

Human Rights Statement

Declaration of Principles on Respect for Human Rights

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1 About this document

Dear readers

If you have been following our communications for a while, you will know the following: With our target picture “Solutions beyond tomorrow”, we undertake to put all our actions and our concentrated innovative strength at the service of a sustainable future. Our associated strategy covers the three dimensions of Environmental, Social, Governance (also referred to as ESG).

This document is dedicated to an important part of remove: the fundamentals and processes applicable within the Group for complying with human rights and related environmental due diligence obligations. This enables us to fulfil the requirements of the German Supply Chain Due Diligence Act (SCDDA). In addition, we would like to use this declaration of principles to continuously improve ourselves. Continuously reflecting on our goals and aspirations – both by ourselves and by our stakeholders – opens up new ways of improving ourselves in a targeted manner. As with many other sustainability issues, the same applies to human rights: There is always room for improvement. You can be assured: We are working on it.

Overview

A detailed overview of our objectives and measures in all ESG areas can be found in our non-financial statement. It is integrated into the Group Annual Report and is publicly accessible on the Krones website.

Neutraubling, December 2023

The Entire Executive Board:



Christoph Klenk



Uta Anders



Thomas Ricker



Markus Tischer



Ralf Goldbrunner





“Krones is shaping the future with passion and courageous commitment – and has been doing so for over 70 years. Our aim has always been to be a serious, credible and reliable partner: for customers, suppliers, shareholders and all other stakeholders – and we have been successful! In order to maintain this reputation and achieve the ambitious commitments in our target picture, company-wide compliance with laws, standards and guidelines must always form the basis for our actions. After all, just one wrong decision, one misdemeanour, can severely damage our reputation and therefore our brand.”

Christoph Klenk
CEO



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Why human rights due diligence and Krones belong together

Krones is present in the lives and everyday routines of countless people: as an employer to more than 17,000 people and as a supplier and partner for international customers and their employees. And beyond: as part of a value chain that supplies millions of people with food and beverage products every day.

Our impact is the result of more than 70 years of continuous innovation and hard work. To the same extent that it provides us with a stable foundation for future growth, it also requires us to take responsibility: both for the environment in and from which we live, and for the people who – whether directly or indirectly – come into contact with us and our technologies.



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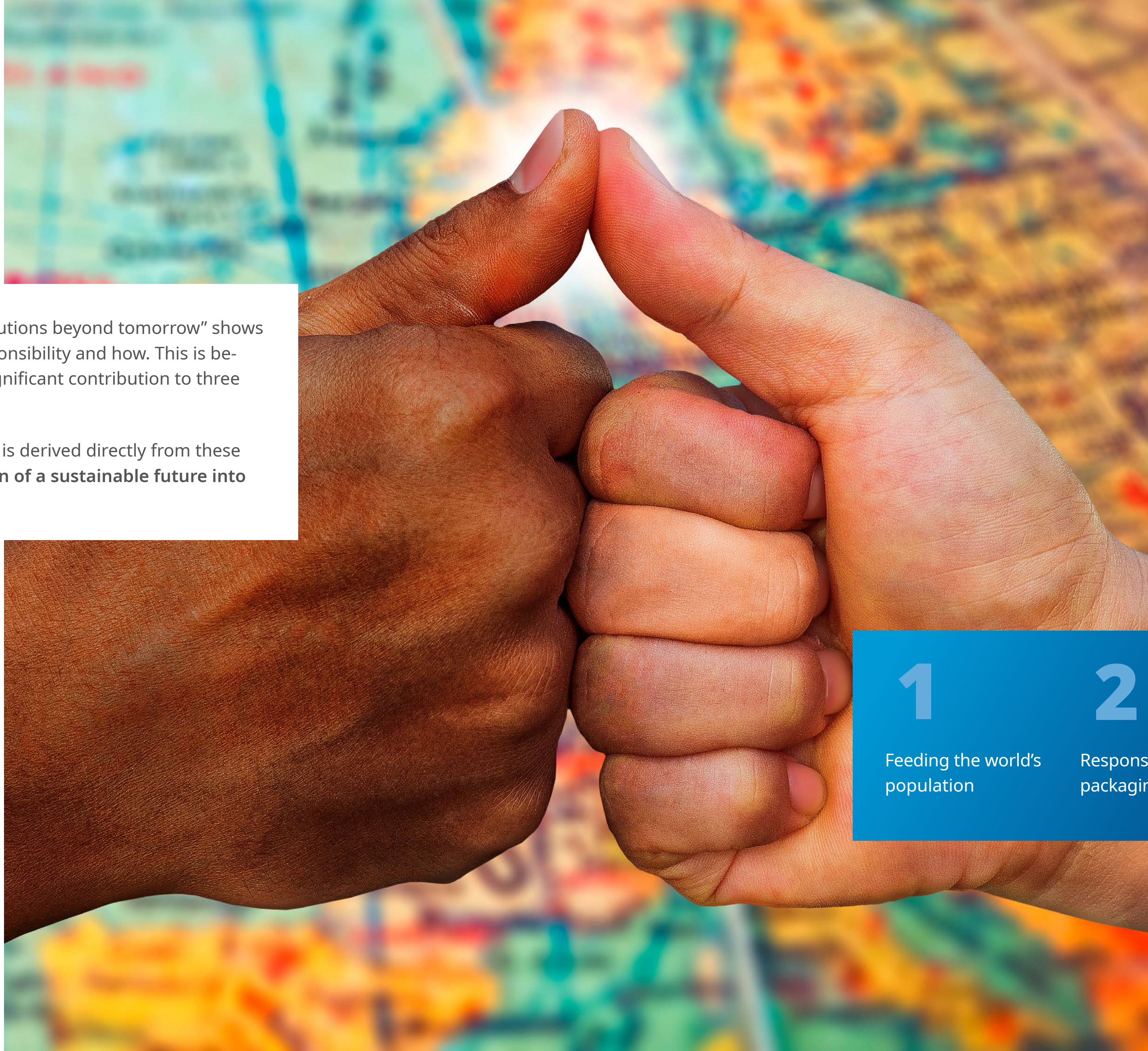
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“In a world in which the three areas of responsibility, Environmental, Social, Governance (ESG) are no longer an option, but a must, it is our goal to find solutions that are legally compliant on the one hand and combine our business success with the preservation of nature and society on the other hand. To achieve this, we must all work together – the Executive Board, managers and each individual employee. We have to take responsibility as a company and as individuals.”

