

CODE OF CONDUCT

BUSINESS PARTNERS

Version of 17.06.2024

PREAMBLE



König + Neurath AG is committed to ecologically and socially responsible corporate management. This is also expected of all our business partners. These principles are part of our corporate culture and we also expect them from our employees. We strive to continuously optimize our business activities and our products in terms of sustainability and encourage our business partners to contribute accordingly.

The Code of Conduct is binding for all suppliers, sales partners and all other B2B business partners (hereinafter referred to as „Business Partners“) of König + Neurath AG who maintain a business relationship with König + Neurath AG.

The business partners undertake to pass on the requirements to those business partners (in particular suppliers) that affect the contractual relationship with König + Neurath AG in accordance with the contract and to ensure, as far as possible and reasonable, that the requirements are passed on in the supply chain. The business partners shall set up appropriate control measures to check the requirements passed on.

This Code of Conduct is based on national and international laws, stakeholder requirements, regulations and agreements, such as the United Nations Global Compact, which was signed by König + Neurath AG in 2016.

A handwritten signature in black ink, appearing to read 'M. Lorch', written in a cursive style.

MARC W. LORCH
CEO

A handwritten signature in black ink, appearing to read 'W. Busch', written in a cursive style.

WINFRIED BUSCH
Head of Purchasing
Confidential clerk

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For reasons of better readability, the simultaneous use of female and male language forms is avoided. All personal designations apply equally to all genders.

1. SOCIAL RESPONSIBILITY, HUMAN RIGHTS AND LABOUR RIGHTS

The business partners agree to comply with the conventions of the International Labour Organization (ILO) as amended, in particular the fundamental rights at work.

1.1 Abolition of child labour and protection of young workers

Business partners must comply with the minimum age for employees within the scope of their activities and in their supply chains. They shall ensure that the minimum age for hiring is determined in accordance with the applicable law and taking into account the standards of the International Labour Organization and that prohibited child labour is avoided.

1.2 No modern slavery, no human trafficking and no unethical recruitment

Business partners have to take appropriate and reasonable measures to prevent debt bondage, forced and compulsory labour as well as any form of modern slavery and human trafficking in their own business and/or along the supply chain. Business partners shall ensure that employment relationships are voluntary and can be terminated by employees at their own will and with reasonable notice. Upon recruitment, employees of the business partners shall receive a contract in accordance with the applicable law, drawn up in a sufficiently documented form, written in a language they understand and in which their rights and obligations are truthfully and clearly set out.

In addition, business partners shall not deceive prospective employees about the nature of the work, charge employees recruitment fees or unreasonable transportation costs, and/or confiscate, destroy, conceal and/or deny access to employees' passports and other government-issued identification documents, and/or restrict employees' freedom of movement or require employees to involuntarily use company-provided accommodations without a valid business reason.

1.3 Protection of physical integrity, no corporal punishment

The business partners attach the greatest importance to the protection of physical integrity and take appropriate measures to ensure that this legally protected right is respected. The business partners shall ensure in their business area and along their supply chain that any involvement, including complicity or participation in kidnapping, torture, killings or similar acts, is excluded and that no physical punishment is applied in the context of disciplinary measures. Business partners shall also ensure that other serious human rights violations and abuses, such as sexual violence or war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide, are excluded in their own business operations and along the supply chain.

1.4 Freedom of association and collective bargaining

Business partners must ensure that the rights of employees to form employee representative bodies and to bargain collectively are respected within the framework of national legislation. Employee representatives must be protected from discrimination and it must be ensured that they can exercise their rights in a lawful and peaceful manner.

1.5 No discrimination or harassment

The business partners shall ensure that any form of discrimination, intimidation, harassment or unjustified disadvantaging of their employees in the working environment is avoided. In particular, unequal treatment on the basis of ethnic origin, skin color, gender, nationality, language, religion or ideology as well as physical or mental limitations is prohibited, although this list is not exhaustive. Unequal treatment includes the payment of unequal pay for work of equal value.

1.6 Fair pay and social benefits

The business partners shall pay their employees an appropriate wage. The appropriate wage is at least the minimum wage stipulated by the applicable law and is otherwise determined by the law of the place of employment. This wage should at least cover the basic needs of the employees and enable an appropriate standard of living for the employees and their families (living wage). Business partners are obliged to pay employees directly, in full and on time.

