



Knauf Interfer SE

Statement of principles relating to the human rights strategy

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Content

Content.....	2
I. Introduction	3
II. Knauf Interfer Group	3
III. The German Act on Corporate Due Diligence Obligations in Supply Chains	4
IV. Respecting human rights and the environment throughout the entire supply chain	4
1. Measures for effective risk management	4
a) Effective risk management.....	5
b) Identifying, weighing up and prioritising risks.....	5
c) Taking preventive action	6
d) Providing remedies.....	6
e) Following up on tip-offs.....	6
f) Responsibility throughout the entire supply chain	7
g) Impact assessment	7
h) Documentation and reporting.....	7
2. Shining the spotlight on: human rights and the environment	8
IV. Outlook.....	8

I. Introduction

Knauf Interfer SE – including its subsidiaries both in Germany and abroad – is committed to respecting human rights and protecting the environment. It is the declared aim of the Corporate Management Team to respect, protect and promote human rights and the environment throughout the entire global value chain. Violations of human rights enshrined in international law and national and international environmental protection regulations will not be tolerated.

The following international regulations, which Knauf Interfer SE is committed to, form the foundation of the human rights and environmental due diligence obligations:

- The United Nations (UN) Universal Declaration of Human Rights
- The United Nations Guiding Principles on Business and Human Rights (UNGPs)
- The Core Labour Standards set down by the International Labour Organization (ILO)
- The Principles of the United Nations Global Compact (UNGC)
- The UN Convention on the Rights of the Child
- The Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- The Minamata Convention on Mercury adopted on 10 October 2013 (the Minamata Convention)
- The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal adopted on 22 March 1989 (the Basel Convention)
- The International Charter of Human Rights

The principles relating to human rights and environmental strategy set out in this statement apply to all of Knauf Interfer SE's business activities, including those performed by its subsidiaries both in Germany and abroad, and must be observed by both the Management Team and employees when performing their duties. Knauf Interfer SE also expects all of its business partners to comply with human rights and environmental obligations. Both respect for and observance of human rights and environmental obligations is a basic prerequisite for cooperation with Knauf Interfer SE.

Knauf Interfer SE expects its own employees to base their day-to-day decisions on the guidelines set out in this statement of principles and on Knauf Interfer SE's internal Code of Conduct. Knauf Interfer SE expects its suppliers to accept and comply with the Code of Conduct for Business Partners. At the same time, suppliers are encouraged to impose these expectations on their suppliers and business partners. Knauf Interfer SE supports its partners through training sessions in recognising the need for action with respect to the Code of Conduct for Business Partners and in taking appropriate action.

II. Knauf Interfer Group

The companies of the Knauf Interfer Group are among the most experienced specialists in steel and aluminium processing and distribution, with a clear focus on the automotive and industry segments. The product portfolio ranges from standard products to exceptional grades and dimensions. In terms of further processing, the company has developed in recent years from being a pure distributor to a 'multi-materials processing company'. With several sites of its own, the Group has a clear focus on Germany. It also has a sales office in the Netherlands and a production site in Poland. Goods production

requires exchange of goods and services, both within the Group and with suppliers and customers. The majority of the suppliers are based in Europe, particularly in the EU. This is advantageous in that, on the one hand, the delivery routes are short and, on the other, the majority of suppliers are subject to standardised (specifically EU) legislation in many areas.

III. The German Act on Corporate Due Diligence Obligations in Supply Chains

The German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) aims to guarantee human rights and environmental standards throughout the entire supply chain. To this end, it defines a number of protected legal positions, imminent violation of which is to be prevented by extensive due diligence obligations. The protected legal positions set out in the German Act on Corporate Due Diligence Obligations in Supply Chains are defined in Section 2 (1) of the LkSG and are split into human rights-related and environmental risks. These include the ban on forced labour, child labour and slavery, disregarding occupational safety and health, disregarding freedom of association, unequal treatment, withholding an appropriate wage, unlawful forced eviction and unlawfully hiring private or public security forces, harmful soil, water and air pollution, using persistent organic substances, exporting hazardous waste, and the ban on mercury.

By way of this statement of principles, Knauf Interfer SE is describing the procedure for compliance with due diligence obligations in its own business activities and throughout the entire supply chain. This includes identifying human rights-related and environmental risks identified based on the risk analysis. Finally, Knauf Interfer SE defines the human rights-related and environmental expectations it places on its employees and suppliers in the supply chain in the statement of principles relating to the human rights strategy.

IV. Respecting human rights and the environment throughout the entire supply chain

Knauf Interfer SE takes appropriate and effective measures to identify and verify human rights-related and environmental risks in its own business activities and in the entire supply chain and to prevent risks from materialising. If it is determined that any violation of a human rights or environmental obligation has occurred or is about to occur, a targeted process of remedial action takes effect, in which individual measures are taken to end a violation and minimise its consequences.

