COMMUNICATION ON PROGRESS
PROGRESS REPORT
2018 financial year
CONTENTS

3
STATEMENT OF SUPPORT

4
KÖNIG + NEURATH – AN OVERVIEW OF THE COMPANY

9
KEY ASPECTS OF SUSTAINABILITY

11
HUMAN RIGHTS AND LABOUR STANDARDS

16
CUSTOMER SATISFACTION AND INNOVATION

17
ENVIRONMENTAL PROTECTION

22
PRODUCT RESPONSIBILITY

24
COMPLIANCE AND SOCIAL COMMITMENT

25
GRI CONTENT INDEX
Dear Sir/Madam,

The transformation of the workplace is unstoppable. Multiterritorial working approaches, New Work, Work 4.0 and digital collaboration influence the way in which we design the workplace. We have developed solutions that facilitate healthier and more efficient working and promote employee wellbeing so that challenges arising for companies in this context can be managed successfully.

As one of Germany’s leading providers of office furniture and room systems, we are aware of our role model function. With an ethos of responsible thinking and sustainable action, we are protecting the livelihood of generations today and in the future. As a traditional family-owned company, responsibility towards nature, society and employees is a core principle of our corporate philosophy. Environmental, economic and social values are inextricably linked for us, and they characterise the respectful way we treat people in our company – each other, our customers and our business partners.

König + Neurath has been participating in the United Nations Global Compact since 2016 and supports the ten principles which it enshrines. The progress report shown here describes the measures that König + Neurath has taken to integrate these into their business strategy, corporate policy and day-to-day trading activity.

Carl-Christoph Held
Chairman of the Board of Management
König + Neurath AG
AN OVERVIEW OF THE COMPANY

+ 1925: Established by Heinrich Neurath.
+ In 1930: Heinrich Neurath’s son-in-law, Heinrich König, joins the company. The company name König + Neurath is created, it is still used today.
+ 1947: Egon König, the son of Heinrich König, joins his father’s company.
+ 1978: Pioneer Heinrich König stands down and his son Egon König becomes sole company owner.
+ 1995: König + Neurath pushes new quality standards and achieves certification in accordance with DIN EN ISO 9001.
+ 1996: König + Neurath commits to environmental management in line with the requirements of EEC Regulation No. 1836/93 and since 1998 in line with the requirements of DIN EN ISO 14001.
+ 2015: König + Neurath commits to energy management in line with the requirements of DIN EN ISO 50001.
+ 2016: König + Neurath joins the UN Global Compact.
+ Since 2016: Three of Egon König’s grandchildren have joined the family company.
Today König + Neurath AG is an international provider of office furniture and room solutions and supports companies through the change process by providing differentiated styling, comprehensive product ranges and digital offers. The company is owner-managed and not listed on the stock exchange.

The production site has its own metal and wood processing facility, and there is an in-house assembly line at the company headquarters in Karben near Frankfurt am Main. This is where around 1,000 employees develop, plan, produce and market office furniture, seating and room systems for the international office furniture market on a production site covering approx. 77,000 m².

The total turnover generated for the 2018 business year was around €176 million.

Throughout Germany, in addition to the headquarters with showroom in Karben, there are a further five showrooms in Hamburg, Berlin, Düsseldorf, Böblingen and Munich. The company is also represented internationally with sites in France, the United Kingdom, Switzerland and the Netherlands.

König + Neurath AG’s main export markets are Switzerland, France, Great Britain and the Benelux countries. In all, the company exports to 42 countries worldwide, spanning western and eastern Europe, the Middle East, Asia, North and South America and Africa. Around 80 per cent of turnover is generated in Germany, however.
CORPORATE STRUCTURE

In the 2018 financial year, the Management Board of König + Neurath AG is made up of the following members:

As Chairman of the Board, Mr. Carl-Christoph Held is responsible for the specific areas of Finance, IT and Personnel and also oversees the ongoing strategic development of the company and the König + Neurath brand. Mr. Dirk Fischer is responsible for the areas of Technology and Procurement. In 2017, Mr. Dirk Offermanns was additionally appointed as the new Sales Director.

As the highest supervisory body, the Supervisory Board oversees and advises the Management Board in managing the company. Egon König is the Chairman of the Supervisory Board. Further members of the Supervisory Board are Mr. Otmar Stein (formerly Sales Director) and Mr. Frank Henn (chairman of the works council).

