

SUSTAINABILITY REPORT 2024

FOR THE FINANCIAL YEARS 2022 AND 2023



CONTENTS



ABOUT KÖNIG + NEURATH

Foreword by the Executive Board	3
Company description	5
Corporate policy	7
Corporate structure	8
Sustainability history	9
Associations and initiatives	10
Integrated management systems	13
Material sustainability aspects	14
Involvement of our stakeholders	16
Customer satisfaction	18
Innovation management	19
Objectives	21
Compliance	22
Social commitment	23



PEOPLE

Personnel structure	24
Occupational safety	26
Training and further education	29
Diversity and equality	31
Employee satisfaction and health promotion	32
People in the supply chain	35



ENVIRONMENT

Water and wastewater	36
Waste	38
Biodiversity	39
Energy and emissions	40
Traffic	41
Environmental protection in the supply chain	46



SERVICE + PRODUCT

Used furniture service	49
Product development	51
Our „Design for Environment“ guidelines	52
European LEVEL	54
Furniture Made in Germany	57
Ergonomics	59
Materials	61
Packaging	63
Service and product quality	64
Overview of product certifications	66



GRI CONTENT INDEX

68



FOREWORD BY THE MANAGEMENT BOARD

Dear readers,

I am addressing you for the first time as part of our sustainability reporting. I have been a member of the Executive Board of König + Neurath AG since May 2022. Since June of this year, I have had overall responsibility for our family business as the sole member of the Management Board. I would like to take this opportunity to give you an insight into what kept us busy in the 2022 and 2023 reporting years - and what we were able to achieve positively:

I would like to start with the most important foundation of our collaboration: our values. In a participative process involving all areas of the company, we defined four corporate values that König + Neurath stands for: partnership, reliability, dynamism and authenticity. In a total of 145 workshops, the values were discussed within the company and underpinned with content - every colleague was integrated. The values process has sensitized us all to positive cooperation and significantly strengthened our sense of unity.

In 2022, our completely modernized showroom in Karben - our WORK.CULTURE. CAMPUS - was completed and presented to all colleagues with a big spring party. We presented our new environment for modern office worlds to around 800 partners in the year of the opening.

Another highlight was the introduction of Eintracht Frankfurt licence products in 2022, which have been available to order in our K+N online shop ever since. Automation was further advanced in our production: There are now 21 driverless transport systems ensuring the efficient movement of goods in our production halls. Of course, everything is carried out in compliance with the highest safety standards - our occupational health and safety management system was certified in accordance with the international ISO 45001 standard in 2022.



Let's take a look at the past year - the year 2023: The fact that people are at the heart of all business activities became clear this year. Our long-standing and highly valued colleague, Works Council Chairman and Supervisory Board member Frank Henn passed away unexpectedly and far too early for all of us. After 34 years at König + Neurath, we have lost Frank Henn as a valuable advisor, far-sighted discussion partner and inspiring personality. During these difficult days, it became clear how strongly anchored the cohesion and the WE feeling is in the company.

Last year, my former colleague on the Executive Board, Hartmut Hagemann, handed over the chairmanship of the Executive Board to me. Mr. Hagemann made a significant contribution to building and strengthening our market position and assumed responsibility in difficult economic times.

A special highlight of 2023 was definitely our „K+N LIVE“ convention, where we welcomed around 500 guests to our WORK.CULTURE.CAMPUS. The atmosphere and feedback were great and motivate us for similar events in the future.

We have also made further progress in our production: be it through the integration of robotics in our production processes to increase efficiency or through optimizations in our powder systems, which have enabled us to significantly reduce our natural gas consumption - and were also awarded the BESSER LACKIEREN AWARD 2023. In addition, our paint shop was completely modernized. Thanks to a process changeover, we have achieved considerable energy savings and a significant reduction in solvent emissions.

We are particularly proud of a refurbishment project with our customer F. Hoffmann-La Roche from Switzerland: F. Hoffmann-La Roche decided to simply have their existing König + Neurath furniture refurbished instead of buying new furniture. In a great project, we were able to thoroughly overhaul 850 partitions and implement an innovative fabric and color concept. Sustainable action is not difficult at all - you just have to decide to do it.

I am very proud that we have been able to record great successes over the past two years despite the difficult economic conditions and that König + Neurath is continuing to make progress. We are very much looking forward to the upcoming projects: for more efficiency, a real circular economy and, very importantly, value-based cooperation.



MARC W. LORCH
Chairman of the Management Board / CEO

Karben, November 2024



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

COMPANY DESCRIPTION

Family businesses now and in the future

König + Neurath AG is an international provider of office furniture and space solutions. It supports companies in the change process - with differentiated style worlds, a wide range of products and digital offerings. The family-owned company is not listed on the stock exchange.

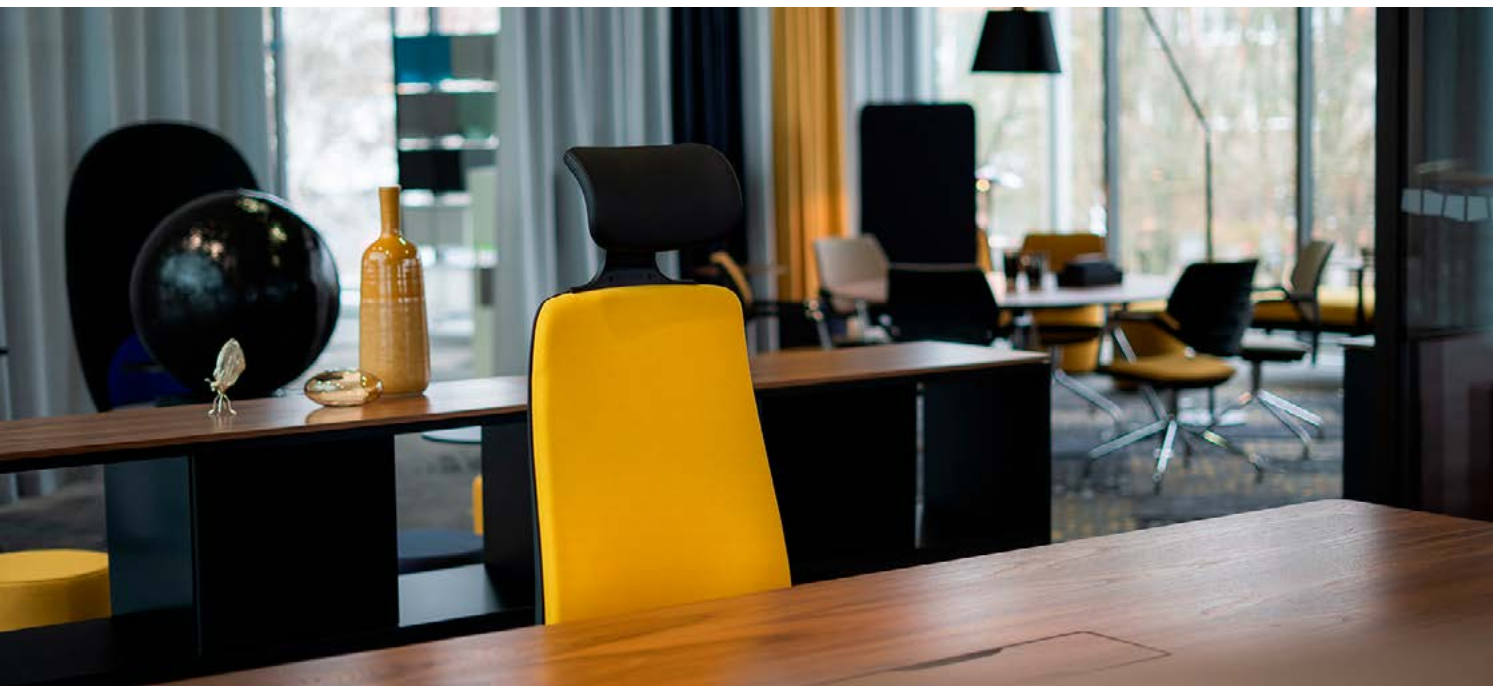
The consolidated financial statements include E. König GmbH & Co. KG Holdinggesellschaft and König + Neurath AG and its subsidiaries by way of full consolidation.

The Group's revenue in the 2023 financial year amounted to EUR 173 million and was thus at the previous year's level. The Group's revenue is significantly influenced by the revenue development of König + Neurath AG.

Revenues, equity and liabilities, all figures relate to the consolidated financial statements of E. König GmbH & Co. KG Holding Company

	2018	2019	2020	2021	2022	2023
Revenue according to consolidated financial statements [€ million]	182,3	198,7	138,8	146,9	173,1	173,0
Change compared to previous year [%]	+12,2	+9,0	-30,1	+5,8	+17,9	+0,0
Total capital of the Group [€ million]	85,6	89,9	83,6	92,6	93,6	104,1
Of which equity [€ million]	55,8	61,1	53,0	58,2	60,5	61,8
Of which borrowed capital [€ million]	29,8	28,8	30,6	34,4	33,1	42,3





Discovering work cultures together

König + Neurath AG offers its customers a comprehensive portfolio of office furniture and room solutions. In addition to standard products, the company also manufactures special customized solutions. The production site with its own metal and wood prefabrication and final assembly is located at the company headquarters in Karben near Frankfurt am Main. Here, around 850 employees develop, plan, produce and distribute furniture on a total production area of approx. 77,000 square meters of office and seating furniture as well as room systems for the national and international office furniture market.

In addition to the main location with showroom in Karben, there are five other showrooms in Hamburg, Berlin, Düsseldorf, Böblingen and Munich. The company is represented internationally with locations in France, the UK, Belgium/Luxembourg, Austria, Switzerland and the Netherlands.

König + Neurath AG's export destinations are mainly in Switzerland, in France, the UK and the Benelux countries. However, they also include countries worldwide in Western and Eastern Europe, the Middle East and Asia. 80.8% of sales were generated in Germany in 2023. Sales abroad have remained at a constant level in recent years.

The sectors supplied include, in particular, industry and trade as well as the service, banking and insurance industries. The main customers are specialist retail partners.

Consolidated domestic/foreign sales according to consolidated financial statements [%]

	2018	2019	2020	2021	2022	2023
Domestic	81.6	80.8	80.8	80.8	81.3	80.8
Abroad	18.4	19.2	19.4	19.4	18.7	19.2

CORPORATE POLICY

Our company policy is based on the tradition of the family business, combined with the values of PARTNERSHIP, RELIABILITY, DYNAMIC and AUTHENTIC.

Today and in the future, we strive for the quality of our products as well as the quality of our actions towards the environment, society, consumers, trading partners and our employees.

Every single employee is responsible for the quality of our products and processes. Quality thinking is an integral part of our corporate culture. This quality mindset is actively exemplified by all managers in order to achieve the set goals together with the employees.

We see ecologically aware and cycle-oriented action as a natural and essential part of corporate responsibility. We are committed to protecting the environment, improving energy efficiency and reducing emissions. By measuring important energy sources, we ensure transparent energy use and check the effectiveness of the measures implemented.

Our employees are sustainably supported in terms of quality, environmental protection, occupational safety and energy efficiency through on-the-job training and targeted further training. Error prevention has clear priority over error elimination and we see the improvement of operational processes as an ongoing process. We are committed to complying with the applicable legal obligations and to the continuous improvement of occupational safety, environmental protection and energy efficiency and set measurable targets. Our goals can only be achieved with the involvement of all employees. We do this through targeted training and information measures as well as by defining tasks and responsibilities for all environmentally and energy-relevant areas and processes. We provide the necessary resources and information to achieve our goals.

Our ecological approach begins at the product development stage and takes into account both customer requirements and the conservation of resources. König + Neurath is committed to taking into account the principles of environmental protection, energy efficiency and safety in all production and manufacturing matters and to ensuring optimum use of existing resources when developing new products and production processes.

It is mandatory for us to create a working environment that leads to the lowest possible risk to employees and supports a high level of motivation. Sustainable health is very important to us and is promoted through occupational health management.

Regulated processes ensure that potential damage is reduced to a minimum in the event of environmentally relevant disruptions. Analyses and evaluations of key environmental and energy aspects enable permanent improvements and the decisive step forward towards an ecological future.

Our König + Neurath Code of Conduct regulates and communicates the application of human rights due diligence, the avoidance of discrimination and corruption of any kind, as well as the fundamental rule-compliant behavior of the Executive Board, Supervisory Board and employees of König + Neurath AG.

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

Karben, 23.08.2023

The Executive Board of König + Neurath AG



MARC W. LORCH
Chairman of the Management
Board / CEO



DIRK FISCHER
Chief Production,
Technology and
Purchasing Officer

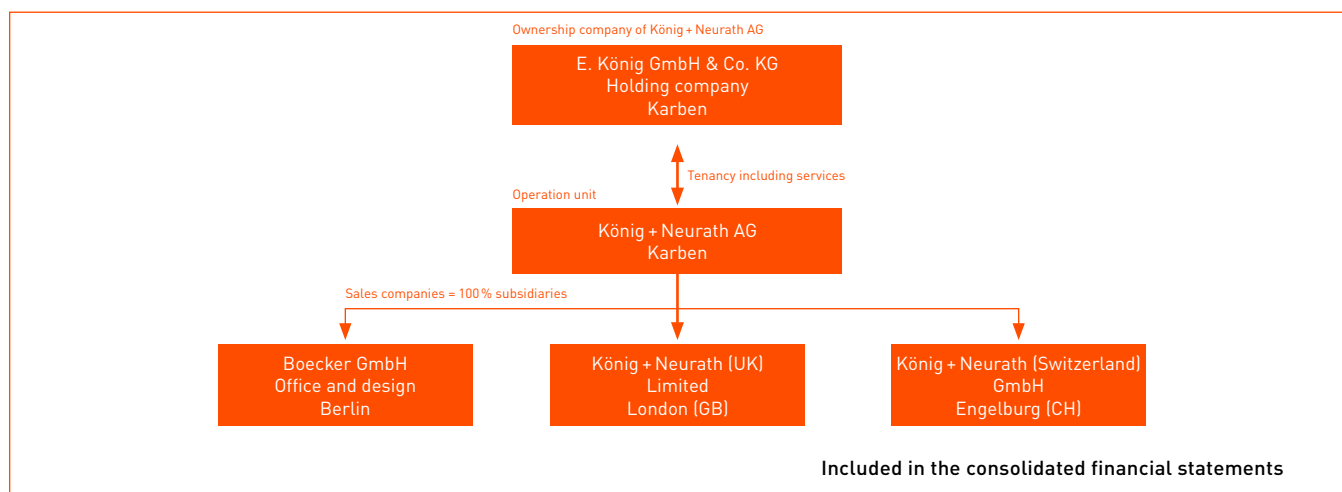
CORPORATE STRUCTURE

E. König GmbH & Co. KG Holdinggesellschaft, based in Karben, is registered at Frankfurt am Main Local Court under HRA 41589. It is the holding company of König + Neurath AG, Karben, and as such is responsible for the preparation of the consolidated financial statements. The purpose of E. König GmbH & Co KG Holdinggesellschaft is to lease real estate to and provide services for König + Neurath AG.

The four subsidiaries are each included in the consolidated financial statements with 100% of the shares:

- + König + Neurath AG, Karben
- + Boecker GmbH office and object design, Berlin
- + König + Neurath (UK) Limited, London, Great Britain
- + König + Neurath (Switzerland) GmbH, Engelburg, Switzerland

Group presentation König + Neurath AG



Composition of the Management Board in the 2022 and 2023 financial years

In the 2022 and 2023 reporting periods, the Executive Board of König + Neurath AG consisted of three and two members respectively:

- + Hartmut Hagemann, Chairman of the Executive Board, Wiesbaden (until March 31, 2023)
- + **Dirk Fischer, Chief Technical Officer, Bad Nauheim**
- + **Marc Wilhelm Lorch, Chief Marketing and Sales Officer, Stuttgart (from 01.05.2022; entered in the commercial register on 13.05.2022), Chairman of the Executive Board from 01.04.2023**

Composition of the Supervisory Board in the 2022 and 2023 financial years

As the highest controlling body, the Supervisory Board monitors and advises the Management Board on the management of the company. Egon König was Chairman of the Supervisory Board until his death on 15.05.2019. After his death, Otmar Stein took over as Chairman of the Supervisory Board. Gertrud König was newly appointed to the Supervisory Board on 07.06.2019.

The members of the Supervisory Board in the reporting period are*:

- + Frank Henn, Chairman of the Works Council, Hungen (until 09/17/2023)
- + Karsten Helber, graduate economist, Chairman, Stuttgart (since 01.01.2021 until 04.12.2023)
- + **Viktoria König, employee, Sulzbach (since 12.05.2021)**
- + **Thomas M. Reimann, Entrepreneur, Chairman, Bad Vilbel (since December 14, 2023)**
- + **Alexander Schäfer, Chairman of the Works Council, Ranstadt (since October 4, 2023)**

*Current members are highlighted in bold

ABOUT KÖNIG + NEURATH COMPANY AND SUSTAINABILITY HISTORY

- 1925:** Company founded by Heinrich Neurath.
- 1930:** Heinrich König, son-in-law of Heinrich Neurath, joins the company.
The company name König + Neurath, which remains unchanged to this day, is created.
- 1947:** Egon König, the son of Heinrich König, joins his father's company.
- 1978:** The pioneer Heinrich König retires and his son Egon König becomes the sole owner of the company.
- 1984:** Conversion to chipboard with a significantly lower formaldehyde content.
- 1988:** Installation of an electrostatic precipitator system for flue gas dedusting.
- 1989:** Installation of a water treatment plant for painting waste water and installation of a painting line for UV-curing paints.
- 1990:** Modernization of the existing compressed air system.
- 1992:** Conversion of all edges from polyvinyl chloride (PVC) to acrylonitrile butadiene styrene (ABS) and other purchased parts to alternative plastics.
- 1993:** Furniture covers for transport protection replace cardboard boxes and bubble wrap.
- 1994:** Extensive implementation of the labeling of plastic parts for reuse.
- 1995:** König + Neurath pushes ahead with new quality standards and achieves DIN EN ISO 9001 certification; the UV coating line is also modernized.
- 1996:** König + Neurath commits itself to environmental management in accordance with the requirements of Regulation (EEC) No. 1836/93.
- 1998:** Introduction of the environmental management system in accordance with DIN EN ISO 14001.
- 2000:** Founding member of the „Umweltallianz Hessen“. New construction of a modern industrial hall with Hesse's largest photovoltaic system. Expansion and modernization of the compressed air center.
- 2002:** Introduction of biological wastewater treatment for vehicle washing.
- 2007:** Conversion of trucks to AdBlue technology to reduce NO_x emissions.
- 2008:** Introduction of environmental certificates for all König + Neurath products.
- 2012:** Further energy savings in the IT area (flat screens, printer optimization, etc.).
- 2015:** König + Neurath commits to energy management in accordance with the requirements of DIN EN ISO 50001.
- 2016:** König + Neurath joins the UN Global Compact. In addition, investments are made in a modern fabric cutting plant for resource-conserving use of materials. 100 % of the truck fleet fulfills the EURO 6 standard.
- Since 2016:** Three of Egon König's grandchildren have joined the family business.
- 2017:** König + Neurath has almost its entire product portfolio certified to SCS Indoor Advantage Gold.
- 2018:** The majority of the range receives the BIFMA-LEVEL® sustainability certificate.
- 2019:** Egon König, long-standing company owner and Chairman of the Supervisory Board of König + Neurath AG, dies on May 15, 2019.
- 2019:** Implementation of four charging stations to promote electric mobility.
- 2021:** König + Neurath receives EcoVadis Gold status for the third time in a row. The Blue Angel is introduced in the categories of tables, storage space and room organisation systems (DE-UZ 38) and upholstered furniture (DE-UZ 117). The majority of the König + Neurath product range achieves the highest LEVEL 3 in the European LEVEL sustainability assessment. Almost the entire product portfolio is honoured with the 'Möbel Made in Germany' certificate.
- 2022:** König + Neurath receives EcoVadis Gold status for the fourth time in a row. The occupational health and safety management system is certified according to DIN ISO 45001. König + Neurath is listed on the 'Sustainability Compass'. On the K+N site beehives and nesting boxes for bats are installed on the K+N site.
- 2023:** König + Neurath achieves EcoVadis Gold status for the fifth time in a row. The powder coating systems are optimized, resulting in significant energy savings and efficiency gains. König + Neurath starts a cooperation with Egym Wellpass. Painting is switched to environmentally friendly roller coating, which leads to significant energy and paint savings.

