

Declaration of Principles on **respect for Human Rights** and corresponding Environmental Standards



1. Foreword by the Management Board

“Respect for human rights is a fundamental component of acting responsibly.”

Klöckner & Co¹ is one of the largest producer-independent distributors of steel/metal products and functions as a link between steel/metal production and consumption. Klöckner & Co's company culture is based on the following values: cooperation, excellence and responsibility.

The Management Board of Klöckner & Co SE considers respect for human rights to be a fundamental element of corporate governance. Based on our business model, we not only acknowledge our responsibility for human rights in our own business area but also strive to ensure that our business partners in our global value chains comply with those rights.

This declaration of Principles is a guideline for respecting human rights and the corresponding environmental rights. All employees are required to put the standards of this declaration into practice.



Guido Kerkhoff
Chairman of the
Management Board (CEO)



Dr. Oliver Falk
Member of the
Management Board (CFO)



John Ganem
Member of the
Management Board (CEO Americas)

We are aware of our role in society and our corporate responsibility for respecting human rights. Therefore, we pledge that we will respect human rights and the corresponding environmental rights in our own business activity and in our global value chains. Furthermore, we are committed to adequately complying with our due diligence obligations regarding human and environmental rights. This includes recognizing any negative effects of our business activity, ending or mitigating them as much as we can, and giving victims of human rights violations access to legal remedies.

Meeting our due diligence obligation regarding human rights is one of our core values and is firmly anchored in our strategy and our policies, including our Code of Conduct and the Supplier Code of Conduct.

We are committed to complying with the following international standards:

- Universal Declaration of Human Rights (UDHR) of the United Nations
- UN Guiding Principles on Business and Human Rights
- International Labor Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work
- Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- 10 Principles of the UN Global Compact

The Declaration of Principles for Human Rights and corresponding Environmental Standards ("declaration") supplements Klöckner & Co's Code of Conduct and the Supplier Code of Conduct. This declaration replaces the Human Rights Policy and is based on statutory requirements arising from the German Act on Corporate Due Diligence Obligations in Supply Chains (*Lieferkettensorgfaltspflichten-gesetz, LkSG*).

The scope of application of the corporate due diligence obligation extends to our own business area, including all group companies in which we have a decisive influence. These are normally companies in which Klöckner & Co SE directly or indirectly holds most shares or voting rights. This declaration applies to all employees, managers and Management Board members of all group companies belonging to Klöckner & Co SE.

We not only hold ourselves to high standards but also demand that our business partners comply with ecological and social standards.

2. Our acknowledgement of the respect for human rights and the corresponding environmental standards

3. Scope of application



¹Klöckner & Co, Klöckner Group, Klöckner refers to Klöckner & Co SE and all companies in which Klöckner & Co SE directly or indirectly holds a majority interest

4. Affected and potentially endangered groups of people

Along our global value chain, the following groups of people can potentially be endangered:

- Our own employees (including temporary staff and trainees),
- Employees of business partners and joint venture partners,
- Groups of people indirectly connected to the supply chain: Members of local communities, as well as indigenous peoples.

Within these potentially endangered groups of people, we prioritize identifying those within these groups who are at greater risk of adverse human rights impacts.

5. Our approach to implementing due diligence obligations regarding human rights and corresponding environmental rights

Respecting human rights and the corresponding environmental rights requires a continuous process. We continually review the implementation of our due diligence obligations to ensure that they align with changing legal frameworks, the type and extent of business activity, as well as findings from information and reports we receive through our complaint mechanism. Based on this information, we constantly develop our due diligence processes regarding human rights and the environment.

To the extent possible, we also exercise our influence in the supply chain. Successful collaboration with our business partners requires compliance with the standards of this declaration. We expect our existing and new direct suppliers to determine human rights risks in their supply chain, mitigate them as much as possible, and transfer that expectation to their own supply chain. Before entering into a contract with a new supplier, we therefore carry out a risk examination. We have formulated those expectations to our business partners in our Code of Conduct and our Supplier Code of Conduct. Suppliers are also required to work towards compliance with ecological and social standards in their own supply chains (for example, by agreeing on principles with their suppliers).