Uta Anders
CFO



Our Group-wide target picture “Solutions beyond tomorrow” shows us that we must live up to this responsibility and how. This is because it commits us to making a significant contribution to three major challenges facing humanity.

Our sustainable corporate strategy is derived directly from these challenges. **It transforms our vision of a sustainable future into concrete measures and targets.**

1

Feeding the world's population

2

Responsible use of packaging materials

3

Slowing down climate change



2

Basics and framework conditions

International agreements and targets

As an international company, Krones undertakes to respect human rights and labour and human rights-related environmental standards along the entire value chain. Labour practices, social standards and environmental laws form the normative foundation of our daily work. They must be fully observed and complied with in all processes and projects worldwide. For the Krones Group and

its business partners, the fundamental values of fairness, mutual respect and tolerance apply at all times.

As a set of guidelines on human rights due diligence obligations, we are guided by the following internationally recognised agreements and targets:



- 1** The Sustainable Development Goals (SDG) of the United Nations
- 2** The Principles of the United Nations Global Compact (UNGC)
- 3** The Guidelines for Multinational Enterprises of the Organisation for Economic Cooperation and Development (OECD)

- 4** The Core Labour Standards of the International Labour Organization (ILO)
- 5** The ETI Base Code (Ethical Trading Initiative)
- 6** The German Supply Chain Due Diligence Act (SCDDA)

- 7** The Guiding Principles on Business and Human Rights
- 8** The International Bill of Human Rights
- 9** The UK Modern Slavery Act

Our expectations

In our Code of Conduct, Krones has committed to conduct its business activities along the entire value chain in compliance with ethical, social and environmental standards. We do this by working together as equals and through dialogue in order to strive for a continuous exchange – both within our own company and with our suppliers and customers.

As a basis for joint cooperation, Krones expects both its employees and its business partners along the entire value chain to do their part to prevent and recognise human rights violations and to take appropriate remedial action where necessary. The Code of Conduct and Supplier Code are supplemented by an internal guideline on “Human Rights and Labour Standards”.