ASSOCIATIONS AND INITIATIVES

König + Neurath AG is a member of a number of associations in order to play an active role in shaping developments in the world of work and discourse in the field of office furniture production. This enables it to react early to new requirements from legislators, customers and business partners, as well as to social trends. Industry associations also represent the interests of their members vis-à-vis political decision-makers and thus make companies heard in the political arena. Associations are also a point of contact for industry-specific issues by pooling expertise and resources. Joining together in associations also facilitates the introduction of uniform industry standards and enables industry-wide collective agreements.

König + Neurath is a member of the following associations:

- + Hesse-Thuringia Wood Industry and Plastics Processing Association
- + Chamber of Industry and Commerce
- + Industry Association Office and Working Environment (IBA) e.V.
- + German Design Council
- + Trade Association Home and Office e.V.
- + Federal Association of Energy Buyers e.V.
- + Federal Association for Economics, Transport and Logistics (BWVL) e.V.
- + Federal Association of Materials Management, Purchasing and Logistics (BME) e.V.





Collective agreement

König + Neurath AG is subject to the provisions of the current collective wage agreement for the wood and plastics processing industry in Hesse, both geographically (state of Hesse) and technically (wood and plastics processing industry).

These were concluded between the Hesse-Thuringia Wood and Plastics Processing Industry Association on the one hand and the IG Metall district management in Frankfurt on the other. The collective agreement applies to the majority of employees at König + Neurath AG. There are no differences between the basic salary and remuneration of male and female employees.

All key labor law issues are clarified in the general collective agreement. These include, for example

- + appropriate wages and salaries
- + 35-hour week
- + 30 days vacation per year (from the 4th year of employment)

Additional special benefits, such as the offer of health promotion measures, are also regulated in other collective agreements.

WE SUPPORT



Supporters of the UN Global Compact

König + Neurath AG has been a participant in the UN Global Compact (UNGC) since March 2016. The UNGC is the world's largest and most important initiative for sustainable and responsible corporate governance. It offers companies a wide range of support for improvements in the areas of human rights, labor standards, environmental and climate protection and the prevention of corruption.



Sustainable Development Goals (SDGs)

The United Nations General Assembly adopted the Sustainable Development Goals in 2015. These are intended to ensure sustainable development worldwide on an economic, social and ecological level.

The overview in [Appendix 1](#) contains all 17 goals for sustainable development and the respective activities of König + Neurath AG with which it supports the achievement of the goals. In addition to the 17 main objectives, the comprehensive programmatic framework includes a further 169 sub-objectives that flesh out the main objectives



EcoVadis Rating

EcoVadis provides companies with comprehensive ratings in the area of corporate social responsibility (CSR). These ratings cover a wide range of non-financial management systems. Performance in the areas of the environment, labor and human rights, ethics and sustainable procurement are taken into account in the assessment. The ratings are presented in easy-to-read score cards with scores from zero to one hundred and medals (bronze, silver, gold and platinum). They also highlight strengths and potential for change so that action plans for improving CSR performance can be derived from them.

König + Neurath has its CSR performance assessed annually by EcoVadis in order to demonstrate its achievements and standards in the area of corporate social responsibility. In the reporting period, König + Neurath achieved Gold status in both 2022 and 2023, placing it in the top 5% of companies assessed.



Membership of the Environmental Alliance Hesse

The Environmental Alliance Hesse is a project of the state government. Its aim is to safeguard the high environmental standard in Hessen and at the same time to improve the framework conditions for environmentally compatible economic development in Hessen. König + Neurath is a founding member of the initiative, which was launched in May 2000.



INTEGRATED MANAGEMENT SYSTEMS

König + Neurath AG is certified according to the international management standards for occupational health and safety, energy, quality and the environment. An environmental management system in accordance with Regulation (EEC) 1836/93 (EMAS-I) was introduced back in 1996. The environmental management system implemented in the company in 1998 in accordance with DIN EN ISO 14001 builds on this and has been in use ever since.

In 2015, König + Neurath AG's energy management system was certified in accordance with DIN EN ISO 50001. This involves analyzing energy consumption in a targeted manner and deriving a package of measures to save energy.

We constantly monitor and evaluate our processes with environmental and energy-related impacts. In areas where changes are necessary, we take appropriate measures to minimize the environmental impact in accordance with the precautionary principle. Certification in accordance with DIN EN ISO 9001 is used for quality assurance. Consistently high product quality is the basis of the company's success and therefore a top priority for our company.

The occupational health and safety management system was certified in accordance with DIN ISO 45001 in 2022. This management system certification has replaced OHSAS 18001. This had previously been used in many countries as the certification basis for occupational health and safety management systems.

As the management systems are similar in some areas, they have been merged into an integrated management system (IMS). This allows synergies to be exploited and duplication of work to be avoided.

The management systems lead to continuous improvement within the company, as they enable regular monitoring of key parameters. The achievement of self-imposed targets and compliance with standards is reviewed annually by external auditors.



ESSENTIAL SUNSTAINABILITY ASPECTS

The sustainability issues that König + Neurath is working on were compiled to provide a clear overview of the key sustainability aspects. It was worked out which stakeholders are addressed and which interests are associated with them.

The most important groups of people who are influenced by our entrepreneurial working methods, goals and successes include the following:

Internal:

- + Employees
- + Board of Directions
- + Supervisory Board
- + Works council

External:

- + Specialized trade partner
- + End customers, planners and consultants
- + Legislator and municipality
- + Neighborhood
- + Service provider
- + Strategic network partners and suppliers
- + Trade unions
- + Banks and insurance companies

Our stakeholders were determined with regard to the overall context in which König + Neurath AG operates.





The main topics arise from the expectations and obligations that these respective groups of people have towards the company. Their own values and priorities also play a role.

The internal topics include:

- + Values and culture
- + Economic efficiency
- + Corporate development
- + Employee development
- + Sustainability

The external topics include:

- + Market, competition and service portfolio
- + Laws and standards
- + Cultural and social responsibility

This results in the following requirements and expectations:

- + Customer satisfaction
- + Innovation
- + Climate and environmental protection
- + Sustainable corporate development
- + Certifications
- + Compliance
- + Occupational safety
- + Human rights
- + Corporate policy
- + Personnel development



INTEGRATION OF OUR STAKEHOLDER

There are various activities with which we allow different internal and external stakeholders to participate in our corporate activities. These include events at the K+N Academy, some of which are open to the public and therefore accessible to all interested parties. The target groups for these events are specialist dealers, end customers, occupational health professionals, facility managers and (interior) architects. Selected events are listed by the state chambers of architects as recognized further training measures.

The K+N Academy also cooperates with the Industrieverband Büro und Arbeitswelt e.V. (IBA), for example by preparing participants for further training to become Quality Office Consultants. In addition, open and interdisciplinary workshops on current topics are part of the portfolio of the K+N Academy - for example, bar camps on the topic of „work culture“ with psychologists, architects, consultants, entrepreneurs and facility managers. The K+N Academy is also in constant dialog with various universities, including the Kunsthochschule Kassel, the Hochschule für Gestaltung Schwäbisch Gmünd, the Hochschule Mainz and regional schools.

We regularly conduct workshops for companies in transition using the „K+N WORK. CULTURE.MAP“ analysis tool developed by König + Neurath. The first step in these workshops is to precisely determine the respective work culture of a company, viewed and evaluated in seven key dimensions: Employee profile, work-life model, technology, creativity, leadership style, agility and performance orientation.

From the insights gained, we develop impulses, derivations and concepts for contemporary and motivating office scenarios through dialog. Feedback rounds are held at the end of each event. This directly reveals potential for improvement. This type of open communication enables us to record the interests and concerns of the participants directly and integrate them in the future.

K+N STYLE.FINDER

In addition to the “K+N WORK.CULTURE.MAP”, another analysis tool serves as a supplement and interface to the König + Neurath products. The so-called “K+N STYLE.FINDER” is carried out in a similar way to the analysis of work culture: we use a kind of card game with images from subject areas such as landscape, architecture, working environment, leisure activities, fashion, materials, colors and König + Neurath products to personal preferences. The approach is spontaneous and intuitive. The results of the cultural analysis with the “WORK.CULTURE.MAP”, the findings from the analysis of the style and individual requirements are used in an iterative process to create the spatial equivalent as an interior architectural design. Functional areas of hybrid forms of work are revealed in this way, as are options for integrating the existing corporate identity or can incorporate the corporate design of the analyzed company into the office design.

Involvement of employees

The involvement of König + Neurath employees plays a central role for the company. For us, a satisfied workforce is the basic prerequisite for sustainable business. The communication of corporate values to all employees and the integration of values into everyday working life was intensively promoted and further advanced in 2022. A WE team was set up for this purpose in 2023. It serves as a bridge builder for the König + Neurath values for the workforce, but also as a sounding board for the culture we live by. The aim is to jointly develop and implement new ideas on how the values can be lived. Employees have access to an internal app called „YouKNow“. This is used to inform the workforce about current topics and projects. All employees can use the app to anonymously submit questions to the Management Board, which the latter answers at a regular after-work employee event. Employees are also involved in decisions through surveys in the app.

CUSTOMER SATISFACTION



Importance of customer satisfaction

Customer satisfaction is of central importance to König + Neurath and its business success. In order to be able to offer them first-class quality, König + Neurath supplies everything from a single source: from the development of office and seating furniture and room solutions to their production, final assembly, shipping and installation on site. An important tool for improving customer satisfaction is reducing the complaint rate. For this reason, all feedback from our partners and customers is documented and processed in a process-oriented manner. In accordance with DIN EN ISO 9001 certification, we derive specific suggestions for improvement from the knowledge gained in this way. The implemented measures are then checked.

König + Neurath has launched a quality offensive to further underpin its own commitment to uncompromising quality. Its aim is to optimize all relevant areas of the company from the customer's perspective. In addition to product quality, we also measure and improve service and process quality.

Implementation of a complaints management system

Our company is committed to pursuing sustainable and responsible business practices. Part of this commitment is to implement an effective complaints management system that not only meets the needs of our customers, but also has a positive impact on the environment and society.

The implementation of a complaints management system was a crucial step in ensuring that we respond to customer feedback and improve product quality while minimizing our environmental footprint. We have established internal processes to efficiently record, review and appropriately handle complaints.

Our employees have been trained to handle complaints professionally and empathetically, with the aim of understanding customer needs and offering quick solutions. We also rely on transparent communication to keep customers informed about the status of their complaints and to strengthen trust in our brand.

We also use data from complaints management to make continuous improvements. By analysing trends and patterns, we can identify potential problems at an early stage and take measures to avoid or minimize them. This not only contributes to customer satisfaction, but also to the reduction of rejects and waste, which further strengthens our environmental sustainability.

Overall, the implementation of an effective complaints management system is an important component of our strategy. By continuously improving our products and processes and working closely with our customers, we strive to build long-term relationships and make a positive contribution to society and the environment.

INNOVATION MANAGEMENT



Sustainability-oriented innovation management

At König + Neurath, the development process begins with an extensive exchange with various stakeholders. An extensive network of customers, suppliers, universities and institutes provides us with a wide range of inspiration for portfolio development. Continuous and global research into innovative materials, solutions, trends in interior architecture and design, as well as an analysis of the environment, enable König + Neurath to gain a comprehensive picture of new trends - be they changes in society, working and living styles, consumption or communication and social behaviour, or in the field of technology and digitalization. It provides König + Neurath with valuable information about the world of work, which is used for current and future developments. A wide range of input from the market - from various departments within the company - is utilized by the König + Neurath portfolio team. This results in a targeted portfolio strategy with a clear target image, the „portfolio vision“.

A head start through innovative strength

The world of work is changing - and with it the demands on work cultures: spatially, technically and organizationally. The traditional office workplace is becoming less important, while creative collaboration and agile working are becoming increasingly relevant. Digitalization also makes it possible to work across spatial boundaries.

This development presents companies with new challenges. König + Neurath develops forward-looking, holistic furnishing solutions and tools that enable companies to react flexibly to different working methods and requirements - inspired by current trends in living, fashion, architecture and lifestyle, but also by specific customer requirements. By selecting innovative materials with special properties and integrating state-of-the-art technology, the company expands the classic functionality of the furniture.



DESIGNED BY KÖNIG+NEURATH

König + Neurath has state-of-the-art production processes and the vertical range of manufacture to create customized working environments tailored to specific customer requirements, in which employees can develop their full potential.

Numerous, regularly won national and international design awards and currently around 90 active industrial property rights testify to the company's independence and innovative strength.

Innovation in the design process of working environments in space

Through holistic consulting and a structured approach with the help of the WORK.STYLE.CULTURE workshop, we can gain important impetus for the innovation process and our product development. From our dialog with specialist retailers, network partners and end customers on topics such as megatrends and their impact on a wide range of industries, we gain key insights that are supplemented by market analyses and incorporated into the development process of König + Neurath products in a targeted manner.

Innovation on the topic of knowledge transfer within and outside your own company

The exchange of knowledge and the resulting new ways of working will become key factors for a company's success in the future. All means and methods that are subject to changing processes and are components of agile, network-like structures will in all likelihood be superior to linear and hierarchical structures in terms of speed and value creation. König + Neurath therefore creates spatial framework conditions and furnishing solutions for its customers that serve the development of potential and the growth of knowledge.



TARGET POSITIONS

König + Neurath AG has set itself ambitious targets to continuously improve its own sustainability performance. The table below provides an overview of these targets, measures and the year of planned implementation.

No.	Goal	Planned measure	Year
1	Reduction in electricity consumption	Reduction of absolute electricity consumption at the production site by 5 % annually	consecutive
2	Promotion of electromobility	Expansion of charging points for electric vehicles in the employee parking lot	2024
3	Offer circular services*	Create transparency about the circular services we already offer today	2024
4		Develop a concept for how we can further develop our circular services	2025
5	95 % certified sustainable wood origin	Further switch to sustainably certified wood from suppliers	2025
6		Introduction of timber supply chain certification	2025
7	Detail environmental information at product level	Creation of life cycle assessment information for all main products	2025
8	We will become a climate-neutral company (in terms of Scope 1 and 2)	Step 1: 100% green electricity with real climate benefits	2027
9		Step 2: Switch to greenhouse gas-neutral energy sources (replacement of diesel/petrol, natural gas and heating oil). If this is not possible, then compensation for unavoidable greenhouse gas emissions through sensible compensation projects	2027–2030

*By circular services, we mean services that keep our products in use for longer in order to reduce their environmental footprint and resource requirements.



COMPLIANCE

Compliance with the law and justice

Compliance with laws, guidelines and regulations is a matter of course for König + Neurath. During the reporting period, there were no cases of anti-competitive behavior or non-compliance with laws or regulations. There were also no complaints about negative environmental or social impacts, corresponding working practices or breaches of customer privacy. Compliance with laws and regulations is monitored and ensured by the relevant authorities and through regular external audits. Should deviations occur, we immediately initiate measures for the sustainable elimination of a violation.

Combating corruption

Corruption is a violation of criminal law within the meaning of the German Criminal Code. The König + Neurath Code of Conduct regulates [\[see Appendix 2\]](#) in detail how the avoidance of bribery and corruption, money laundering and anti-trust agreements is ensured. There is a detailed König + Neurath compliance guideline on avoiding corruption in business transactions and a König + Neurath money laundering guideline.

Since the introduction of the Code of Conduct in 2016, no violations of its content have come to light. Neither today nor in the past have we recorded any violations of the law that would have had legal consequences.

SOCIAL COMMITMENT

König + Neurath is deeply rooted in the region. As an economically successful company and one of the largest employers in the region, König + Neurath is aware of its social responsibility. The following measures were implemented during the reporting period:

March 2022: Donation campaign for Ukraine in cooperation with the city of Karben

Together with the city of Karben, König + Neurath organized a donation campaign for needy families from Ukraine. König + Neurath responded to the actual need for help in the region.

January 2023: Substance recycling

The Regenbogenland daycare center in Burg-Gräfenrode was one of the recipients of a donation from König + Neurath as part of a fabric remnant campaign.

February 2023: Registration campaign for potential stem cell donors

As part of a registration campaign on February 9, 2023, all employees between the ages of 17 and 55 had the opportunity to register for the German Bone Marrow Donor Center (DKMS). A total of 73 new potential stem cell donors were added to the DKMS database on this day. The DKMS registration costs of EUR 40 per registered person were covered by König + Neurath and donated to the DKMS.

April 2023: Participation in Girls' and Boys' Day

In April 2023, König + Neurath took part in the annual Girls' and Boys' Day. 16 young people were given a first insight into working life with us, with clocks and storage boxes being built in our training workshops. The nationwide day of action serves as a stereotype-free career orientation for boys and girls. Girls can get to know job profiles that are usually dominated by men are practiced. Boys learn about professions in which women are in the majority.

May 2023: Participation in the annual city cycling event

City cycling is a competition in which the aim is to cycle as many everyday journeys as possible in a climate-friendly way for 21 days. It aims to create an incentive and awareness of how easy and important it is to switch to ecological means of transportation. König + Neurath takes part in the city cycling event every year with its own team.

June 2023: Participation in the annual J.P. Morgan Corporate Challenge

The J.P. Morgan Corporate Challenge is the world's largest corporate running event. On the 5.6 km course, the focus is on fitness, friendly competition and fun. König + Neurath took part with its own team. Part of the starting money is donated to an annually changing good cause.

October 2023: König + Neurath joins the newly founded association UN Global Compact Netzwerk Deutschland e.V.

The background to the founding of the association is a new organizational structure for the initiative. König + Neurath supports this with an annual contribution of \$2,500.

PEOPLE



PERSONNEL STRUCTURE

In 2023, 855 people were employed at König + Neurath. There were 863 employees in 2022. 95.0 % of all employees had a permanent employment contract in 2023 and 96.4 % in 2022.

The proportion of women in the company was 14.2 % in 2023, compared to 13.2 % in the previous year. 99 % of employees work in Germany. The remaining one percent are spread across the sales locations in the UK, France, Belgium/Luxembourg, the Netherlands, Austria and Switzerland.

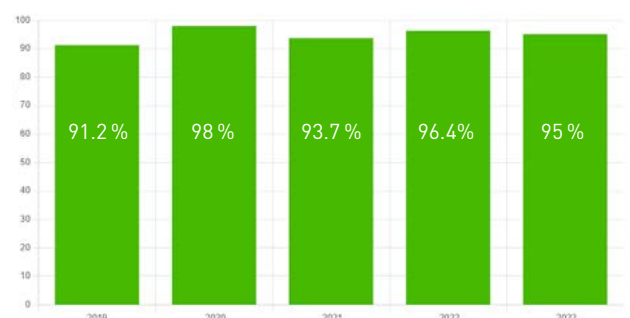
König + Neurath is required by law to employ five percent severely disabled people. We have always clearly exceeded this.

Temporary workers are also employed to compensate for fluctuations in capacity. They are primarily used in the production area.