PERSONNEL STRUCTURE

On average, König + Neurath had a permanent workforce of 977 in 2018, 94 per cent of whom were on indefinite employment contracts. Temporary employees are additionally taken on to offset fluctuations in capacity.

Industrial employees account for 68 per cent of the workforce and non-manual employees make up the remaining 32 per cent.

MEMBERSHIPS OF ASSOCIATIONS

König + Neurath is a member of the following associations:

- Verband Holzindustrie und Kunststoffverarbeitung Hessen-Thüringen e.V. (association for the wood and plastics industry)
- Chamber of commerce and industry
- Industrieverband Büro und Arbeitswelt (IBA) e. V. (Interior business association)
- German Design Council
- Handelsverband Wohnen und Büro e. V. (Residential and office trade association)
- Bundesverband der Energie-Abnehmer e.V. (German association of energy consumers)
CORPORATE POLICY

Our corporate policy is in the tradition of a family-owned company and the values that it incorporates: continuity, dependability, solidity, seriousness, sustainability and quality.

We shall continue to focus on both the quality of our products and also the quality of our approach to the environment, to society, consumers, business partners and our own employees.

Every employee is responsible for the quality of our products and processes. Quality awareness is a fixed component of our corporate culture. This quality awareness is actively practised by all management, with the aim of achieving targets in cooperation with employees.

For us, being conscious of the environment in everything we do is a natural and essential part of our corporate responsibility. We implement environmental protection and improvement of energy efficiency as well as emission reduction in this context with conviction. We measure key energy sources to ensure that our energy consumption is transparent, as well as making sure that the strategies implemented are effective.

Through on-the-job training and targeted courses, we support our employees and foster awareness for quality, environmental protection and energy efficiency. We give a clear priority to error prevention rather than correction, and we consider improvement of operating methods to be an ongoing process.

We are committed to observing the applicable legal obligations and to the continued improvement of environmental protection as well as energy efficiency. We set measurable goals. Our environmental objectives can only be met by engaging all our staff and colleagues. We achieve this through targeted training and information programmes as well as by allocating clearly defined roles and responsibilities for all processes and activities that have an impact on the environment and energy efficiency. We provide the resources and information necessary to achieve goals.

Our environmental responsibilities start at product development level, where efficient use of resources is taken into account alongside customer requirements. König + Neurath is committed to considering environmental, energy efficiency and health and safety requirements in all its production processes and activities and ensuring the most efficient use of resources in the development of new products and production methods.

In our view it is obligatory to create a working environment that exposes employees to the minimum risk possible whilst supporting high employee motivation.

Clearly regulated processes ensure that, in the event of any environmental irregularity, the potential damage is kept to a minimum. Analysis and evaluation of key environmental and energy aspects facilitate permanent improvement and the deciding step forward towards an ecological future.

Our König + Neurath Code of Conduct regulates and communicates the practice of care in terms of human rights, avoidance of discrimination and corruption of any kind, as well as the general compliance of directors, supervisory board and employees at König + Neurath AG with all rules.

Open communication with official bodies, customers and the public is for us a matter of course.

Karben, 1 June 2018

Board of Directors, König + Neurath AG

Carl-Christoph Held  
CEO

Dirk Fischer  
CBO

Dirk Offermanns  
CSO
MANAGEMENT SYSTEM
König + Neurath AG has decided to develop and uphold an integrated, process-orientated Management System in line with the requirements of DIN EN ISO 9001, DIN EN ISO 14001 and DIN EN ISO 50001. The aspects of quality, environmental protection and energy as well as specifications with regard to safety at work will always be considered equally at all decision levels. To uphold the system and improve its effectiveness all the time, the processes under consideration are clearly described, monitored and analysed – as are their timeline and interactive effects.
“Sustainability is the highest principle in all our business operations. Only an organisation that has concern for the future has a future.”

(Egon König)

In order to clearly identify the key aspects of sustainability, an overview has been drawn up of the sustainability topics on which König + Neurath is working and to which it will continue to apply itself in future. It has been established which stakeholders are addressed by these topics and what interests are involved.

The business objectives of König + Neurath, the attendant business practices and the resultant success are influenced primarily by employees, customers, suppliers, legislators, the public and both parties to pay agreements.

After ascertaining the relevant topics, prioritisation was carried out with due regard to the interests of our company and the involved stakeholders.

