

## COMMUNICATION ON PROGRESS (COP) 2021

Period covered by Communication on Progress (COP)

From: 26.08.2020

To: 14.12.2021

## STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OFFICER

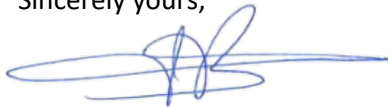
Monday, December 13, 2021

To our stakeholders:

I am pleased to confirm that Knauf Insulation reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,



Dominique Bossan

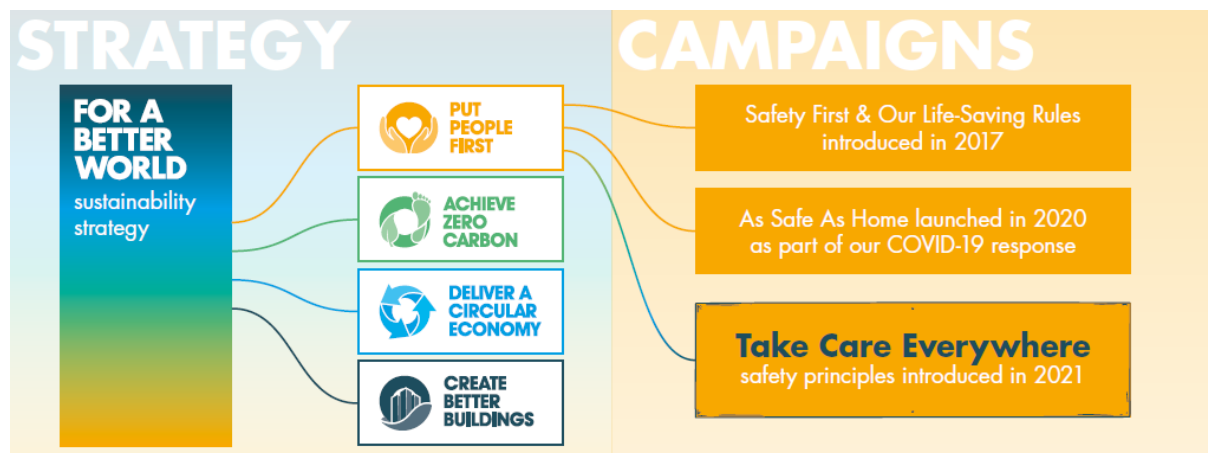
CEO of Knauf Insulation Europe/Middle East/Asia,

Member of the Knauf Group Management Committee

## Human Rights

**Safety.** 2020 was Knauf Insulation’s safest year on record. The entire company achieved 100 days without an accident that resulted in time off work and many of our plants experienced record-breaking periods of safety. As the challenges of the pandemic heightened risk awareness for everyone, we launched our Take Care Everywhere campaign to maintain focus on the Knauf Insulation safety principles in addition to increasing hazard spotting tours by 50% and safety dialogues by 85%. Take care Everywhere has set of simple principles that everyone must follow, regardless from their positions in the company. Take care Everywhere asks everyone to take responsibility for safety, both at work and at home.

In 2020 our Total Recordable Incident Rate (TRIR)\* was down to 6.5 from 9.1 in our baseline year of 2019 putting us within reach of our For A Better World 2025 target of reducing TRIR by 55%. For A Better World (FABW) is Knauf Insulation’s sustainability strategy including short term and long-term targets around 4 pillars: Put People First, Deliver A Circular Economy, Zero Carbon and Create Better Buildings. Our safety targets are aligned with the first pillar of our strategy: put people first.



As result we set ourselves a more ambitious deadline. By 2023 we aim to achieve that 55% target and reduce this TRIR figure to 5.0 at a maximum. (\*TRIR involves dividing the number of injuries at a company by the total number of hours worked by all employees and then multiplying by a million. It sounds complicated, but TRIR is the industry benchmark and is used to measure ALL accidents not just incidents resulting in lost time from work.)

At Knauf Insulation, we work hard to care for our colleagues and keep people safe. There are life-saving rules and procedures in place to protect colleagues who work in our plants with potentially dangerous equipment.