Development in the number of full-time and part-time employees
Reporting date 31.12. of the respective year



Proportion of permanent employment contracts



Full or part-time position

as at December 31 of the respective year

	2019	2020	2021	2022	2023
Category					
Women full-time	107	93	89	92	94
Men full-time	899	785	730	744	725
Total full-time	1,006	878	819	836	819
Women part-time	26	31	23	22	27
Men part-time	7	8	4	5	9
Total part-time	33	39	27	27	36
Total full + part-time	1,039	917	846	863	855
Development [% compared to previous year]		-11,7	-7,7	+2,0	- 0,9
Proportion of women [%]	12.8	13.5	13.2	13.2	14.2
Proportion of men [%]	87.2	86.5	86.8	86.8	85.8

Fixed-term employment contracts

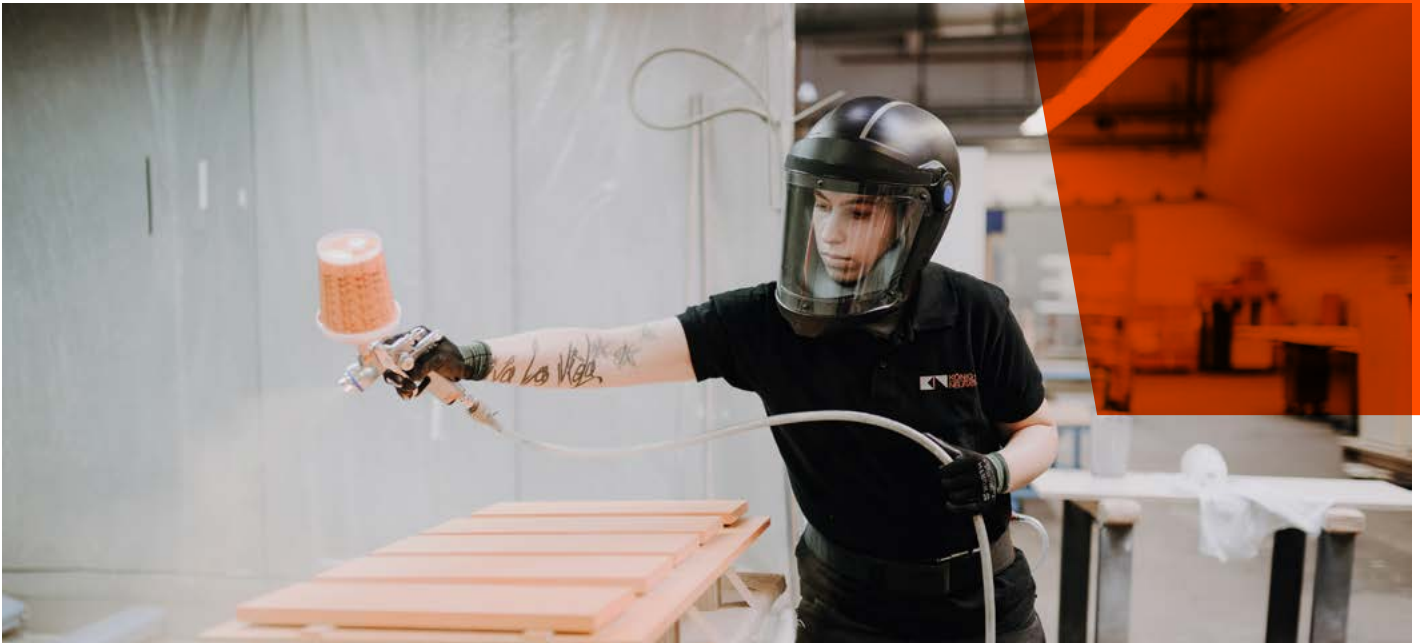
as at December 31 of the respective year

	2019	2020	2021	2022	2023
Category					
Women unlimited	127	121	85	106	116
Men unlimited	821	778	708	726	696
Total unlimited	948	899	793	832	812
Women temporary	6	3	27	8	5
Men temporary	85	15	26	23	38
Total temporary	91	18	53	31	43
Total permanent + temporary	1,039	917	846	863	855
Permanent share [%]	91.2	98.0	93.7	96.4	95.0
Share temporary [%]	8.8	2.0	6.3	3.6	5.0

Employees by country

as at December 31 of the respective year

	2019	2020	2021	2022	2023
Germany [%]	98	98	98	99	99
Great Britain, France, Netherlands, Switzerland [%]	2	2	2	1	1



OCCUPATIONAL SAFETY

König + Neurath operates an occupational health and safety management system that is certified in accordance with DIN ISO 45001. The international standard sets requirements for an occupational health and safety management system and replaces BS OHSAS 18001, which was previously used as the basis for certification in many countries.

In order to ensure the highest level of occupational safety, König + Neurath sets up an occupational safety committee in accordance with the Occupational Safety Act. It meets four times a year and deals with occupational safety issues in a fixed committee. To ensure a high standard, workplaces are assessed with a risk assessment and regular inspections and measures are derived from this. Close cooperation with external experts from the employers' liability insurance association and the company doctor plays an important role here.

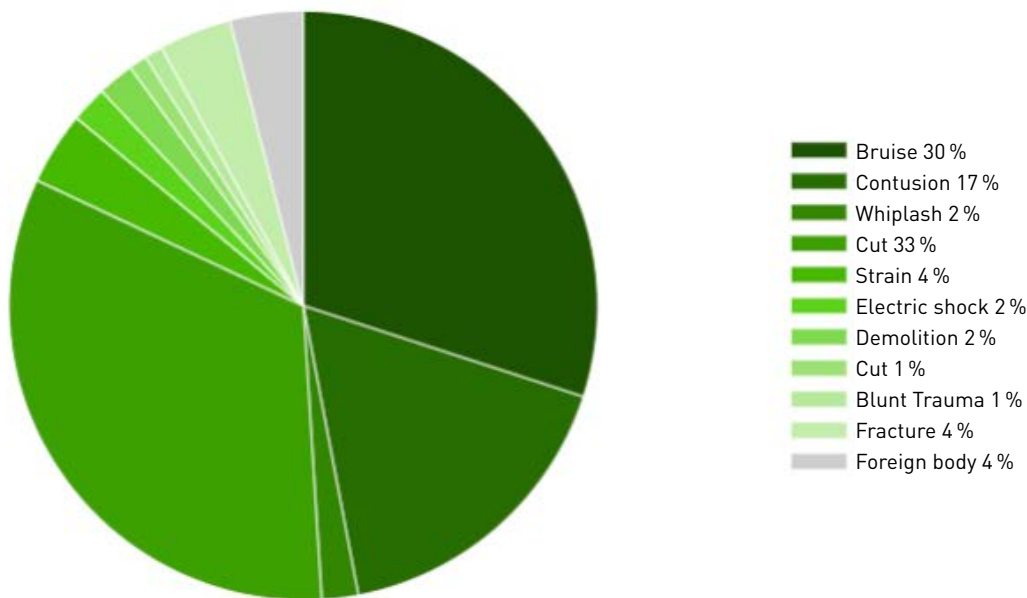
It is part of König + Neurath's corporate policy to create a working environment that not only complies with legal requirements, but also minimizes risks to employees and promotes their motivation. Around two percent of workplaces at König + Neurath involve an increased risk due to the nature of the work (e.g. heat stress or maintenance activities). In general, the latest occupational health and safety findings are already taken into account when planning processes and procuring equipment. We carry out risk assessments for all workplaces, from which we derive and implement appropriate health and safety measures.

In 2022 and 2023, we instructed all employees for whom occupational health and safety is relevant accordingly. The training takes place twice a year after longer vacation periods, such as summer and winter vacations, in order to refresh knowledge after longer interruptions. In addition, 16 employees attended an average of 8 hours of training on safety officers and specific occupational health and safety topics in 2023. In the previous year 2022, an average of 24 employees 16 hours of training in the area of occupational health and safety.

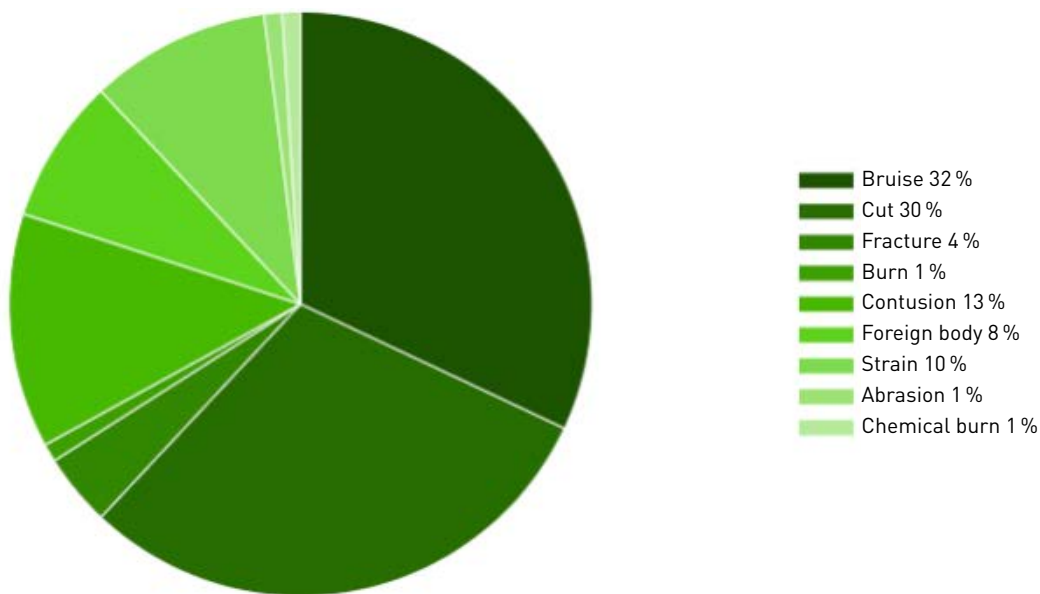
In 2023, over 15 % of industrial employees across the entire plant were trained first aiders compared to over 14 % in 2022.

In 2023, we recorded 22 reportable accidents at work, the same number as in the previous year 2022. The severity of accidents averaged 13 days lost per accident at work. In 2022, the average number of days lost was 15. A day of absence applies from the first day after the accident and for each subsequent calendar day until the employee returns to work. There were no work-related fatalities. The following figure shows the type of injury:

Types of injury in the 2022 financial year



Types of injury in the 2023 financial year





Key figures on occupational health and safety

As at December 31 of the respective year	2019	2020	2021	2022	2023
Proportion of trained first aiders in the industrial employees [%]	10	12	12	14	15
Number of notifiable accidents at work	52	34	27	22	22
Average accident severity per accident at work [days lost]	17	14	17	15	13
Work-related fatalities	0	0	0	0	0
Proportion of jobs with increased hazard [%]	2	2	2	2	2
Instruction rate of the trades employees with regard to working protection [%]	100	100	100	100	100
Occupational health and safety training [Number of persons trained]	60	0	12	24	16
Average training time [h]	8	0	8	16	8
Number of accidents per 1 million employees hours - König + Neurath AG	31	36	21	19	17
Number of accidents per 1 million employees hours - industry average	21	21	21	20	20

EDUCATION AND TRAINING

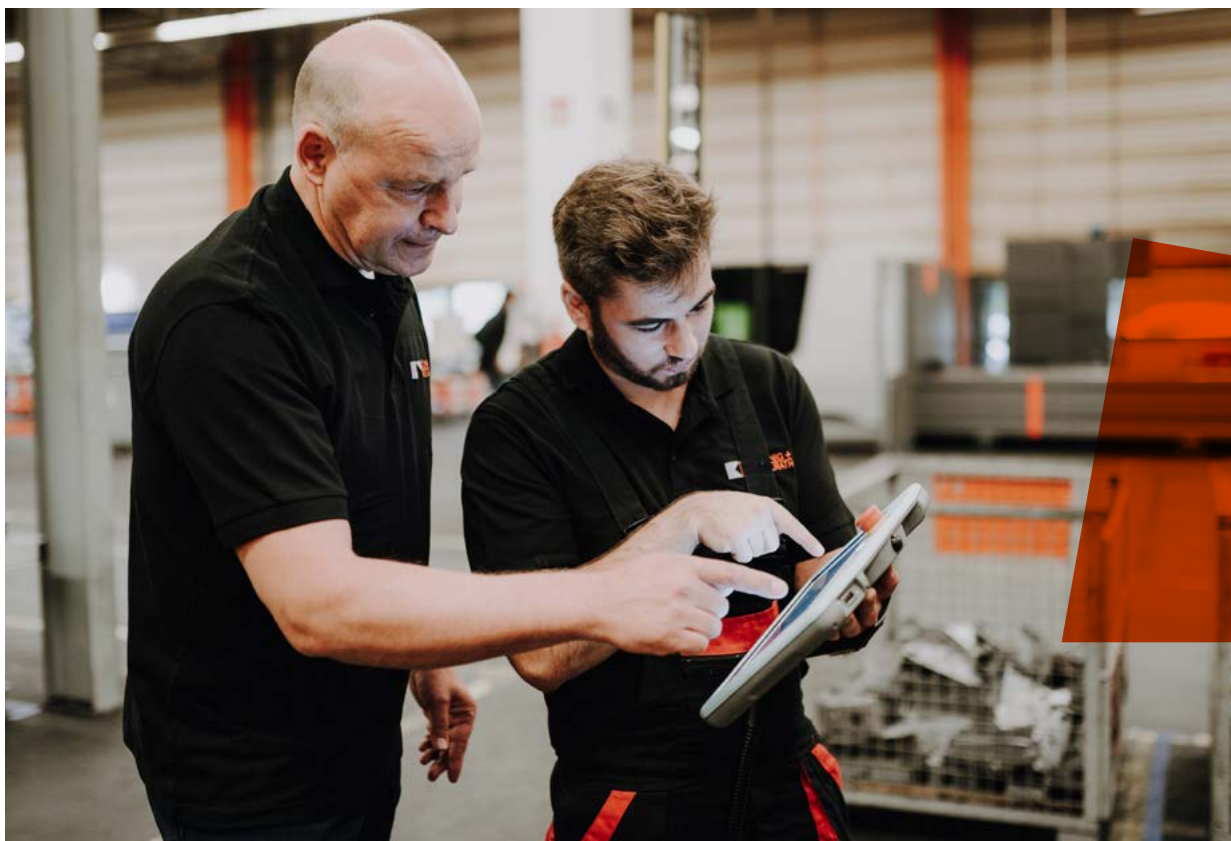
As one of the largest employers in the region, König + Neurath is aware of its social responsibility and has been successfully training wood mechanics, industrial mechanics, mechatronics engineers, machine and plant operators, industrial clerks and IT specialists for decades. With the dual study course Bachelor of Engineering Wood Technology (Baden-Württemberg Cooperative State University - DHBW Mosbach), König + Neurath also enables young people to combine theoretical learning phases at the university with qualified training.

In 2023, 41 young people were undergoing training and 3 were on an annual internship at König + Neurath. In the previous year 2022, 31 trainees and 1 annual intern worked for us.

Number of trainees and annual interns

as at the reporting date of 31.12. of the respective year

	2019	2020	2021	2022	2023
Number of Trainees	46	39	40	31	41
Number of annual interns	4	4	4	1	3





The basis for successful action is knowledge. Employees therefore take part in training courses on relevant topics at regular intervals. Specifically, 111 employees attended a total of 2,453 hours of training in 2023.

In addition, 874 employees were trained in 78 different courses at the K+N Academy in 2023. In 2022, there were 40 internal training courses with around 250 participants. The K+N Academy is a key pillar of further training for our employees. At the K+N Academy, we offer our employees, business partners and other interested parties, multipliers and customers training on the following topics:

- + **König + Neurath products: Basic topics, but also further information about König + Neurath products are discussed here.**
- + **Brand, work culture, modern working environments, ergonomics, acoustics and light**
- + **Tools and software used such as Microsoft Office, pCon-Planner, pCon-Basket, SAP applications, Order-To-Cash**
- + **Soft skills such as rhetoric, conflict management, project management, agile methods, presenting and moderating, teamwork, team leadership**
- + **Public procurement law, customs and foreign trade, foreign languages**
- + **Workplace and process improvements: Lean management, waste-free workplace design and Makigami**

We not only offer all employees internal training, but also provide them with external development opportunities. Here, managers assess which skills are required in the short, medium and long term and plan the measures accordingly. By offering a wide range of courses, we try to meet the needs of our employees and respond to their wishes for skills development. The K+N Academy is constantly evolving in order to meet the demand for further training opportunities and to be able to offer new training courses.

The continuous further training of employees is of particular importance to König + Neurath.

DIVERSITY AND EQUAL RIGHTS

König + Neurath employs people of different ethnic origin, skin color, nationality, gender, religion or ideology. Everyone has the same working conditions. No one is disadvantaged or favored - everyone is always treated with the same respect. As of December 31, 2023 employees from 32 nations were employed at König + Neurath.

König + Neurath's position is clear and described in the Code of Conduct (version dated 17.06.2024):



„Discrimination and harassment are not tolerated. No one may be disadvantaged, favored or harassed because of their ethnic origin, skin color, gender, nationality, language, religion or ideology, physical or mental limitations or other characteristics protected by law.

König + Neurath is committed to diversity and tolerance. We create a climate of appreciation and mutual trust by respecting others in their individuality, always acting openly and honestly and promoting and demanding individual and cultural diversity. We therefore do not tolerate any condescending, demeaning, insulting or otherwise disrespectful words or actions towards our colleagues.“

The König + Neurath Code of Conduct is binding for all employees of König + Neurath AG. A whistleblower system is available to all employees for reporting violations of our Code of Conduct or other knowledge of facts that do not comply with our legal or social obligations. Irrespective of this, compliance violations can be brought to the attention of the Management Board or the Supervisory Board, the immediate superior, the Works Council or the HR department.

The works council monitors compliance with employee rights and mediates in disputes. It is thus intended to ensure fairness between employees and the employer, but also among the workforce.

The Works Constitution Act describes the general tasks of the works council in Section 80. These include enforcing the actual equality of women and men, the integration of severely disabled persons and other particularly vulnerable persons, the employment of older employees in the company, the integration of foreign employees in the company and the understanding between them and German employees. Measures to combat racism and xenophobia in the company are also part of the works council's remit.



EMPLOYEES SATISFACTION AND HEALTH PROMOTION

Employee satisfaction is a high priority at König + Neurath. One expression of the good working atmosphere and positive cooperation is the average length of time employees stay with the company: It is around 16 years as of 31.12.2023.

The basis for successful cooperation with satisfied employees is a shared set of values. In an integrative values process, König + Neurath has worked with a large part of the workforce to define values that suit König + Neurath and the way we work together. Four values have emerged from this process:

+ In partnership:

Together, we create a working environment in which we enjoy working well together. We stick together, support each other and treat each other with respect at all levels. As a strong community, we give our best for the people in our company and for our customers.

+ Reliable:

The good feeling of being able to rely on each other makes our day-to-day work easier and better. We stick to agreements, deadlines and schedules and at the same time rely on everyone's commitment to be there for each other and our customers even better.

+ Dynamic:

We react flexibly and independently to changing needs, look to the future with curiosity and openness and boldly break new ground together. Developing innovative solutions for the requirements of our customers and colleagues is one of our greatest strengths.

+ Authentic:

Our diverse personalities make our company strong. We are allowed to openly express our thoughts, opinions and needs and are therefore also open to the views of others. Our honest and respectful approach strengthens our cooperation and the quality of our work for our customers.



Own, in-house app „YouKNOW“

König + Neurath has been operating its own app for its employees since August 2021. The app is mobile and can be accessed via an internet browser. The „YouKNOW“ app has made internal communication more transparent, faster and more personal. Around 85 % of employees have installed the app, resulting in a high internal reach. With an average of two posts per working day, the latest information is made promptly and directly available to everyone. The app makes it possible to involve the workforce in important decisions through survey functions and to obtain a broad range of opinions through feedback options. It is also possible to submit questions to the Management Board anonymously via the app, which are then answered in detail at regular after-work events.

The app is also used to raise awareness and train employees. For example, content relating to environmental protection and sustainability is regularly prepared and communicated.

Promoting health and well-being in the workplace

In March 2016, the „Demography“ collective agreement was concluded with IG Metall, in which the topics of an ageing workforce and health are actively addressed. As part of the demography collective agreement, employers have committed to paying a fixed amount into a health promotion fund each year for this purpose.

König + Neurath is to use the deposits to finance health-promoting measures in consultation with the works council.

The table below shows the annual amounts for the promotion of health.

Annual amounts to promote health at König + Neurath

	2017 – 2021	2022	2023
Annual amount [€/employee]	300.–	450.–	600.–

Due to the COVID-19 pandemic and the associated contact restrictions, the health promotion offer had to be discontinued for the duration of the pandemic. The annual health promotion contribution for 2022 was paid out to employees.