The subsequently identified contents were adopted into a materiality matrix and duly allocated to the interests of the stakeholders and the company, in order to differentiate more effectively between key aspects within the company (materiality for König + Neurath) and key aspects outside of the company (materiality for stakeholders).

The following graph presents the materiality matrix that was developed.
There are various activities to involve the stakeholders. The König + Neurath Academy stages events, for example. Some of these are public, thus allowing anyone interested to take part. The target groups of these events are dealers, customers, occupational therapists, facility managers and (interior) architects.

Selected events are run by the State Chamber of Architects as a recognised training / professional development measure.

The K+N Academy also cooperates as an alliance with the Industrieverband Büro und Arbeitswelt e.V. (IBA) and prepares candidates for further training as a Quality Office Consultant.

Open and interdisciplinary workshops on current themes are also part of the K+N Academy portfolio, for example BarCamps with psychologists, architects, consultants, companies and facility managers on the theme of “Work Culture”.

Finally the K+N Academy is in constant dialogue with various higher education establishments, including Kassel University of Fine Arts and the Möbelfachschule in Cologne, as well as regional schools.

In 2018 König + Neurath again hosted the “Karbener Unternehmertag”. Initiated by Karben’s municipal authority, this business forum offers Karben’s entrepreneurs from the most diverse sectors a means of getting to know each other better, developing contacts, exploiting synergistic potential and discussing current topics.

Each event generally concludes with feedback rounds, enabling the direct identification of potential for improvements. This form of open communication enables us to sound out the participants’ specific interests and concerns.
PRINCIPLES/INITIATIVES

König + Neurath has been a participant in the UN Global Compact since March 2016 and supports the ten principles to render globalisation a more social and ecological process.

König + Neurath incorporates these principles into its business practice and publishes an annual progress report detailing how its efforts are proceeding.

These principles comprise the protection and promotion of human rights, compliance with and the promotion of international labour standards, a commitment to combating all forms of corruption and the continual improvement of the company’s environmental impact through corresponding initiatives and compliance with prevailing environmental law.

Since 2017, König + Neurath’s sustainability activities have additionally been compared against the UN’s Sustainable Development Goals (referred to below as SDGs).

The SDGs are intended to encourage companies to make a more active contribution to more sustainable development while at the same time reducing the negative effects of their activities.

The graph below shows the 17 SDGs together with König + Neurath’s corresponding sustainability activities.
König + Neurath supports the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and expects all its business partners in Germany and abroad to comply with the ILO’s core labour standards.

**EXCERPT FROM THE CODE OF CONDUCT:**

"König + Neurath is to insist that all business partners provide a statement assuring that they observe the policy set down here [Code of Conduct]. In addition to the themes listed, business partners overseas are committed to observing the eight Core Labour Conventions of the International Labour Organisation (ILO)."

**SUPPLY CHAIN**

König + Neurath AG attaches great importance to compliance with the relevant environmental and social standards, as well as with international agreements against banned exploitative child labour. The greatest risk of not complying with this requirement comes from the upstream supply chain.

In 2018 our suppliers numbered 685. 83.7 per cent of our total procurement volume is covered by companies headquartered in Germany. The remaining 16.3 per cent of suppliers are also based in European countries, including France, Poland, Austria and Italy. Together with the suppliers domiciled in Germany, these account for 95 per cent of the total procurement volume. Processes within the supply chain vary according to supplier and product.

The majority of suppliers undergo a supplier assessment. This assessment includes a request for evidence as well as statements to show that the standards listed are being observed.

If violations or false statements come to light, this will potentially entail supplier exclusion, or at least the fulfilment of the requirements imposed. König + Neurath reserves the right to pass on information to third parties, in particular to non-government organisations that support compliance with fundamental social and environmental standards.

In 2017 and 2018 assessments covered approx. 90 percent of the total purchasing volume. No violations or false statements came to light.
K+N BGM
Gemeinsam aktiv und gesund.

**DIVERSITY**
König + Neurath does not accept discrimination of any kind under any circumstances.

The König + Neurath Code Of Conduct states:

"Discrimination and harassment are not tolerated and no one may be treated favourably or unfavourably or harassed because of their race, ethnic origins, skin colour, nationality, gender, religion or philosophy, or other characteristics protected by law."

No violations of this point within the König + Neurath Code of Conduct are known.

The proportion of female employees is 13 percent in all.

