

SUPPLIER CODE OF CONDUCT

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1. FOREWORD

Knauf is absolutely convinced that only a business based on a set of values has the preconditions for sustained growth and for solutions to the challenges of the future. A commitment to these values means assuming responsibility, for customers, for protection of the environment and for employees.

Knauf is committed to ethical, legally correct and socially responsible business management. We also expect this behavior from everyone with whom we do business.

The Knauf Code of Conduct for Suppliers (hereinafter referred to as the „code“) sets out the essential requirements expected from our suppliers as regards to compliance with laws and regulations, corruption and bribery, problematic raw materials, social and working conditions, child labor and the environment. We expect our suppliers to share this commitment and to make reasonable efforts to promote the compliance of their own suppliers and subcontractors with the principles of this code.

2. COMPLIANCE WITH LAWS AND REGULATIONS

Knauf expects its suppliers to comply with the applicable national, international laws, and regulations, including the International Labor 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.

3. COMPLIANCE AND INTEGRITY

Knauf expects that its suppliers comply with all applicable laws and regulations relating to corruption, bribery, fraud, and prohibited business practices.

3.1. Combating bribery

Suppliers must ensure that their employees and subcontractors do not offer, promise or give Knauf employees any benefits aimed at obtaining an order or other preferential treatment in the context of business transactions. Invitations and gifts for Knauf employees or for persons close to them are only to be given if these are of insignificant financial value and correspond at the business level to customary practice. In the same way the supplier shall request no inappropriate benefits from Knauf employees.

3.2. Fair competition

Knauf expects its suppliers to behave fairly in competition and observes the applicable restrictive trade practices laws. The supplier must neither conclude agreements with competitors, which violate restrictive trade practices law, nor take improper advantage of a possible market-dominant position.

3.3. Money laundering

Suppliers must not participate in money-laundering activities and must comply with the relevant statutory obligations aimed at prevention of money laundering.

3.4. Intellectual property

Suppliers must treat business correspondence confidentially. Confidential information, all sorts of protection-worthy data and the intellectual property rights of Knauf must be properly safeguarded in accordance with the respective statutory stipulations.

4. SOCIAL AND WORKING CONDITIONS

Knauf expects that their suppliers recognize the basic rights of their employees and undertake to comply with these and to treat the employees with dignity and respect, in keeping with the understanding of the international community. In particular, the supplier must observe the following regulations.

4.1. Free choice of employment

All employment is voluntary. Forced labor, forced prison labor, conscription of work force and slave trading is strictly forbidden.

4.2. No child labor

In accordance with the regulations of the ILO, the Convention of the United Nations and national law, the use of child labor is strictly forbidden. The employment of a child under the age at which compulsory education ends according to the law of the place of employment is prohibited. Of these various laws, that which imposes the strictest requirements is to be adopted in each case.

4.3. Remuneration and benefits

All applicable laws, regulations and industry standards on remuneration and benefits are to be complied with. Deductions from benefits as a disciplinary measure are not permitted. Deductions from benefits that are not foreseen by national law are also impermissible, without the explicit consent of the employee affected.

4.4. Hours of work and Wages

All applicable laws, regulations and industry standards on hours of work and minimum wages are to be complied with. Overtime must be voluntary. If there is no applicable law related to the minimum wage, the appropriate wage is measured in accordance with the law of the place of the employment.

4.5. Non-discrimination

The suppliers must comply with all applicable statutory regulations on the prohibition of discrimination, at the time of appointment and during employment, on the basis of race, color, nationality, physical ability, physical constitution, sexual orientation, state of health, political affiliation, sex, age, appearance or membership of associations, possible parenthood and other legally protected characteristics.

4.6. Freedom of association and right to collective bargaining

Suppliers must recognize the law on freedom of association and collective bargaining within the legally permissible framework.

4.7. Health and safety

Suppliers must provide their employees with safe and healthy workplaces, complying with all applicable laws, regulations and industry standards. Harassment and abusive use of private or state security forces at the workplace must not be tolerated. The suppliers fulfill all health and safety requirements.

4.8. Working conditions

Suppliers must provide their employees with appropriate work facilities. At least access to drinking water and sanitary facilities must be ensured and fire-safety measures, access to emergency medical care, and appropriate lighting and ventilation must be provided.

5. ECOLOGICAL SUSTAINABILITY

Knauf expects their suppliers to comply with all applicable laws and regulations, as well as internationally recognized standards, on protection of the environment.

5.1. Environmental Authorization

The supplier must ensure that all necessary environmental authorizations and licenses have been obtained, and that these are kept up-to-date and are followed to act in conformity with the law at all times. Unlawful eviction and unlawful taking of land, forests and water are strictly prohibited.

5.2. Use of resources, avoidance of environmental pollution and minimization of waste

Suppliers are obliged to optimize consumption of natural resources, including energy and water. This includes harmful soil changes, water pollution, air pollution, harmful noise emissions or excessive water consumption. Sound measures must be adopted to avoid pollution and the generation of waste, sewage and air emission. Sewage and waste must be appropriately marked and treated in accordance with the applicable laws and regulations, before discharge or disposal. All hazardous waste exports and shipments according to the Basel Convention are strictly prohibited.

Suppliers are prohibited to produce and use chemicals defined as persistent organic pollutants under the Stockholm Convention. Their inappropriate handling, collection, storage and disposal is also strictly prohibited.

6. HAZARDOUS MATERIALS AND PRODUCT SAFETY

Suppliers are obliged to mark dangerous materials, chemicals and substances and to ensure that these are safely handled, transferred, stored, recycled, reused and disposed of. All applicable laws and regulations relating to dangerous materials, chemicals and substances must be strictly complied with. Limitations on materials and product-safety requirements stipulated by applicable laws and regulations must be observed.

Suppliers must refrain from manufacturing products containing mercury and mercury compounds in accordance with the Minamata Convention and after the phase-out date also from handling mercury waste contrary to the provisions of the Minamata Convention.

7. DEVELOPMENT OF THE CODE

Knauf will review this code regularly and, where necessary and appropriate, make amendments to it. Notification of important changes will always be sent to the suppliers. The newest version of the code can be found on the Knauf homepage, www.knauf.de/Lieferantenkodex.

Integrity, transparency and trust have great significance for all our actions and are deeply incorporated into all our business relationships. As part of our supply chain, we encourage our suppliers to report violations of the Code of Conduct or other non-compliant behavior (anonymously) via the KNAUF Speak-Up Line <http://speakup.knauf.com>.