The health promotion offer was reactivated in spring 2023: A demography commission with equal representation, consisting of two representatives each from the employer and the works council, was established to determine and manage the individual eligible measures. The following health promotion measures were offered as at 31.12.2023:

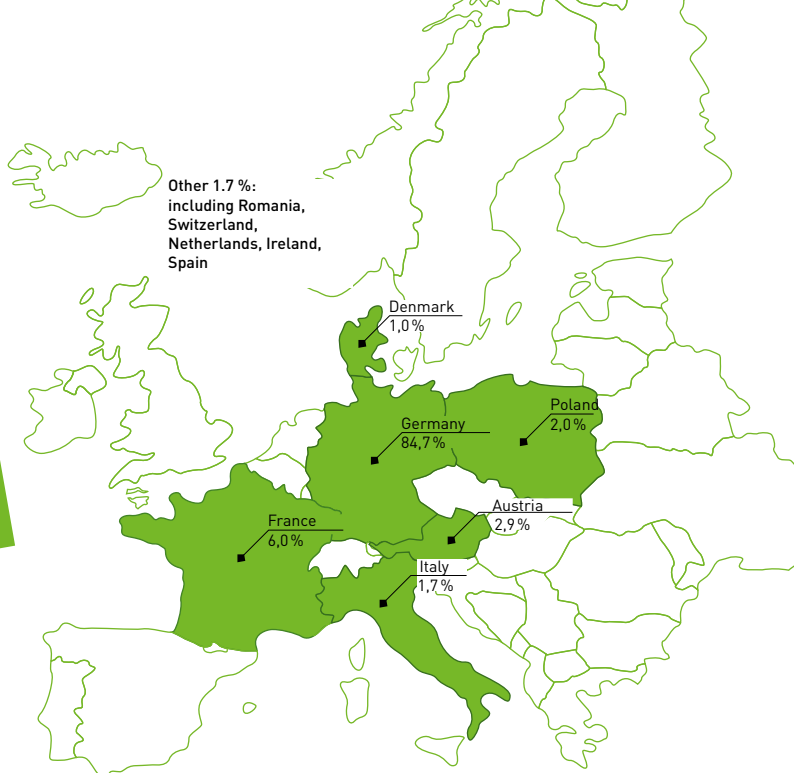
- + Allowance for massage and foot care
- + Free admission to the Karben swimming pool
- + Cooperation with Egym Wellpass: Egym Wellpass offers a wide range of sports and recreational activities throughout Germany and Austria. All employees therefore have a wide range of opportunities for physical fitness.
- + Free fruit and vegetable distribution every two weeks
- + Company bicycle leasing: In October 2023, a company agreement on the provision of company bicycles was concluded. The aim is to promote climate-friendly employee mobility. Every employee has the opportunity to lease a company bike.

Particular emphasis is placed on ensuring that subsidized health measures are available to all employees.

The health of the workforce is very important to König + Neurath. For this reason, further health promotion offers will be made available in the future.



PEOPLE IN THE DELIVERY CHAIN



Country headquarters of suppliers in proportion to the purchasing volume of König + Neurath 2023

König + Neurath works with all suppliers in a customer-oriented partnership. Our supplier relationships are characterized by longevity, competitiveness, quality and reliability. König + Neurath has a systematic and recurring system of supplier assessment and risk management. We also take into account aspects of environmental protection, occupational health and safety and human rights.

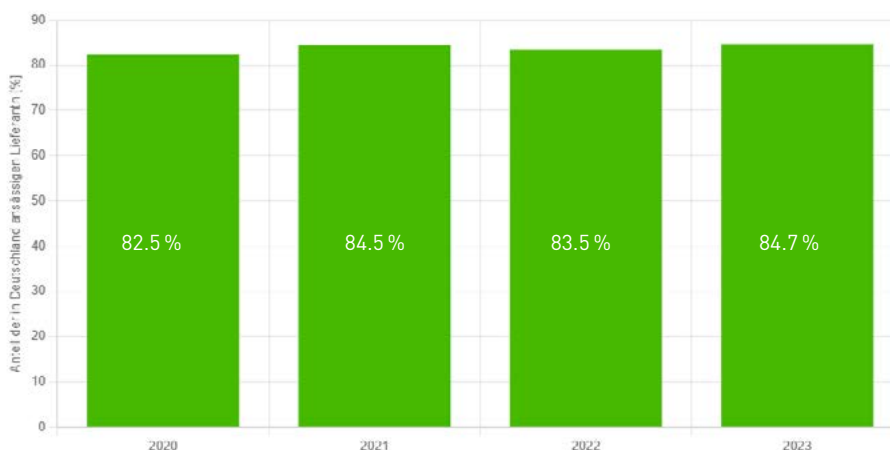
We check our existing suppliers every two years with the help of a supplier self-assessment. In this self-assessment, our suppliers must provide information on all relevant topics and substantiate this with evidence.

A code of conduct has been drawn up for all our business partners [\[see Appendix 3\]](#), which contains the principles of responsible corporate governance. All business partners must accept the code of conduct or have their own equivalent code of conduct. The Code of Conduct is based on national and international laws, stakeholder requirements, regulations and conventions, such as the UN Global Compact.

In the 2022/2023 reporting period, around 92 % of suppliers (in terms of purchasing volume) were covered by the supplier self-disclosure system. There are no violations of the König + Neurath requirements or false declarations have become known.

In 2023, the number of suppliers amounted to 373. The proportion of suppliers based in Germany was 84.7 % in terms of purchasing volume. In 2022, the proportion was 83.5 %. This means that the high environmental and social standards in Germany also apply to the majority of our direct suppliers. The remaining suppliers are based in Europe, including France, Austria and Poland.

Purchasing volume in Germany (%)





ENVIRONMENT

WATER AND WASTEWATER

The main water consumers are the powder coating and wet paint coating systems. The use of water in the heating system is also relevant when the heating system is refilled. Other water consumers are the sanitary facilities and the company restaurant. The water required for the truck and car wash is cleaned of solids in a lamella separator and can therefore be reused. According to the manufacturer, the use of fresh water can therefore be reduced by up to 85 %.

The wastewater is discharged into the municipal sewage system. For this purpose, the wastewater from the powder coating plant is purified in water treatment plants and regularly monitored before being discharged into the municipal sewerage system. The wastewater analyses in 2023 and 2022 revealed no objections. We manage the wastewater from the wet paint coating systems in a circulation system and dispose of it periodically.

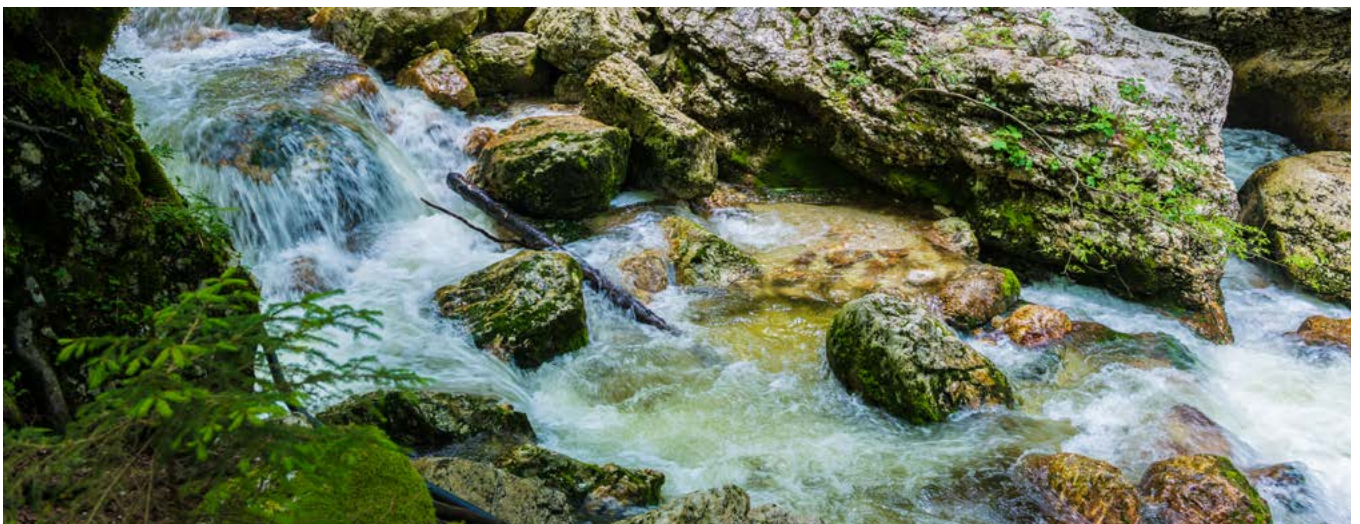
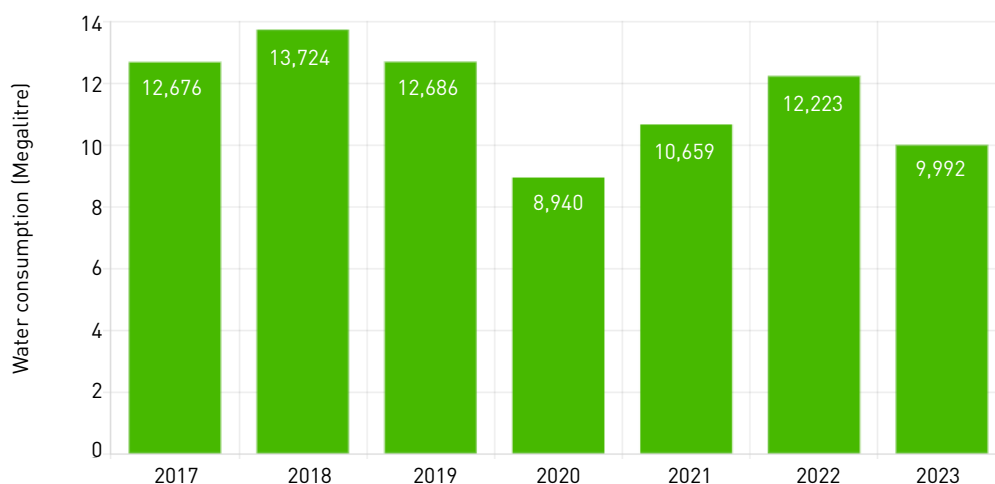
We record water withdrawal from the public drinking water network via water meters. There is no own water extraction from groundwater wells, rainwater catchment basins or similar measures.

In 2023, 9,992 megaliters (equivalent to 9,992 m³) of drinking water were taken from the public water supply. In the previous year 2022, 12,223 megaliters (this corresponds to 12,223 m³) of fresh water were consumed.

Water metering points were installed in order to be able to analyze water usage at the production site more precisely. The water consumption of the truck and car wash as well as the powder coating facility has been recorded separately since 2022. The water usage data is automatically transferred to management software.

Water extraction König + Neurath AG, Karben

1 Megalitre = 1,000,000 litres

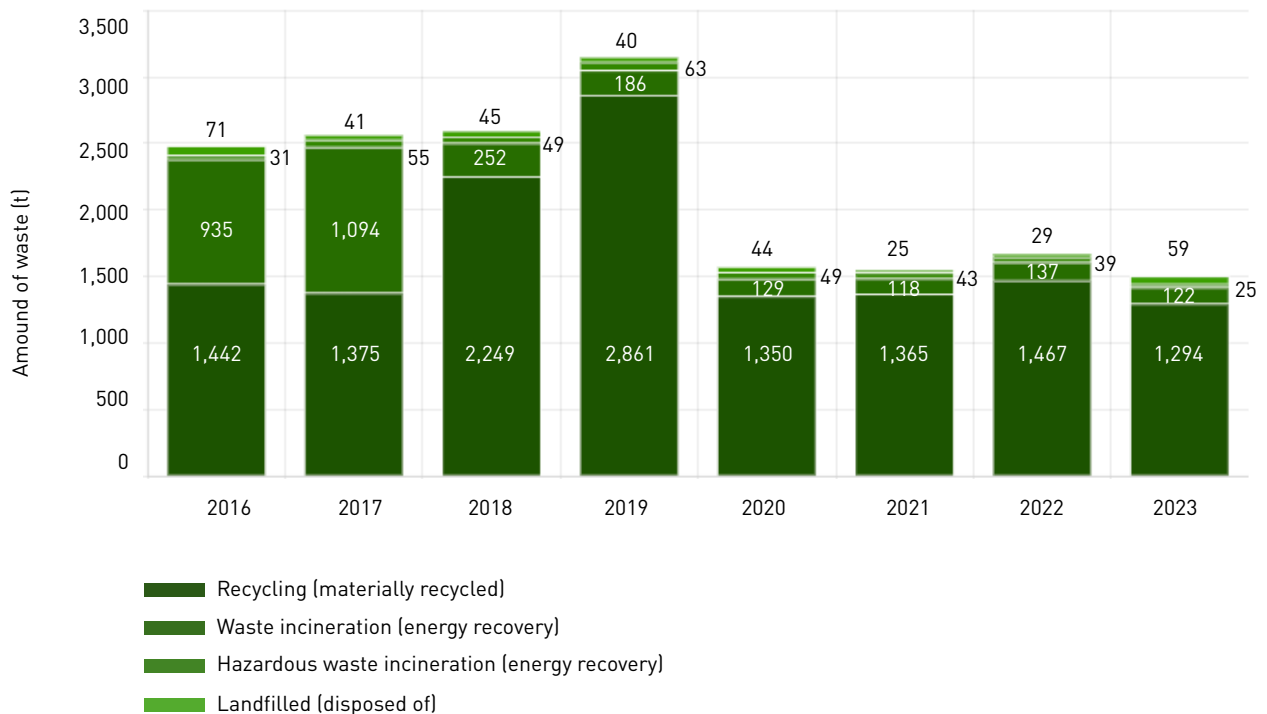


WASTE

König + Neurath strives to keep waste volumes as low as possible. Where possible, unavoidable waste is sent for material recycling. This means that the waste is processed in a recycling process and reused. The share of material waste recycling in the total waste volume at König + Neurath was 86.1 % in 2023 and 86.9 % in 2022.

In 2023, the total amount of waste was 1,504 tons, compared to 1,688 tons in 2022. By far the largest proportion of waste is metal waste, which includes scrapped machinery and other scrap (approx. 50 %) as well as offcuts. The second largest share is waste paper (approx. 15 %).

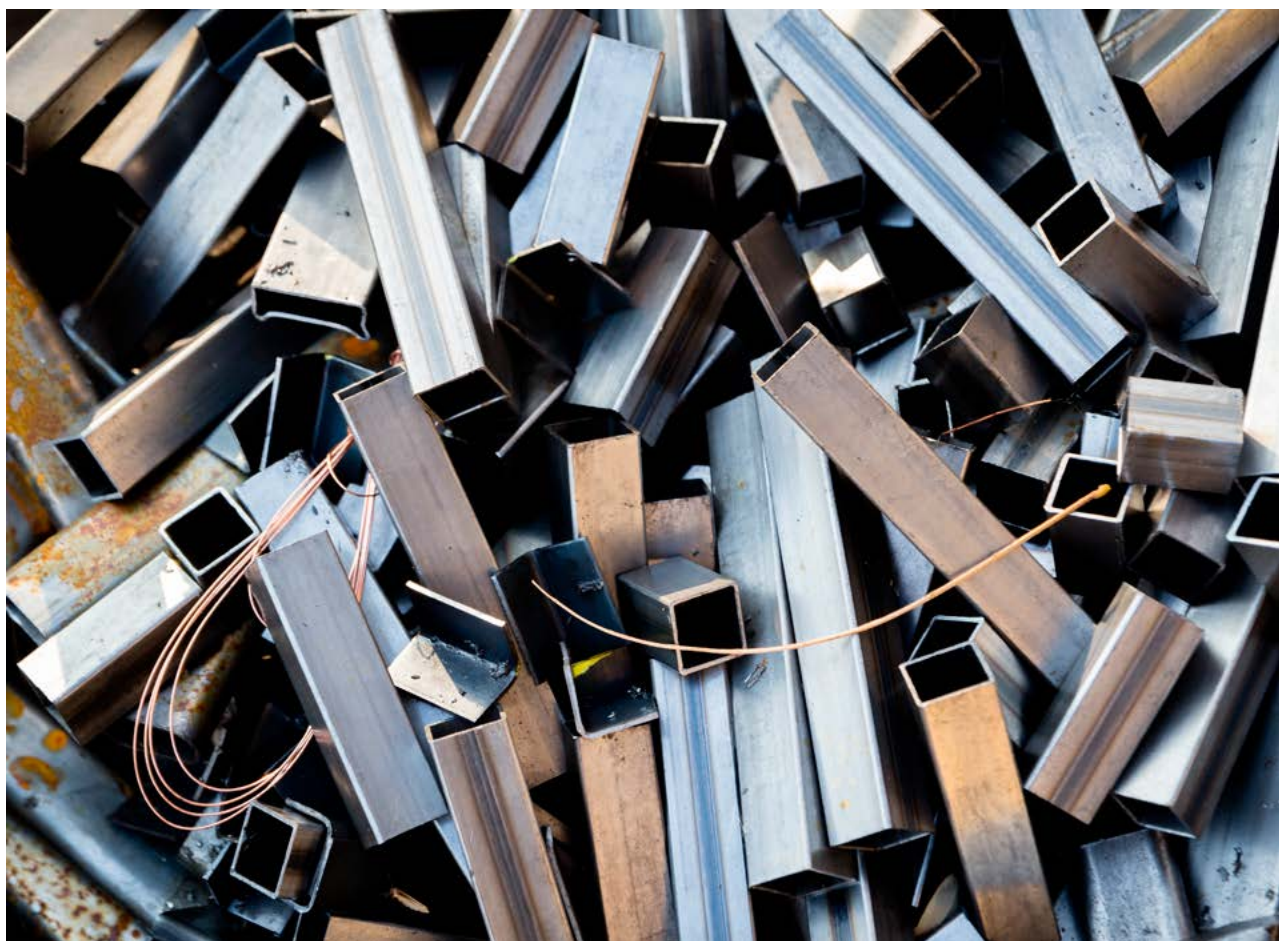
Development of the waste volume including recycling type



The information on the disposal methods is provided to König + Neurath by the disposal service providers.

Amount of waste, hazardousness of the waste

Year	Amount of waste [t]	Non-hazardous waste [%]	Hazardous waste [%]
2017	2,575	98	2
2018	2,604	98	2
2019	3,193	98	2
2020	1,604	95	5
2021	1,588	95	5
2022	1,688	97	3
2023	1,504	98	2





BIODIVERSITY

The term biodiversity or biological diversity refers to the diversity of ecosystems, the diversity of species and genetic diversity. Biodiversity and the services provided by ecosystems, such as the provision of food, clean water and medicine, are essential for the survival of humankind. Nevertheless, the state of ecosystems is deteriorating dramatically. The WWF's "Living Planet Report 2022" concludes that between 1970 and 2018, around 32,000 populations of mammals, birds, fish, amphibians and reptiles were observed to have declined by 69 %. The main causes of biodiversity loss are changes in land use (e.g. deforestation, intensive monocultures, urbanization), direct exploitation of resources such as hunting and overfishing, climate change, pollution and invasive foreign species.

König + Neurath processes large quantities of wood and wood-based materials. In order to preserve forests and support sustainable forestry, we have agreed with our chipboard suppliers that we will only purchase chipboard whose wood comes from sustainably managed forests. We are striving to expand our procurement of wood from sustainably managed forests.

To mitigate climate change, we are continuously taking measures to save energy and thus reduce our CO₂ emissions. From 2015 to 2023, we were able to reduce annual CO₂ emissions at the production site by around 50 %, based on the energy sources electricity, natural gas, heating oil and fuel. The continuous improvement of energy performance is controlled by energy management in accordance with DIN EN ISO 50001, to which König + Neurath AG has been certified since 2015.

In order to keep the impact of our work on the environment as low as possible, we have been implementing a certified environmental management system in accordance with DIN EN ISO 14001 since 1998. All environmentally relevant facilities, such as the company's own filling station, the car wash, the waste water treatment plant and the flue gas dedusting system, are regularly monitored and kept in perfect technical condition.