König + Neurath is required by law to fill five percent of jobs with employees who have a severe disability. This has always been significantly exceeded.

**EMPLOYEE SATISFACTION**

One way of identifying the good workplace climate and positive inter-employee network is the average time spent in employment at the company. At König + Neurath the average term of employment is around 16 years.

To help foster this good climate, a diverse range of company health measures are available to employees. These include preventive massages, seminars on health-related topics (such as nutrition advice) as well as sports activities such as communal runs, yoga, back therapy training and free use of the local swimming baths. This programme of measures is to be expanded further in 2019.
COLLECTIVE WAGE AGREEMENT
König + Neurath AG is subject to the provisions of the current collective wage agreement for the wood and plastic processing industry in Hesse, both in terms of location (federal state of Hesse) and industrial category (wood and plastic processing). This agreement was concluded between the Verband Holzindustrie und Kunststoffverarbeitung Hessen-Thüringen e.V. (association for the wood and plastics industry) and the regional management team of IG Metall (Frankfurt).

The collective wage agreement applies to all employees of König + Neurath AG.

WORKPLACE SAFETY
Providing a workplace that not only complies with legal specifications but also minimises risks to our workforce and promotes a high level of employee motivation is an integral part of König + Neurath’s corporate policy.

Around 1.5 per cent of jobs at König + Neurath involve activities which pose increased levels of danger, for example maintenance activities or exposure to heat. However, the most recent knowledge from the field of occupational safety is taken into account right from the process planning and equipment purchasing stages. Risk assessments are carried out for all workstations, from which adequate workplace safety measures are derived and implemented.

660 employees received workplace safety training in 2018. In addition, 70 employees spent an average of eight hours on training to become first-aiders, in-house paramedics, fire safety helpers and safety officers. As at 31.12.2018, ten per cent of the production workforce were trained first-aiders.

In 2018 the number of notifiable accidents at work was 54 (based on 1000 employees). Incident severity was on average 15 days of absence per accident in the workplace. The period of absence from work as a result of accidents comprises the first day after the accident concerned and every subsequent calendar day. No fatalities occurred at the workplace.
The following diagram presents the types of injuries:

**Types of injury K+N overall**

- Bruises / impact injuries: 33%
- Crushing: 3%
- Foreign bodies: 10%
- Cuts: 18%
- Falls/trips: 18%
- Pulled muscles / ligament sprains: 8%
- Other (including commuting accidents, circulation, …): 10%

**TRAINING AND EDUCATION**

As one of the largest employers in the region, König + Neurath is aware of its social responsibility and has been successfully training wood mechanics, industrial mechanics, mechatronics engineers, machine and plant operators, industrial clerks and IT specialists for decades. With the dual course of study Bachelor of Engineering Wood Technology [DHBW Mosbach], König + Neurath enables students to combine theoretical studies at the DHBW college with qualified in-plant training. In 2018, 46 young people were serving apprenticeships at König + Neurath and two were on annual placements.

Knowledge is the key to successful practice. Accordingly, both industrial employees and non-manual staff attend training on relevant topics at regular intervals. In 2018, 162 employees attended 5,559 hours of training.
CUSTOMER SATISFACTION

Customer satisfaction is of central importance to König + Neurath and its business success. Consequently, feedback from dealers and customers is documented and handled by way of established processes. Specific proposals for improvements are derived from the analysed findings in accordance with DIN EN ISO 9001 certification standards. Subsequently, the implemented measures are monitored. In order to ensure the highest quality here, König + Neurath applies a single-source strategy spanning development, production, delivery and final assembly.

INNOVATION

The world of work is changing - and with it the requirements placed on working cultures: spatial, technical, organisational. The classic office workstation is becoming less important, while creative teamwork and agile working are on the increase. Digitisation has also made it possible to work independently of geographical boundaries. This development means that companies are faced with new challenges. To address these, König + Neurath develops pioneering, integral furnishing solutions and tools which enable companies to react flexibly to different modes of working and requirements - inspired by current trends from living, fashion, architecture and lifestyle and by customers’ needs.

Through its selection of innovative materials with special properties and the integration of cutting-edge technology, the company broadens the classic functionality of its furniture.

