

COMMUNICATION ON PROGRESS PROGRESS REPORT

Financial year 2019



CONTENTS



3

STATEMENT OF SUPPORT

4

KÖNIG + NEURATH –
AN OVERVIEW OF THE COMPANY

10

ASPECTS OF SUSTAINABILITY

13

HUMAN RIGHTS
AND LABOUR STANDARDS

20

CUSTOMER SATISFACTION AND
INNOVATION

21

ENVIRONMENTAL PROTECTION

29

PRODUCT RESPONSIBILITY

32

COMPLIANCE

33

SOCIAL COMMITMENT

34

GRI CONTENT INDEX

STATEMENT OF SUPPORT FROM THE SUPER- VISORY BOARD OF KÖNIG + NEURATH AG



Dear reader,

#MeToo, Heißzeit, Fridays for Future. These catchphrases made it to the top three in the "Word of the year" competition over the past three years. We're pleased that awareness of climate protection and the environment is increasing – but themes such as interaction between men and women are gaining a higher profile too. We want to lead the way here, and we're very conscious of our responsibility.

Product parameters such as a long lifespan, being easy to repair or use of environmentally friendly raw materials have been part of our routine for a long time. Furthermore we are trying new approaches to reduce our ecological footprint even further.

Our social standards in Germany are very high. We are committed to maintaining these high social standards throughout our supply chain too.

König + Neurath has been a UN Global Compact participant since 2016 and explicitly supports the ten principles in the fields of human rights, labour, environment and anti-corruption. Approaching all our processes as a whole allows us to achieve optimisation at a steady rate – and this equips us well for the future.

With this progress report we bring you news of the positive developments across our key themes as well as their effects. We look forward to receiving your feedback.

MICHAEL CAPPELLO

Board Spokesman, Director of Corporate
strategy, Marketing and Sales

DIRK FISCHER

Director of Production,
Technology and Purchasing

JÜRGEN NEUBERT

Director of Finance & Accounting, Controlling,
IT, Digitisation and Personnel



AN OVERVIEW OF THE COMPANY



- + **1925:** Established by Heinrich Neurath.
- + **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.
- + **1984:** All chipboard switched to low formaldehyde E1 grade chipboard.
- + **1988:** Installation of electronic particle filter for stack gases.
- + **1989:** Installation of a wastewater purification system for paint line effluent
Installation of a paint line for UV-curing lacquers.
- + **1990:** Modernisation of existing compressed air system.
- + **1992:** All edge banding switched from polyvinyl chloride (PVC) to acrylonitrile butadiene styrene (ABS),
and externally supplied parts switched to alternative plastics.
- + **1993:** Furniture blankets for protection during transport replace cardboard and bubble wrap.
- + **1994:** Implementation, as far as feasible, of plastic components labelling to facilitate recycling.
- + **1995:** König + Neurath pushes new quality standards and achieves certification in accordance with
DIN EN ISO 9001, in addition modernisation of UV paint line.
- + **1996:** König + Neurath commits to environmental management in line with the requirements of
EEC Regulation No. 1836/93.
- + **1998:** Introduction of an Environmental Management System in line with ISO 14001.
- + **2000:** Founder member of the "Hesse Environmental Alliance". Construction of a modern production
facility with the largest photovoltaic system in the state of Hesse. Redevelopment and modernisation
of the compressed air system.
- + **2002:** Introduction of biological wastewater treatment for the vehicle washing plant.
- + **2007:** Conversion of all HGVs to AdBlue technology to reduce NOx emissions.
- + **2008:** Introduction of environmental certificates for all König + Neurath products.
- + **2012:** Further energy savings in ICT (flatscreen monitors, optimised printing etc.).
- + **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. In addition, investment in a modern fabric cutting
machine for resource-saving material use. 100 % of the vehicle fleet fulfils the EURO 6 norm.
- + **Since 2016:** Three of Egon König's grandchildren have joined the family company.
- + **2017:** König + Neurath obtains certification for almost the entire product portfolio in line with SCS Indoor
Advantage Gold.
- + **2018:** The majority of the product range is awarded the BIFMA LEVEL® sustainability certificate.
- + **2019:** Egon König, long-standing company owner and chairman of the supervisory board of
König + Neurath AG passed away on 15th May 2019.
- + **2019:** Installation of 4 charging stations to promote electric mobility. König + Neurath is also awarded
Gold-Status for the EcoVadis CSR-Rating again.

Today König + Neurath AG is an international provider of office furniture and room solutions and supports companies through the change process by providing differentiated style collections, a diverse product range and digital services. The company is not listed on the stock exchange.

The total turnover generated for the 2019 business year was around €186 million after sales deduction. König + Neurath AG's total capital was around €63 million, split into around €45 million equity and around €18 million outside capital.

König + Neurath AG offers customers a comprehensive portfolio of office furniture and room solutions. An overview of the number of ranges in series production is shown in the table below.

RANGE 2019

Product category	Number of ranges in series production
Desk and management systems and conference and meeting tables	16
Chairs	19
Room systems	8
Lounge systems	3
Mobile storage and pull-out sidefilers	8
Storage systems	4
Steel furniture	4
Screen systems	2
Counters	2

As well as series production, one-off special solutions can be manufactured to customer specification.

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 1000 employees develop, plan, produce and market office furniture, seating and room systems for the national and international office furniture market on a production site covering approx. 77,000 m².

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 81 per cent of turnover is generated in Germany, however. The sectors supplied include specifically industry, retail, service, banks and insurance companies. The main customers are the König + Neurath dealers.

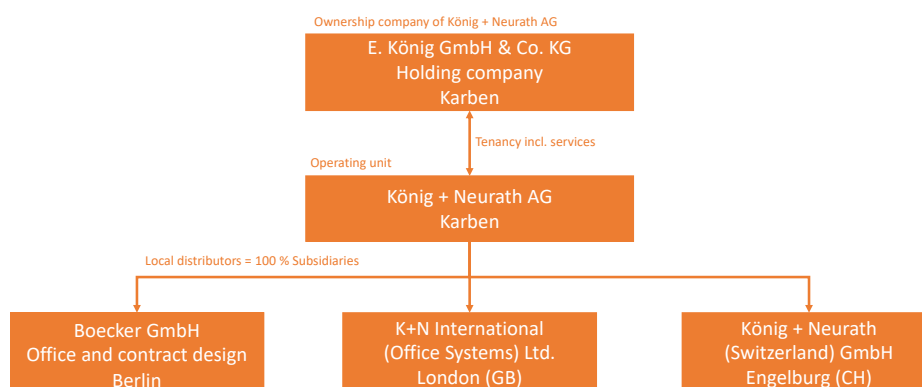
CORPORATE STRUCTURE

The holding company E. König GmbH & Co. KG with head office in Karben is registered at the district court of Frankfurt am Main under number HRA 41589. E. König GmbH & Co. KG is the holding company of König + Neurath AG, Karben, and in this capacity responsible for preparation of the consolidated financial statements. The object of the E. König GmbH & Co. KG holding company is the letting of property, as well as the provision of services for König + Neurath AG.