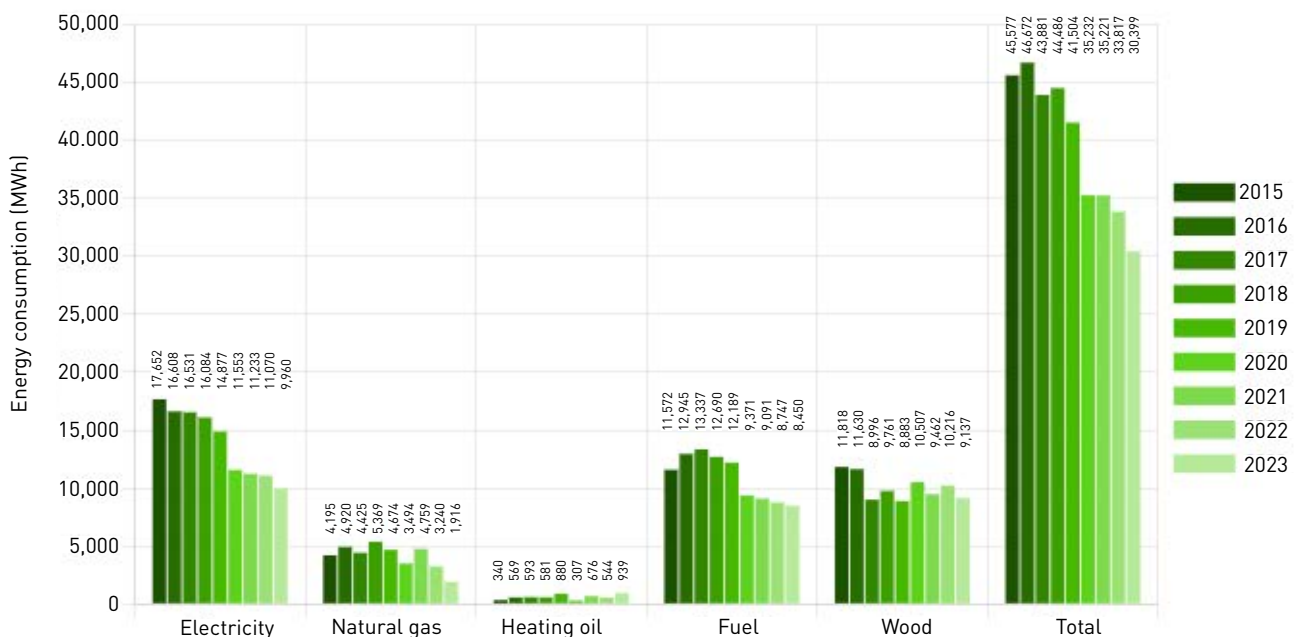
ENERGY AND EMISSIONS

We continuously monitor our energy consumption at the Karben site using appropriate software. This enables us to allocate energy consumption to the respective energy consumers. Only with a precise analysis of the consumption data can we identify potential savings and check the effective implementation of measures.

Our energy management system is certified in accordance with the international standard DIN EN ISO 50001 and is subject to an annual external audit. This enables us to ensure continuous improvement.

The following chart provides an overview of the development of energy consumption from 2015 to 2023.

Annual energy consumption - in relation to the energy sources used



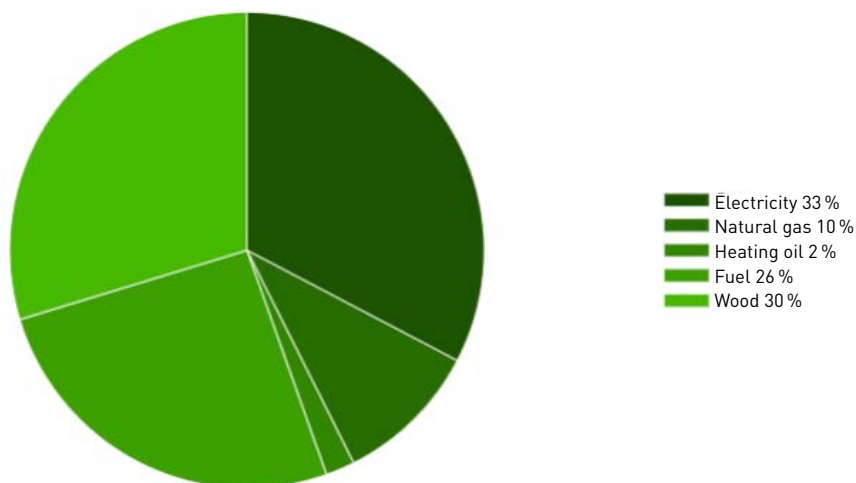
The main energy sources in 2023 were electricity (~33 %), wood (~30 %) and fuels (~28 %) for the company's own fleet of trucks and cars. The wood comes from residual materials from production and is a CO₂-neutral energy source. Electricity and fuels were therefore our main sources of CO₂ emissions.

Our wood is used to heat all rooms and the production halls. Wood consumption is largely dependent on the weather.

In 2023, significant energy savings were achieved in electricity and natural gas. The electricity savings are due to technical investments in lighting, extraction systems and the modernization of the paint shop. The reduction in natural gas consumption is due to the consolidation of the powder plants. In 2023, two of the four powder plants were decommissioned, while the two existing plants were optimized.

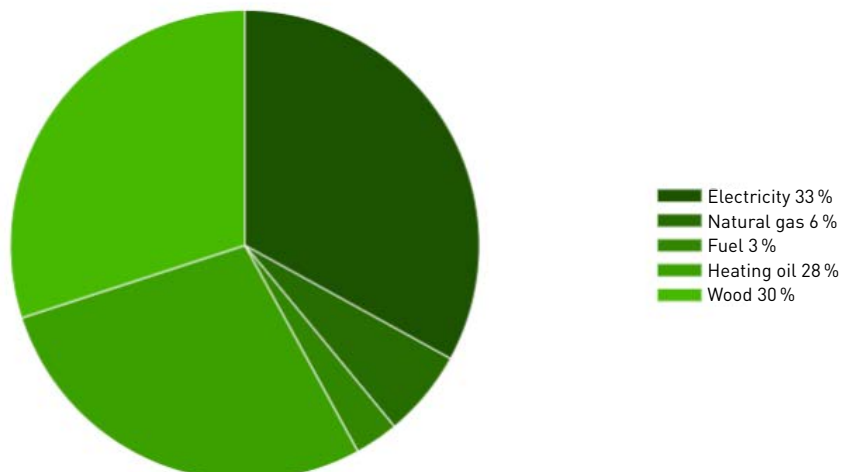
Distribution of energy procurement among the energy sources

Year 2022, distribution in %



Distribution of energy procurement among the energy sources

Year 2023, distribution in %

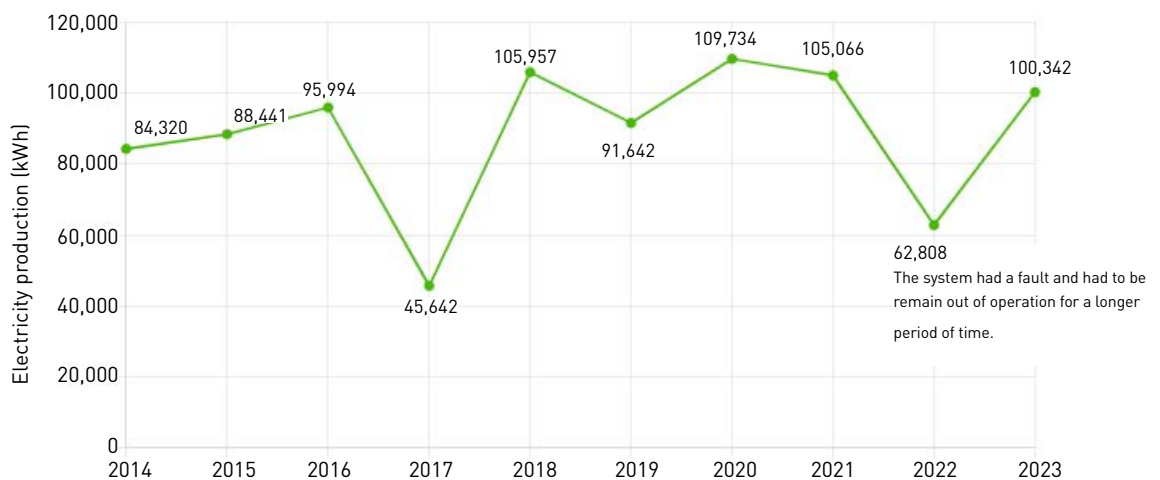




Power generation through photovoltaic system

König + Neurath operates its own photovoltaic system. The electricity it produces is used for the company's own supply. The following graph shows the annual electricity generation volume. This essentially depends on the duration of sunshine and any system malfunctions.

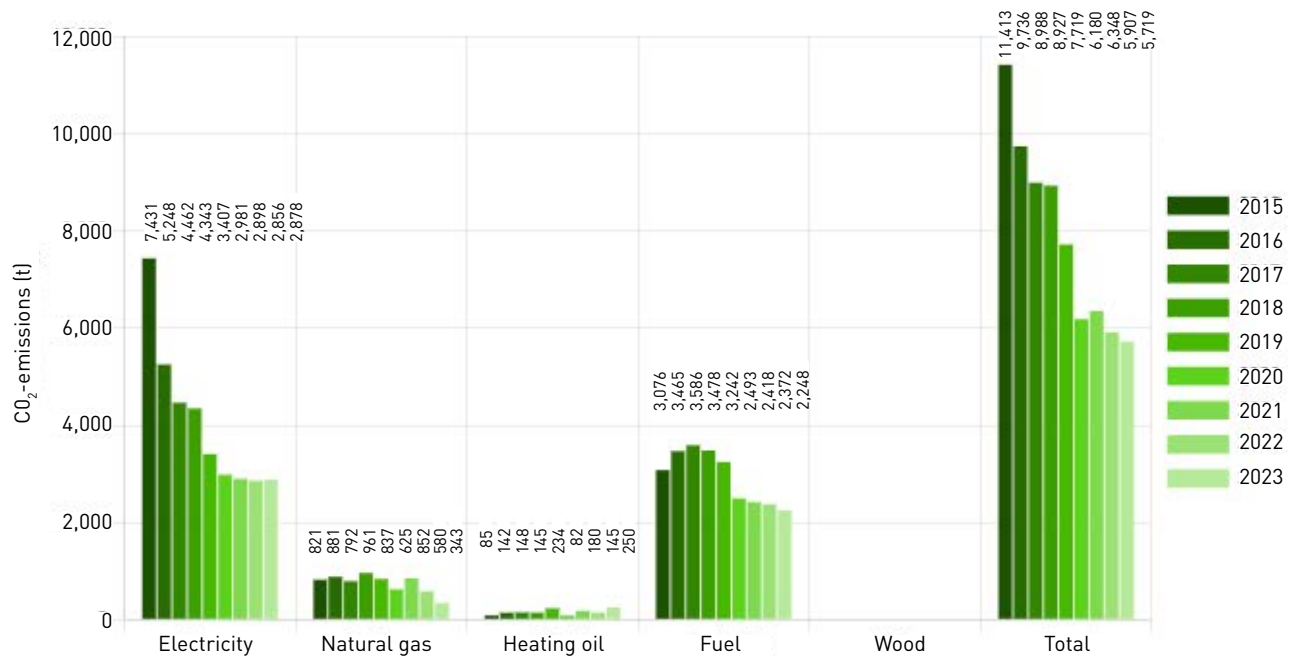
Power generation through photovoltaics



CO₂ emissions due to energy consumption

The CO₂ emissions resulting from energy consumption are calculated using the respective emission factors. The following chart provides information on the CO₂ emissions of the different energy sources.

Development of CO₂ emissions



CO₂ emissions in Scope 1 and Scope 2

The guidelines of the Greenhouse Gas Protocol represent the established de facto standard for the categorization of greenhouse gas emissions. A distinction is made between three scopes in greenhouse gas reporting:

- + **Scope 1:** direct emissions generated in processes within the company
- + **Scope 2:** indirect emissions from energy purchases from other companies (at König + Neurath this is electricity)
- + **Scope 3:** Scope 3 emissions always represent Scope 1 and Scope 2 emissions in the greenhouse gas balances of other companies and individuals.
Scope 3 emissions include, for example, purchased goods and services, waste at the site, business travel and employee commuting.

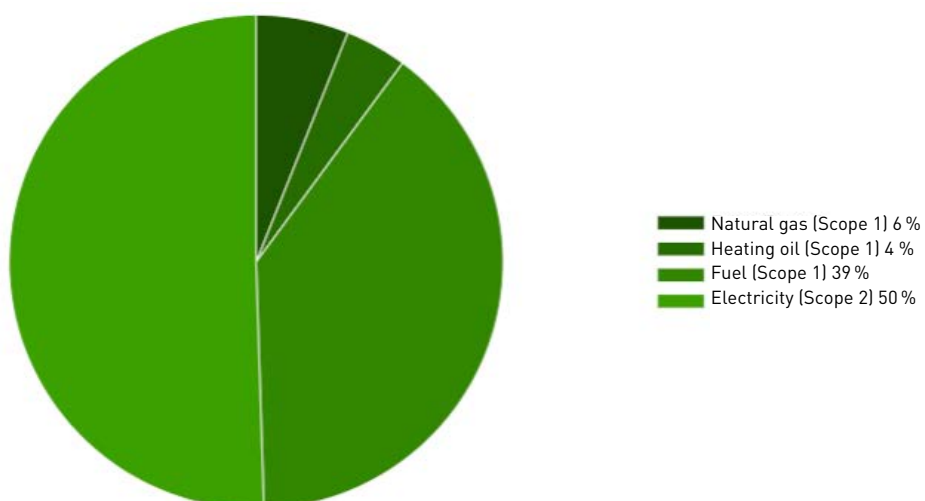
Electricity and fuels are responsible for 90 % (2023) and 88 % (2022) of CO₂ emissions at the König + Neurath production site in Scope 1 and Scope 2.

Compared to 2015, CO₂ emissions in Scope 1 and Scope 2 were reduced by 49.9 % (2023) and 48.2 % (2022) respectively.

Distribution of CO₂ emissions in Scope 1 + 2
Year 2022, distribution in %



Distribution of CO₂ emissions in Scope 1 + 2
Year 2023, distribution in %



Scope 1 emissions (t)	2015	2016	2017	2018	2019	2020	2021	2022	2023
Natural gas	821	881	792	961	837	625	852	580	343
Heating oil	85	142	148	145	234	82	180	145	250
Fuel	3,076	3,465	3,586	3,478	3,242	2,493	2,418	2,327	2,248
Scope 2 emissions (t)									
Electricity	7,431	5,248	4,462	4,343	3,407	2,981	2,898	2,856	2,878
Total Scope 1 + 2	11,413	9,736	8,988	8,927	7,720	6,181	6,348	5,908	5,719
Development compared to previous year [%]		-14.7	-7.7	-0.7	-13.5	-19.9	+2.7	-6.9	-3.2
Development compared to 2015 [%]		-14.7	-21.2	-2.8	-32.4	-45.8	-44.4	-48.2	-49.9



TRANSPORT

König + Neurath AG operates its own fleet of trucks and cars. The truck fleet delivers the goods produced to their place of use. With around 2.8 million kilometers traveled (as of 2023), the resulting fuel consumption accounts for a significant proportion of the company-wide CO₂ emissions (Scope 1). The car fleet is primarily used by the sales force. Taking into account all energy sources used at the Karben site, fuels accounted for 39.3 % of the company's CO₂ emissions in 2023, compared to 39.4 % in 2022 (share of Scope 1 and Scope 2 emissions).

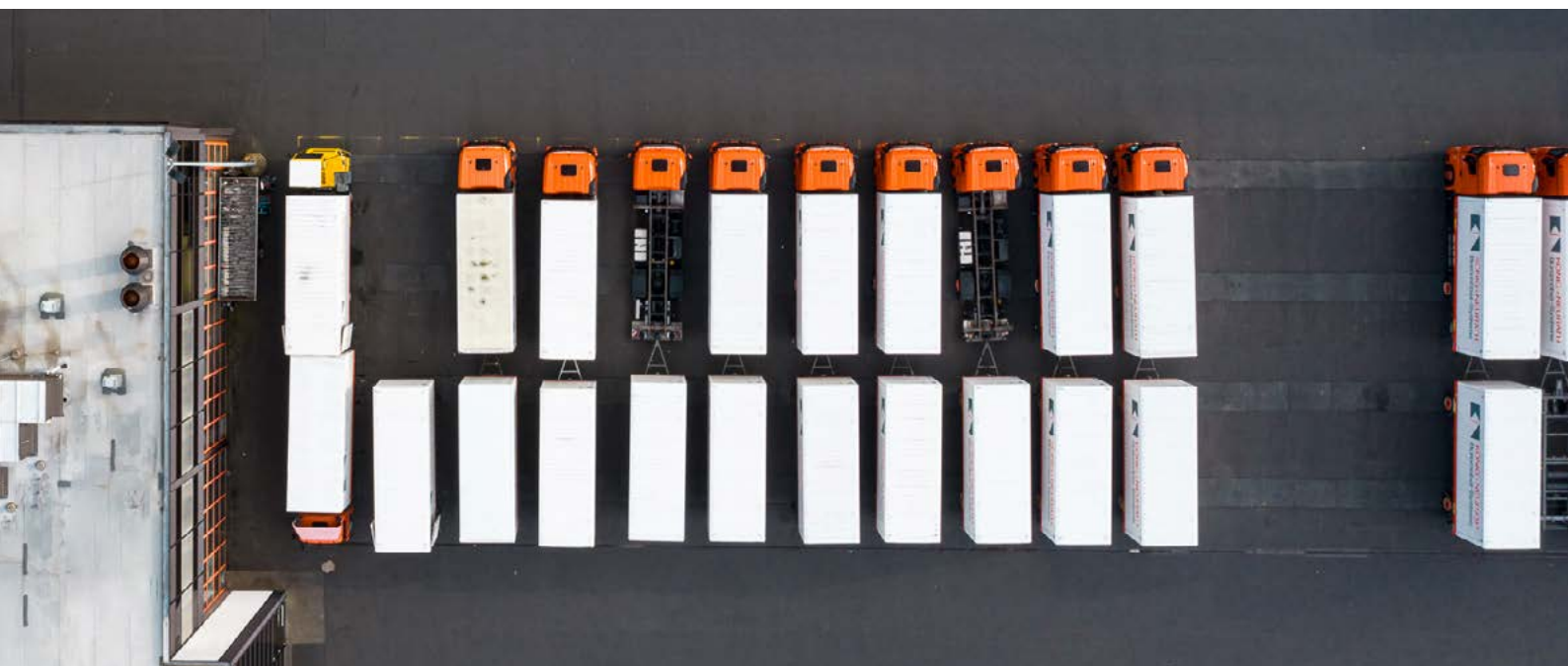
The following measures are being implemented to increase transport efficiency and save fuel:

- + The scheduling department takes pick-ups from our main suppliers into account when planning routes. On the one hand, this reduces empty runs and, on the other hand, we can save on delivery runs from our suppliers to the König + Neurath side.
- + In order to save resources, we have concluded a freight agreement with a logistics company. Almost all of our suppliers are required to report their freight to be transported to our partner and handle the transportation through them. This allows the logistics company to bundle all deliveries, which reduces multiple trips and conserves resources.
- + All goods traffic in König + Neurath's production halls is electric and therefore emission-free on site.
- + König + Neurath has route planning software. This supports our scheduling department in planning the most efficient routes.
- + We aim to use truck loading capacity efficiently in order to save resources and protect the environment. Here too, scheduling is supported by software.

- + 100 % of our truck fleet complies with the EURO 6 standard. This enables us to reduce pollutant emissions and lower fuel consumption.
- + We also train our drivers in „fuel-efficient driving“ and raise their awareness of potential savings.
- + All diesel vehicles (trucks and cars) are equipped with AdBlue technology to reduce nitrogen oxide pollution.

CO₂ –emissions caused by the König + Neurath vehicle fleet

	2019	2020	2021	2022	2023
CO ₂ –emissions through combustion of fuels in trucks and cars [t]	3,242	2,493	2,418	2,327	2,248
Share of CO ₂ –emissions of the vehicle fleet in all energy sources used [%]	42	41	38	39	39





ENVIRONMENTAL PROTECTION IN THE SUPPLY CHAIN

König + Neurath is aware of its responsibility for environmental protection throughout the supply chain. In 2023, we sourced 84.7 % of our purchasing volume from suppliers in Germany. In 2022, the proportion of suppliers based in Germany was 83.5 % - measured by purchasing volume. This means that the high national environmental and social standards also apply to the majority of our direct suppliers. In addition, the proximity to our suppliers ensures short transportation routes. The remaining suppliers are based in Europe, including France, Poland and Austria.

Long-term cooperation based on partnership significantly minimizes CSR (Corporate Social Responsibility) risks, as we know our suppliers well and visit them on site.

In the 2023 financial year, ~ 49 % of suppliers (measured by purchasing volume) had installed a certified environmental management system in accordance with ISO 14001 or EMAS.

Close cooperation with suppliers

König + Neurath AG works closely with its own suppliers to achieve continuous improvement in environmental performance. For example, innovative ecological materials are tested for their suitability for series production in the product development process.

Further examples of testing and implementing ecologically sound measures with our suppliers:

- + After the packaging of the seating furniture was reduced by a third in 2021 by reducing the wall thickness of the LDPE film, the film was switched to 80 % post-consumer recycled LDPE, certified with the Blue Angel, in 2023.
- + In 2021, we switched our production of extruded aluminium profiles to aluminium with reduced CO₂ emissions. The brand name of the aluminium is Hydro Low Carbon (formerly REDUXA).
- + For existing seating and office furniture programmes, we work with our suppliers to check whether the use of recycled materials is possible.



