

Background to the Supply Chain Due Diligence Act

Millions of people around the world live in poverty and misery because minimum social standards, such as the ban on forced and child labour, are disregarded. In order to reduce these violations, the German government passed the law on corporate due diligence to prevent human rights violations in supply chains in June 2021. The law is also known as the [Supply Chain Due Diligence Act](#), Supply Chain Act or LkSG. The aim of this law is to improve the protection of human rights and the environment in global supply chains. It is not about implementing German social standards everywhere in the world, but about complying with basic human rights and environmental standards.

KNOLL Maschinenbau GmbH will assume this responsibility to protect and comply with human rights and environmental standards in its own business area and along its supply chains, uncover irregularities and malpractice and derive and implement suitable measures. KNOLL Maschinenbau GmbH not only has the highest standards for itself, but also expects its business partners to treat all human rights and environmental protection issues in an equally responsible manner.

Human rights and environmental prohibitions of the LkSG

Various human rights and environmental protection-related prohibitions are listed within the Supply Chain Due Diligence Act. These must be identified, strictly avoided or minimised in our own business area and along the entire supply chain.

<p>Human rights-related risks</p>	Child labour, slavery or forced labour
	Breach of occupational safety
	Breach of freedom of association
	Unequal treatment in employment
	Withholding of appropriate wages
	Commissioning/utilisation of private/public security forces in violation of human rights
	Unlawful forced eviction and unlawful seizure of land, forests and waters
	Contamination of soil, water and air as well as harmful noise emissions and excessive water consumption
<p>Environmental risks</p>	Substances and chemicals (POPs) that are not handled, collected, stored and disposed of in an environmentally sound manner (Stockholm Convention)
	Production and use of persistent organic pollutants (Stockholm Convention)
	Manufacture of mercury-added products, use of mercury and mercury compounds, treatment of mercury waste (Minamata Convention)
	Export and import of hazardous waste (Basel Convention)

Due diligence obligations within the framework of the LkSG

At the heart of the Supply Chain Due Diligence Act are the due diligence obligations listed under Section 3 LkSG. KNOLL Maschinenbau GmbH undertakes to observe the due diligence obligations listed here in its supply chains in an appropriate manner, with the aim of preventing, minimising or eliminating human rights or environmental risks. The due diligence obligations apply not only to our own business activities, but also to the actions of our suppliers.



Definition of internal company responsibility

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Establishment of risk management and performance of regular risk analyses

One of the core elements of the due diligence obligations is the establishment of effective risk management in order to identify, avoid and minimise the risks of human rights violations and damage to the environment. KNOLL Maschinenbau GmbH considers all direct suppliers with a total annual turnover of more than 25,000 euros. This means that around 95% of all suppliers are covered. As KNOLL Maschinenbau

GmbH has chosen a risk-based approach, each supplier is assessed separately based on the risks of the production sites and its industry risk within an abstract risk analysis. If there is an increased risk disposition here, a specific risk analysis is carried out for this supplier and possible measures are agreed in cooperation with the supplier. If a supplier is not informed of the results of the risk analysis, they can assume that they are assessed as risk-neutral.



Implementation of due diligence obligations in relation to risks with indirect suppliers

Apart from that, KNOLL Maschinenbau GmbH also considers indirect suppliers if there are actual indications that a violation of a human rights or environmental obligation is possible (substantiated knowledge).

Submission of a policy statement

KNOLL Maschinenbau GmbH uses the policy statement to publicly acknowledge its responsibility to respect human rights and environmental protection and to explain how it fulfils this responsibility.

The policy statement can be accessed via this [link](#).

Anchoring prevention measures in our own business area and with direct suppliers and taking corrective measures

If KNOLL Maschinenbau GmbH identifies a risk as part of the internal or external risk analysis or by any other means, appropriate preventive and corrective measures will be taken immediately.

Preventive measures can prevent adverse human rights and environmental risks. This can include organising training courses or obtaining certificates. If KNOLL Maschinenbau GmbH discovers that a violation of human rights or environmental obligations has already occurred or is imminent in its own business area or at a supplier, appropriate corrective measures will be taken immediately. Examples of corrective measures include the performance of audits or the contractual stipulation of human rights agreements on future orders.

Establishment of a complaints procedure

KNOLL Maschinenbau GmbH has established a whistleblowing system that offers internal and external interest groups and potentially affected persons worldwide a confidential channel for reporting possible human rights violations and breaches of international agreements. Access to this system is communicated proactively and in appropriate language for different target groups. Anonymous tip-offs are also possible.



1 Receipt of complaint/notification

Receipt is confirmed to the person providing the information and documented.

2 Examining the complaint/notification

The complaint/notification is examined and further procedures, including responsibility, are determined.

3 Clarification of the facts

The facts of the case are discussed and checked with the person providing the information.

4 Development of a solution

A solution is worked out with the person providing the information. If necessary, make arrangements for rectification.

5 Definition of corrective measures

The agreed corrective measures are implemented and followed up.

6 Review of the results, closing the complaint and documentation

The results achieved are evaluated with the whistleblower and improved if necessary.

7 Effectiveness testing

The effectiveness of the procedure is reviewed annually and on an ad hoc basis. The procedure will be adapted if necessary.

If you would like to submit a complaint or find out more about the complaints procedure, you can click on the following [link](#).

Documentation and reporting

KNOLL Maschinenbau GmbH publishes an annual report on the fulfilment of its due diligence obligations in the previous financial year on the company website in the first quarter of the following year. Here it is clearly stated whether and, if so, which risks have been identified in the company's own business area or at the suppliers and which measures have been taken to fulfil the due diligence obligations.

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