Code of Conduct

The Krones Group
Supplier Code

Partners for the future



Governance and players

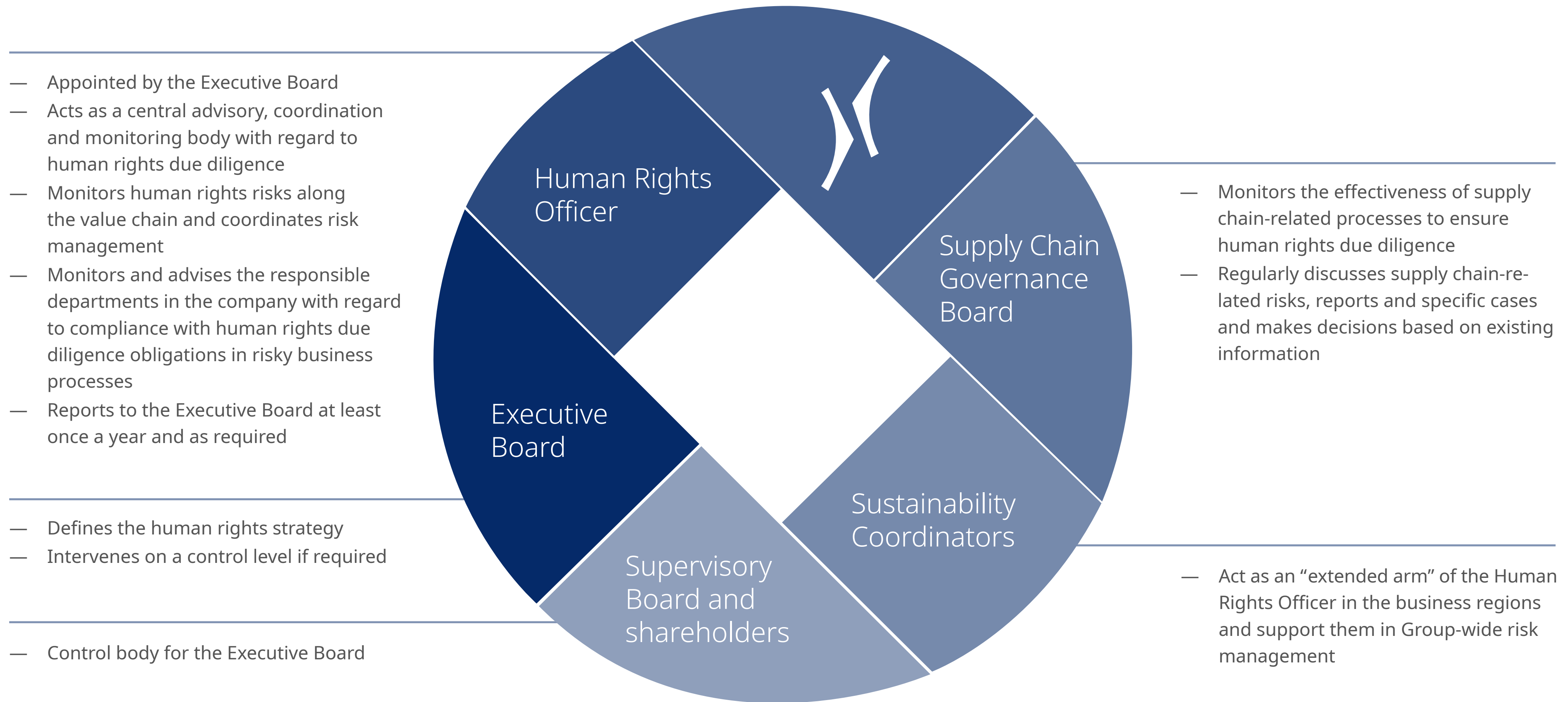
The interaction between different levels and departments guarantees the successful implementation of strategies and objectives at Krones. The Sustainability Team coordinates and controls the Group-wide Human Rights Management. The head of the Corporate Sustainability Team also acts as the officially appointed Human Rights Officer of the Krones Group and fulfils a central advisory, coordination and monitoring function for human rights and environmental issues.

The Executive Board defines the human rights strategy and objectives, which are monitored by the Supervisory Board and the shareholders. The Human Rights Officer reports to the Executive Board as required – but at least once a year. If required, there is a direct reporting line to the Executive Board.

Due to Krones' international business activities, each region with Krones sites has a Sustainability Coordinator. They support the Human Rights Officer in his function and act as a spokesperson and human rights expert in the respective region. If necessary, we work together with the local sales, procurement and HR departments.

The Supply Chain Governance Board coordinates human rights management in the supply chain and is made up of key internal stakeholders. They combine expertise in the areas of corporate procurement, corporate sustainability, corporate governance and supplier quality management.





Human rights and environmental due diligence obligations

This declaration of principles describes our strategy for respecting human rights and related environmental standards **along the entire value chain**. We understand human rights and environmental standards to mean the following aspects:

Krones expects all stakeholders, managers, employees, suppliers and external parties to consistently respect and observe human rights in their daily business activities.

- Prohibition of child labour
- Prohibition of forced labour and all forms of slavery
- Guarantee of freedom of association – freedom of assembly and the right to collective bargaining
- Equal treatment in employment
- Ensuring humane working conditions
- Guarantee of organised employment relations and an appropriate wage
- Promotion of health and occupational safety
- Ban on causing measurable environmental degradation
- Compliance with environmental conventions
 - Minamata Convention
 - Stockholm Convention
 - POPs Convention
 - Basel Convention
- Prohibition of the misuse of security forces
- Protecting the livelihoods of indigenous peoples





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Risk management

Scope of application

Krones has implemented a Group-wide human rights risk management system to ensure compliance with these principles as well as human rights and environmental due diligence in day-to-day business operations. This includes identifying, analysing, assessing and dealing with human rights and environmental risks.

Krones conducts an annual risk analysis to identify potential and actual human rights and environmental risks – both in our own business units and along the supply chain. The result indicates so-called risk hotspots which, depending on their extent and probability, trigger further steps such as supplier surveys, audits or development discussions.



Risk analysis in our own business units

External data sources are used to analyse, evaluate and prioritise country- and industry-specific risks within the Krones Group's own

business units for all subsidiaries. The following rights are currently prioritised as risks for Krones:

- Appropriate wages
- Freedom of association
- Occupational health and safety
- Unequal treatment in employment
- Hazardous waste
- Destruction of the natural basis of life through environmental pollution



Based on the results, Kronos collects data in order to substantiate these risks and verify their plausibility. Based on the risk analysis, critical points are identified and appropriate measures are planned and implemented in order to minimise potential effects and counteract them if necessary.

As an industrial company, occupational safety is at the top of our company's human rights due diligence agenda. Regular workplace inspections and risk assessments are carried out to check compliance with basic occupational safety regulations.