SERVICE + PRODUCT

USED FURNITURE SERVICE

We are undergoing a transformation

Society, politics and the economy are all undergoing a major transformation. The challenges in nature, environmental and climate protection are huge. We see it as our duty to put our corporate activities to the test with regard to today's requirements. At product level, we have established rules that meet the requirements of circular economy. In addition to pure product requirements, services are essential. In this context, the following measures are in the foreground:

Product repair:

Resource and energy consumption is unavoidable in the manufacture of products. König + Neurath products should therefore remain in use for as long as possible. Our products are maintenance-free. Should maintenance or repair nevertheless be necessary, this can be handled by our customer service. Our products are often in use for a very long time due to their durability.

Services from König + Neurath:

- + Extended manufacturer's warranty in accordance with our warranty conditions (these are part of the GTC)
- + Spare parts availability: 10 years, see warranty conditions
- + Spare parts management: König + Neurath has a professional spare parts management system that makes it easy to find and order spare parts
- + In-house customer service carries out repairs and maintenance
- + König + Neurath provides dismantling instructions for its products

Further use/reuse:

Products are often not discarded because they are defective, but rather because of aesthetics, new functionalities or changed workplace requirements. In this case, the used furniture should be put to further use. To support this, König + Neurath works closely with a network of partners. We are happy to help you choose the right partner and, if required, also take back the furniture.

Services from König + Neurath:

- + Processing of returns via König + Neurath or our partner network
- + Storage of used furniture in the partner network
- + Organization of the sale of used furniture to our own employees in cooperation with our partners
- + Support with transportation logistics with our own König + Neurath Truck fleet
- + Sale of used furniture on the second-hand market in cooperation with partners

Refurbish, remanufacture and recycle:

Products are said to be refurbished when they are not only repaired, but also brought up to the current state of the art and thus improved. The original product is thus retained. Remanufacturing is when intact product components are integrated into new complete products. Only individual product components of the original product are retained.

Material recycling is when product components can be separated by type and it is ensured that the individual materials are fed into recycling processes. The result is recycled materials that can be reintegrated into new products. Before recycling, the possibilities of product refurbishment and remanufacturing should be examined.

Services from König + Neurath:

König + Neurath offers product refurbishment or remanufacturing on request. It must be clarified on a case-by-case basis which measures are possible from a technical point of view and which make sense from an ecological and economic point of view.

Examples of measures are:

- + Replacement of table tops or frames
- + Conversion of table frames (change from fixed table height to variable table height)
- + New surface coatings (colors/textures)
- + New fabric cover for panels or seating furniture
- + Swivel chair cleaning or new upholstery
- + Integration of used components in new products
- + Replacement of armrest pads

König + Neurath also supports the recycling of its products by cooperating with partner companies.

In 2023, we were able to refurbish 850 partition walls on behalf of our customer F. Hoffmann-La Roche. As part of this project, the furniture was not only thoroughly overhauled, but an innovative fabric and color concept was also implemented. All existing partitions were taken back, carefully checked and widened where necessary. The contained interior material was reused, while the fabric covering was renewed in four different colors according to the specifications of F. Hoffmann-La Roche.



**Sustainable by
conviction!**



PRODUCT DEVELOPMENT

From the idea to the finished product: portfolio vision - portfolio strategy - sustainable and innovative product solutions

Together with König + Neurath customers and specialist dealers, we develop the requirements for our product portfolio according to current market and user criteria. We take into account different target groups and their specific needs. A clear portfolio vision helps König + Neurath to think ahead and assign all development projects to a long-term plan. It is then implemented by us, supported by our clearly defined portfolio strategy and based on economic and sustainable criteria.

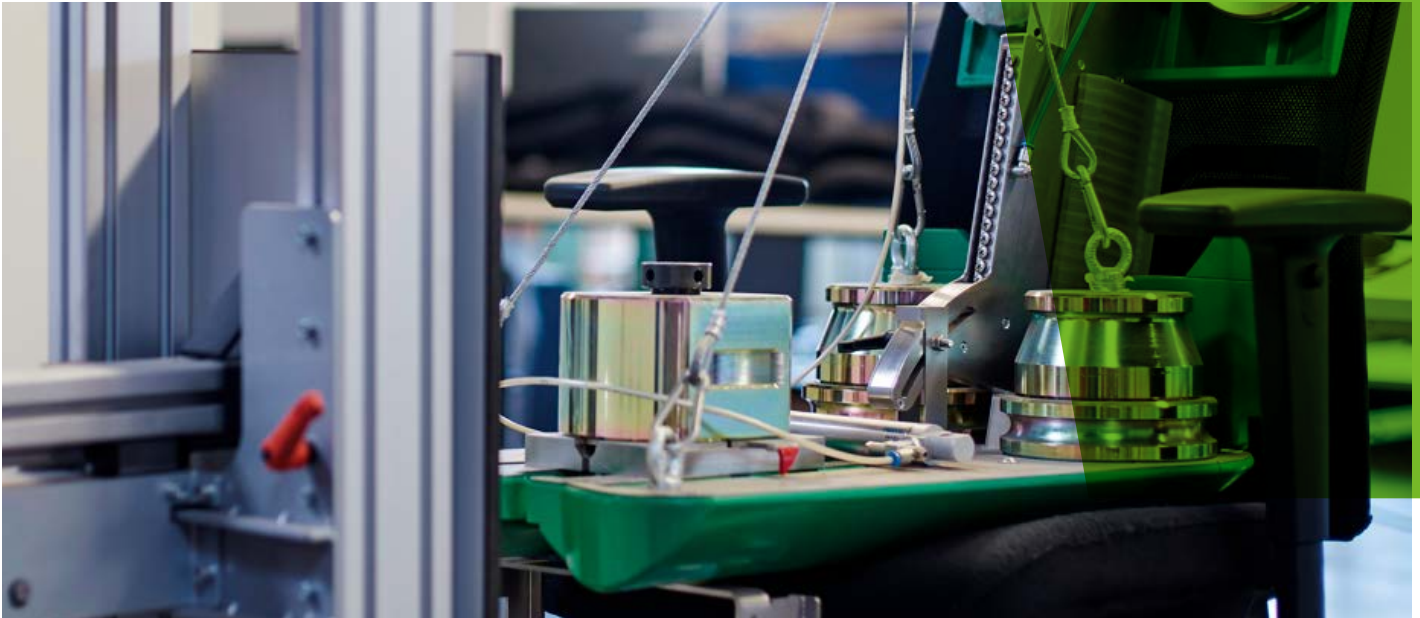
Everything from a single source

Thanks to the high level of vertical integration, König + Neurath brings together all the important processes for manufacturing a product under one roof:

Product design, product conception, product construction, series production and quality control - everything takes place at the production site in Karben.

Our product design is crucial for a circular economy. Only when products are conceived and designed from a "cradle to cradle" perspective is it possible to recycle materials. "Cradle to Cradle" literally means "from the cradle to the cradle" and aims to ensure that materials used in the manufacture of a product circulate in closed material cycles. This means that a product that is no longer needed does not become waste, but provides the raw materials for a new product.

In order to incorporate this basic idea into product development, König + Neurath has defined clear guidelines under the term „Design for Environment“.



OUR SPECIFICATIONS FOR „DESIGN FOR ENVIRONMENT“

The following criteria are taken into account in the development and design of König + Neurath products:

In the design of the products:

- + a consistent modular design (modular principle) is ensured. All products must be able to be converted, modified and retrofitted during their life cycle.
- + the use of materials must be kept as low as possible and the consumption of resources must be reduced to a minimum.
- + it is timeless and not orientated towards short-term trends. It has a formal, aesthetically long service life and thus increases the life cycle of the products

Our choice of materials takes into account:

- + the use of renewable raw materials.
- + the use of recyclable and/or biodegradable raw materials.
- + the general use of recyclates for non-visible plastic parts.
The use of recycled materials should be checked for visible plastic parts.
- + the use of recyclable materials is preferred.
- + the use of common plastics that are harmless to health.
- + the use of only environmentally friendly and health-friendly materials.
- + the minimization of emissions from products (pollutants, vapours, etc.).
- + the avoidance of materials that are not suitable for material recycling.
- + the restriction of material diversity.

The components must be designed for production and assembly in such a way that

- + these can also be assembled or modified on site in a reasonable time using standard tools (ease of repair).
- + the highest possible proportion of in-house production components is realized. So that transport and packaging efficiency is increased. The eco-efficiency (economic efficiency of the process in relation to the impact on the environment) must always be assessed.
- + non-detachable bonding should be avoided wherever possible.
- + economical use of energy, water and operating materials can be achieved.
- + 100 % of waste that cannot be reused is avoided.
- + all waste must be recycled or reused.

For delivery and maintenance, particular care must be taken to ensure that the products

- + use as little packaging material as possible; reusable packaging (furniture covers) is preferred.
- + can be serviced and repaired by our own customer service department, but also by other specialised personnel. To this end, assembly and disassembly instructions are created and corresponding internal training courses are offered.

To ensure that the furniture can be reused and recycled, it must be

- + possible to dismantle all components with standard tools within a reasonable time and
- + all plastic parts weighing 20 grams or more must be labeled (according to DIN EN ISO 11469).

When all that remains at the end of the product life cycle is recycling

- + we can separate our furniture into steel, aluminum, plastics, wood-based materials electronic recyclables and other materials.
- + we support customers with a take-back concept that allows them to use the products for longer, repair them or return materials to the material cycles.
- + 100 % of non-recyclable waste is avoided.

For all of the above points, the economic efficiency, market availability and technical and structural suitability must always be checked.

In individual cases, deviations from the design-for-environment priorities may be appropriate.



EUROPEAN LEVEL

What does European LEVEL mean?

There are many different eco-labels on the market for office and contract furniture. However, most certifications only cover a small part of the relevant sustainability criteria. As a result, even experts find it difficult to assess which combination of individual labels makes sense. This is why the FEMB (Fédération Européenne du Mobilier de Bureau, European Office Furniture Federation) created a uniform sustainability standard and a European LEVEL certificate based on this standard. This sustainability standard gives product developers, manufacturers and furniture buyers a comprehensive overview of all relevant sustainability aspects for the first time.

The advantages at a glance:

- + LEVEL is the only accredited standard for the Green Economy.
- + LEVEL is the most comprehensive sustainability standard for furniture.
- + Contents of other characters are covered by LEVEL.
- + Systems based on a legal basis or accredited systems are recognized.
- + Benchmarks and limit values from other labels have been integrated.
- + LEVEL meets the market requirements of the circular economy.
- + LEVEL enjoys a high level of credibility and international recognition.

Assessment requirement for certification

European LEVEL covers four areas of impact: Materials, Energy and Atmosphere, Management of Chemicals and Social Responsibility.

Material

This area of activity deals with materials and resources in the product development process: the selection of materials, the efficient use of resources, the use of recycled materials, water and waste management as well as packaging and the product life cycle.

- + Wood and wood-based materials
- + Plastic parts
- + Surface coatings
- + Adhesives and bonding materials
- + Textiles, leather and upholstery materials
- + Flame retardants and phthalates
- + Packaging materials
- + Life cycle assessments
- + Efficient use of resources, recycled content
- + Extended product responsibility
- + Circular Economy
- + Water and waste management



Energy and atmosphere

This area of activity includes the development of a company-related energy policy, audits on energy and greenhouse gases, the generation and use of renewable energies, gray energy contained in the product and reports on greenhouse gas emissions:

- + Energy policy of the company
- + Recording of energy consumption
- + Assessment of the overall energy efficiency
- + Recognition for building certification
- + Energy management system
- + Gray energy
- + Energy consumption of the finished product
- + Transportation
- + Renewable energies on and off site
- + CO₂-footprint and greenhouse gases
- + Air emissions

Chemicals management

This impact area takes into account, for example, the effects of chemical substances on humans and the natural environment. Products, production processes and measures for the maintenance and repair of production facilities are considered:

- + Proof of compliance with regulations
- + Corporate guidelines for handling chemicals, risks and environmental management
- + EMAS, ISO 14001 or equivalent
- + Chemical management in the production facility
- + Effects of product, process and maintenance chemicals
- + Avoidance of chemicals of concern
- + Low-emitting furniture

Social responsibility

This area of activity deals with management techniques for recognizing and avoiding hazards to employees and the environment. The criteria include e.g. inclusion, community and social commitment of the company and the anchoring of social responsibility in the supply chain:

- + Health and safety of employees
- + Labor and human rights
- + Social responsibility policy
- + External standards for health and safety management
- + Programs for inclusion
- + Civic engagement
- + Reporting on social responsibility
- + Promotion of social responsibility in the supply chain

Certification levels

LEVEL has three certification levels. Products can be awarded LEVEL 1, LEVEL 2 or LEVEL 3. The classification is based on the number of points achieved. The highest achievable level is LEVEL 3.

Almost all König + Neurath products in the tables, cabinets, partition walls and seating categories are certified. All certified products have achieved the highest certification level „LEVEL 3“.

FURNITURE MADE IN GERMANY



Quality you can rely on

The term 'Made in Germany' is not legally protected and is not linked to clear specifications. There is therefore no clear definition of when a product may be labelled 'Made in Germany'. The Association of the German Furniture Industry (VDM) has therefore introduced, in addition to the definition 'Made in Germany' for furniture ranges, a traceable labelling system based on defined criteria, the requirements of which are regularly monitored externally at the production site.

The criteria are extremely demanding and stand for a high standard of quality: design, assembly and quality testing must take place entirely in Germany. In addition, the manufacturing process relevant to quality must take place predominantly in Germany.

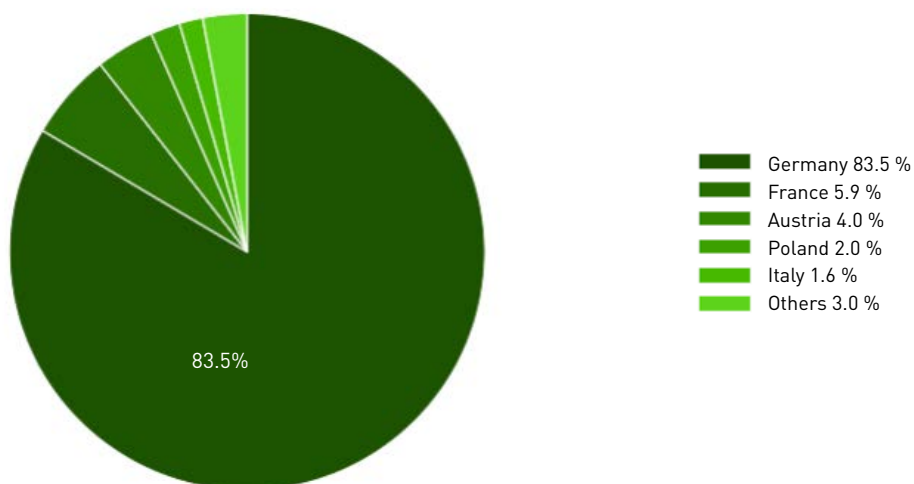
Certification of our product portfolio

König + Neurath has certified almost all of its office and seating furniture ranges. Room systems and room dividing elements do not fall under the scope of the criteria catalog and are therefore not certifiable.

König + Neurath AG's suppliers are an important factor for high product quality. Short distances to our suppliers promote close cooperation and optimize transport routes and times. All our suppliers undergo an approval process. The majority of suppliers are regularly checked for compliance with König + Neurath standards via supplier self assessments. Most of our suppliers are based in Germany. The breakdown of suppliers by country of domicile is shown in the following charts.

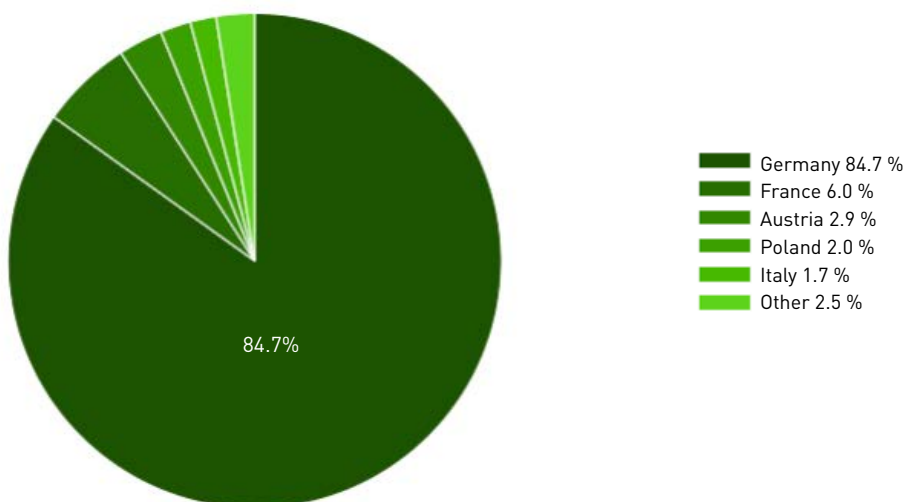
Country headquarters of the suppliers

Proportionate to the purchasing volume of König + Neurath AG, 2022 [%]



Country headquarters of the suppliers

Proportionate to the purchasing volume of König + Neurath AG, 2023 [%]



	2020	2021	2022	2023
Proportion of suppliers based in Europe [%]	100	100	100	100
Proportion of suppliers based outside of Europe [%]	0	0	0	0



ERGONOMICS

Our understanding of ergonomic furniture

Ergonomics is the science of the laws governing human work. Today, almost all activities of daily life can be considered from an ergonomic point of view. At König + Neurath, this includes working at a computer screen as well as sitting in meetings. When we talk about „ergonomics“, we usually refer to the field of „physical ergonomics“. Among other things, it deals with the design of a workplace in the office. One of its aims is to prevent postural and movement problems for workers. As König + Neurath has set itself the goal of designing healthy workplaces, we use the tools and findings of ergonomics in the development of our products. One example of this is the anatomically shaped backrest of a chair or the option of adapting chairs to the dimensions of the user, i.e. adjusting the seat height, seat depth or the position of the armrest change. We also integrate such functions in our tables, especially in the electric motorized and gas spring-supported height-adjustable tables.

Ergonomics for tables

The lowest ergonomic requirement for a table is the ability to adjust the height of the table to the user's needs, a surface that is suitable in terms of reflection and heat, and easily accessible and ergonomically shaped controls.

Desks that allow you to alternate between sitting and standing offer real added value for a dynamic way of working. Users benefit more from alternating between sitting and standing than just switching between different sitting postures. In addition to an immediately noticeable improvement in physical well-being, the free change of postures has the effect of increasing the mental performance and creative radius of action of those working. Mental and physical mobility are mutually dependent. This is why the issue of sitting/standing plays a central role in our development of table systems. In addition to motorized height-adjustable tables, we design tables with more spontaneous systems that are independent of supply lines.

