



Compliance

Policy Statement on Human Rights Strategy



Human rights

We at KHS respect internationally recognized human rights as a matter of course.

KHS is a global supplier of holistic filling and packaging systems for the beverage and liquid food industries. The engineering of filling and packaging machinery, procurement of the necessary products and services for the same and the operation and maintenance of our manufactured systems and solutions are a key factor in our business activities.

The basic principles manifested in KHS' code of conduct form the heart of our company culture and at the same time serve as compulsory guidelines that govern the actions of our employees¹. One prime element of these rules is that we heed internationally recognized human rights. Together with the Salzgitter Group, already in the past KHS thus based its conduct with regard to its corporate duty of care and observance of human rights on the National Action Plan for Business and Human Rights (NAP) issued by the Federal Republic of Germany.

Our aim is to also establish this understanding among all our suppliers and in this manner have a positive impact on the observance of human rights throughout the entire supply chain.

Identification – prevention – remedy

In order to achieve this goal, it is essential that we know our supply chains and learn of any risks in relation to respect for human rights in conjunction with our business activities. To this end, the Group has implemented a supply chain risk management system that includes all Group subsidiaries and therefore also KHS GmbH.

Our personnel are taught the necessary information in e-learning and in-person courses to enable them to better recognize and react accordingly to any risks² posed in relation to human rights and the environment that may be prevalent in our supply chains.

¹ It goes without saying that we at KHS GmbH respect all people, regardless of their gender or sexual orientation, in our conduct and actions. We thus use the gender-neutral pronouns "they" or "it" in our texts to refer to people of all genders and sexual orientation.

² Unless expressly otherwise stated, risks to human rights and the environment are those given in the sense of the *German Act on Corporate Due Diligence Obligations in Supply Chains*.

All direct suppliers are vetted using uniform, Group-wide risk indicators to identify any risks to human rights and/or those related to the environment. This risk analysis is performed at least once a year or should the need arise, such as if we become aware of a significant change to or increase in the risk situation owing to current market information or through notifications submitted to our [whistleblower system](#), for instance.

Our whistleblower system gives all employees, business partners and all those otherwise affected by the business activities of KHS GmbH or our suppliers the opportunity to report on circumstances connected to the business activities of KHS GmbH or one of our suppliers, through which they themselves or other people, the environment, KHS GmbH or another company in the Salzgitter Group are harmed or wrongly disadvantaged or through which natural resources are unlawfully compromised. The complaints procedure in place at KHS GmbH ensures that we learn of all information related to the business activities of KHS GmbH, thus allowing us to instigate suitable measures.

Furthermore, KHS GmbH is part of the Group-wide FAIR TOGETHER whistleblower system, through which notifications can also be made ([Salzgitter AG whistleblower system](#)).

We support the efforts of our direct suppliers to meet our expectations regarding lawful conduct and the observance of human rights within their own company and among their subcontractors.

Active or threatened violations of human rights are immediately reported to Compliance Management at KHS. We take suitable remedial action to prevent violations, put an immediate stop to any that have occurred or to minimize their extent.

We review the effectiveness of the preventive and corrective measures taken and of our whistleblower system (complaints procedure) once a year and if and when necessary using risk-based control measures, among other tools. In addition, Salzgitter AG's Group Auditing Department makes random checks of the above.

The results of ongoing, incident-related risk identification and assessment, the preventive measures taken and the concepts, progress and results of any corrective measures that need initiating are documented and reported back to Compliance Management at KHS GmbH and Salzgitter AG. These, plus the results of our risk analysis, are included in our supply chain report in a condensed form.

Risks and expectations

Back in 2022 a workgroup at Salzgitter AG subjected its own business unit and all key direct suppliers to the Salzgitter Group to an initial audit in order to identify any risks in relation to human rights and the environment. This risk analysis was based on the human rights and environment-related risks and further standards specified in the *Act on Corporate Due Diligence Obligations in Supply Chains*.

In order to further develop our supply chain risk analysis, in the course of 2023 a standardized risk analysis application was introduced. This serves to implement a risk analysis not just with respect to the companies in the Salzgitter Group but also in relation to the direct and indirect suppliers to all Group companies and thus also to KHS GmbH and its subsidiaries. This supply chain risk analysis is founded on uniform assessment criteria and takes indices into account that are based on recommendations given by the German Federal Office for Economic Affairs and Export Control (BAFA), among others, and that include country and sector risks in the context of abstract risk analysis.

In the risk analysis implemented in this fashion, all operative Group companies of Salzgitter AG both within and outside Germany and therefore also KHS GmbH and its subsidiaries, plus the key direct suppliers of all Group companies, were included Group-wide. All operative Group companies, thus also KHS GmbH and its subsidiaries and suppliers with defined risk indicators, were required to fill out an online questionnaire. KHS then performed a specific risk analysis based on the individual data collected from the information submitted.

Based on the results of this risk audit, no specific violations of a human rights- or environment-related obligation were ascertained, neither in our own business unit nor among our direct suppliers.

In addition to KHS GmbH's code of conduct, our internal guidelines also specify the expectations our Executive Management Board has of the responsible behavior of all personnel. The management expects that all obligations to human rights and the environment are observed in the performance of the tasks assigned to employees. KHS GmbH's code of conduct, our own company rules and all Group-wide guidelines apply without restriction and therefore ensure that human rights are globally respected by KHS GmbH.

In order to further reduce risks to human rights and in relation to the environment within our supply chains independently of the results of a risk analysis, in the future we shall endeavor to work only with those suppliers who treat [KHS GmbH's code of conduct](#) as obligatory and confirm this in writing. In this way, they pledge to also address our expectations regarding the observation of human rights with their own subcontractors and therefore throughout the entire supply chain.

We expect all suppliers in the supply chain to respect the following protected legal positions from the *Act on Corporate Due Diligence Obligations in Supply Chains*. These include the core labor standards of the International Labor Organization of the United Nations (ILO), the international covenants on civil and political and on economic, social and cultural rights and the UN's *Guiding Principles on Business and Human Rights*. Furthermore, we advocate compliance with the bans set down by the conventions of Minamata, Stockholm and Basel in order to jointly help ensure a humane working environment and create a sustainable economy that is in accord with our natural resources.