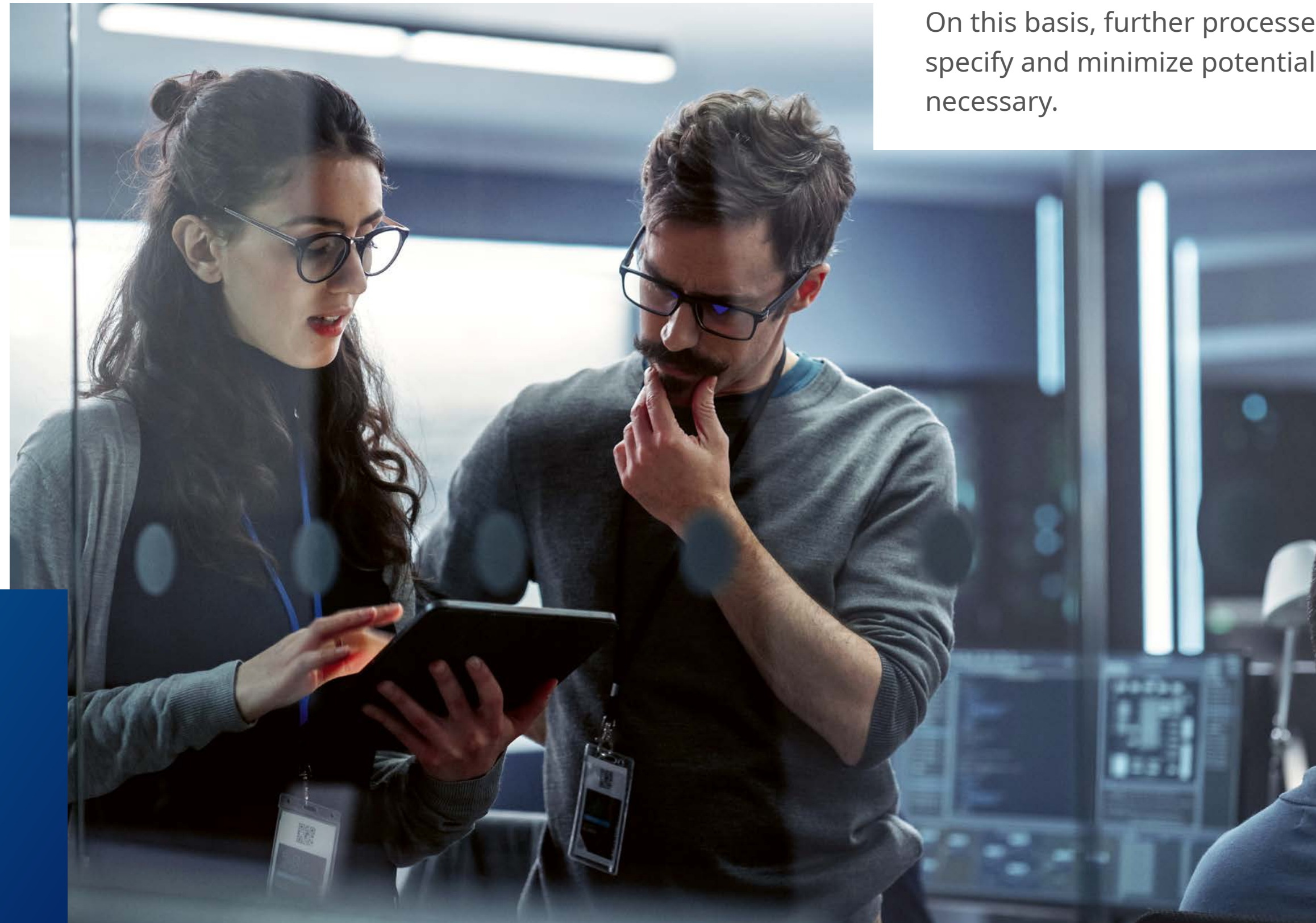
Risk analysis along the supply chain

With the help of external data sources, the supplier base is analysed, evaluated and prioritised in an initial abstract risk analysis for country- and industry-specific and purchasing risks.

The next step is a more in-depth assessment of the sustainability performance of critical suppliers using an established supplier assessment tool by independent external experts. The risks are prioritised on the basis of these results.

A recent risk analysis indicates risk priorities in the following areas:

- Hazardous waste
- Destruction of the natural basis of life through environmental pollution
- Appropriate wages
- Freedom of association
- Occupational health and safety
- Unequal treatment in employment