The financial statements include the four subsidiaries, each with 100% shares:

- König + Neurath AG, Karben,
- Boecker GmbH Büro- und Objektgestaltung, Berlin,
- K+N International (Office Systems) Ltd., London, Great Britain,
- König + Neurath (Schweiz) GmbH, Engelburg, Switzerland.

PRESENTATION OF THE KÖNIG + NEURATH GROUP



Included in the financial statements

In the 2019 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 was responsible for the specific areas of Finance, IT and HR until 31 March 2019 and oversaw the ongoing strategic development of the company and the König + Neurath brand. As of 1st April 2019 Mr Held took over the responsibility for National Sales and Key Account Management, as well as Marketing and strategic Company Development. Mr Held left the company of his own free will as of 31st December 2019.

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. Mr Offermanns has been responsible for International Sales since 1st April 2019. Mr Jürgen Neubert was appointed as director of Finance & Accounting, Auditing, IT, Digitalisation and HR as of 1st April 2019.

On the departure of Mr Carl-Christoph Held, the following responsibilities were defined as an interim measure. Mr Dirk Fischer additionally took over the development and design division, Mr Jürgen Neubert the marketing division, and Mr Dirk Offermanns took over external and internal operations at national level. As the highest supervisory body, the Supervisory Board oversees and advises the Management Board in managing the company. The Chairman of the Supervisory Board was Mr Egon König until his death on 15.05.2019. His successor as Chairman was Mr Otmar Stein (formerly Sales Director). Mrs Gerti König became a new member of the Supervisory Board. Another committee member is Mr Frank Henn (Chairman of the Management Board).

PERSONNEL STRUCTURE AND ASSOCIATIONS

In 2019, as at 31.12.2019, there were 1039 employees at König + Neurath. Of these, around 91 per cent had an open-ended employment contract. Around 87 per cent of employees are men and 13 per cent women. About 98% of these employees are based in Germany. The remaining 2 % are spread across the sites in the UK, France, the Netherlands and Switzerland.

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.

Temporary employees are additionally taken on to offset fluctuations in capacity. They are primarily employed in production. During 2019 there were no significant fluctuations in the number of employees.

FULL OR PART-TIME EMPLOYMENT 2019, AS AT 31.12.2019

Category	Number of employees
Women (full-time)	107
Men (full-time)	899
Total full-time	1006
Women (part-time)	26
Men (part-time)	7
Total part-time	33
Total full- and part-time	1039

TERM STATUS OF EMPLOYMENT CONTRACTS 2019, AS AT 31.12.2019

Category	Number of employees
Women (open-ended)	127
Men (open-ended)	821
Total open-ended	948
Women (fixed term)	6
Men (fixed term)	85
Total fixed term	91
Total (open-ended and fixed term)	1039

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)
- + Bundesverband Wirtschaft, Verkehr und Logistik (BWVL) e.V. (German business, transport and logistics association)
- + Bundesverband Materialwirtschaft, Einkauf und Logistik (BME) e.V. (German materials management, purchasing and logistics association)

CORPORATE POLICY

Our corporate policy is in the tradition of a family-owned company established in 1925 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 is actively practised by all management, with the aim of achieving targets in cooperation with employees.

For us, being conscious of the environment and implementing robust recycling policies 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 monitor our main energy sources on an ongoing basis to ensure that our consumption is transparent, as well as making certain 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 are 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 goes without saying that we should create a working environment that exposes employees to the minimum risk possible whilst supporting high employee motivation. The long-term health of our employees is very important to us and our corporate health management strategy endorses this.

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 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 the Supervisory Board, Board of Directors 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, 01/07/2020

Board of Directors, König + Neurath AG



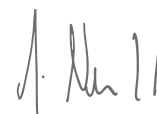
MICHAEL CAPPELLO

**Board Spokesman, Director of Corporate
strategy, Marketing and Sales**



DIRK FISCHER

**Director of Production,
Technology and Purchasing**



JÜRGEN NEUBERT

**Director of Finance & Accounting, Controlling,
IT, Digitisation and Personnel**

MANAGEMENT SYSTEMS

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 their effectiveness all the time, the processes under consideration are clearly described, monitored and analysed – as are their timeline and interactive effects.



KEY ASPECTS OF SUSTAINABILITY



*“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 key parties with an interest in and influence on the corporate goals of König + Neurath, the working approach used to achieve them and the resulting outcomes are identified as:

Internal:

- + the employees,
- + the Board of Directors
- + and the Works Council.

External:

- + the dealers,
- + the customers, planners and consultants,
- + the legislator and local authority,
- + the neighbours,
- + the service providers,
- + the strategic network partners and suppliers,
- + the unions,
- + the banks and insurance companies
- + and the public and media.

Our stakeholders were defined in terms of the general context König + Neurath AG is currently experiencing.



The essential themes are derived from the expectations and obligations of the stakeholders towards the company, as well as their own perceived values and priorities.

Internal themes include:

- + values and culture
- + economic efficiency
- + company development
- + employee development and
- + sustainability.

External themes include:

- + market, competition and service portfolio,
- + laws and standards and
- + cultural/social responsibility.

From these, the following demands and expectations can be derived:

- + customer satisfaction
- + innovation
- + climate and environmental protection
- + sustainable business development
- + certifications
- + compliance
- + occupational health and safety
- + human rights
- + corporate policy and
- + personnel development.

ENGAGING OUR STAKEHOLDERS

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 management 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 2019 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.

HUMAN RIGHTS AND LABOUR STANDARDS

PRINCIPLES/INITIATIVES

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

- 1 Businesses should support and respect the protection of internationally proclaimed human rights.
- 2 Businesses should make sure that they are not complicit in human rights abuses.
- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- 4 Businesses should advocate the elimination of all forms of forced and compulsory labour.
- 5 Businesses should advocate the effective abolition of child labour.
- 6 Businesses should advocate the elimination of discrimination in respect of employment and occupation.
- 7 Businesses should support a precautionary approach to environmental challenges.
- 8 Businesses should undertake initiatives to promote greater environmental responsibility.
- 9 Businesses should accelerate the development and diffusion of environmentally friendly technologies.
- 10 Businesses should work against corruption in all its forms, including extortion and bribery.

