

## COMMUNICATION ON PROGRESS (COP) 2022

Period covered by Communication on Progress (COP)

From: 26.08.2021

To: 13.12.2022

## 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

As the challenges of the pandemic heightened risk awareness for everyone, we launched our Take Care Everywhere campaign in 2020 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.

2020 was a record year for safety with the company's Total Recordable Incident Rate (TRIR) reduced from 9.3 in 2019 to 6.3. As a result, Knauf Insulation recalibrated its 2025 goal and committed to bring the target date forward by two years and achieve a maximum TRIR rate of 5.0 by 2023. 2021 saw more major steps forward. Safety improved across the group to 5.5 supported by a doubling of hazard spotting tours, safety observations and safety dialogues. In addition, the company's Health & Safety Executive (HSE) initiated a new safety campaign 'It's Up To Us' in 2022 that focused on greater awareness of risk, because as Group HSE Lead EMEA & APAC, Philippe Coune, pointed out: "We can never afford to be complacent. Now we're taking the next step and introducing our new campaign called Safety Moments. We want to support everyone to take part in a brief activity and discussion, every two weeks, to reflect on safety. Safety Moments give everyone the chance to reflect on safety. Regularly, we'll send our colleagues Safety Moments for discussion such as safety slogans, guidance, or a hazard-spotting competitions.

All the company's 21 plants are certified in line with ISO 45001 safety management systems. Every plant is subject to regulation, compliance, directives, continuous safety meetings, constant risk assessment, training, life-saving rules, safety principles and every possible protective equipment available. For A Better World (FABW) is Knauf Insulation's sustainability strategy including short term, midterm, and long-term targets around long term goals: Put People First, Deliver A Circular Economy, Zero Carbon and Create Better Buildings.

### ❖ Our **Put People First** Commitments are:

We are committed to zero harm and building a culture of health, safety, and wellbeing.

We will have the most engaged employees and committed and focused leaders in our industry.

We will build on the diversity that has made the company such a success.

We will be a positive force in the communities where we work.

### ❖ Our **Achieve Zero Carbon** Commitments are:

We will aim to deliver net zero embodied carbon products and solutions.

We are committed to reducing the environmental footprint of the entire organization beyond embodied carbon.

❖ Our **Deliver a Circular Economy** Commitments are:

We will find ways to use resources that have a minimal environmental impact.

We will send zero waste to landfill.

❖ Our **Create Better Buildings** Commitments are:

We will continue to innovate and create new eco-friendly solutions.

We will continue to campaign for safer, more efficient, and more sustainable buildings that are fit for the future - including our own.

Our safety targets are aligned with the first pillar of our strategy: Put People First. 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.** 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. In 2022, we have continued to follow all rules and regulations issued by international and local authorities and we respect the health recommendations and guidelines of the World Health Organization (WHO), to ensure and preserve a clean and safe environment for our customers and our teams. The health and safety of our customers and staff has remained as our top priority, in 2022 too.

**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 2022, we have conducted mentally fit trainings for team leaders and individuals in central level. We have continued to implement the campaign called “Meeting Free Fridays” to boost team morale and productivity.

Previous 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. And during the year of 2022, EAP programmes has been set up in multiple 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>). Knauf Insulation has continued the commitment of certifying its products with DECLARE label in 2022 too.

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 our 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

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 since launch year 2020. 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. At the end of the 2021, D&I awareness program designed and developed. During 2022, the company has started with the roll-out of phase 1 for the designed D&I awareness program in several regions which has received a lot of positive feedbacks from participants.

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. In 2022, more than 30 people joined the Leadership trainings. Integrating D&I modules into training for KI communities is the next step for us.

## 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.

The standard specifies the requirements for an environmental management system that an organization can use to enhance its environmental performance. It is intended to be used 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 CO<sub>2</sub> by 15% by 2025. This is the CO<sub>2</sub> 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.

Embodied carbon is the CO<sub>2</sub> generated at every stage of a product's life cycle from the sourcing of materials to ultimate disposal. And, in line with Knauf Insulation's For A Better World sustainability strategy, the company has committed to reducing embodied carbon by 15% by 2025. In 2021 embodied carbon figures remained stable and at the same level as 2020. However, the impact of major initiatives has still to be felt. The company has been investing in finding more renewable energy sources for electricity. For example, the carbon intensity of electricity in 2022 will decrease following the purchase of Renewable Energy Certificates for electricity for plants with the biggest carbon impact and increased installation of solar panels across the company. Knauf Insulation is constantly reviewing low carbon possibilities including renewable energy and alternative fuels and assessing their business viability and compatibility. Furthermore, the company now has a forensic view of the areas where it can cut carbon using internationally recognized Greenhouse Gas Protocol standards. The company's new dashboard allows for the analysis of the carbon impact of individual plants and the identification of specific carbon hotspots to enable targeted action to tackle scope one, two and three emissions

**Circular Economy**, sending zero production waste to landfill from Knauf Insulation's Rock, Glass and Wood Wool plants by 2025 is a pillar of the company's For A Better World sustainability strategy.

Since that announcement, the company has faced challenges in the management of Glass and Rock Mineral Wool scrap but achieved outstanding success with Wood Wool, starting to send zero waste to landfill from the end of 2022 three years ahead of schedule. Knauf Insulation's Wood Wool plants have over the years developed new ways to recover scrap that is produced within their facilities. They have also pioneered innovations to transform residues into products that can be used by external companies such as soil for landscaping or compacted pellets for heating products. However, the overall volume of Knauf Insulation production waste to landfill in 2021 remained at the same level as in 2020.

Knauf Insulation's new plant at Johor Bahru in Malaysia contributed to higher-than-normal scrap volumes as they came on-line, and production processes were refined. Meanwhile, at Eskisehir in Turkey new processes led to high scrap volumes and plans are now in the pipeline to develop innovative ways to recycle these scraps. An additional challenge is that in some countries there are not the facilities or the companies available to recycle waste. For example, in Europe, Glass Mineral Wool scraps are taken by recycling companies and transformed into new products such as ceiling tiles. Unfortunately, in Turkey, the United Arab Emirates and Malaysia where Knauf Insulation has sites there is not the infrastructure or third-party recycling facilities available to repurpose production scrap. However, on a positive note, several plants in the company have recorded zero waste to landfill success such as the Rock Mineral Wool sites in Škofja Loka in Slovenia and Novi Marof in Croatia. At these plants, Rock Mineral Wool scraps are fed back into the manufacturing process, either via briquetting or directly depending on the melting technology.

Glass Mineral Wool sites such as St Helens in the UK, Lannemezan in France, and Bernburg in Germany, have also logged significant achievements. Now plans are underway to increase the volume of scraps which are recycled from plants, with Knauf Insulation investing in the construction of a €15 million RESOLUTION Glass Mineral Wool recycling facility at its Visé site in Belgium. The plant will convert the scrap into secondary raw material glass cullet needed to make new Glass Mineral Wool. In addition, the company is constantly in contact with potential recycling partners to find new solutions to reuse Glass Mineral Wool scraps and is examining new ways to collate its production waste data.

### Anti- corruption

In Knauf Group 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 described in previous section, we kindly invite you to go through [Knauf Insulation Annual Review 2022](#).