König + Neurath has recourse to state-of-the-art production processes and the necessary vertical range of manufacture to translate specific customer requirements into customised work environments designed to develop employees’ potential.
König + Neurath’s integrated process-oriented management system is at the core of corporate responsibility with respect to negative effects on the environment. It is certified in accordance with the international management standards DIN EN ISO 9001 (quality management), DIN EN ISO 14001 (environmental management) and DIN EN ISO 50001 (energy management).

Processes with effects relevant to the environment and energy use are constantly monitored and analysed. The key areas of action are identified and measures are taken in order to keep the effects on the environment at a minimum by means of a precautionary approach.

ENERGY AND CO2
The following graph shows the energy requirements of the years 2015-18, broken down by energy source.
The main energy sources are electricity, wood and vehicle fuels. The wood comes from production offcuts and constitutes a carbon-neutral energy source. This means that electricity and vehicle fuels are the main cause of CO₂.

Consumers of vehicle fuels are the company truck and car fleet.

The installed photovoltaic system generated 105,957 kWh of electricity for sale in 2018.

The figure below presents the trend for CO₂ emissions over the period from 2015 to 2018:

![Development of CO₂ emissions [t/a]](image)

2015 was chosen as the reference year for recording greenhouse gas emissions, as the entire scope of production was concentrated as a single plant location in Karben as of this date.

In 2015 the gross volume of greenhouse gas emissions generated by processes within the company (Scope 1) stood at 3,982 tonnes of CO₂. In this context the thermal recovery of wood is rated as CO₂ neutral.

Further development of Scope 1 CO₂ emissions is shown in the following graphic. During the period from 2015-2018 there were no significant changes in Scope 1 greenhouse gas emissions.

The gross volume of indirect energy-related greenhouse gas emissions, i.e. emissions from the energy consumption by other companies (Scope 2), was 7,431 tonnes of CO₂ for the basis year, 2015, and is exclusively derived from the consumption of energy in the form of electricity. By 2018 it was possible to achieve a significant reduction to 4,343 tonnes of CO₂. The development is shown in the following graphic.
The Scope 2 emissions have been recalculated compared with the previous report due to changes in emission factors.

### Implemented measures

The plan to reduce production downtime (LEAN and TPM projects) has progressed. LEAN Management and TPM (Total Productive Manufacturing) are approaches involving ongoing process optimisation. The principle is to eliminate loss and wastage. König + Neurath AG is constantly realigning production to ensure compliance with LEAN and TPM standards. Cabinet assembly production has been conforming with LEAN management policies since 2018. The capacity of the line has increased as a result.

The next step is to optimise the pedestal line (07/2019).

Progress has been made with the replacement of fluorescent tube lighting with LED lights in wood production. The goal is to achieve an energy saving of at least 60 per cent for lighting. In the first construction phase the switch has been fully implemented, and is therefore 70 per cent complete overall. The second construction phase will follow in 2019.

The only way to ensure savings potential of 5 per cent across all power/fuel usage is by switching machines and equipment on and off within a disciplined structure, and training the lorry drivers. Raising employee awareness is ongoing. Including energy themes in the general training ensures that all employees are informed and qualified in this respect.

In addition, a training and induction matrix has been created to develop the training concept further.
Current measures and longer-term energy goals

By the end of 2019

+ Changing the lighting concept – Second wood production phase
+ Improvement of internal energy awareness by fine-tuning energy performance indicators (EnPIs), automatic calculation of EnPIs in the energy controlling system and installation of additional measuring/metering points
+ Improved utilisation by reducing production downtime (LEAN and TPM) and ensuring that energy conversion system runtimes are needs-based
+ Replacement of two compressors with one frequency-regulated screw compressor
+ To encourage e-mobility, a charging infrastructure needs to be integrated at the site – installation of three electrical charging stations on site (employee carpark, customer carpark, company’s vehicle fleet)
+ Development of consumption monitoring for fuels per vehicle. Renovation of the fuel station will involve an auto fuel terminal with management software

By 2022

+ Replacement of old battery chargers with high-frequency chargers. Any new purchases will be HF chargers. Ongoing replacement/upgrade of all chargers expected by 2022
+ Completion of switch to LED in wood production, bought parts warehouse, pre-assembly and metal production
+ Reduction in annual energy-related CO₂ emissions in comparison to the reference year of 2015 by 500 tonnes per year, depending on turnover

WASTE PRODUCTS / LEFT-OVER MATERIALS

2,599 tonnes of waste materials were generated in 2018, the majority of which could be recycled.