Ergonomics for seating furniture

Because people are different, it should be possible to carefully adapt a chair to the user's body measurements. This is the functional basis for the development of König + Neurath seating furniture. In addition to the functions themselves, König + Neurath also designs the associated operating elements ergonomically. For us, adapting to the anthropometry of the user is the prerequisite for the concept of dynamic sitting:

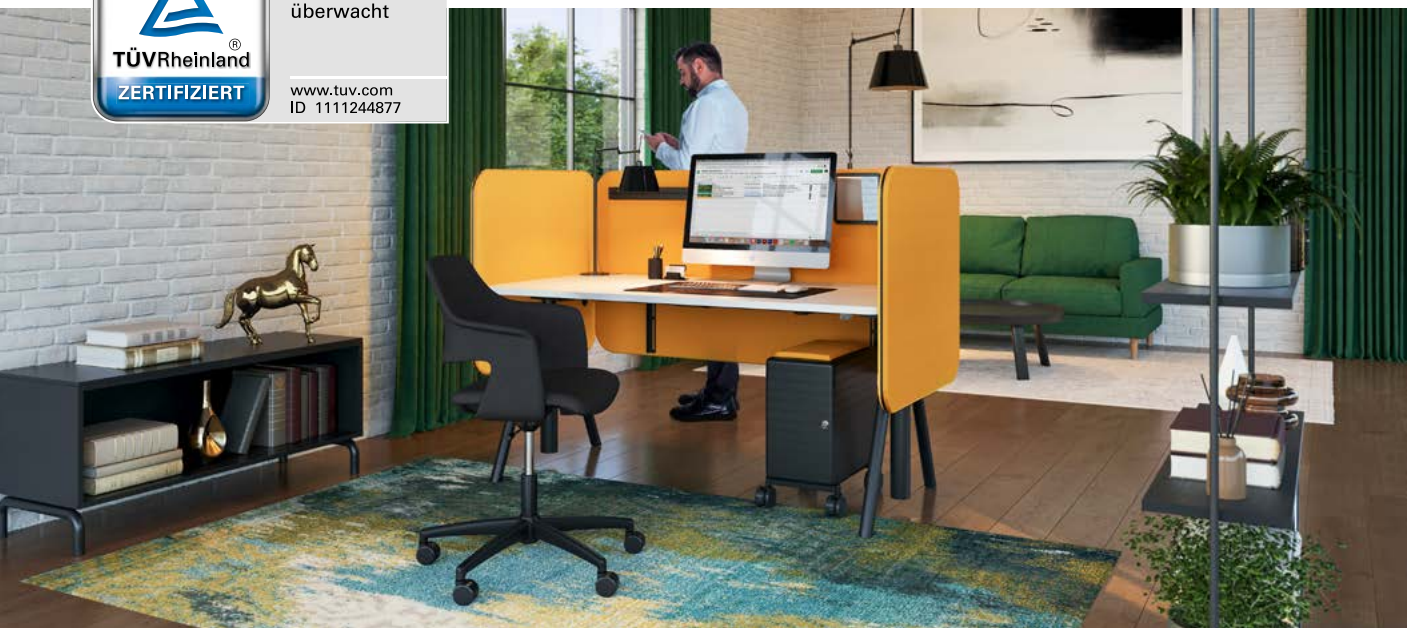
It is important that the pelvis is balanced on the ischial tuberosities. The spine straightens, which supports its double-S shape. An upright upper body improves the reach of the arms and creates more space in the abdomen for the internal organs and deeper breathing. Bending the upper body forwards or backwards takes place in the hip joints and not by curving the spine. Sitting upright, leaning back, leaning forward: the best sitting posture is always the next one! König + Neurath office chairs allow different sitting postures and support the sitter.

For us, another key component of the dynamic seating concept is a good synchronised mechanism. König + Neurath has therefore been developing its own mechanisms with outstanding ergonomic properties for years. These include, for example the lowering of the front edge of the seat when leaning back. König + Neurath uses the requirements of the TÜV Rheinland ergonomics certificate, according to which some of the König + Neurath office swivel chairs are certified, as a benchmark.



Ergonomie
Fertigung
überwacht

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Ergonomics for room partitions

Creating good acoustic conditions is an important aspect of modern, ergonomic office furnishings. Noise - whether caused by equipment or colleagues - significantly impairs employees' concentration and decision-making times and therefore their performance. Everyday noises such as loud talking and ringing telephones are already at the upper end of the permissible volume range in the office. For efficient and stress-free working in a multi-person office, measures that improve the overall acoustics are therefore highly recommended.

Intelligent office furnishing solutions are able to reduce noise in the entire frequency range of common office sources. König + Neurath product development uses innovative, acoustically effective materials. We use these materials to equip intelligent room divider systems and desk panels so that, in addition to their shielding effect, they also effectively absorb sound and noise.



MATERIALS

The main material groups at König + Neurath are steel, wood and wood-based materials, plastics and aluminum.

Steel

Steel is used, for example, in table and cabinet frames, chair mechanisms and metal shelves. Visible steel parts are protected by solvent-free powder coating. This also allows for a wide range of colors.

Aluminum

Aluminum is significantly lighter than steel and is also easy to shape. Due to its properties, it is used, for example, as a profile in partition walls and table panels. We also use it in the construction of room systems and as die-cast aluminum in chair bases. In our aluminum die-cast parts, 100 percent of the aluminum comes from secondary sources. This means that it is around 100 percent recycled material. Recycling aluminum requires up to 95 % less energy than traditional light metal extraction from ore.



König + Neurath relies on Hydro Low Carbon (formerly REDUXA) for aluminum extrusion profiles. This is an aluminum with significantly lower CO₂ emissions compared to the European average, namely a maximum of 4.0 kg CO₂/kg aluminum. An externally verified environmental product declaration (EPD) confirms the correctness of the declaration.



Wood and wood-based materials

König + Neurath processes large quantities of wood and wood-based materials. They are used, for example, in table tops, in the carcass of cupboards, in the carcass of office containers and pharmacy cabinets and as wooden bases for visitor chairs. We have agreed with our wood-based material suppliers that we will only purchase chipboard containing wood from sustainably managed forests.

Cover fabrics

The König + Neurath fabric collection is subject to stringent requirements. Our collection comprises almost exclusively fabrics with OEKO-TEX® STANDARD 100, EU Ecolabel, GREENGUARD Gold, Cradle to Cradle® or Indoor Advantage™ Gold certification. The leather in fabric group 56 is certified with the Blue Angel and the OEKO-TEX® LEATHER STANDARD.

Use of recyclate and recycling options at the end of the life cycle

Our product developers always check whether the use of recyclates is possible. Recyclates are materials that have already been used and have become waste in the industrial process or at the end user. Whether recyclates can be used depends on the static and aesthetic requirements of the product as well as the assured long-term market availability. We strive for the highest possible proportion of recyclates in our products, without this having any influence on the quality of the product. Information on the proportion of recyclates in the products can be found in the K+N environmental certificates. These are available in the media database.

If recycling is the only option at the end of a product's life cycle, our products can be recycled to a large extent thanks to their easy disassembly. König + Neurath offers dismantling instructions for the main products to support dismantling. Our aim is to make it easier to separate materials by type and recycle them.



PACKAGING

Packaging fulfills an important function: it protects products during transport and ensures that all products reach our customers undamaged. König + Neurath tries to keep the amount of packaging as low as possible. The following measures help us to use as much packaging as necessary and as little as possible:

- + We use reusable furniture covers (furniture covers were introduced back in 1993).
- + For tables, only the edges and the foot stabilizer are protected with cardboard, the table surfaces remain unpacked.
- + We use LDPE (low-density polyethylene) films to protect the seating furniture during transport. Their wall thickness was reduced from 90 µm to 60 µm in 2021. This results in material savings of 33 %. In 2023, the material was converted to 80 % post-consumer recyclate, certified with the Blue Angel.
- + The carcass furniture remains largely without packaging.
- + The cardboard used consists largely of recycled material.
- + Thanks to our own fleet of trucks, packaging can be transported back and reused as reusable packaging.

SERVICE AND PRODUCT QUALITY



Our quality standards at König + Neurath

A company's recipe for success is often the quality of its products and services. By product quality we mean the safety, durability, health safety, aesthetics, functionality, sustainability and high quality of each product. Equally important is the service quality that König + Neurath offers for its own products. It is characterized by good availability of service staff, a friendly approach to our partners, customers and interested parties and a quick response to inquiries. If there is reason for a complaint, we will ensure that it is dealt with quickly to the satisfaction of our customers.

All incoming complaints are evaluated and used to continuously improve our products, production processes and service. In this way, we learn from every mistake.

To ensure that our own high quality standards are permanently met, we have introduced a quality management system that is certified in accordance with DIN EN ISO 9001.

Quality begins in the supply chain

König + Neurath products are made up of many individual components. For example, the JET.III chair mechanism alone requires 61 individual parts, some of which are produced in-house or purchased from our suppliers. So that the product works as a whole, each individual part must have defined properties. We monitor this through random incoming goods inspections.

König + Neurath's quality awareness has an impact on the entire supply chain. Together with our long-standing suppliers, we define the König + Neurath quality level and further develop the products and services as a team.

Internal product qualification and the GS mark

Until a product is ready for the market, we test it extensively in our own König + Neurath test laboratory. The tests are based on the usual standards for product safety testing and our customers' expectations. Only when all tests have been completed with positive results can the product be released for the market.

To ensure consistently high product quality and to guarantee a high level of safety, we also have our products tested for safety by external testing laboratories. As a result, König + Neurath products are awarded the GS mark, which stands for the „tested safety“ of the products.



The logo shown here is an example

Quality Office certification

The Quality Office product certification was created to identify products that meet high quality requirements. The guideline according to which products are certified includes the following criteria:



Requirements for the basic concept of the products:

- + All products must bear the GS mark.
- + All products with electromotive adjustable parts must bear the CE mark.
- + The manufacturer must have installed a structured quality management system, e.g. in accordance with ISO 9001.

Requirements for product-related services:

- + The sales organization should have trained sales and advisory staff in all sales regions.
- + In all sales regions, it must be possible to view and try out the main product and service variants in appropriate showrooms.
- + The sales organisation should have trained technical customer service personnel in all sales regions.

Requirements for the ecological orientation of products and services:

- + The manufacturer must have installed a structured environmental management system, e.g. in accordance with ISO 14001 or EMAS.
- + The materials used must be separable by type.
- + The ecological properties of the materials used must correspond to the state of the art. This should be documented by relevant test marks or other independent evidence.
- + Upholstery and other foams must be low in harmful substances and recyclable.

Quality requirements for office chairs and office furniture:

- + Applicable standards must be complied with.
- + The dimensional requirements must be met.
- + Exemplary requirements for an office swivel chair:
 - Office task chairs must be offered with height-adjustable armrests.
 - To enable dynamic sitting, the seat and backrest must move synchronously, i.e. in a coordinated relationship.
 - The seat height must be adjustable.



OVERVIEW PRODUCT CERTIFICATIONS

König + Neurath products undergo a large number of certifications in order to demonstrably meet all legal, normative, ecological and customer-specific requirements.

All certification documents at company and product level are available in the [media database](#). Both our individual product websites and the K+N environmental certificates provide an overview of which certifications the individual König+Neurath products have.



The logo shown here is an example

GS mark

The GS mark ensures that our products meet the quality and safety standards of the German Product Safety Act and are safe to use.

Ergonomics tested

The ergonomics test ensures that products are easy and efficient to handle and that health impairments and physical strain are kept to a minimum, even during prolonged use.



The logo shown here is an example

Quality Office

Quality Office is a quality mark that combines many criteria for high-quality products, competent advice and customized service and stands for good office furnishings.



Blue Angel

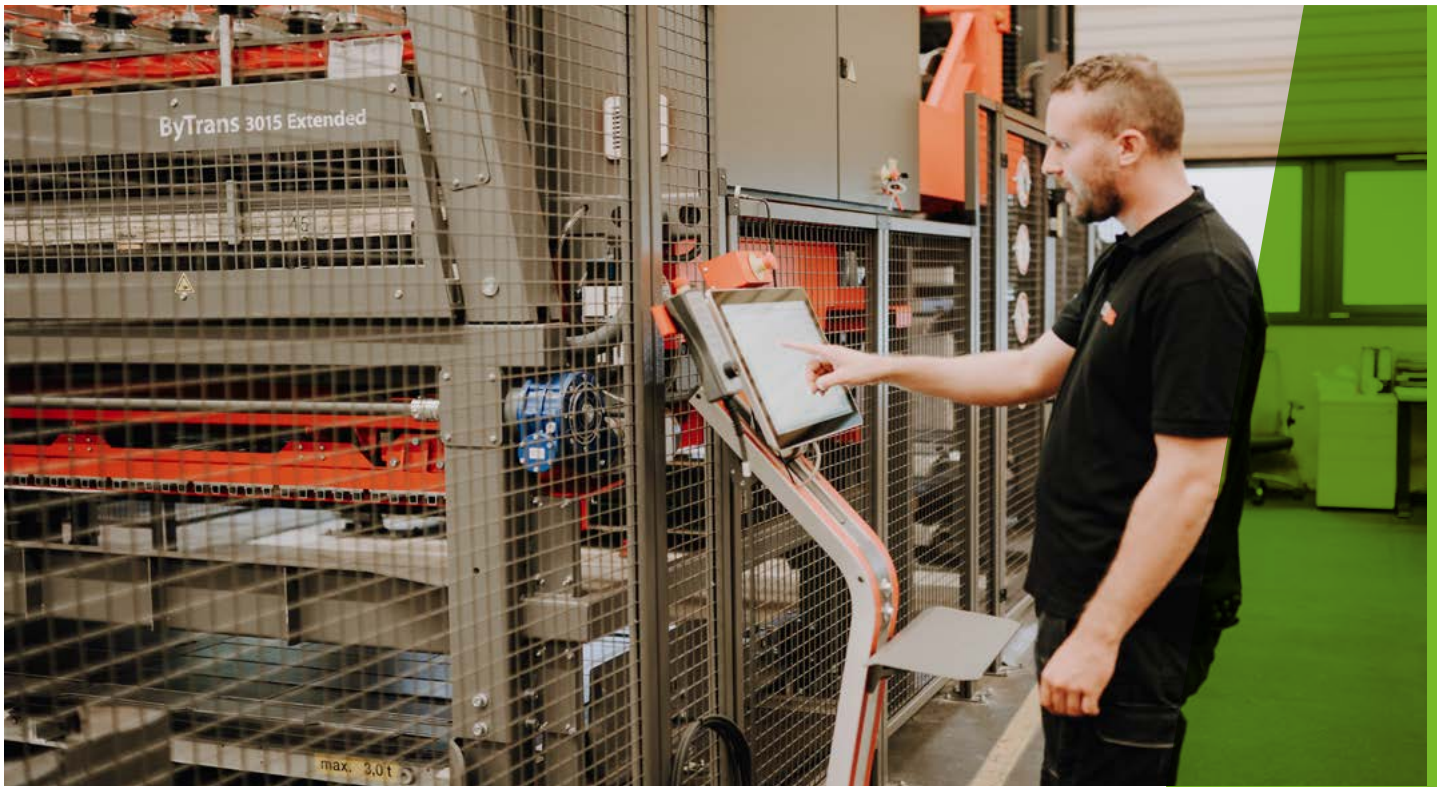
The Blue Angel - the German government's environmental label - has been setting independent and credible standards for environmentally friendly and durable products and services since 1978. The Blue Angel is Germany's best-known environmental label, which focuses on the entire product life cycle.



www.blauer-engel.de/uz38



www.blauer-engel.de/uz117



European LEVEL

Evaluates the four impact areas of materials, energy and atmosphere, chemicals management and social responsibility in three certification levels. This makes it an extremely comprehensive sustainability standard.

SCS Indoor Advantage Gold

Risk-based testing for product emissions. Ensures compliance with strict emission limits. Recognized by numerous building certification systems such as LEED v4, BREEAM UK, BREEAM International and the WELL Building Standard.



Furniture made in Germany

With the geographical guarantee of origin "Möbel Made in Germany", consumers can be sure that they are buying products made in Germany. The mark stands for the high quality of German furniture manufacturers, for innovation, durability and healthy living.

GRI CONTENT INDEX

This document refers to the following GRI Standards:

GRI disclosure	Designations	Page	Explanations
GRI 2: General disclosures 2021			
1. the organization and its reporting practices			
2-1	Organizational profile	5, 6, 8	
2-2	Entities included in the organization's sustainability reporting	8	
2-3	Reporting period, reporting frequency and contact point		Reporting period: Jan. 1, 2022 - Dec. 31, 2023 (two financial years) Frequency: annually Reporting date: Dec. 6, 2024 Contact point: nachhaltigkeit@koenig-neurath.de
2-4	Correction or restatement of information		
2-5	External audit		The sustainability reporting has not been externally audited. The environmental, energy and occupational health and safety-related information is reviewed in annual external audits of the management systems.
2. activities and employees			
2-6	Activities, value chain and other business relationships	5, 6, 8, 35, 48	
2-7	Employees	24, 25	
2-8	Employees who are not salaried employees	24	
3. corporate management			
2-9	Management structure and composition	8	
2-11	Chairman of the highest supervisory body	8	
4. strategy, policies and practices			
2-22	Declaration of application of the sustainable development strategy	3, 4	
2-23	Declaration of commitment to principles and practices	3, 4	
2-26	Procedure for obtaining advice and reporting concerns	31	
2-27	Compliance with laws and regulations	22	
2-28	Membership in associations and interest groups	10-12	

GRI disclosure	Designations	Page	Explanations
----------------	--------------	------	--------------

5. Involvement of stakeholders

2-29	Approach for the integration of stakeholders	16, 17
------	--	--------

2-30	Collective agreements	11
------	-----------------------	----

GRI 3: Material topics 2021

3-1	Procedure for determining material topics	14, 15
-----	---	--------

3-2	List of key topics	15
-----	--------------------	----

3-3	Management of material topics	14, 15
-----	-------------------------------	--------

GRI disclosure	Designation	Explanations
----------------	-------------	--------------

GRI 300: Ecology

GRI 302: Energy 2016

302-1	Energy consumption within the organization	41–45
-------	--	-------

302-4	Reduction in energy consumption	41–45
-------	---------------------------------	-------

GRI 303: Water and wastewater 2018

303-3	Water with drawal	37
-------	-------------------	----

GRI 305: Emissions 2016

305-1	Direct GHG emissions (Scope 1)	43–45
-------	--------------------------------	-------

305-2	Indirect energy-related GHG emissions (Scope 2)	43–45
-------	---	-------

305-5	Reduction of GHG emissions	43–45
-------	----------------------------	-------

GRI 306: Effluents and waste 2016

306-2	Waste by type and disposal method	38–39
-------	-----------------------------------	-------

GRI 400: Social

GRI 403: Occupational health and safety 2018

403-4	Employee participation, consultation and communication on occupational health and safety	26–28
-------	--	-------

403-5	Employee training on occupational health and safety	26, 28
-------	---	--------

403-6	Promoting the health of employees	32–34
-------	-----------------------------------	-------

403-9	Work-related injuries	27, 28
-------	-----------------------	--------

GRI 404: Education and training 2016

404-1	Average number of hours training and further education per year and employee	29–30
-------	--	-------

GRI 405: Diversity and equal opportunity 2016

405-2	Ratio of basic salary and remuneration of women to basic salary and remuneration of men	11
-------	---	----

GRI 416: Customer health and safety 2016

416-1	Assessment of the health and safety impacts of different categories of products and services	64–65
-------	--	-------




















GRI 419: Socioeconomic compliance 2016

419-1	Non-compliance with laws and regulations in the social and economic area	22
-------	--	----