Current information on the risks related to human and environmental rights that we have considered, identified and prioritized can be found on our website.

To support and monitor these due diligence obligations, requirements and processes, the Klöckner & Co SE Management Board appointed a Human Rights Officer within the Group Strategic Sustainability function. Occupational Safety, Procurement and HR are responsible for directing our due diligence obligations in our own business area. During their reviews, the Internal Audit department also examines and verifies compliance with this declaration as part of the groupwide internal control system (ICS).

Preventative and remedial measures are developed and coordinated in cross-functional teams. Those teams consist of human rights and compliance experts, our global Personnel and Purchasing departments and – on an ad hoc basis – of additional departments.

In our periodic, annual risk analysis, we check for human rights and environmental risks that might arise during our business activities. Based on systematic data collection and processing, and with the help of external indices, we first determine country- and sector-specific risks for our own business area and the supply chain. We use the legally prescribed adequacy criteria severity and probability of occurrence to assess and rank the risks. This allows us to focus on those areas where we have identified the greatest risks for human rights and the environment.

We try to make our supply chain transparent and traceable, including beyond the direct business relationships. We use continual media screening of the direct supply chain to record externally reported incidences, criticism and additional opinions. We focus on risks when we are checking how suppliers are individually set up to deal with potential risks for human rights and the environment.

The additional prescribed adequacy criteria type and nature, scope of the business activities and ability to exert influence are included in decisions. This especially applies to the selection of the suppliers, adequate preventative and remedial measures, and considerations of corporate strategies for entering and leaving the market, for example.

On an ad hoc basis, we perform risk analyses in the supply chain and in our own business area (for example, in altered country risks, reports from the whistleblower system and public reports from authorities and NGOs). The same applies to new products or new business segments.

6. Risk management and responsibilities

7. Risk analyses

We consistently follow up on every indication of human rights violations.

All results are used to continually develop and adjust the internal and external processes and training sessions. They are discussed not only in the Human Rights Committee, but also in our Supplier Evaluation Board, and are used as inspiration and motivation to request a dialogue with external stakeholder groups.

Our principles and expectations

We do not tolerate any form of child labor. The physical and intellectual development of children and adolescents may not be impaired in any way. Their dignity must be respected, and their safety and health must be protected. In accordance with the ILO Core Labor Standards, we comply with the minimum age for employment pursuant to applicable national regulations and strictly reject child labor. This especially applies to the worst forms of child labor for children and adolescents under 18 years, such as dangerous, slavery-like or immoral activities.

As a general principle, we do not tolerate forced or compulsory labor and all forms of slavery, including modern forms of slavery and human trafficking. All employer practices at Klöckner & Co must at a minimum be in line with the ILO's Core Labor Standards. In our supply chain, we clearly oppose forced labor, modern slavery, human trafficking, and any compulsory work that is based on threats, coercion or violence. Employment relationships are always voluntary.

We recognize the right to form associations and bargain collectively and the right to strike within the scope of national regulations and existing agreements. Klöckner's culture is marked by trusting and constructive collaboration. Employees are neither favored nor disadvantaged based on their affiliation or non-affiliation with a trade union or employee representation.

We advocate for freedom from discrimination and equal opportunity along the seven dimensions of diversity: 1. Age, 2. Gender and gender identity, 3. Ethnic origin and nationality, 4. Sexual orientation, 5. Mental and physical abilities/status, 6. Beliefs and world view, and 7. Social background (education and financial situation of the family of origin). For this reason, we have signed the "Charta der Vielfalt" (Diversity Charter) and continually enhance and foster our own diversity program.

At Klöckner & Co, the protection and promotion of employees' health and safety are top priorities. We comply with the applicable occupational safety laws worldwide and support continuous development for improving the work environment to avoid work-related accidents and illnesses. Accordingly, we use certification standards in relevant sites, such as ISO 45001 for improving work safety. We strive to also ensure the well-being of the employees of our supply chain and ensure that nobody is harmed due to their work.