Of this, 2 per cent was hazardous waste and 98 per cent non-hazardous waste.
The positive development of material recycling is due to the fact that it has been possible to recycle wood composite waste. As a result the drop in energy recovery can be seen as a positive.

### Waste water

The main water consumers are the powder and paint systems, the boiler and the sanitation / service water consumers.

The waste water is discharged into the municipal sewers. Waste water from the powder-coating plant and vehicle washing facility is cleaned and monitored regularly before discharging into water treatment works. There were no issues with the waste water analysis in 2018.

The waste water from the paint plant is circulated through the system and disposed of periodically.
PRODUCT SAFETY
Virtually all König + Neurath products bear the GS mark, confirming their compliance with the requirements of product safety law.
As at 31.12.2018, König + Neurath held 50 valid certificates guaranteeing the “tested safety” of the various product groups.

HAZARDOUS SUBSTANCES AND PRODUCT ECOLOGY
13 certificates were issued by TÜV Rheinland by the deadline on 31.12.2018 containing the certified keywords “tested for harmful substances” and “emission-tested”. Of these, there were ten chair certificates and three certificates for desks. Further certificates for harmful substances and emissions are planned for 2019, particularly for free-standing furniture. The certified products are subjected to annual checks.

Since 2017 the chair, desk and free-standing furniture product groups have received the Indoor Advantage Gold quality seal awarded by SCS Global Services. This certification programme considers indoor air emissions and closes the gap to the requirements of primarily US green building certification.

Level certification in line with ANSI/BIFMA e3-2014e was successfully introduced at König + Neurath in 2018. It involves a sustainability rating especially for the office furniture industry. There are various requirements in the categories of materials, energy and atmosphere, human health and ecosystems, as well as social responsibility. A points system splits products into three rating levels, 1-3, where level 3 is the highest standard. In this structure our products were categorised as follows:

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairs</td>
<td>1</td>
</tr>
<tr>
<td>Desks, veneer</td>
<td>1</td>
</tr>
<tr>
<td>Desks, MFC</td>
<td>2</td>
</tr>
<tr>
<td>Free-standing furniture</td>
<td>2</td>
</tr>
</tbody>
</table>

Further measures are planned for 2019, in order to reach the highest level as soon as possible.
RECYCLING
All furniture supplied by König + Neurath can be recycled.

The products can be dismantled with standard tools or without tools. Composite materials are avoided.

Wherever the component size and the manufacturing process allow, the plastic parts are marked with the usual abbreviations. This means that materials can be recycled by type and fed into appropriate recycling processes at the end of the product’s service life.

Details of the percentage of recycled materials plus the weight and materials used are given in the product’s environmental certificate.

PACKAGING
König + Neurath uses its own vehicle fleet to deliver products. One advantage of this is a significant saving in packaging material – drivers are accustomed to the routine and that makes the damage rate very low.

Multi-use furniture covers and cardboard are the main packaging materials.

WOOD FROM SUSTAINABLE SOURCES
König + Neurath has a high throughput of wood and wood-based materials. Our purchasing department has agreed with our chipboard supplier that the wood materials we buy in future are only to be sourced from sustainably-managed forests. This ensured that in 2018 once again, around three quarters of all the wood purchased came from sustainable sources.
König + Neurath complies with laws and regulations as a matter of course. There have been no cases of anti-competitive practice or non-compliance with laws or regulations to date. Equally, there have been no complaints regarding ecological impact, social consequences, labour practices or the protection of customers’ privacy.

ANTI-CORRUPTION POLICY
Corruption is a violation of criminal law in terms of the German Penal Code (StGB).

The König + Neurath Code of Conduct regulates in detail how to avoid bribery and corruption, money-laundering and anti-trust agreements. There is a detailed König + Neurath Compliance guideline [sales] covering this subject, as well as a König + Neurath money-laundering guideline. All employees affected have been instructed on the corresponding compliance guidelines.

Since the introduction of the Code of Conduct (2016), no violations of these points have come to light. Neither have there been violations of the law, in the past or present, which have had or will have legal consequences.

SOCIAL COMMITMENT

König + Neurath donated €10,000 to charitable organisations in the 2018 financial year. The company also made a donation of around €300 to the University Hospital in Erlangen. KAHUZA e.V. was supported with a contribution of €600. The charity helps children and young people from socially disadvantaged backgrounds. The UN Global Compact was supported with a contribution of $2,500.