APPENDIX 1

THE 17 GOALS
FOR SUSTAINABLE
DEVELOPMENT AND
ACHIEVEMENTS OF
KÖNIG + NEURATH AG

THE 17 GOALS FOR SUSTAINABLE DEVELOPMENT AND KÖNIG + NEURATH AG'S PERFORMANCE

		Management systems 	Compliance management	Hazardous substances management	Company health management	K+N Excellence		Explanations
 1 NO POVERTY								König + Neurath AG produces exclusively at the company headquarters in Karben. Wages and salaries are fixed by collective agreement. The majority of König + Neurath AG's direct suppliers are based in Germany. The rest of the direct suppliers are based in Europe. The risk of poverty among employees of direct suppliers is therefore very low. To ensure fair pay throughout the supply chain, König + Neurath has agreed this with its suppliers in a Code of Conduct for Business Partners.
 2 ZERO HUNGER								König + Neurath AG operates its own staff restaurant. This ensures that a balanced breakfast and lunch is available to all employees at the production site. The restaurant is not profit-oriented, so the meals are offered at a reasonable price. No organically produced food is currently on offer. In order to support the goal of more sustainable food production, the offer should be based on the following criteria in future: Regionality, organic production, reduction of meat and dairy products.
 3 GOOD HEALTH AND WELL-BEING								A health promotion program has been set up to promote the health of all employees. A committee consisting of representatives of the works council and the employer decides on the introduction of health promotion measures. Numerous health promotion programs are available to employees. König + Neurath has set up an occupational safety committee to manage and improve the health and safety of the workforce. A company doctor offers all employees regular workplace-related check-ups.
 4 QUALITY EDUCATION								König + Neurath has been successfully training wood mechanics, industrial mechanics, mechatronics engineers, machine and plant operators, industrial clerks and IT specialists for decades. With the dual study course Bachelor of Engineering Wood Technology (DHBW Mosbach), König + Neurath AG also makes it possible to combine theoretical learning phases at the university with qualified training. With its own K+N Academy, expert knowledge in many areas is imparted both internally and externally.
 5 GENDER EQUALITY								At König + Neurath, all employees are treated with respect and dignity. There is no unequal treatment. The König + Neurath Code of Conduct states the following: "König + Neurath supports the United Nations Convention on the Elimination of All Forms of Discrimination against Women (Women's Rights Convention). We are committed to equal rights for all genders. We ensure that there is no unequal treatment between the sexes and that the principle of "equal pay for equal work" applies.
 6 CLEAN WATER AND SANITATION								A waste water treatment plant is operated at the production site, which pre-cleans the waste water from the powder coating systems before it is discharged into the public sewer system. The waste water is checked regularly. The waste water from the water filters of the wet coating systems is recycled and disposed of periodically. As part of the health promotion program, drinking water dispensers have been installed throughout the company to provide free drinking water to all employees at the production site.
 7 AFFORDABLE AND CLEAN ENERGY								Most of the heat required at the production site is covered by burning wood-based material residues generated during production. In 2023, this generated around 30 % of König + Neurath AG's final energy consumption. A photovoltaic system has been in operation on the metal processing production hall since 2000. The electricity generated is used on site. Around 58 % of the electricity consumed at the production site comes from renewable energies (the data for the electricity mix comes from the electricity supplier for the year 2023). König + Neurath AG aims to increase the share of renewable energies in final energy consumption and at the same time to further reduce final energy consumption significantly.
 8 DECENT WORK AND ECONOMIC GROWTH								A works council has been set up as an employee representative body that is available to all employees as a point of contact for labor law issues and conducts negotiations with the employer on behalf of all employees. The works council also monitors compliance with the collective agreement. This ensures fair employment.
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE								König + Neurath AG promotes sustainable industrialization. The economic, ecological and social impact is always taken into account in all investment decisions. For example, the wood coating process was completely modernized in 2023. This will lead to a significant reduction in energy consumption and considerably lower solvent emissions.
 10 REDUCED INEQUALITIES								At König + Neurath, all employees are treated with respect and dignity. There is no unequal treatment. The König + Neurath Code of Conduct stipulates the following: "König + Neurath is committed to diversity and tolerance. We create a climate of appreciation and mutual trust by respecting others in their individuality, always acting openly and honestly, and promoting and demanding individual and cultural diversity. We therefore do not tolerate condescending, demeaning, insulting or otherwise disrespectful words and actions towards our colleagues. We promote an inclusive work environment that allows room for diversity and where people from different backgrounds, perspectives and regions come together as equals."
 11 SUSTAINABLE CITIES AND COMMUNITIES								König + Neurath AG is rooted in the region. Egon König, the company's sole owner for many years until his death in 2019, was originally from Karben. With the company headquarters of König + Neurath, the town of Karben benefits not only from tax revenue, but also from a local entrepreneurial commitment.
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION								König + Neurath AG products meet the highest sustainability standards. When designing our products, we take into account current sustainability requirements from relevant product certifications such as the Blue Angel and the European LEVEL sustainability standard. The independent product certifications demonstrate the high quality of König + Neurath products in terms of sustainability aspects. Continuous improvements are implemented in production, which make it possible to increase efficiency with less use of resources and energy. Chemicals are handled in accordance with defined rules, which are set out in a process manual. König + Neurath AG follows the precautionary principle, so that possible risks are calculated in advance and minimized with appropriate measures.
 13 CLIMATE ACTION								König + Neurath AG is very aware of the risks of rising global temperatures. Quick and decisive action is therefore required. Both direct and indirect measures are being taken to record and reduce greenhouse gas emissions at the production site. This also applies to the supply chain and all associated activities of the company. Reducing greenhouse gas emissions takes priority over offsetting them. The measures are defined, implemented and monitored in connection with environmental and energy management, plant development and sustainability management, and supported by certifications.
 14 LIFE BELOW WATER								König + Neurath AG is also responsible for clean water. Only waste water that can be efficiently purified in the municipal sewage treatment plant is discharged into the public sewer system. Heavily contaminated waste water from the wet painting filter systems is disposed of so that there is no risk to aquatic life. Which fish is served? Does it come from overfished stocks? Is the fishing method sustainable? In future, there will be an even greater focus on the sustainability of the dishes on offer.
 15 LIFE ON LAND								In addition to climate protection, which is receiving a great deal of public attention, the protection of ecosystems and the preservation of biodiversity are also important. Global deforestation and species loss are continuing. König + Neurath also bears responsibility here and can contribute to supporting SDG 15 with the following measures: - by expanding the purchase of timber from sustainable forestry - by upgrading the built-up areas with green spaces/green roofs/unsealing areas where possible - by promoting sustainable agriculture with a wider range of regionally and organically produced food in the staff restaurant.
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS								König + Neurath AG is clearly opposed to bribery and corruption. The Code of Conduct states: "Corruption is prohibited worldwide. Corruption means that someone abuses their professional position to gain an advantage for themselves or a third party and harms others in the process. We refrain from any form of corrupt behavior and avoid even the mere appearance of it. We make business decisions in the interests of the company for objective and comprehensible reasons and always behave transparently, correctly and fairly towards our business partners." König + Neurath AG and all business partners undertake to comply with the ILO (International Labor Organization) core labour standards.
 17 PARTNERSHIPS FOR THE GOALS								König + Neurath AG's corporate policy is characterized by the values of continuity, reliability, solidarity, integrity, sustainability and quality. This is associated with a cooperation with suppliers that is based on partnership. Long-standing business relationships and fair purchasing conditions are important features of König + Neurath's procurement policy. In order to guarantee the values of König + Neurath AG at other points in the supply chain, a code of conduct for business partners has been drawn up. The same understanding of values is a basic prerequisite for a business relationship and for cooperation based on partnership and trust.

APPENDIX 2

CODE OF CONDUCT OF KÖNIG + NEURATH AG

Version of 09 August 2024

Preamble

Dear employees,

Responsible and lawful behaviour is one of the basic prerequisites for our entrepreneurial success. The Executive Board sets high standards for itself and for each individual employee. This is an integral part of our corporate culture and forms the basis for the trust that customers, business partners and the public place in us. The high reputation of König + Neurath AG, which we work hard to earn every day, can be damaged by individual legal offences. Every one of you is obliged to behave responsibly and to comply with applicable law.

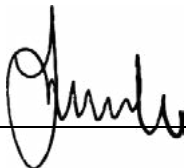
We are aware that the risk of legal violations is increasing due to the internationalisation of business activities and the large number and complexity of legal regulations. For this reason, the Executive Board has adopted the following Code of Conduct. This code applies to all König + Neurath AG sites and subsidiaries. It is intended to help you recognise legal risks and avoid legal violations. The Executive Board expects you to read this Code of Conduct carefully and make it a binding standard for your actions. In doing so, you will be making an indispensable contribution to the success of König + Neurath AG - today and in the future. Every single employee counts.

König + Neurath AG

Karben, 12.08.2024

Place, time

Marc W. Lorch
CEO



Winfried Busch
Head of Purchasing
Confidential clerk



Table of Contents

1	Social responsibility, human rights and labour rights	3
1.1	Abolition of child labour and protection of young workers	3
1.2	No modern slavery, no human trafficking and no unethical recruitment	3
1.3	Freedom of association and collective bargaining	3
1.4	No discrimination or harassment	3
1.5	Diversity, equality and inclusion.....	3
1.6	Women's rights	4
1.7	Fair pay and social benefits.....	4
1.8	Safety at work	4
1.9	Working hours	4
1.10	No impairment of land, water and air; no forced evacuation	4
1.11	Deployment of security forces	4
1.12	Minorities, vulnerable groups and indigenous peoples	5
2	Business ethics	5
2.1	Avoidance of conflicts of interest	5
2.2	Benefits	5
2.3	Prohibition on corruption.....	5
2.4	Prohibition of money laundering	5
2.5	Fair and free competition.....	6
2.6	Financial responsibility and financial reporting.....	6
2.7	Disclosure of information	6
2.8	Data protection and data security	6
3	Environmental protection	7
4	Whistleblower system.....	7

1 Social responsibility, human rights and labour rights

Respect for human rights is a key concern for us. We are convinced that sustainable business is only possible by acting ethically and with integrity. As part of our business activities, we are fully committed to our responsibility for human rights. We reaffirm our commitment to key international conventions and declarations, in particular the International Bill of Human Rights and the core labour standards of the International Labour Organization (ILO). We align our business activities with the UN Guiding Principles on Business and Human Rights (UN Global Compact), which are key pillars for our actions.

1.1 Abolition of child labour and protection of young workers

König + Neurath strictly rejects any form of child labour. It is prohibited and will not be tolerated. We support the ILO core labour standards 138 (minimum age) and 182 (prohibition and immediate action for the elimination of the worst forms of child labour).

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

Modern slavery, human trafficking and unethical recruitment are prohibited and will not be tolerated. König + Neurath rejects (modern) slavery, servitude, forced or compulsory labour as well as human trafficking and comparable forms of exploitation, oppression or humiliation. We support the ILO core labour standards 29 (forced labour) and 105 (abolition of forced labour).

1.3 Freedom of association and collective bargaining

We are committed to freedom of association, i.e. the right to form trade unions and employee representative bodies, and the right to collective bargaining. We support the ILO core labour standards 87 (freedom of association and protection of the right to organise) and 98 (right to organise and collective bargaining).

1.4 No discrimination or harassment

Discrimination and harassment will not be tolerated. No one may be discriminated against, favoured or harassed because of their ethnic origin, skin colour, gender, nationality, language, religion or ideology, physical or mental limitations or other characteristics protected by law.

1.5 Diversity, equality and inclusion

König + Neurath is committed to diversity and tolerance. We create a climate of appreciation and mutual trust by respecting others in their individuality, always acting openly and honestly, and promoting and demanding individual and cultural diversity. We therefore do not tolerate any patronising, demeaning, insulting or otherwise disrespectful words or actions towards our colleagues.

We promote an inclusive working environment that leaves room for diversity and in which people with different backgrounds, views and perspectives and from different regions come together on an equal footing.

1.6 Women's rights

König + Neurath supports the United Nations Convention on the Elimination of All Forms of Discrimination against Women (Women's Rights Convention). We are committed to equal rights for all genders. We ensure that there is no unequal treatment between the sexes and that the principle of "equal pay for equal work" applies.

1.7 Fair pay and social benefits

The right to appropriate remuneration is recognised for all employees. König + Neurath is subject to the provisions of the current collective labour agreement for the wood and plastics processing industry in Hesse, both geographically (federal state of Hesse) and in terms of the industry (wood and plastics processing industry). We ensure that all employees are paid fairly. Statutory provisions, for example on minimum wages, are complied with at all times.

1.8 Safety at work

We take our responsibility for the health and safety of our employees very seriously. We guarantee occupational health and safety within the framework of the applicable national regulations. All accidents at work and work-related illnesses are fundamentally preventable. Our aim is to ensure the protection and promotion of physical and mental health. This requires the cooperation and participation of everyone. König + Neurath has set up an occupational health and safety management system in accordance with DIN ISO 45001.

Further details are regulated in the [occupational safety guidelines](#).

1.9 Working hours

König + Neurath ensures that working hours comply with the applicable national legal requirements. The working week is set at 35 hours per week in the collective labour agreement for the wood and plastics processing industry in Hesse. König + Neurath allows its employees to work flexibly and has introduced both a flexitime model and a mobile working arrangement.

1.10 No impairment of land, water and air; no forced evacuation

König + Neurath ensures that no harmful soil changes, water pollution, air pollution, harmful noise emissions or excessive water consumption are caused that could lead to a significant impairment of natural bases for food and drinking water or human health.

König + Neurath observes the prohibition of unlawful eviction and the prohibition of unlawful seizure of land, forests and waters when acquiring, building on or otherwise utilising land, forests and waters.

1.11 Deployment of security forces

König + Neurath ensures that the commissioning or deployment of security forces does not lead to human rights violations.

1.12 Minorities, vulnerable groups and indigenous peoples

König + Neurath is committed to respecting the rights of minorities, vulnerable people and indigenous peoples in its supply chain.

2 Business ethics

All our stakeholders expect us to behave with integrity in our business activities. Integrity in business is defined as both actual and perceived ethical business behaviour that is in line with König + Neurath AG's Code of Conduct and our commitment to conducting our business in a socially responsible manner.

Integrity in business transactions means first and foremost that we comply with all applicable laws and regulations. Compliance with these is a prerequisite for the sustainable success of König + Neurath.

König + Neurath rejects any form of corrupt business behaviour, such as bribery, embezzlement, fraud, theft and the granting of unfair advantages.

We are committed to acting with full transparency and condemn any illegal actions to gain an advantage.

2.1 Avoidance of conflicts of interest

We always take care to separate personal and private interests from those of the company and, when making business decisions, we act in the best interests of König + Neurath. Activities in our company may not be used to gain private advantages and business partners may not be favoured for private interests.

If a conflict of interest should arise, it must be disclosed in a timely manner and the next steps must be discussed.

2.2 Benefits

We convince through our products and services. Benefits in form of gifts and invitations are only permitted within reasonable limits.

Our guideline on avoiding corruption in business transactions regulates which benefits are appropriate.

2.3 Prohibition on corruption

Corruption is prohibited globally. Corruption means that someone abuses their professional position to gain an advantage for themselves or a third party and harms others in the process. We refrain from any form of corrupt behaviour and avoid even the mere appearance of it. We make business decisions in the interests of the company for objective and comprehensible reasons and always behave transparently, correctly and fairly towards our business partners.

2.4 Prohibition of money laundering

Money laundering refers to the process of concealing the origin of funds from criminal activities such as terrorism, drug trafficking or bribery by smuggling "dirty money" into the legal financial and economic cycle in order to give it the appearance of legality and disguise the actual origin or identity of the owner.

It is König + Neurath's declared aim to maintain business relationships only with reputable business partners whose activities comply with legal regulations and whose financial re-sources are of legitimate origin. We do not support money laundering and take all necessary measures to prevent money laundering within our sphere of influence. This requires the attention of all employees. In particular, this means that we endeavour to know all of our customers. Suspicious forms of payment, transactions or behaviour by customers, consultants and business partners must be reported.

We immediately allocate incoming payments to the corresponding services and post them. We ensure transparent and open payment flows.

2.5 Fair and free competition

König + Neurath is committed to free competition as an elementary component of the market economy - it promotes efficiency, economic development and innovation.

In all business agreements and all business relationships with third parties, we observe the legal requirements for ensuring free competition. This applies in particular to agreements with competitors and other third parties if these agreements may impair competition. We do not participate in price fixing or prohibited coordination of market behaviour between competitors. We are committed to fair dealings with our business partners and competitors and do not abuse existing room for manoeuvre.

We do not spread false information about our competitors' products and services or attempt to gain an unfair competitive advantage. We expressly reject competitive espionage as a means of unfairly obtaining information about our competitors. We are happy to compete with our competitors and always adhere to the law and ethical principles.

2.6 Financial responsibility and financial reporting

For König + Neurath, compliance with all national and international laws is part of responsible corporate management. Proper accounting and financial reporting are a matter of course for us. Each of us is responsible for contributing to an up-to-date, complete and accurate treatment of business transactions. Transparency and accuracy are our top priorities.

2.7 Disclosure of information

König + Neurath discloses information if this is necessary to fulfil legal obligations.

2.8 Data protection and data security

The security of data is of utmost importance to König + Neurath. It has a decisive influence on business success and public reputation. We protect company data as well as personal customer and employee data against unauthorised access, unauthorised or improper use, loss and premature destruction using all available suitable and appropriate technical and organisational means. We collect, process and use personal data carefully and in compliance with the applicable legal requirements. König + Neurath is committed to protecting personal data in the best possible way.

König + Neurath AG – Code of Conduct

3 Environmental protection

We take responsibility for the environmental compatibility and sustainability of our products, processes and services. Our company aspires to be a role model for the protection of our environment. We rely on environmentally friendly, advanced and efficient technologies. As early as the development and production stages, we pay attention to the careful use of natural resources, a continuous reduction in environmental impact and compliance with environmental protection laws and regulations. In addition, we constantly re-evaluate the environmental compatibility of our products and manufacturing processes and optimise them where necessary.

Further details are set out in [the sustainability and environmental protection guidelines](#).

4 Whistleblower system

König + Neurath has set up a reporting portal for employees. Knowledge, for example of criminal offences, administrative offences, breaches of this Code of Conduct or breaches of competition law in one's own professional environment can therefore be reported securely. Whistleblowers are legally protected against discrimination and reprisals. All König + Neurath employees have the opportunity to use the reporting portal to provide information on such irregularities. This also applies to suspected cases. Deliberate or grossly negligent false reports, on the other hand, can trigger claims for damages from injured parties, so no pure assumptions or speculation should be reported.

The report will be investigated by an external contact person and followed up if necessary.

The registration portal can be accessed via the following link:

<https://www.meldeportal-hinschg.de/konig-neurath-89746/>

Irrespective of the reporting office, compliance violations can be brought to the attention of the Management Board or the Supervisory Board, the immediate superior, the Works Council or the HR department.

APPENDIX 3

CODE OF CONDUCT BUSINESS PARTNER

CODE OF CONDUCT

BUSINESS PARTNERS

Version of 17.06.2024

PREAMBLE



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

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

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

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



MARC W. LORCH
CEO



WINFRIED BUSCH
Head of Purchasing
Confidential clerk

CONTENTS



SOCIAL RESPONSIBILITY, HUMAN RIGHTS AND LABOUR RIGHTS

1.1 Abolition of child labour and protection of young workers	4
1.2 No modern slavery, no human trafficking and no unethical recruitment	4
1.3 Protection of physical integrity, no corporal punishment	4
1.4 Freedom of association and collective bargaining	4
1.5 No discrimination or harassment	5
1.6 Fair pay and social benefits	5
1.7 Health and safety in the workplace, fire protection	5
1.8 Working Hours	5
1.9 No impairment of land, water and air	5
1.10 No forced evacuation	5
1.11 Deployment of security forces	5
1.12 Minorities, vulnerable groups and indigenous peoples	5



BUSINESS ETHICS

2.1 Avoidance of conflicts of interest	6
2.2 Prohibition on corruption	6
2.3 Prohibition of money laundering	6
2.4 Fair and free competition	6
2.5 Intellectual property rights	6
2.6 Protection of confidential information	6
2.7 Transparency	6
2.8 Raw material supply chains and dealing with conflict minerals	7
2.9 Whistleblowing and protection against retaliation	7



ENVIRONMENTAL PROTECTION

3.1 Precautionary principle	8
3.2 Promoting environmental awareness	8
3.3 (Greenhouse gas) emissions	8
3.4 Resource efficiency	8
3.5 Registration, evaluation and restriction of substances and raw materials	8
3.6 Circular economy and waste management	8
3.7 Water	9
3.8 Biodiversity	9
3.9 Wood and wood-based materials	9
3.10 Packaging	9
3.11 Harmful ingredients	9



VIOLATION OF THE CODE OF CONDUCT BY A BUSINESS PARTNER

10



CONSENT OF THE BUSINESS PARTNER

10

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

1. SOCIAL RESPONSIBILITY, HUMAN RIGHTS AND LABOUR RIGHTS

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

1.1 Abolition of child labour and protection of young workers

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

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

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

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

1.3 Protection of physical integrity, no corporal punishment

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

1.4 Freedom of association and collective bargaining

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

1.5 No discrimination or harassment

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

1.6 Fair pay and social benefits

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

1.7 Health and safety in the workplace, fire protection

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

1.8 Working Hours

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

1.9 No impairment of land, water and air

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

1.10 No forced evacuation

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

1.11 Deployment of security forces

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

1.12 Minorities, vulnerable groups and indigenous peoples

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

2. BUSINESS ETHICS

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

2.1 Avoidance of conflicts of interest

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

2.2 Prohibition on corruption

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

2.3 Prohibition of money laundering

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

2.4 Fair and free competition

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

2.5 Intellectual property rights

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

2.6 Protection of confidential information

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

2.7 Transparency

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

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

2.8 Raw material supply chains and dealing with conflict minerals

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

2.9 Whistleblowing and protection against retaliation

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

3. ENVIRONMENTAL PROTECTION

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

3.1 Precautionary principle

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

3.2 Promoting environmental awareness

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

3.3 (Greenhouse gas) emissions

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

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

3.4 Resource efficiency

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

3.5 Registration, evaluation and restriction of substances and raw materials

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

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

3.6 Circular economy and waste management

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

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

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

3.7 Water

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

3.8 Biodiversity

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

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

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

3.9 Wood and wood-based materials

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

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

3.10 Packaging

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

3.11 Harmful ingredients

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

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

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

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

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

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

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

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

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

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

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

5. CONSENT OF THE BUSINESS PARTNER

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