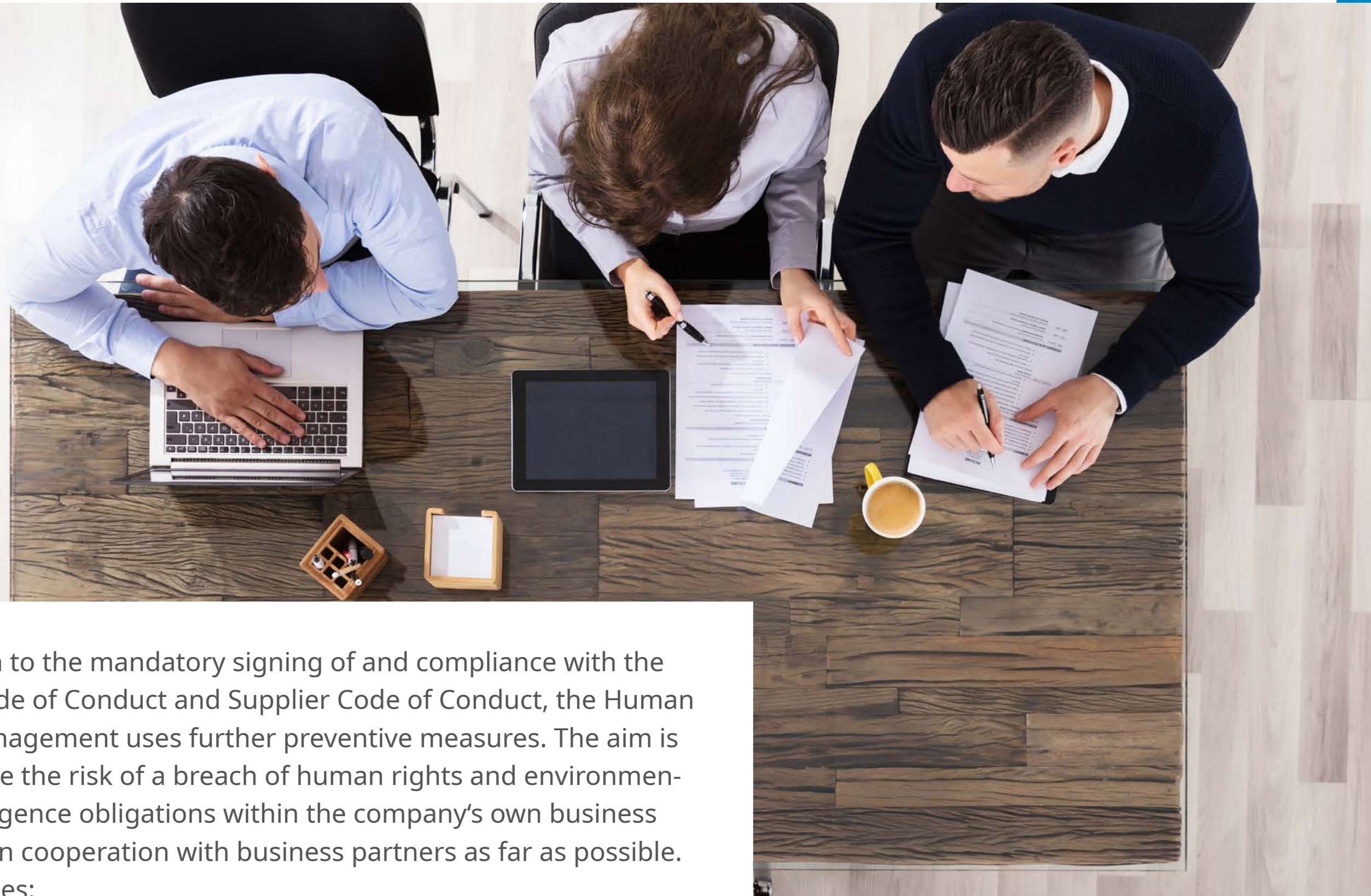
On this basis, further processes and measures are implemented to specify and minimize potential impacts and counteract them where necessary.



4

Preventive measures

Overview



In addition to the mandatory signing of and compliance with the Krones Code of Conduct and Supplier Code of Conduct, the Human Rights Management uses further preventive measures. The aim is to minimise the risk of a breach of human rights and environmental due diligence obligations within the company's own business units and in cooperation with business partners as far as possible. This includes:

1

Due diligence checks

Krones conducts a due diligence check on every new business partner to identify possible breaches of the law and standards, including in the area of human rights. In addition, regular due diligence checks are carried out.

2

Supplier assessment

Krones evaluates its suppliers according to sustainability criteria, among others, with human and labour rights and environmental protection playing a central role.

3

Training

Various training courses on compliance, occupational safety and explicitly on human rights are held throughout the Group. They sensitise employees to human rights and environmental issues. Additionally they provide concrete assistance on how to react correctly in the event of critical situations arising in day-to-day business.



“We are currently training and sensitising our employees intensively on human rights and environmental issues. They need to know which processes are classified as critical and internalise that it is important and good for Krones if they report their observations.”

Sophie Schwinghammer
Human Rights Expert

Social audits of suppliers

Based on the results of the annual risk analysis, Krones conducts social audits of selected suppliers with an increased risk. The aim of these audits is to check compliance with the Krones Supplier Code of Conduct with regard to social standards and to identify risks. The audits also focus on sensitising suppliers to human rights and environmental due diligence obligations. Krones identifies recommendations and measures to show suppliers potential for improvement. However, the fundamental aim is always to work together and, if necessary, to support and further develop suppliers.