We endeavor to comply with legally guaranteed wages based on the local minimum standards and salaries in the economic sectors in question. Within the bounds of applicable law, we ensure that safe, healthy working conditions prevail; that breaks, a reasonable delineation of work hours and regular paid annual leave are guaranteed; and that the applicable international standards on work schedules (or at least the ILO Convention that applies to the place of employment) are complied with.

10. Freedom of association and assembly, and the right to collective bargaining

11. Equal opportunity and protection against discrimination

12. Right to health and safety in the workplace

13. Right to adequate remuneration and reasonable work schedules

8. Prohibition of child labor

9. Prohibition of forced labor



14. Protecting personal data

Protecting our employees' and business partners' privacy rights regarding the use of their personal data is very important to us. To that end, compliance with local data protection laws by the group companies of Klöckner & Co SE is paramount. Therefore, we work towards protecting the rights and freedoms of the individual, including the rights to information, rectification, and the blocking or erasure of personal data.

15. Rights of local communities and indigenous peoples

We respect the rights of local communities and indigenous peoples who might be affected by our business activity. We also expect our business partners to be aware that they might harm local population groups with their business activities, and we demand that they act responsibly and mindfully in this regard.

16. Human rights and the environment

We acknowledge our responsibility for protecting the environment and are aware of the effects our procurement and sales processes might have on the environment and on people. Consequently, we ensure that we meet the due diligence obligations concerning human rights and the environment in our group companies and in our supply chain. Environmental protection is an important part of our internal occupational safety, health, environment and quality policy (SHEQ policy). This international group policy covers all relevant environmental aspects, from the conservation of natural resources and energy efficiency to the reduction of emissions and waste.

17. Communication and announcements

This declaration is made available to all our employees and other stakeholders in a suitable form and published. The communication is coordinated in advance with the Human Rights Committee and additional stakeholders.

In our sustainability report, we inform the public each year about the status, the development and the effectiveness of our due diligence obligations regarding human rights and the environment. Beginning in fiscal year 2024, we will report annually to the German Federal Office for Economic Affairs and Export Control (BAFA) about the essential risks related to human rights and the environment as part of the effects of our business activity within our supply chain. This report will be published on our website.

Implementing the German Act on Corporate Due Diligence Obligations in Supply Chains is a continual process. We review this declaration continually and will update it if risk assessments change.

This declaration has no subsequent effect and takes effect on 1 March 2024. No rights for individuals or third parties may be derived from it.

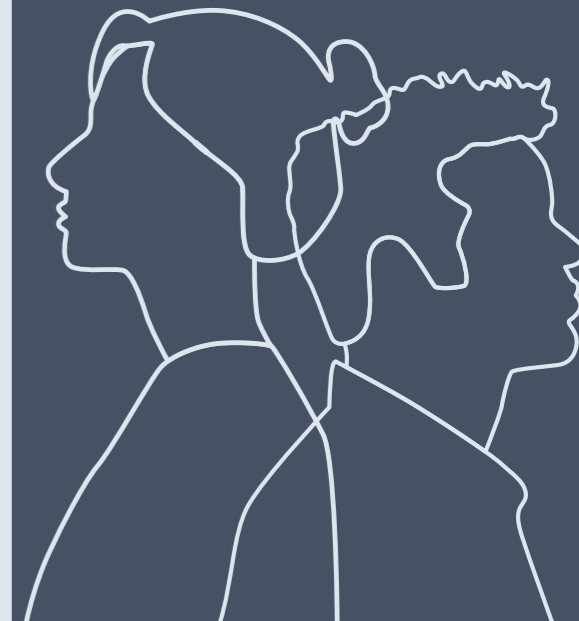
If you have questions or comments about this declaration or about other topics related to human rights, please email our Human Rights Office humanrights@kloeckner.com. Please direct any complaints or reports about noncompliance with this declaration to our complaint mechanism: "Let us know" [whistleblower system / complaint mechanism | Klöckner & Co SE \(kloeckner.com\)](#).

For other terms not defined, please see the glossary on our website at <https://www.kloeckner.com/en/glossary/>.

18. Reporting

19. About this declaration

20. Complaint Mechanism



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