As well as providing financial support, König + Neurath has also been involved in activities at a regional level. We took part in the national Girls’ and Boys’ Day, on which young people were given opportunities to see what the workplace is like, and in this context we gave school classes guided tours around our production facility. Furthermore, König + Neurath held various training fairs and events in the region. König + Neurath also participates in integration measures for asylum applicants, for example, thereby making an important contribution to social cohesion.

The reports are presented in such a manner that they correspond with the format of both the UN Global Compact and the G4 guidelines of the Global Reporting Initiative.
This report contains standard disclosures from the Global Reporting Initiative’s (GRI) Sustainability Reporting Guidelines.

<table>
<thead>
<tr>
<th>General standard disclosures</th>
<th>Designations</th>
<th>Page</th>
<th>Explanations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategy and analysis</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-1 Support from the CEO</td>
<td></td>
<td>3</td>
<td></td>
</tr>
<tr>
<td><strong>Organisational profile</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-3 Name of organisation</td>
<td></td>
<td></td>
<td>König + Neurath AG</td>
</tr>
<tr>
<td>G4-4 Primary brands, products and services</td>
<td></td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>G4-5 Headquarters of organisation</td>
<td></td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>G4-6 Countries with business operations</td>
<td></td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>G4-7 Nature of ownership and legal form</td>
<td></td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>G4-8 Markets/branches served</td>
<td></td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>G4-9 Scale of organisation</td>
<td></td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>G4-10 Personnel structure</td>
<td></td>
<td>6, 13</td>
<td></td>
</tr>
<tr>
<td>G4-11 Employees covered by collective bargaining agreements</td>
<td></td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>G4-12 Organisation’s supply chain</td>
<td></td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>G4-13 Significant changes</td>
<td></td>
<td></td>
<td>There were no significant changes</td>
</tr>
<tr>
<td>G4-14 Precautionary approach / principle</td>
<td></td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>G4-15 Endorsement of external initiatives</td>
<td></td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>G4-16 Memberships of associations</td>
<td></td>
<td>6</td>
<td></td>
</tr>
<tr>
<td><strong>Identified material aspects and boundaries</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G4-17 List all entities included in the consolidated financial statement</td>
<td></td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>G4-18 Process for defining report content</td>
<td></td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>G4-19 Material aspects identified in the process for defining report content</td>
<td></td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>G4-20 Material aspects within the organisation</td>
<td></td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>G4-21 Material aspects outside the organisation</td>
<td></td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>G4-22 Restatement of information</td>
<td></td>
<td></td>
<td>No restatement of information</td>
</tr>
<tr>
<td>G4-23 Changes of aspects compared to previous reporting periods</td>
<td></td>
<td></td>
<td>No changes to last report</td>
</tr>
</tbody>
</table>
## Stakeholder engagement

<table>
<thead>
<tr>
<th>G4-24</th>
<th>Stakeholders engaged by the organisation 9</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-25</td>
<td>Basis for selection 9</td>
</tr>
<tr>
<td>G4-26</td>
<td>Approach to stakeholder engagement 10</td>
</tr>
</tbody>
</table>

## Report profile

<table>
<thead>
<tr>
<th>G4-28</th>
<th>Reporting period 01 January 2018 – 31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-29</td>
<td>Date of most recent previous report 06 June 2018</td>
</tr>
<tr>
<td>G4-30</td>
<td>Reporting cycle Annual</td>
</tr>
<tr>
<td>G4-31</td>
<td>Contact König + Neurath AG Industriestraße 1–3 61184 Karben T +49 6039 483-0 <a href="mailto:info@koenig-neurath.de">info@koenig-neurath.de</a> koenig-neurath.com</td>
</tr>
</tbody>
</table>