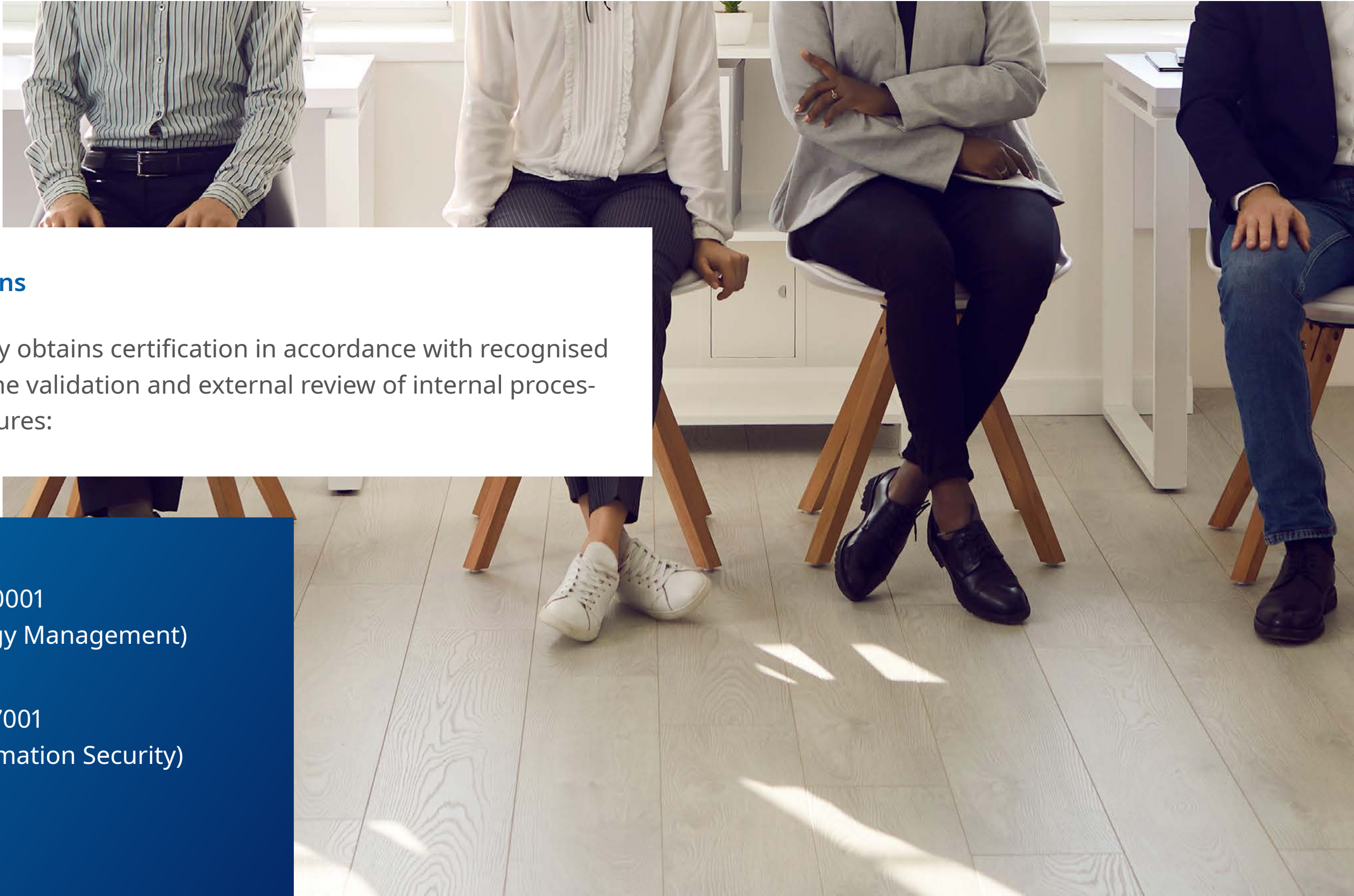
Krones also carries out system audits at its suppliers. The audit areas include quality management and assurance, procurement, production, environmental management and occupational health and safety management. Suppliers are then classified according to their quality capability based on the weighting.



We do not delegate responsibility thus pass it on to others. When we ask our suppliers to sign our Supplier Code of Conduct before we enter into a business relationship with them, this is not the central measure, but the first step of many. Signing off on each other does not remedy human rights violations.

Audits in our own business units

Aspects relevant to human rights and environmental issues in our own business units are examined in various internal and external audit formats and risk analyses. For example, internal auditing focuses on checking the administration and processes of remuneration payments for errors or deviations from the rules. The compliance department's questionnaire-based risk analysis also includes specific questions on working hours, the minimum age of employees and regulated recruitment processes.



ISO certifications

Krones regularly obtains certification in accordance with recognised standards for the validation and external review of internal processes and procedures:

- 1** ISO 9001 (Quality Management)
- 2** ISO 45001 (Occupational Safety Management)
- 3** ISO 14001 (Environmental Management)
- 4** ISO 50001 (Energy Management)
- 5** ISO 27001 (Information Security)