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

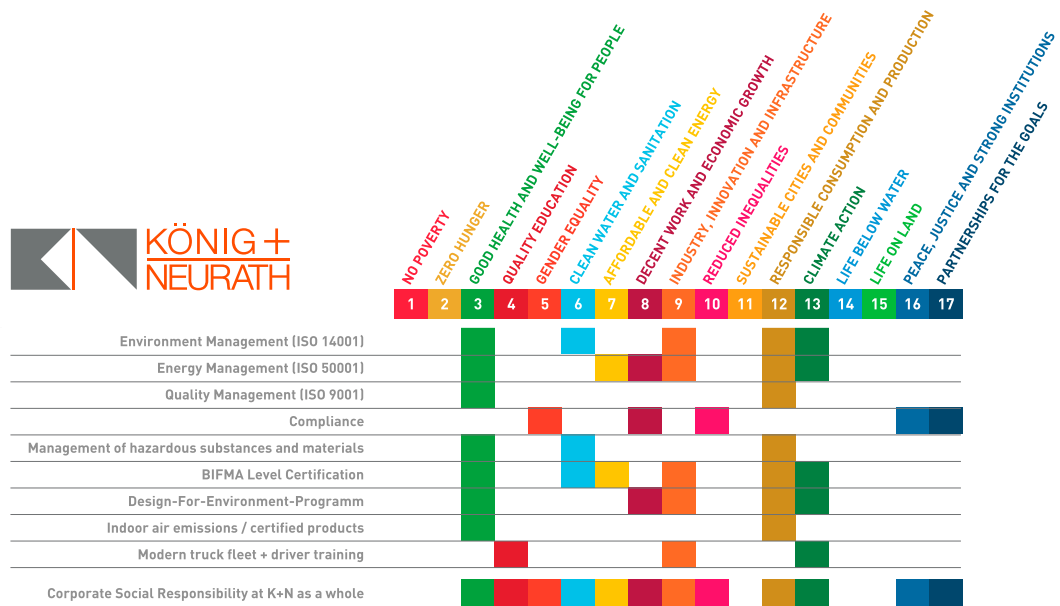
WE SUPPORT



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 International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work and expects all its business partners in Germany and abroad to comply with the ILOs core labour standards.

SUPPLY CHAIN AND DIVERSITY

SUPPLY CHAIN

König + Neurath is working in partnership with suppliers to achieve a customer-oriented approach. Supplier relations are characterised by their long standing, competitive nature, quality and reliability. König + Neurath has a systematic and consistent system for supplier evaluation and risk management. This system takes into account aspects relating to environmental protection, workplace health and safety, and human rights.

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 2019 supplier assessments covered approx. 94 percent of the total purchasing volume. No violations or false statements came to light.

In 2019 our suppliers numbered 668. 84.7 per cent of our total procurement volume was covered by companies headquartered in Germany. Of the remaining suppliers, 15.25 per cent operate from within the EU including the Schengen area (for instance Poland, France, Italy, Austria, Sweden and Switzerland) and only 0.05 % of suppliers have their headquarters in non-member countries.

The most important materials for production are steel, aluminium, plastic parts and wood composites / wood.

DIVERSITY

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



EXCERPT FROM THE KÖNIG + NEURATH CODE OF CONDUCT:

"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 Supervisory Board of König + Neurath AG is made up of two men and one woman. All members of the Supervisory Board are over 50 years old.

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. There is no difference between the basic salary and pay levels for male and female employees.

EMPLOYEE SATISFACTION

EMPLOYEE SATISFACTION

One way of identifying a good workplace climate and teamwork is the average time spent in employment at the company. At König + Neurath this average is around 15 years.

To continue encouraging this, a corporate health management policy was introduced in 2016. It regulates from the perspective of employer, employee and the company medical officer. All employees can take advantage of a variety of benefits. For example preventive massages, use of a gym, eyewear and dentures are subsidised. Seminars with a health focus, such as diet advice, as well as sports activities like running clubs, yoga, back therapy and free use of the local indoor swimming pool are provided. König + Neurath places a high value on employee health, and will therefore prioritise workplace health management both now and in the future.

K+N BGM

Gemeinsam aktiv und gesund.

Liebe Kolleginnen und Kollegen,
 mit diesem Infolyer möchten wir über alle wichtigen Themen des Betrieblichen Gesundheitsmanagements informieren.
 Wir konnten bereits viele Projekte umsetzen und arbeiten derzeit daran weitere Ziele zu erreichen.
 Auf den folgenden Seiten findet ihr noch einmal das BGM-Angebot im Überblick. Bitte lasst uns weiterhin eure Wünsche, Anregungen und Kritik zukommen. Platz hierfür findet ihr auf der Rückseite. Wir freuen uns über jeden Beitrag.
 Gemeinsam mit euch möchten wir auch weiterhin viele Ideen umsetzen, um gesund und motiviert zusammenzuarbeiten.
 Das gesamte BGM-Team wünscht euch ein gutes und gesundes neues Jahr!
 Euerer BGM-Team






RÜCKEN-FIT

Wir stärken im Kurs die Rücken- und Bauchmuskulatur sowie den Wirbelsäulenapparat. Außerdem verbessern wir unser Gleichgewicht, Koordination und die Haltung.

Fakten:
Wann: Mittelschwe
 16:30 bis 17:30 Uhr
Wo: Ehemaliges Casino im Hauptgebäude
Anmeldung:
 Betriebliches Gesundheitsmanagement@koenig-neurath.de oder direkt beim Betriebsrat.



SCHWIMMBAD-NUTZUNG

Die Nutzung des Hallenfreizeibades ist kostenfrei. Zeigt an der Kasse eure Stockkarte mit Personalabzeichen vor.
Für ein Pfand von 6 Euro erhaltet ihr im Gegenzug eine Stammkundenkarte fürs Mitarbeiter schwimmen.

Fakten:
Wann: Schwimmen außerhalb der Arbeitszeit. Öffnungszeiten des Schwimmbades bitte beachten.
Wo: Hallenfreizeibad Karben, Am Bräu 1, 61184 Karben



AQUA-FIT

Leider ist die Teilnehmerzahl in letzter Zeit stark gesunken. Da wir jedoch weiterhin Aqua-FIT anbieten möchten, benötigen wir eine Mindestteilnehmerzahl von 20 Personen.*
Mit Aqua-FIT steigert du Ausdauer, Beweglichkeit und Gleichgewicht.

Meldet euch an und profitiert von der gesunden und getrennschönen Art Sport zu machen.

Fakten:
Wann: Montag 18:00 Uhr
Wo: Hallenfreizeibad Karben, Am Bräu 1, 61184 Karben
Anmeldung:
 Betriebliches Gesundheitsmanagement@koenig-neurath.de oder direkt beim Betriebsrat.

* Sollten sich im ersten Quartal nicht genug Teilnehmer finden, wird der Kurs leider nicht mehr stattfinden können und wir verlieren unsere gemeinsame Wasserfläche im Karbener Schwimmbad.



YOGA STUDIO

...ingebereitschaft, damit ihr auch ...

Die Buchung für einen Termin ist telefonisch oder online möglich.
Tel.: +49 6039 938441 oder www.cv-massage.de



ZUGREIFEN. REIN BEISSEN. LECKER ...