Our life-saving rules evolves around 8 important fields to keep the safety to higher standards at work such as:

- Work on Powered/ Energized Systems
- Operating Machinery, Equipment or Vehicles
- Machinery Guarding, Interlocks and Safety Devices
- Working at Heights

- Confined Spaces
- Lifting
- Alcohol and Drugs
- Personal Protective Equipment

**Facing COVID.** First quarter 2020, Corona versus crisis irrupted and started changing our way of living. In Knauf Insulation as of 2020, we created a safety guidance called “As Safe As Home” where we focused on distancing, air ventilation, surface cleanliness and personal hygiene (DASH). We have consistently updated our information posters, videos, and messaging. We even created a campaign to remind everyone not to let standards slip on holiday season to ensure our employees to come back safely. We went to the offices when the regulations allowed and respected measures, we have internally set for ourselves. We have distributed hand sanitizers for employees, placed disinfectant on meeting room tables and offices. We also limited the number of people can be present in the offices. Recently we have distributed self-rapid covid test to employees before their arrival to offices to keep the measures firmly.

**Positive mental health.** Our For A Better World sustainability strategy commits us to providing positive mental health, well-being and resilience training to all managers and new joiners by 2025. Throughout the year 2021, we have developed mentally fit training for team leaders and individuals in central level. As a company, we supported individuals for home office ergonomics and wellbeing. We have created a campaign called “Meeting Free Fridays” to enable our employees to have one day without meetings. We also have a well-being committee working on new ideas to implement.

This year we have taken the decision to undertake a companywide (EMEA) audit on Employee Assistance Programme (EAP) to identify gaps and benchmark best practice to develop (at a second stage) a KI 'standard' and guideline for countries.

In terms of protecting workers from workplace harassment, including physical, verbal, sexual or psychological harassment, abuse, or threats, we have regional working codes in place.

**New product certification, DECLARE.** Knauf Insulation’s Glass Mineral Wool solutions with ECOSE Technology® are the first Mineral Wool products in rolls and slabs to be officially certified in Europe by the DECLARE label marking a breakthrough for building well-being and health. DECLARE certification is an important independent public declaration that our products do not contain any harmful or unhealthy chemical ingredients on the International Living Future Institute’s Red List such as added formaldehyde, fire-retardant additives or any anti-fungal intentionally added chemicals. Health and well-being have been an area of increased focus in recent years. Just as customers increasingly want to know the ingredients of the food they consume, there is growing demand for understanding the ingredients of building products. People want certainty that there are no unhealthy chemicals being installed particularly homes, schools, offices, and hospitals. DECLARE provides this certainty. The certification also underlines the natural composition of our solutions such as 90% glass mineral wool — which is made up of up to 80% recycled content — and virgin raw materials such as sand and limestone.

Other Knauf Insulation solutions certified by DECLARE are SUPAFIL Blowing Wool and Urbanscape Rock Mineral Wool for green roofs. The Urbanscape solution was the first building material in Europe to be certified by DECLARE in 2019, while in North America most of our solutions have been DECLARE certified for many years. (<https://declare.living-future.org/search?query=KNAUF>)

In addition, to further ensure the Health and Safety of our colleagues and the protection of the Environment and the human health, we have Group Procedure to specify the responsibilities for providing guidelines and information for employees and contractors on Safe Systems of Work for the handling, storage and use of Hazardous Substances. The purpose of this Group Procedure is to ensure that risks associated with handling and using hazardous substances are managed and mitigated.

At Knauf Insulation we have an **ISO certified Integrated Management System** in place for over 10 years in our manufacturing plants. ISO 45001:2018, (Occupational) Health and Safety Management Systems, ISO 14001:2015, Environmental Management Systems, ISO 50001:2018, Energy Management Systems and ISO 9001:2015, Quality Management Systems. 2021 is a pivotal year as we extend the ISO scope from the manufacturing activities to all business activities.

ISO 45001:2018 specifies requirements for an occupational health and safety (OH&S) management system, and gives guidance for its use, to enable Knauf Insulation to provide safe and healthy workplaces by preventing work-related injury and ill health, as well as by proactively improving its OH&S performance.

## Labour

In Knauf Insulation, we have a code of conduct which is a set of rules outlining internal rules and proper practices of our organization.

One of our important focuses in **Knauf Insulation code of conduct** is about Fair conditions of employment. We observe the employment and work laws in force in each country. In addition, we are expressly committed to fair employment conditions. Knauf tolerates no discrimination or harassment based on age, disability, origin, gender, race, religion, or sexual orientation. Knauf supports a culture of learning that values and encourages open responses from all people involved. The essential criteria for the employee development are performance and potential. We are committed to an honest and fair dialogue with our employee representatives. (<https://www.knaufinsulation.com/knauf-code-of-conduct>)

As part of our sustainability strategy **For A Better World** we have committed, by 2025 to:

- Develop and make available core diversity and inclusion (D&I) training for employees as part of our education and training offering
- ensure all leaders, managers and new joiners undergo diversity and inclusion training to equip them with the skills, language, and behaviors to maximize inclusion as well as developing diversity and inclusion training for employees as part of our education and training

Since November 2020, with support from a D&I expert, a **D&I Working Group**, a diverse team from across the organization, has been working to progress the D&I discussion.