1.7 Health and safety in the workplace, fire protection

Business partners comply with applicable occupational health and safety and fire protection laws. The business partners shall establish a process that enables a continuous reduction of work-related health and safety risks and an improvement in occupational health and safety and fire protection. Occupational health and safety measures must not be associated with costs for employees.

1.8 Working Hours

The business partners shall ensure that the working time complies with the applicable national legal requirements and/or the national requirements applicable in the respective economic sector.

1.9 No impairment of land, water and air

Business partners shall ensure that they do not cause any harmful soil changes, water pollution, air pollution, harmful noise emissions or excessive water consumption that could lead to a significant impairment of the natural basis for food and drinking water or human health.

1.10 No forced evacuation

The business partners shall observe the prohibition of unlawful eviction and the prohibition of unlawful seizure of land, forests and waters when acquiring, developing or otherwise using land, forests and waters.

1.11 Deployment of security forces

Business partners shall ensure that the commissioning or deployment of security forces does not lead to human rights violations. Business partners shall refrain from directly or indirectly contributing to the support of public or private security forces that exercise unlawful control over extraction sites, transportation routes and upstream actors in the supply chain.

1.12 Minorities, vulnerable groups and indigenous peoples

Business partners respect the right to decent living conditions of minorities, vulnerable people and local communities.

2. BUSINESS ETHICS

The business partners act with integrity at all times and take suitable and appropriate measures to remedy any violations identified.

2.1 Avoidance of conflicts of interest

The business partners make their decisions solely on the basis of objective criteria and must not allow themselves to be influenced by extraneous interests or relationships.

2.2 Prohibition on corruption

Die König + Neurath AG expects its business partners to work against corruption in all its forms, including extortion and bribery.

2.3 Prohibition of money laundering

As part of their business operations, business partners shall ensure that the relevant statutory provisions against money laundering are complied with.

2.4 Fair and free competition

The business partners shall comply with fair and free competition and the applicable competition and antitrust regulations. In particular, they must not enter into any anti-competitive agreements or arrangements with competitors, suppliers, customers or other third parties and must not abuse any dominant market position. The business partners shall ensure that no exchange of information that is sensitive in terms of competition law or any other behaviour that could restrict or limit competition in an unlawful manner takes place within their business area.

2.5 Intellectual property rights

The business partners respect intellectual property rights and protect the corresponding data.

2.6 Protection of confidential information

Business partners shall ensure that sensitive data (business secrets and personal data) is collected, processed, secured and deleted appropriately and in accordance with the law. The business partners shall obligate their employees accordingly. Data worthy of protection may not be passed on to third parties without authorization or published in any other form and must be protected to the following extent.

2.7 Transparency

In order to identify and minimize sustainability risks in the supply chain, business partners of König + Neurath AG disclose information about their supply chains on request, which König + Neurath AG requires to fulfil its legal obligations. The business partners are also obliged to impose a corresponding disclosure obligation on their suppliers, which must be passed on in each case.

In particular, this may require business partners to disclose their supply chain to König + Neurath AG up to the origin of the material (including interfaces such as smelters and refineries) and to provide evidence of management systems or third-party verifications that exclude or mitigate sustainability risks in the supply chain.

2.8 Raw material supply chains and dealing with conflict minerals

Due to the significant impact on people and the planet, all actors along the supply chain have a special duty of care with regard to respecting human rights and protecting the environment, particularly in the case of raw material supply chains. In particular, business partners must therefore comply with their due diligence obligations in accordance with the „OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas“ with regard to relevant raw materials.

2.9 Whistleblowing and protection against retaliation

Business partners are expected to establish processes (whistleblowing system) that allow concerns to be raised anonymously and confidentially and without retaliation where there is a legal requirement to do so.

3. ENVIRONMENTAL PROTECTION

The sourcing of all raw materials must have due regard to the sustainability of their origins. This means that all applicable national laws and regulations must always be complied with and environmental impacts minimised as far as possible.

3.1 Precautionary principle

Business partners should follow the precautionary principle when dealing with environmental risks. This means that any conceivable impact on the environment or human health should be avoided in advance or minimised as far as possible.

3.2 Promoting environmental awareness

Environmental awareness should be promoted by business partners in their areas of activity.

3.3 (Greenhouse gas) emissions

Business partners take appropriate measures to reduce air emissions that pose a threat to the environment and health, including greenhouse gas emissions. To improve the environmental performance of products and services, business partners proactively reduce greenhouse gas emissions along the entire supply chain, for example by increasing the use of carbon-neutral energy sources.