Außerdem stehen für alle einmal im Monat Äpfel zur Verfügung.
Diese findet ihr in Körben an verschiedenen Plätzen in den Hallen und an der Zentrale.
Zusätzlich stehen euch weiterhin die Wasserspender zur Verfügung.

OCCUPATIONAL HEALTH AND SAFETY

OCCUPATIONAL HEALTH AND SAFETY

To ensure optimum workplace safety, König + Neurath has a committee for workplace safety, which follows the principles of the Occupational Health and Safety Act. It meets four times a year and looks at themes relating to workplace health and safety within a committee structure. To ensure that a high standard is maintained, workspaces are subject to risk assessment and regular inspections as a basis on which to define any necessary action. Close cooperation with external specialists from the employer's liability insurance association and the company medical officer plays a crucial role. All employees are offered benefits to support their health within the capacity of the company health management policy.

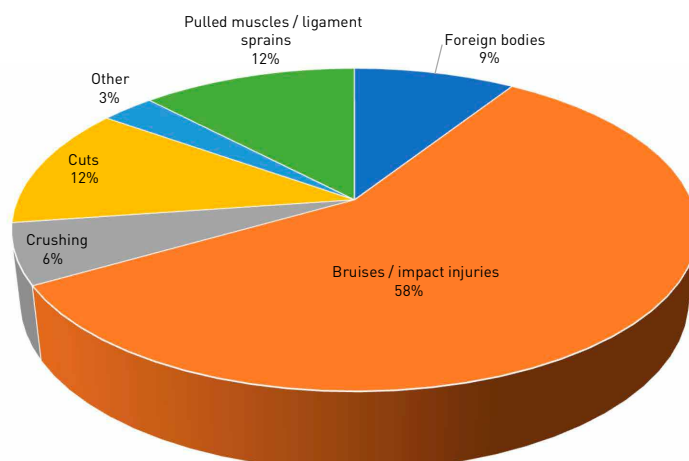
Providing a workplace that not only complies with legal specifications but also minimises risks to our workforce and promotes a high level of employee motivation is an integral part of König + Neurath's corporate policy

Around 2 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.

All industrial employees received workplace safety training in 2019. The training sessions are held twice a year after extended breaks such as the summer and winter holidays, as a refresher for workplace safety themes after longer absences. In addition, 60 employees spent an average of eight hours on training to become first-aiders, in-house paramedics, fire safety helpers and safety officers. As at 31.12.2019, ten per cent of the employees in the factory were trained first-aiders.

In 2019 the number of notifiable accidents at work was 52. Incident severity was on average 17 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 injury:

TYPES OF INJURY K+N OVERALL



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 2019, 50 young people were serving apprenticeships at König + Neurath and four 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. 255 employees underwent around 3586 hours of training in 2019.

König + Neurath AG offers employees a variety of programmes to improve skills. For instance there is the option of achieving further qualifications internally, to improve knowledge and consolidate skills. On top of this, external professional development opportunities are also offered.

The entire professional development process is supported by a qualification matrix for each area. The management decides which skills are necessary in the short, medium and long term, and plan measures accordingly. An academy has been established within the company, which is primarily concerned with the LEAN principles but also teaches some of the necessary soft skills.

Lean Management is an approach involving ongoing process optimisation. The principle is to eliminate loss and wastage. Training sessions are developed to cover themes including project management, problem solution, presentation and moderation, diverse tools from the field of Continuous Improvement, as well as Lean Basics such as 5S / 6S. Because of the diverse nature of the content, the intention is to meet the needs of employees as comprehensively as possible, and to reflect the skills they would like to improve. The Academy

is continually undergoing development so that it can offer new training courses and satisfy further qualification needs. Furthermore, every employee is offered the chance to attend something called a "Basic Course" to give them an introduction to the LEAN philosophy and help them appreciate themselves as an active part of the LEAN restructuring process.

During the course of restructuring in line with LEAN principles, some employees also gain further qualifications externally to set an example and drive the process forward. In addition, regular external courses are offered, including management training, office programme training and regular English tuition.

The following table provides an overview of the number of employees who received training and the number of hours spent on training.

TRAINING AND PROFESSIONAL DEVELOPMENT BY EMPLOYMENT STATUS AND GENDER

Employment status	Gender	Number of employees	Hours
Shop floor employees	m	64	1568
	f	6	280
Administrative employees	m	22	261
	f	36	247
Technical specialist	m	108	1054
	f	19	176

Additional qualifications for employees is of special importance at König + Neurath. That's why the company stipulates that every employee undergoes an annual review of their performance and professional development.



CUSTOMER SATISFACTION AND INNOVATION

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. The implemented measures are subsequently monitored. In order to ensure the highest quality here, König + Neurath applies a single-source strategy spanning development, production, delivery and final assembly. An important goal for higher customer satisfaction is reducing customer complaints.

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.