The Group has been on its own learning journey, meeting every few weeks throughout the year, sometimes in smaller sub-groups, to engage in conversations about D&I. We modelled inclusive meetings and how effective diversity “done right” can be. Participants are noticing this and taking it back to their teams.

Everyone has been encouraged to contribute by sharing views on what’s “different” about the business and their realities, sharing their experiences, opinions (and honest questions). D&I working group developed a vision statement for the company which is reflecting on Knauf Group and Knauf Insulation Values. We agreed on some principles for D&I programme at KI. Our priority is a cultural change and to first start with raising awareness. We have started pilot D&I groups to road-test the course and received constructive feedbacks from the pilot groups. At the end of the 2021, D&I awareness program designed and developed.

**In Knauf Group, the first Must Win Battle is about People.** Having this starting point, we have an internal talent management system which refers to the anticipation of required human capital for an organization and the planning to meet those needs. The process involves sourcing for and onboarding the suitable candidates, growing them within the system and developing needed skills, training for expertise with a future-focus and effectively engaging, retaining, and motivating them to achieve long-term business goals. We fully digitalized our talent management system for a fair treatment for each employee while being able to show their progress within their roles and providing employees with the recognition for their efforts. This tool also enables Knauf Insulation to take employment-related decisions based on relevant and objective criteria.

Knauf Insulation expects its suppliers to comply with the applicable national and international laws and regulations, including the International Labour Organization (ILO) and the General Declaration of Human Rights of the United Nations, industry standards and all other relevant legal directives. Should the legal requirements or other regulations in individual countries in which the supplier is active deviate from the specifications of the code, the stricter of the two sets of directives is to be complied with. (<https://www.knaufinsulation-ts.com/about-us/compliance>)

At Knauf we have a core value known as Menschlichkeit — humanity towards others.

We put our Menschlichkeit into action by helping our colleagues bring the best versions of themselves to work by focusing on our strengths, resilience, positivity and providing the leadership insight and skills to develop these characteristics in others. Company-wide we have been piloting programmes designed to instill positive psychology such as Living the KI Way and our new Knauf Leadership Programme supported by region- specific practical advice sessions, helplines, workshops, and courses. Training for our senior level managers about Leadership has been completed in all regions.

## Environment

At Knauf Insulation we are **ISO 14001:2015, Environmental Management Systems** certified and within this standard there is a clause number 8.2 which is focusing on Emergency Preparedness and response.

ISO 14001:2015 specifies the requirements for an environmental management system that an organization can use to enhance its environmental performance.

ISO 14001:2015 is intended for use by an organization seeking to manage its environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability it also helps an organization achieve the intended outcomes of its environmental management system, which provide value for the environment, the organization itself and interested parties.

As with all the ISO requirements, at KI we have our own Group Procedure (Preparing and Responding to Emergency) in which we outline our specific requirements and processes.

In this procedure are outlined, amongst other, the following:

- Minimum contents of the Plant Emergency Response Plan, which include:
  - Plant layout
  - Emergency organization
  - Alarm Plan
  - Emergency Scenario
  - Resources
  - Evacuation procedure
  - Training

All our plants adhere to this procedure (we check this regularly, as well as TÜV Nord) and all employees must follow regular emergency drills. From the other points, we also have a specific Procedure for the handling of hazardous materials (Handling and Use of Hazardous Substances Procedure).

Sustainability strategy: For A Better World. Against our 2019 baseline we are committed to **reducing our embodied CO2 by 15% by 2025**. This is the CO2 generated at every stage of our products' life cycle from the sourcing of materials to ultimate disposal.

For years we have been measuring the embodied carbon of our products through the Life Cycle Assessment process and publishing results in Environmental Product Declarations. These examine the environmental impact of our products from the cradle to the grave. Now we are applying the same principle to every manufacturing plant and have created a 2019 baseline.

Focusing on cutting embodied carbon is a radical departure for Knauf Insulation from the assessment of our CO2 over the past 10 years which only reported emissions from energy consumption and the melting process, equivalent to 60% to 70% of total life cycle emissions. As we have done in the past, we will continue to monitor the carbon intensity: kg CO2 emissions/kg Mineral Wool manufactured.