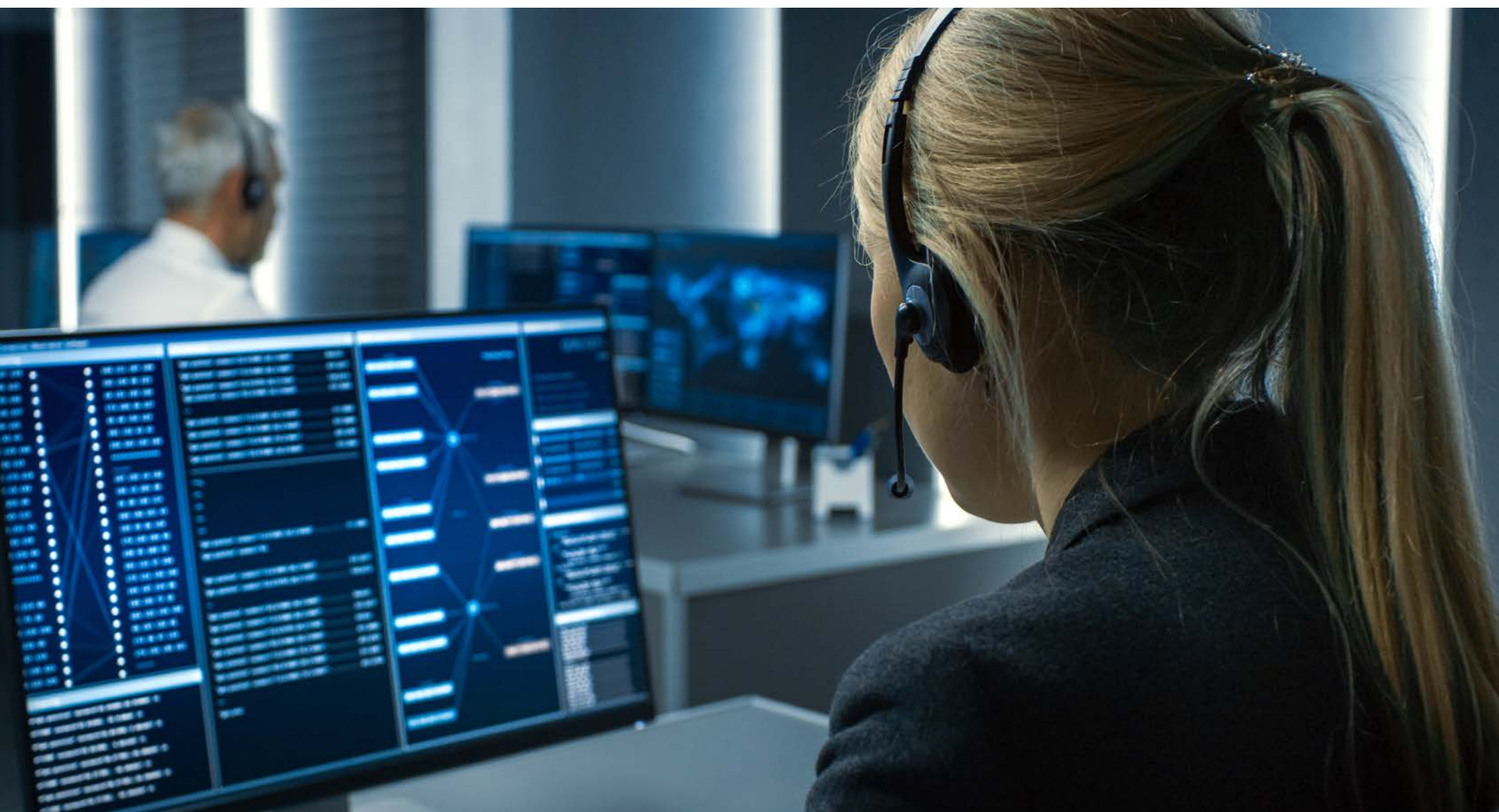
Remedial measures

In the event of critical findings, a decision is made on a case-by-case basis as to which remedial measures are to be taken. Depending on the severity, frequency and type of offence, the next steps are processes of developing, communicating or – as a last resort – immediately blocking the supplier. In the event of obvious human rights or environmental violations, an immediate blocking may be the consequence. However, the focus is always on further development and cooperation with suppliers.

Immediate action is required in particular in the case of:



- 1 Missing confirmation of the Supplier Code of Conduct
- 2 Critical due diligence findings
- 3 Negative social audit results in our own business units or along the value chain
- 4 Violation of the values of the Code of Conduct/Supplier Code of Conduct





No “blind” blocking of the supplier! We proceed carefully and appropriately when we learn of specific accusations or incidents. Without a detailed investigation that leads to a demonstrable violation or at least to a very concrete suspicion, we will not initiate any measures that lead to a termination of the business relationship. Cooperation and communication have clear priority over blocking.

However, if a supplier is not willing to cooperate, for example, we reserve the right to put the relationship on ice until they show the same openness towards us as we do towards them.

Anyone who can credibly prove that they were able to settle the situation amicably for all parties after an offence that led to a block can earn supplier status again. Permanently blocking suppliers is and remains the last resort.



5 Reporting system

Reporting channel



The Krones Integrity whistleblower system enables all Krones employees and all external third parties to report violations of applicable law securely and around the clock. Thanks to the certified and standardised system of an external provider, anonymity and confidentiality can be guaranteed throughout the entire complaints procedure. Indications of human rights and environmental violations can be identified and addressed accordingly. At the same time, existing gaps in due diligence obligations can be identified and improved accordingly.

Additional platforms are also available to every employee to report any violations. These include Human Rights Management (human.rights@krones.com) and contact with the respective sustainability coordinators in the regions.

In the event of incoming reports of potential human rights or environmental violations, a standardised, systematic investigation is carried out by the Human Rights Officer appointed by the Executive Board.



“What’s important is that we don’t look away if something happens that is not acceptable from a human or labour rights point of view. Our motto must be that it is better to report one too many times than one too few. The ultimate aim is to avoid harm and the resulting suffering on a human level wherever possible.”