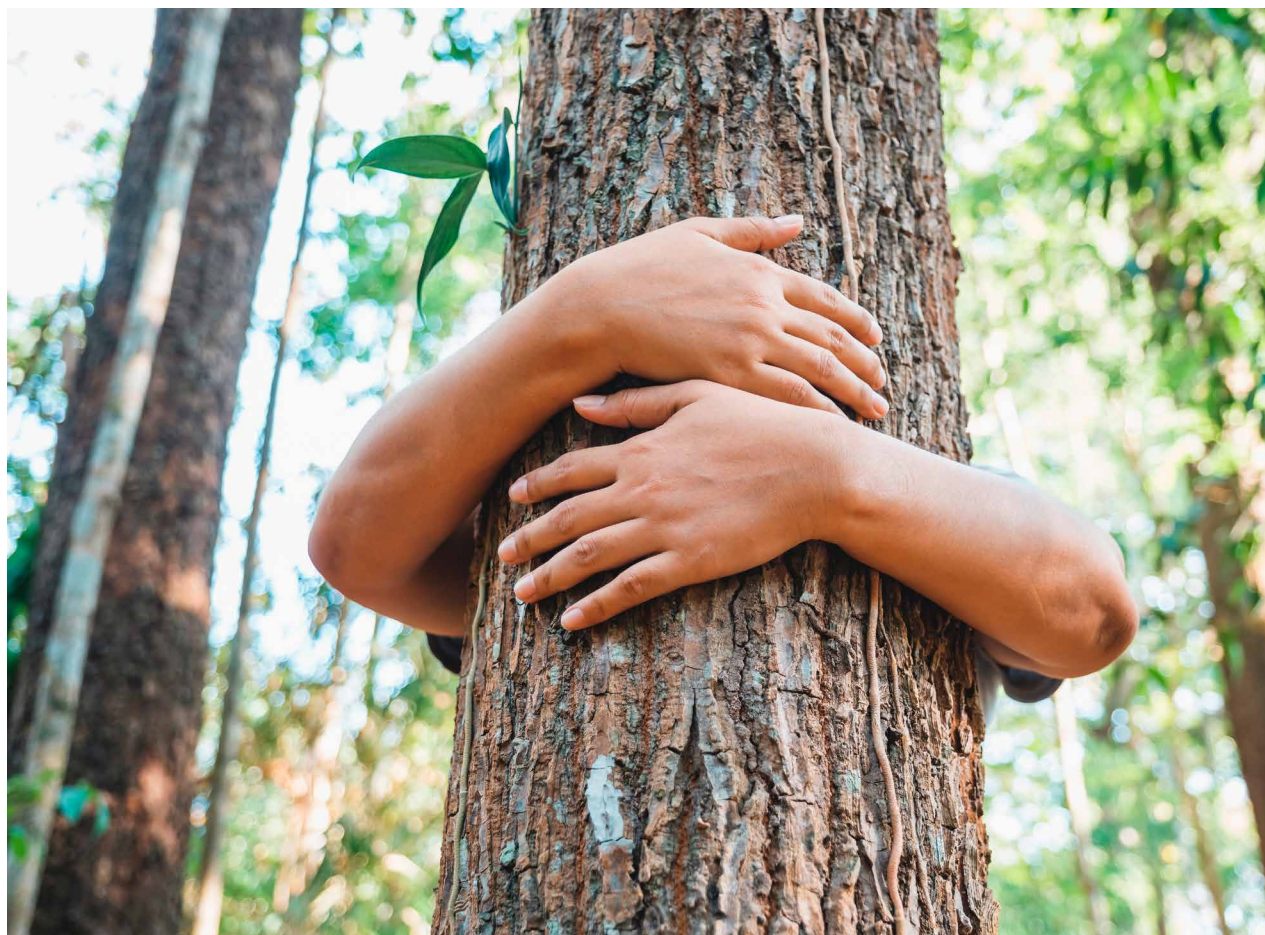
König + Neurath has recourse to state-of-the-art production processes and the necessary vertical range of manufacture to translate specific customer requirements into customised work environments designed to develop employees' potential.

ENVIRONMENT

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).

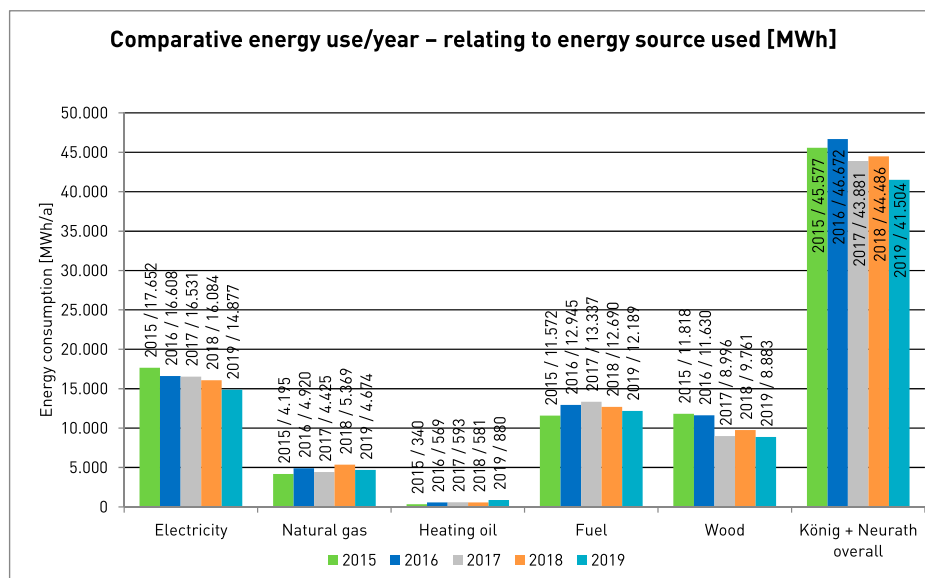


Processes with effects relevant to the environment and energy use are constantly monitored and analysed. The key areas of action are identified and measures are taken in order to keep the effects on the environment at a minimum by means of a precautionary approach.



ENERGY AND CO₂

The following graph shows the energy requirements of the years 2015-19, broken down by energy source.



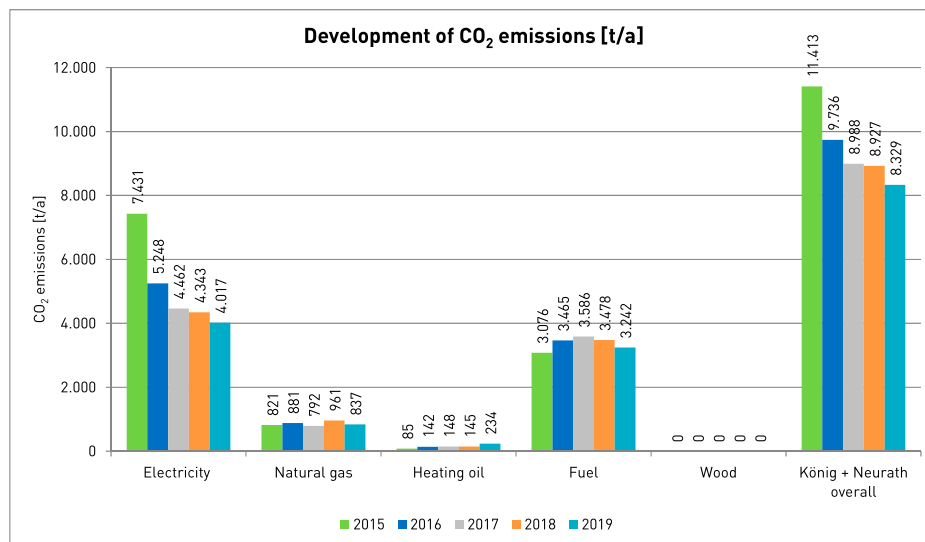
The main energy sources are electricity, wood and vehicle fuels. The wood comes from production offcuts and constitutes a carbon-neutral energy source. This means that electricity and vehicle fuels are the main cause of CO₂.

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

The installed photovoltaic system generated 91,642 kWh of electricity for sale in 2019.

The statistics for heating oil consumption were corrected retrospectively, which explains the discrepancies compared with previous reports.

