“.

We are aware that our business activities have an impact on the environment. The careful use of natural resources, the avoidance of environmental pollution and the minimization of waste are essential core aspects of our work.

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5 Risk management

We have a risk management system in place which complies with the LkSG.

Our risk management system allows us to identify and mitigate human rights and environmental risks of Gebr. Knauf KG and Knauf Gips KG and to prevent, end or minimize the extent of human rights abuses or environmental risks if we have caused or contributed to these risks or abuses within our supply chain.

In order to maximize the impact of our risk management system, we have defined tiered responsibilities:

- › The purchasing department carries out an annual event-related risk analysis as part of supplier management.
- › It is the responsibility of the respective department to manage risk in its business area. This applies in particular to the human resources, occupational safety and technical departments working in conjunction with the sustainability department.
- › The responsibility for monitoring risk management is with the compliance and legal department.
- › Our management is kept informed on a regular basis, and at least once a year, about the work of the responsible departments.

When setting up and implementing our risk management system around human rights and environmental issues, we have taken into account the interests of those persons who are potentially impacted, through annual employee surveys, employee training, exit interviews, development discussions with suppliers, the KNAUF SpeakUp Line and other internal grievance procedure channels.

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6 Risk analysis

The central element of our risk management policy is risk analysis, which we deploy on a systematic basis to identify possible human rights abuses and environmental risks. We conduct the analysis annually or in response to a specific event and it includes our own business activities and those of our direct suppliers; we will also conduct a risk analysis of indirect suppliers and business areas over which we have no control if it is triggered by the occurrence of a specific event.

In order to determine risks in its own business area, Knauf has resorted to LkSG-related questionnaires. The questionnaires were answered internally by the appropriate persons in the human resources, occupational safety and technical departments of each company and then evaluated by the sustainability department. The results of the questionnaires enable a better classification of the concrete risks. They form the basis for any preventive measures to prevent risks. If there are concrete violations of human or environmental rights, remedial measures are implemented based on the results.

Knauf is supported in its risk analysis of suppliers by an external software solution. An abstract risk analysis was carried out to see whether a supplier is an inherent risk based on country or industry. Knauf then carried out a concrete risk analysis for those suppliers who came back as an abstract risk in order to verify the plausibility of the results. The concrete risk analysis was carried out by answering questionnaires with LkSG reference and

web screening. In addition to the risk assessment provided by the external solution, Knauf also carries out its own risk evaluation using certifications and other internal documentation (for example occupational safety instructions, etc.) which are provided directly by the supplier. Additionally, personal experience of the supplier, information received via the complaints procedure and internal audit results are also included in the overall risk assessment. The combination of abstract and concrete risk analysis leads to the overall assessment of the supplier.

Those supply chain risks which were identified as affecting Knauf Gips KG were classified by the latter as of equal importance and therefore addressed at the same time. They included health and safety breaches, unequal treatment of employees and failure to pay the minimum wage. Risks within the business of Knauf Gips KG itself included health and safety breaches.

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7 Prevention measures

In order to avoid human rights abuses and environmental risks, we have introduced numerous preventive measures within our own business and towards our suppliers, the effectiveness of which we continuously monitor and, if necessary, adjust.

Firstly, this includes the publication and communication of this policy as well as the establishment and implementation of our risk management system.

Preventive measures also currently include the following policies:

- Knauf Code of Conduct for our own employees,
- Knauf Supplier Code of Conduct for suppliers.

We expect our employees to comply with the Knauf Code of Conduct for our own employees. This sets out their obligations regarding compliance issues. It is an overarching framework that summarizes the values, standards, guidelines and expectations of the company. It defines acceptable and unacceptable behavior. In order for our employees to internalize and use the Knauf Code of Conduct as a guide for their daily business activities as effectively as possible, we regularly train them on its contents.

Compliance with the Knauf Code of Conduct for our own employees is monitored by senior managers and by our anonymous employee satisfaction survey, which is published on a regular basis. This enables employees to articulate complaints about inappropriate behaviour or unacceptable working conditions. Additional reporting channels for complaints relating to unacceptable working conditions are listed below. Any complaints of this nature are taken very seriously and will be subject to further investigation and, if required, disciplinary measures by either human resources or the compliance function.

Other prevention measures include training on how to deal with human and environmental rights and occupational safety, such as safety instructions or fire safety exercises. Our human resources department provides appropriate training for our managers on employment law & equal treatment. In the purchasing & procurement department, employees are trained in the Knauf Supplier Code of Conduct which provides and expands their expertise in supply chain matters.

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We require our direct suppliers to comply with the human rights-related and environmental expectations we demand of them. We have a Knauf Supplier Code of Conduct for this purpose. It contains binding requirements based on legal regulations, including applicable supply chain laws such as the LkSG and the international standards of the ILO. This underlines our commitment to responsible and sustainable procurement practices and promotes a strong ethical foundation throughout our supply chain. That is why we expect our suppliers to pass on our values and the principles of the Knauf Supplier Code of Conduct to their suppliers and therefore to indirect suppliers of Knauf.

As a result of our substantial expertise, we are able to take appropriate preventive measures against those in breach, such as the implementation of control measures or support in risk prevention and avoidance.

We check the effectiveness of our preventive measures once a year and on an event-related basis, in particular where we can expect a significant change to or increase in the risk profile, either internally or in our supply chain; preventive measures will then be updated immediately if required.



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8 Remedial measures

If we become aware of a breach of human rights or environmental obligations or we suspect a breach is imminent, we will take immediate and appropriate remedial measures. If it is not possible to end, prevent or mitigate the breach immediately, we will prepare and implement a plan with a firm remediation schedule.

When creating and implementing the plan, the following are considered: (1.) joint development and implementation of an action plan to terminate or minimize the breach in conjunction with the company responsible for the breach, (2.) joining forces with other companies in industry sector initiatives and standards in order to increase the prospects of positively influencing the behaviours of the company responsible for the damage caused or which may be caused., (3.) a temporary suspension of the business relationship pending resolution of the risk minimisation efforts.

As a last resort, we may permanently terminate the business relationship in serious cases if the measures agreed with the supplier do not provide a remedy.



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9 Complaints procedure

We have set up a LkSG-compliant system to address complaints and information relating to human rights and environmental risks as well as breaches of human rights-related or environmental obligations that have arisen as a result of our business activities or the business activities of our direct or indirect suppliers. Employees and internal and external stakeholders can report alleged compliance and human rights breaches anonymously and confidentially via our KNAUF SpeakUp Line: <http://speakup.knauf.com/>

and via the following e-mail address: compliance@knauf.com

We encourage employees and other affected persons to report any evidence of human rights breaches. We will investigate every report thoroughly.



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10 Report and updates

We will regularly report on our activities and obligations in the context of this policy. These will include, established human rights and environmental risks, measures taken in response and their effectiveness. The report is published in accordance with the requirements of the LkSG or other applicable regulatory requirements.

In addition, this policy is regularly reviewed for its effectiveness. In order to ensure that the policy is always up-to-date, it will be adapted accordingly in the event of any material changes.



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