Peter Steger
Human Rights Officer

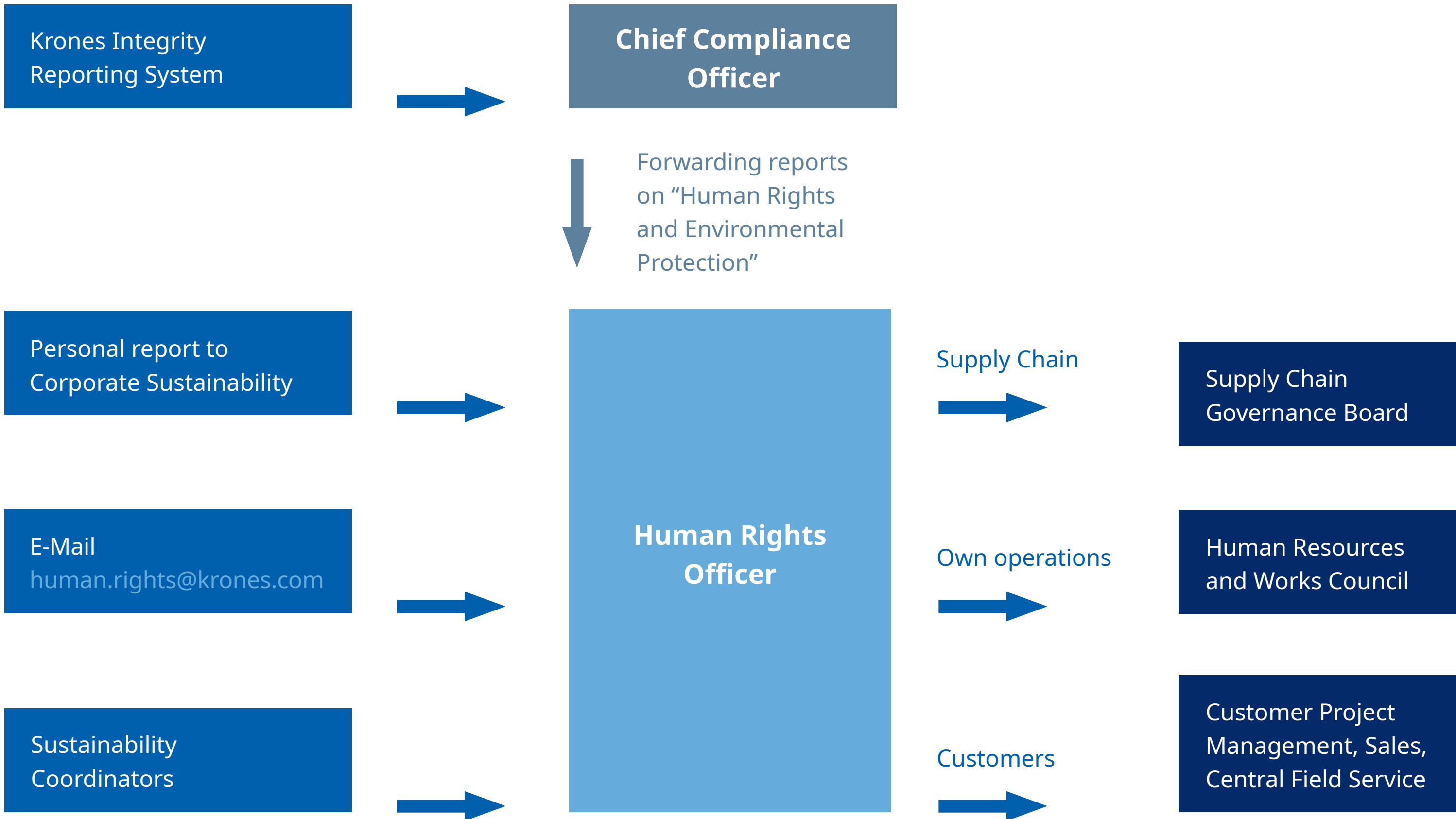
Procedure for investigations

Every report on a potential human rights or environmental violation received via the Krones Integrity Reporting System is examined by the Human Rights Officer and – depending on the nature and content of the case – processed in close cooperation with the relevant specialist departments.

The procedure follows a formalised process in compliance with the four-eyes principle. The first step is to confirm receipt of the complaint. The complaint is then checked for plausibility by involving the persons concerned in an interview. In an international context, a joint investigation is conducted between Corporate Sustainability and the region's Sustainability Coordinator. Complete documentation is kept throughout the entire investigation period and shared with the relevant stakeholders depending on the type of issue (upstream supply chain, own business unit, downstream supply chain).



Reporting channels	Responsibilities and tasks	Affected value chain	Relevant stakeholders and tasks
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Further information



Effectiveness control

The effectiveness of all due diligence processes is reviewed at least once a year by the Human Rights Officer. The aim is to continuously improve the measures implemented in order to identify, prevent and minimise human rights and environmental risks.



Reporting



Documentation and reporting on human rights and environmental due diligence measures is carried out once a year in the non-financial report. Further reporting to the Executive Board also follows an annual cycle.

Krones recognises the importance of its human rights and environmental due diligence obligations and is continuously developing these further.

SOLUTIONS BEYOND TOMORROW

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