The figure below presents the trend for CO₂ emissions over the period from 2015 to – 2019:

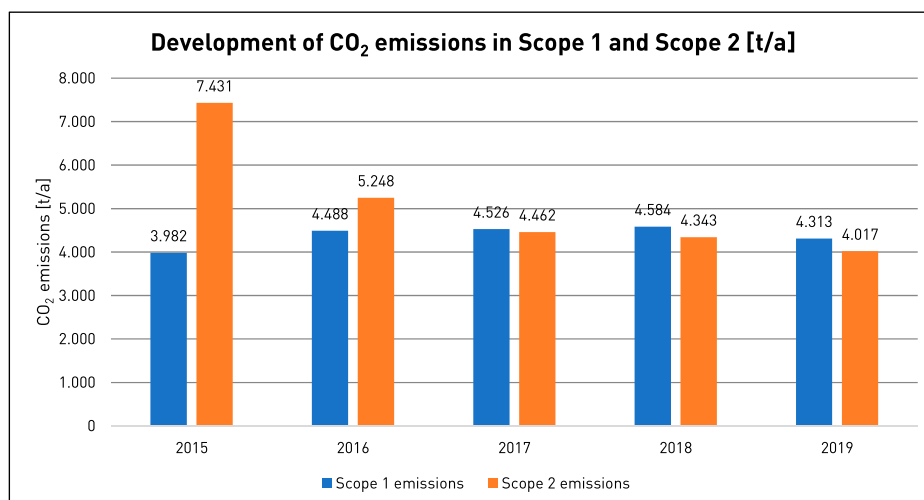


2015 was chosen as the reference year for recording greenhouse gas emissions, as the entire scope of production was concentrated as a single plant location in Karben as of this date.

The statistics for CO₂ emissions as a result of heating oil consumption were corrected retrospectively, which explains the discrepancies compared with previous reports.

Overall the development of CO₂ emissions is showing a downward tendency. Compared with the previous year a reduction of 6.7% was achieved.

The developments of Scope 1 and Scope 2 CO₂ emissions since 2015 are shown below.



In 2019 the gross volume of greenhouse gas emissions generated by processes within the company (Scope 1) stood at 4313 tonnes of CO₂ [- 5.9 % compared with the previous year, which can be attributed to lower use of gas and fuel]. In this context the thermal recovery of wood is rated as CO₂ neutral.

Because of the retrospective corrections of CO₂ emissions from heating oil consumption, there are discrepancies compared with previous reports.

The gross volume of indirect energy-related greenhouse gas emissions, i.e. emissions from the energy consumption by other companies (Scope 2), was 4017 tonnes of CO₂ for 2019 [- 7.5 % compared with the previous year, which can be attributed to lower energy use] and is exclusively derived from the consumption of energy in the form of electricity.

WASTE AND RESIDUAL MATERIALS

WASTE AND RESIDUAL MATERIALS

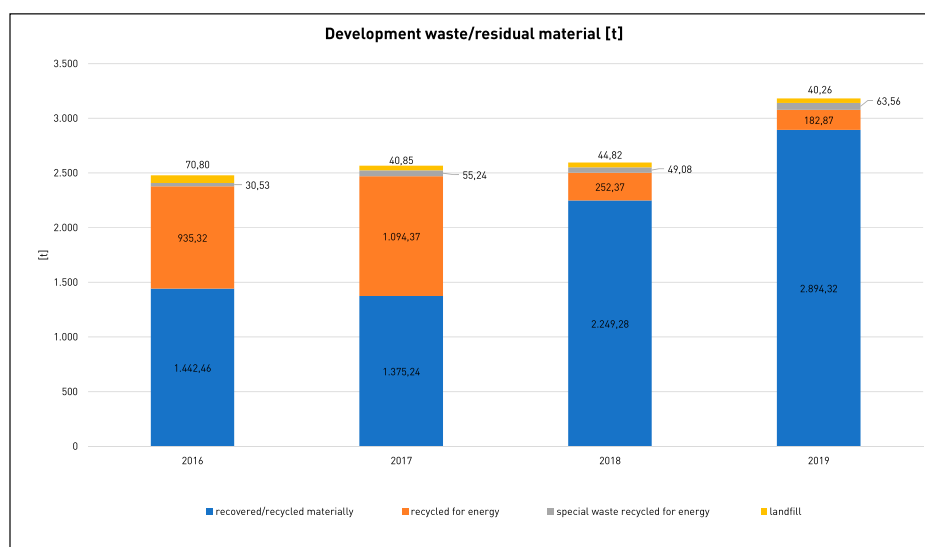
König + Neurath aspires to keep waste levels as low as possible. Unavoidable residual materials undergo a material recycling process wherever possible.

Around 3159 tonnes of waste materials were generated in 2019, the majority of which could be recycled. Of this total, approx. 98 % was non-hazardous waste and approx. 2% was hazardous waste.

The largest proportion of non-hazardous waste consists of residual materials from metal and wood composite production, as well as paper. The largest proportion of hazardous waste consists of paint and lacquer residue.

RESIDUAL MATERIAL DEVELOPMENT

Year	Residual material amount [t]	Of which non-hazardous Residual materials [approx. %]	Of which hazardous Residual materials [approx. %]
2017	2.575	98	2
2018	2.604	98	2
2019	3.159	98	2



The information on waste disposal methods is provided to König + Neurath by the waste disposal company.

In 2019 there was a significant rise in total residual waste compared with 2018. This can be primarily explained by a rise in waste from wood composites and metal. Around 90% of this increased amount came from the scrapping of old machinery.

WATER AND WASTE WATER

WATER AND WASTE WATER

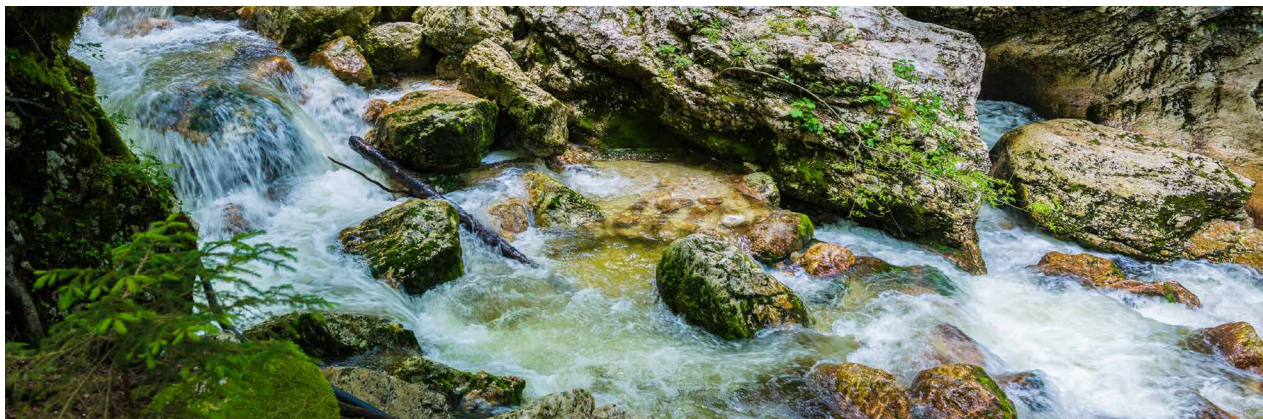
The main water consumers are the powder and paint systems, the boiler and the sanitation / service water consumers.