All measures taken as part of Knauf Interfer SE's human rights and environmental responsibility follow the principle of 'empowerment before withdrawal': Knauf Interfer SE assists its business partners to the greatest extent possible with avoiding and ending violations of human rights or environmental regulations before discontinuing business relationships or switching to alternative sources of supply.

1. Measures for effective risk management

The due diligence obligations are implemented for the company's own business activities and the entire supply chain as part of a risk management system. By horizontally and vertically integrating due

diligence obligations into all relevant business processes, Knauf Interfer SE is ensuring that risks are recognised and that preventive and remedial action is taken in a targeted manner.

a) Effective risk management

The risk management system establishes processes for implementing the due diligence obligations and defines areas of responsibility, competences and chains of command. ‘Risk management’ as defined by the German Act on Corporate Due Diligence Obligations in Supply Chains is implemented throughout the Group at Knauf Interfer SE.

The due diligence obligations are anchored horizontally within Knauf Interfer SE. All of the relevant corporate divisions – Sustainability, Legal, Quality Management, Occupational Safety and Health, Purchasing, Human Resources, IT, Marketing & Communication, and the Economic Affairs Committee – are involved in the implementation steps. The implementation of the due diligence obligations is managed in operational terms by Knauf Interfer SE’s Sustainability and Legal Departments. The responsibilities and implementation processes are summarised in a central manual that is available to all departments and employees at all times.

Due diligence obligations are anchored vertically by defining supervisory and coordination responsibilities at Management level. The Executive Board shoulders overall responsibility for the implementation of human rights and environmental due diligence obligations.

Knauf Interfer SE has appointed a Human Rights Officer who monitors risk management for the company’s own business activities and the entire supply chain and conducts regular impact assessments. The Human Rights Officer reports directly to the Executive Board and is independent and not bound by instructions in their role.

b) Identifying, weighing up and prioritising risks

Knauf Interfer SE conducts comprehensive risk analyses with respect to compliance with human rights and environmental obligations within its own business activities and with its direct suppliers. It draws on both internal and external expertise when doing so. The complexity and scope of its international supply chain requires the use of technical solutions that help the company to identify, verify, weigh up and prioritise risks.

Knauf Interfer SE’s risk analysis system allows it to determine the individual risks involved in working with each business partner. Using the general supplier information – in particular country of origin and sector – as a basis, an abstract risk analysis is conducted based on a large number of recognised indices and studies by external experts. Knauf Interfer SE then checks business partners for specific human rights-related or environmental risks based on supplier self-assessments, an AI-driven media analysis tool, verified certifications and its own findings obtained from inspections or business processes. The business partner’s country of origin and sector aren’t the only aspects that are taken into account. Knauf Interfer SE also analyses product risks, trading level risks, the complexity of upstream supply chains and a wide range of other data so as to limit and localise risks and identify them at an early stage.

Knauf Interfer SE weighs up and prioritises risks by comparing the typically expected severity of a potential legal violation and its irreversibility with the probability of occurrence. It also takes into account its own possible contributions to the cause and the degree of its influence to prioritise risks and take targeted action where there is a threat of risks materialising. Knauf Interfer SE uses a risk matrix to identify its need for action and initiates preventive and remedial action where necessary.

c) Taking preventive action

The comprehensive risk analysis is supplemented by appropriate and effective preventive action.

An internal Code of Conduct, which clearly and comprehensibly summarises the expectations placed on employees and employees' rights, applies to the company's own business activities.

Knauf Interfer SE offers extensive training and further education opportunities that employees can take advantage of. The employees entrusted with implementing the human rights and environmental due diligence obligations regularly attend further training programmes so they can implement the international human rights and environmental protection requirements throughout the entire supply chain. Knauf Interfer SE offers its business partners training and further education opportunities so that they, too, are empowered to promote human rights and environmental protection in their business activities.

Knauf Interfer SE conducts regular and ad-hoc inspections of its own business activities to both identify risks at an early stage and minimise them. Business partners are monitored in the context of legal possibilities and requirements. To this end, Knauf Interfer SE requires business partners to pass on human rights and environmental expectations in the supply chain and to continuously monitor compliance with the same. The Code of Conduct for Business Partners forms the foundation of entering into a new business relationship for this purpose.

d) Providing remedies

Effective remedial action must be taken when a violation of a human rights obligation or of an environmental obligation occurs or is about to occur.

Knauf Interfer SE will initiate remedial action immediately on identifying a relevant violation. In this regard, it develops customised remedial action for each situation and each direct or indirect supplier to put an end to violations in a targeted manner.