## Governance

| G4-34 | Governance structure 6 |

## Ethics and integrity

| G4-56 | Codes of conduct and codes of ethics 11 |

## Specific standard disclosures

<table>
<thead>
<tr>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosures on management approach</td>
<td></td>
</tr>
<tr>
<td>G4-DMA Management approach</td>
<td>6</td>
</tr>
<tr>
<td>Environmental</td>
<td></td>
</tr>
<tr>
<td>G4-EN3 Energy</td>
<td>17</td>
</tr>
<tr>
<td>G4-EN15 Emissions</td>
<td>18, 19</td>
</tr>
<tr>
<td>G4-EN16 Emissions</td>
<td>18, 19</td>
</tr>
<tr>
<td>G4-EN23 Effluents and waste</td>
<td>20, 21</td>
</tr>
<tr>
<td>G4-EN29 Compliance (Environmental)</td>
<td>24</td>
</tr>
<tr>
<td>G4-EN34 Environmental grievance</td>
<td>24</td>
</tr>
<tr>
<td>mechanisms</td>
<td></td>
</tr>
<tr>
<td>Labour practices and decent work</td>
<td></td>
</tr>
<tr>
<td>G4-LA6 Occupational health and safety</td>
<td>14, 15</td>
</tr>
<tr>
<td>G4-LA7 Occupational health and safety</td>
<td>14</td>
</tr>
<tr>
<td>G4-LA8 Occupational health and safety</td>
<td>13</td>
</tr>
<tr>
<td>G4-LA9 Training and education</td>
<td>14, 15</td>
</tr>
<tr>
<td>G4-LA16 Labour practices grievance</td>
<td>24</td>
</tr>
<tr>
<td>mechanisms</td>
<td></td>
</tr>
<tr>
<td>Human rights</td>
<td></td>
</tr>
<tr>
<td>G4-HR3 Non-discrimination</td>
<td>13</td>
</tr>
<tr>
<td>G4-HR4 Freedom of association and</td>
<td>12</td>
</tr>
<tr>
<td>collective bargaining</td>
<td></td>
</tr>
<tr>
<td>G4-HR5 Child labour</td>
<td>12</td>
</tr>
<tr>
<td>G4-HR6 Forced or compulsory labour</td>
<td>12</td>
</tr>
<tr>
<td>G4-HR10</td>
<td>Supplier human rights assessment</td>
</tr>
<tr>
<td>---------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>G4-HR12</td>
<td>Human rights grievance mechanisms</td>
</tr>
<tr>
<td><strong>Product responsibility</strong></td>
<td></td>
</tr>
<tr>
<td>G4-PR1</td>
<td>Customer health and safety</td>
</tr>
<tr>
<td>G4-PR2</td>
<td>Customer health and safety</td>
</tr>
<tr>
<td>G4-PR4</td>
<td>Product and service labelling</td>
</tr>
<tr>
<td>G4-PR5</td>
<td>Product and service labelling</td>
</tr>
<tr>
<td>G4-PR6</td>
<td>Marketing</td>
</tr>
<tr>
<td>G4-PR7</td>
<td>Marketing</td>
</tr>
<tr>
<td>G4-PR8</td>
<td>Customer privacy</td>
</tr>
<tr>
<td><strong>Society</strong></td>
<td></td>
</tr>
<tr>
<td>G4-SO4</td>
<td>Anti-corruption policy</td>
</tr>
<tr>
<td>G4-SO5</td>
<td>Anti-corruption policy</td>
</tr>
<tr>
<td>G4-SO6</td>
<td>Public policy</td>
</tr>
<tr>
<td>G4-SO7</td>
<td>Anti-competitive behaviour</td>
</tr>
<tr>
<td>G4-SO8</td>
<td>Compliance (Society)</td>
</tr>
<tr>
<td>G4-SO9</td>
<td>Supplier assessment for impacts on society</td>
</tr>
<tr>
<td>G4-SO11</td>
<td>Grievance mechanisms for impacts on society</td>
</tr>
<tr>
<td>G4-PR9</td>
<td>Compliance (Product responsibility)</td>
</tr>
</tbody>
</table>
Germany
König + Neurath AG
Büromöbel-Systeme
Industriestraße 1–3
61184 Karben
T +49 6039 483-0
info@koenig-neurath.de

Great Britain
K + N International (Office Systems) Ltd
52 Britton Street
London EC1M 5UQ
T +44 20 74909340
info@koenig-neurath.co.uk

Nederland
König + Neurath Nederland
Office Furniture
Beethovenstraat 530
1082 PR Amsterdam
T +31 20 4109410
info@koenig-neurath.nl

France
König + Neurath AG
Showroom Paris
66, rue de la Victoire
75009 Paris
T +33 1 44632393
info@koenig-neurath.fr

Switzerland
König + Neurath (Schweiz) GmbH
Büromöbel-Systeme
St. Gallerstrasse 106 d
CH-9032 Engelberg / St. Gallen
T +41 52 7702242
info@koenig-neurath.de

koenig-neurath.com