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 2019.

The waste water from the paint plant is circulated through the system and disposed of periodically.

MEASURES AND LONG-TERM TARGETS

König + Neurath sets itself both operative and strategic targets in the areas of environment and energy management. Operative targets are highly detailed target specifications that refer to a short-term time scale. In contrast, strategic targets are oriented to the longer term. The following table shows an overview of these targets.



ENVIRONMENTAL AND ENERGY TARGETS OF KÖNIG + NEURATH AG

STRATEGIC TARGETS

No.	Target	Target description	Target year	Status
1	Increasing employee awareness on the subject of energy	Energy training for all employees Savings potential 5%		Training management was introduced. Monitored through internal audits. Ongoing process.
2	Improvement of capacity	Reduction of production downtime (LEAN and TPM projects) Needs-oriented operation times for energy conversion systems	2021	1) Development of AM/PM structure level 1 & 2. 2) Optimisation of production line A01 A02 3) Optimisation of drills for C-parts B09/B10 4) Improvement of logistics for parts commissioning 5) Metal production W2: devise new logistics concept 6) FTS integration high-bay warehouse bought parts 7) Closure of steel furniture production
3	Consolidation of internal energy awareness	Fine-tuning of EnPIs (Energy Performance Indicator) Automated calculation of EnPIs in the energy controlling system (e3m) Increased transparency of energy consumption through installation of additional meters	2021	Meters for compressed air, wastewater and electricity were installed in 2019, although they have not been integrated into e3m yet (software configuration e3m), implementation of metering points into e3m. Generation of automatic reporting of key figures. Continuous improvement.
4	Increase energy generated in-house	Roof refurbishment Construction of solar panel system for internal use (15%)	2025	
5	Green electricity	100% green electricity from power company	2021	
6	Modernisation of administration building	Façade: Solar modules Heat insulation	2022	
7	E-mobility	Expansion of electric vehicle fleet	2025	
8	Redundant officer function	Training of a second energy officer	2020	

Abbreviations:

AM: Autonomous Maintenance

PM: Planned Maintenance

DTS: Driverless Transport Systems

EMO: Energy Management Officer

OPERATIVE TARGETS

No.	Target	Target description	Target year	Status
1	Replacement of hall lighting in pre-production Wood	Replacement of old fluorescent tubes with LED lights in build phase 1 pre-production Wood savings of at least 60%	2020	Third build phase started in 2019 and will be completed in 2020
2	Replacement of an air compressor	Replacement of two compressors with one frequency-regulated screw compressor. Replacement of a compressor in Works 3. Saving of 30%	2020	Works 2: New compressors delivered in Dec 2019. Completion in Feb 2020. Works 3: Completion in 2020
3	Replacement of battery chargers	Replacement of old battery chargers with high-frequency chargers. (potential savings measured at 25%) Saving of 20%		Any new purchases will be HF chargers – ongoing renewal.
4	Investment in a new efficient processing centre	The new processing centre replaces several existing smaller centres.	2020	Start up new machinery. Remove old machine.
5	Removal of unused machines	In some case unused machines continue to waste resources (power, compressed air, space, ...)		All machines and equipment that are no longer used will be decommissioned and dismantled.
6	Define EnPI for compressed air for 5 production areas	1) Steel production 2) Wood production 3) Assembly of office furniture 4) Assembly of chairs 5) Works 3 room systems	2021	
7	Replacement of heating pumps (for production halls)	Energy-efficient drives Modulating controls	2022	
8	Central vacuum supply assembly	Replacement of approx. 15 small vacuum pumps. Energy savings + noise reduction	2022	
9	Replacement of hall lighting in bought parts warehouse	After completion of the high-bay warehouse, the bought parts warehouse is being redesigned. Switch to LED.	2021	

PRODUCT RESPONSIBILITY

PRODUCT SAFETY

Virtually all König + Neurath products bear the GS mark, confirming their compliance with the requirements of product safety law.

As at 31.12.2019, König + Neurath held 55 valid certificates guaranteeing the “tested safety” of the various product groups.



The logo shown here is an example

HAZARDOUS SUBSTANCE AND EMISSION TESTING

König + Neurath’s principal products are tested by TÜV Rheinland for harmful substances in materials and for indoor air emissions from the products. Annual checks ensure that the high standards are met consistently.

13 certificates were issued by TÜV Rheinland by the deadline on 31.12.2019 containing the certified keywords “tested for harmful substances” and “emission-tested”. Of these, there were ten chair certificates and three certificates for desks.

Since 2017 the chair, desk and free-standing furniture product groups have also 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.



The logo shown here is an example



PRODUCT ECOLOGY

LEVEL® certification in line 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. All certified products achieved Level 2 in 2019.



COMPLEX MEASURES ARE REQUIRED TO ENSURE ENVIRONMENTALLY FRIENDLY PRODUCT DESIGN, STARTING WITH THE PRODUCT DEVELOPMENT PHASE AND MATERIAL SELECTION. THESE MEASURES INCLUDE:

RECYCLABILITY OF PRODUCTS AND USE OF RECYCLED MATERIALS

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.

Recycled materials are used whenever technical product requirements permit.

ENVIRONMENTALLY FRIENDLY PACKAGING

All products are packed and loaded using the most efficient strategies to avoid wasting material and space. Protective packaging can be used multiple times and consists mainly of cardboard and furniture covers, all of which can be reused multiple times. 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.

WOOD FROM SUSTAINABLE SOURCES

König + Neurath has a high throughput of wood and wood-based materials. An agreement is in place with our chipboard supplier that the wood composite materials we buy in future are only to be sourced from sustainably-managed forests. This ensured that once again around three quarters of all the wood purchased came from sustainable sources in 2019.

ECOLOGY IN OUR FABRIC COLLECTION

We set high standards for textiles before approving them for inclusion in the König + Neurath fabric collection. The collection features fabrics that are certified in accordance with OEKO-TEX® STANDARD 100, EU Ecolabel, GREENGUARD Gold, Cradle to Cradle® and Indoor Advantage™ Gold. The leather in fabric group 50 carries the Blue Angel mark.

JET.III

SOFTPOLSTER-RÜCKEN

UMWELTDATEN

Unsere zertifizierten ganzheitlichen Büroeinrichtungs-lösungen helfen, das Nachhaltigkeitsprofil von Unternehmen entscheidend zu verbessern.

JET.III Softpolster-Rücken besteht zu 14% aus Recyclingmaterial und ist zu 99% recyclebar.