Knauf Interfer SE defines a process, performance targets and clear internal responsibilities for each remedial measure. Each remedial measure includes a specific timetable and can be given interim targets.

e) Following up on tip-offs

A complaints procedure that is accessible to all affected parties in the supply chain – from employees and suppliers to third parties who are affected by Knauf Interfer SE's or its suppliers' activities – plays

an important role in identifying risks and violations in the supply chain. It is important in this regard that tip-offs can be submitted both anonymously and confidentially.

Knauf Interfer SE's web-based [whistleblowing system](#) is multilingual and takes into account the complexity of the supply chain. Any barriers to entry are set low, to make it as easy as possible to submit tip-offs. In addition to the company's own employees, other potentially affected groups of people can also use the system to report violations of human rights or environmental concerns at any time.

Tip-offs are handled confidentially and swiftly, following a process that is transparent, balanced and predictable for all parties involved. In addition to the web-based whistleblowing system, complaints can also be reported by means of other channels. Complaints are documented and reviewed, regardless of the channel they are received through. Based on the inspection results, effective remedial action – both for the company's own business activities and for the suppliers – is defined. The employees involved in processing complaints are not subject to any instructions in the context of complaints management. Their neutrality is guaranteed. Every complaint triggers an assessment and action process, at the end of which the identified violation is ended or an identified risk is minimised. If doing so is within Knauf Interfer SE's sphere of influence, whistleblowers are protected against discrimination and penalisation in connection with any complaints they submit.

Tip-offs and complaints submitted are also taken into account in a standardised manner as part of the risk analysis.

f) Responsibility throughout the entire supply chain

Knauf Interfer SE takes its responsibility for the entire supply chain very seriously. Accordingly, its risk analysis also extends to suppliers that do not maintain direct business relationships with it, but instead form part of its supply chain.

The long-term goal is to create complete transparency in the supply chain. Despite some business partners understandably having conflicting interests, Knauf Interfer SE strives to identify indirect suppliers and include them in the risk analysis.

g) Impact assessment

Knauf Interfer SE will – in its own business activities and within its supply chain – subject the risk analysis, the preventive and remedial action and the complaints procedure to annual and ad-hoc impact assessments. Based on the results and the dialogue with external and internal stakeholders, Knauf Interfer SE strives to continuously improve compliance with human rights within its own supply chain.

h) Documentation and reporting

Implementation of all due diligence obligations is continuously documented. Knauf Interfer SE uses a centralised risk management system to network all available information on identified risks and the preventive and remedial action taken.

Knauf Interfer SE is also committed to transparent communication on the human rights-related and environmental challenges it is exposed to. Through its public reporting, it communicates recognised risks, action taken and the progress made at least once a year.

2. Shining the spotlight on: human rights and the environment

Knauf Interfer SE operates in the steel and aluminium sector and is aware of its particular responsibility within its own supply chains. Its own business activities are focused on the production sites in Germany and Poland. Knauf Interfer SE conducted an abstract risk analysis, which identifies potential risks that could arise within the supply chains, based on the country and sector risks. These abstract risks were recognised in the following areas with respect to the various business activities and to varying degrees locally and regionally: occupational safety and health, exporting hazardous waste, using persistent organic substances, harmful soil, water and air pollution, unlawful eviction, violating freedom of association, unequal treatment in employment, and withholding a fair wage.

As part of its efforts to respect human rights throughout the entire supply chain, Knauf Interfer SE has identified the following groups of people as particularly worthy of protection: employees involved in the company's own business activities, as well as employees working for direct and indirect business partners.

The recognised risks are addressed to all relevant stakeholders through appropriate and effective measures. Knauf Interfer SE sets specific targets that must be met in a measurable manner within a certain period of time. Action that has already been taken to minimise risks includes the likes of revising the Code of Conduct for Business Partners and the company's internal Code of Conduct. In addition, human rights and environmental issues were added to existing processes. Knauf Interfer SE has for many years had a certified management standard in accordance with ISO 14001 at the sites affected by potentially harmful soil, water and air pollution. Knauf Interfer SE is also striving to achieve a corresponding management standard at all the other sites.

The results of the risk analyses are continuously incorporated into Knauf Interfer SE's corporate decision-making processes with respect to internal business strategies and supplier selection and management. The risk analysis forms the foundation of identifying appropriate targets, preventive action and remedial action.

IV. Outlook

Knauf Interfer SE is committed to continuously reviewing, further developing and improving its own measures. The effectiveness and impact of all human rights and environmental due diligence obligations must be guaranteed at all times. Impact assessments are performed on an ad-hoc basis and at least once a year.

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