In order to collect and improve the environmental performance indicators of König + Neurath AG's products, the Business Partner endeavours to collect information on greenhouse gas emissions at product level and to pass this on to König + Neurath on request.

3.4 Resource efficiency

Business partners shall take appropriate measures to ensure the efficient use of energy, water and raw materials, the use of renewable resources and the minimisation of damage to the environment and health.

3.5 Registration, evaluation and restriction of substances and raw materials

The business partners shall implement suitable measures to refrain from or avoid the use of substances and materials with adverse effects on the environment and health (e.g. carcinogenic, mutagenic, reprotoxic substances) within the framework of the applicable law in each case.

Business partners are obliged to comply with the requirements of international conventions and other legal instruments relating to the manufacturing, use, handling and disposal of certain substances, as well as the corresponding applicable implementing regulations at national and supranational level.

3.6 Circular economy and waste management

The business partners shall take suitable and appropriate measures to realise the prevention of waste, the reuse of resources, recycling and the safe and environmentally friendly disposal of residual waste, chemicals and waste water.

Whenever it is technically possible and economically feasible, we recommend that business partners use secondary materials in their processes. Business partners should know the proportion of recycled content in their products and make this available to König + Neurath on request.

Business partners should endeavour to establish and promote closed-loop systems in addition to complying with these principles.

3.7 Water

Business partners shall take appropriate and reasonable measures to minimise water consumption at their sites and/or along their own supply chain, giving priority to water-scarce regions. The right to water must be respected at all times.

3.8 Biodiversity

The protection of natural ecosystems, in particular the protection of endangered wildlife habitats, and the sustainable use of natural resources must be ensured.

Business partners must strive for supply chains that are free of deforestation and degradation within the framework of applicable law and international regulations on biodiversity.

Business partners should support and promote the ethical and humane treatment of animals.

3.9 Wood and wood-based materials

The business partners ensure that wood comes exclusively from legal, sustainable sources. The parts made of wood and wood-based materials supplied to König + Neurath AG contain only wood that complies with the provisions of Regulation (EU) No. 995/2010 (Timber Trade Regulation, EUTR).

Suppliers whose products contain raw materials in accordance with the EU Regulation on deforestation (Regulation (EU) 2023/1115) must prove that these raw materials were not produced on areas that have been deforested or whose production has damaged forest areas. Furthermore, they must demonstrate that their production was carried out in accordance with human rights. This applies analogously to other raw materials that will be included in this regulation at a later date.

3.10 Packaging

Products need to be adequately protected from being damaged and unnecessary packaging needs to be avoided. Packaging should be recyclable and made from recycled materials. Where possible, reusable packaging should be preferred.

3.11 Harmful ingredients

Ingredients that pose a risk to people and the environment must be avoided or reduced. Business partners are requested to inform König + Neurath AG if hazardous substances can be substituted.

Substances on the ECHA's SVHC candidate list must comply with the maximum permitted limits and are subject to the information obligation under Article 33 of the REACH Regulation. König + Neurath AG must be informed without being asked if the goods contain substances on the SVHC candidate list above 0.1% by weight.

Substances listed in Annex XIV of the REACH Regulation (list of substances subject to authorisation) must be registered.

Products or components with electronic parts must be compliant with the RoHS Directive.

In addition, the requirements of the Chemicals Prohibition Ordinance and other statutory regulations must be taken into account.

4. VIOLATION OF THE CODE OF CONDUCT BY A BUSINESS PARTNER

In the event of an actual or imminent violation of this Code of Conduct by a business partner, König + Neurath AG is entitled to take immediate and appropriate measures to prevent or end the violation or to minimise its extent.

In this case, the business partner is obliged to take all reasonable measures to prevent or end this violation or to minimise the extent of the violation.

If the nature of the breach is such that it cannot be ended in the foreseeable future, the business partner must immediately draw up and implement a concept for ending or minimising the breach (including a specific timetable). If required by law, König + Neurath AG must be appropriately involved in the preparation of the concept.

If a business partner violates or fails to comply with the Code of Conduct, König + Neurath AG reserves the right to take appropriate steps to protect its rights, such as requesting the implementation of improvement measures, reviewing reported improvements/measures, exclusion from new orders and termination of the contract, up to and including extraordinary termination.

Die König + Neurath AG may waive the exercise of its right of termination if the business partner can credibly assure and prove that it has immediately initiated countermeasures to prevent future similar violations.

5. CONSENT OF THE BUSINESS PARTNER

The business partner acknowledges this Code of Conduct and expressly recognises it as binding.