Materialverteilung

Gesamtgewicht: 27 kg

Material	kg	%
Metall	5.9	21.9
Aluminium	2.9	10.7
Stahl	3.0	11.2
Kunststoffe	10.0	36.8
Polystyrol	4.0	14.8
PE/PP/PC/PVC/PA/ABS	6.0	22.0
Stoffe	5.3	19.5
Wolle	2.1	7.8
Stuhl	2.1	7.8

K+N UMWELTDATEN

HOLZ Anteil des eingesetzten Recyclingmaterials: 0% - 25 % Anteil der Recyclingfähigkeit des Materials: 100 % Materialerfüllung: erfüllt die Anforderungen der Umweltzeichenverordnung § 2	ALUMINIUM Anteil des eingesetzten Recyclingmaterials: 60% - 75 % Anteil der Recyclingfähigkeit des Materials: 100 %	KUNSTSTOFFE Anteil des eingesetzten Recyclingmaterials: 0 % Anteil der Recyclingfähigkeit des Materials: 80 % Materialerfüllung: erfüllt die Anforderungen der Umweltzeichenverordnung § 2
STAHL Anteil des eingesetzten Recyclingmaterials: 10 % Anteil der Recyclingfähigkeit des Materials: 100 %	STOFFE Anteil des eingesetzten Recyclingmaterials: 0 % Anteil der Recyclingfähigkeit des Materials: 100 %	VERPACKUNG Anteil des eingesetzten Recyclingmaterials: 80 % Anteil der Recyclingfähigkeit des Materials: 100 %
GASFEDER Anteil des eingesetzten Recyclingmaterials: 0 % Anteil der Recyclingfähigkeit des Materials: 80 %	SCHAUMSTOFFE Anteil des eingesetzten Recyclingmaterials: 0 % Anteil der Recyclingfähigkeit des Materials: 100 %	VERCHROMTE TEILE Alle verchromten Metallteile sind aus der Reihe der Recyclingfähigkeit dieser Serie aus 2024.

ENVIRONMENTAL PERFORMANCE AS AN OVERVIEW IN THE K+N ENVIRONMENTAL CERTIFICATES

Details of the percentage of recycled materials plus the weight and materials used are given in K+N products' environmental certificates. They also show at a glance which product certifications are in place for each product.

INSTRUCTIONS FOR DISMANTLING

König + Neurath provides instruction for dismantling its principal products. The idea is to make it easier to separate according to material type and therefore recycle the individual materials.

JET.II

BÜRODREHSTUHL
OFFICE CHAIR

D DEMONTAGEANLEITUNG
GB DISMANTLING INSTRUCTIONS

■ METALL
■ HOLZ
■ STAHL
■ KUNSTSTOFFE
■ VERCHROMTE TEILE

■ METALL
■ HOLZ
■ STAHL
■ KUNSTSTOFFE
■ VERCHROMTE TEILE

COMPLIANCE

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.

Compliance with laws and regulations is monitored and safeguarded by the relevant authorities and through regular external audits. In the event of non-compliance, measures will be implemented immediately to eliminate breaches on a permanent basis.

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 relevant employees have been instructed on the corresponding compliance guidelines.

Since 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 presently, which have had or will have legal consequences.



SOCIAL COMMITMENT

König + Neurath supported social projects and regional initiatives in the 2019 financial year as well. A children's Christmas party was funded in collaboration with one of the dealers, with the backing of the organisation Kinder-, Jugend- und Familienhilfe Chemnitz e.V. A donation of 700 € was made to the town of Karben to benefit the Stadtradeln cycling campaign. A team of participants from König + Neurath was also actively involved in the campaign. König + Neurath also hosted the Süwag BusinessTalk.

As in previous years, König + Neurath continued to provide free car parking for visitors to Karben's Christmas market in 2019. Furthermore König + Neurath took part in the J.P. Morgan Corporate Challenge in Frankfurt am Main, from which the entry fees were donated to Stiftung Deutsche Sporthilfe and Deutsche Behindertensportjugend.

The I-DESIGN AWARD in Russia was sponsored by König + Neurath.
The UN Global Compact was supported with a contribution of \$2,500.

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 participated in 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.



GRI CONTENT INDEX

This document refers to the following GRI Standards:

GRI disclosure	Designations	Page	Explanations
GRI 102: General disclosures 2016			
1. Organisational profile			
102-1	Name of organisation	5	
102-2	Activities, brands, products, and services	5	
102-3	Headquarters of organisation	5	
102-4	Location of operations	5	
102-5	Nature of ownership and legal form	5	
102-6	Markets served	5	
102-7	Scale of organisation	5	
102-8	Information on employees and other workers	7	
102-9	Supply chain	15	
102-10	Significant changes to the organization and its supply chain	6	Changes to the Board of Directors and Supervisory Board
102-11	Precautionary Principle or approach	21	
102-12	External initiatives	13	
102-13	Membership of associations	7	
2. Strategy			
102-14	Statement from senior decision-maker	3	
3. Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	8	
4. Governance			
102-18	Governance structure	6	
5. Stakeholder engagement			
102-40	List of stakeholder groups	10	
102-41	Collective bargaining agreements	15	
102-42	Identifying and selecting stakeholders	10	
102-43	Approach to stakeholder engagement	12	
102-44	Key topics and concerns raised	11	

GRI disclosure	Designations	Page	Explanations
6. Reporting practice			
102-45	Entities included in the consolidated financial statements	6	
102-46	Defining report content and topic boundaries	11	
102-47	List of material topics	11	
102-48	Restatement of information		none
102-49	Changes in reporting		none
102-50	Reporting period		01 January 2019 – 31 December 2019
102-51	Date of last report		3 July 2019
102-52	Reporting cycle		Annual
102-53	Contact on questions regarding report		König + Neurath AG Büromöbel Systeme Industriestraße 1-3 61184 Karben T +49 6039 483-0 info@koenig-neurath.de koenig-neurath.com
102-54	Declaration on reporting in accordance with the GRI Standards	34	The GRI Standards are partially observed (applied selectively).
102-55	GRI content index	34-36	
102-56	External checks		Not performed.
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its boundaries	10-11	
103-2	The management approach and its components	9	
103-3	Evaluation of the management approach	9	
GRI 300: Ecology GRI 302: Energy 2016			
302-1	Energy consumption within the organisation	22	
302-4	Reduction of energy consumption	22	
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	24	
305-2	Energy indirect (Scope 2) GHG emissions	24	
GRI 306: Effluents and waste 2016			
306-2	Waste by type and disposal method	25	

GRI disclosure	Designations	Page	Explanations
GRI 400: Social disclosures			
GRI 403: Occupational health and safety 2018			
403-5	Worker training on occupational health and safety	17	
403-6	Promotion of worker health	16	
403-9	Work-related injuries	17	
GRI 404: Training and education 2016			
404-1	Average hours of training per year per employee	19	
GRI 405: Diversity and equal opportunity 2016			
405-2	Ratio of basic salary and remuneration of women to men	15	
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	29	
GRI 419: Socioeconomic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	32	