For embodied carbon we need to put every single stage of a product's lifecycle under the microscope and find a way to shrink its carbon footprint. We have made significant progress with green energy supply, less carbon intense recycled raw materials and reducing waste to landfill. We have also started to assess the carbon footprint of transport to our customers more precisely. We have also put in place a data collection system across the whole organization, starting with manufacturing plants and including our enterprise resource planning system. We are now looking at automatizing the process to make it more efficient. Although 2020 was a challenging year, with several lines stopping and starting at the height of the pandemic, we were able to stabilize emissions to 2019 levels. This means that we need to be more ambitious in the years to 2025 to meet our target.

**Circular Economy**, the third pillar of For A Better World. Since 2010 we have reduced the amount of production scrap to landfill by 67% as a result of efficient improvements and recycling initiatives.

Our Rock Mineral Wool scrap is repurposed into bricks that are fed back into the manufacturing process, our Glass Mineral Wool residue is repurposed into other products such as ceiling tiles and the insulation in Wood Wool multi-layer panels and boards is recycled.

At our Visé plant in Belgium we have seen an 80% reduction in landfill waste over the past seven years and in sites such as Nová Bana in Slovakia, zero waste goes to landfill. However, in recent years our progress has plateaued. From 2019 to 2020, we reduced scrap to landfill by 5%. In 2010 we set ourselves a target of zero production waste to landfill by 2020. We failed to achieve this, but by 2025 we aim to realize our zero goal.

**Waste recycling from construction and demolition sites.** We are piloting new initiatives that we believe will make a difference. The most important is our Looping project at Visé in Belgium that from 2022 will be able to recycle scrap Glass Mineral Wool from the market.

In the UK we are introducing plastic packaging that uses a minimum of 30% recycled content in line with our For A Better World sustainability strategy. The strategy commits Knauf Insulation to a 2025 target of reducing virgin plastic film consumption by more than 25% across the company. Despite a shortage of materials, we have been able to maintain our momentum in the UK. We are on track for the implementation of the recycled packaging in our UK plants by the end of the first quarter of 2022 which also uses less ink. More recycled packaging will be launched across our sites throughout 2022. We are also continuing to work on the overall packaging weight reduction where possible — without compromising the level of compression of mineral insulation products.. Just using 30% recycled plastic in our packaging would cut the embodied carbon of our products by 1%.

### Anti-corruption

In Knauf Insulation code of conduct, we have a statement against corruption and bribery.

“We gain new business in a fair manner on account of the quality and prices of our innovative products and services and not because we offer others improper benefits. We tolerate no form of corruption or bribery whatsoever. No employee may (directly or indirectly) offer, promise, grant, or authorize the giving of advantages to public officials in connection with business activity or approve such benefits. Neither cash payments nor any other benefits or values may be granted to influence official decisions or to obtain an improper advantage. The same applies in relation to unjustified benefits to individuals or private sector companies.” (<https://www.knaufinsulation.com/knauf-code-of-conduct>)

We also take an action based on our code of conduct. In any transactional document (Purchase orders etc..) we have with any supplier we work with; we entail our supplier to respect our supplier code of conduct (<https://www.knaufinsulation-ts.com/about-us/compliance>)

Another statement we have in our code of conduct is about gifts and benefits.

Employees may only authorize payments if contractual goods are delivered, or services performed. Such payment must be reasonable and recorded in accordance with generally accepted accounting principles. No services may be mutually agreed that can be assumed to be wholly or partly intended as bribery payments.

All employees are prohibited to offer directly or indirectly, grant, demand, or receive, any gifts or benefits in connection with business activities. This does not apply to occasional invitations and gifts of insignificant financial value and that are in line with the general practices customary on business level. Such invitations and gifts may be accepted only under the condition that no rules or provisions of law are violated and any influence on a business decision can be excluded from the onset. Training on code of conduct is mandatory for every newcomer.

### Measures of Outcomes

At Knauf Insulation, we have many more positive initiatives that are supporting the development of UN SDGs, and we are committed to continue further developing it in 2022 and beyond.

If you want to know more information beyond what has been covered in previous section, we kindly invite you to go through the link below for **Knauf Insulation Annual Review 2021**: [Annual Review 2021 \(knaufinsulation.com\)](https://www.knaufinsulation.com/annual-review-2021)

Any further questions, please contact Vincent Briard, Group Sustainability Director  
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