Stewardship Framework
Our words and commitments matter. We have the courage to stand up for what we believe and will not make commitments or act in ways that are inconsistent with our principles and do more harm than good. We believe in people and seek a system of equal rights and mutual benefit where individuals succeed by helping others succeed.

At Koch companies, our management framework, Principle Based Management™, is based on proven principles of human progress and a deep appreciation for the dignity of every individual. Our focus on individuals and bottom-up solutions rather than top-down imperatives is evident in our Stewardship Framework and drives our approach to Environmental, Social and Corporate Governance (ESG).

Koch’s starting point is simple: We believe the role of business in society is to create goods and services that help people improve their lives, and to do so responsibly. We are convinced (and history confirms) that a business can only succeed long term if it operates in a spirit of mutual benefit—a win-win philosophy. Companies that do so are exemplars of responsibility. At its best, Koch’s philosophy of mutual benefit helps generate breakthrough innovations that dramatically improve lives. At the very least, it means we constantly strive to deliver better products while consuming fewer resources. To be clear, although profit is not our only goal, we do regard it as a valid and important measure of our contributions to society.

At Koch, stewardship encompasses the responsible management of our actions and the resources entrusted to our care in a manner that respects the rights of others. By “rights,” we mean everyone’s right to their own life and property, and equal treatment under the law.
We do this by:

Using best knowledge, employee know-how, and innovation to operate in a responsible way. We prioritize the health and safety of our employees and communities, expect all employees to comply with all laws and regulations, and practice a philosophy of mutual benefit.

Applying a robust risk management framework. We leverage early-warning systems, data, and technology to quickly address problems and keep us on track.

Helping all employees have opportunities that fit their gifts and abilities to contribute to society and improve their own lives. We value an individual's character and a contribution mindset over credentials, connections, or group affiliation.

Building mutually beneficial, long-term partnerships with customers, employees, suppliers, regulators, and the communities in which we operate. We give preference to those who are principled and committed to creating value in society.

Fighting against cronyism and other practices that use the power of government to gain profit by inhibiting opportunity, competition, innovation, or by otherwise violating the rights of others.
Stewardship Vision

We help people improve their lives by providing products and services they value more highly than their alternatives. We experiment and innovate to responsibly create more value while consuming fewer resources. We seek mutually beneficial outcomes with customers, employees, suppliers, communities, and other key constituencies.

Environmental Priorities

1. INNOVATION
   Discover new technologies and methods to create more value for our customers while using fewer resources, minimizing waste, and improving the environmental performance and effectiveness of our products and processes. This benefits our customers, employees, investors, the communities in which we operate, and society as a whole.

2. ENERGY EFFICIENCY
   Continually improve energy efficiency and develop innovative technologies, which will further reduce greenhouse gas emissions.

3. AIR QUALITY
   Seek new ways to reduce and improve air emissions.

4. WATER
   Explore new opportunities to reduce water consumption and improve the quantity and quality of water discharge.

5. RESPONSIBLE RESOURCE MANAGEMENT
   Ensure our resources are managed to create value for Koch and our constituencies.
Social Priorities

1. **HEALTH AND SAFETY**
The safety and well-being of our employees and communities is our first priority. We build capability through our employees and resilience in our systems to prevent serious outcomes when the unexpected happens.

2. **SELF-ACTUALIZING EMPLOYEES**
We believe everyone can discover and develop their innate abilities and apply them to contribute and succeed when empowered to do so. We seek to create opportunities based on each individual’s unique gifts and potential to contribute. A supervisor’s primary role is to support employee development by designing roles that fit, coaching and mentoring to help them thrive, seeking and using their knowledge and ideas, removing barriers, and encouraging role changes (anywhere across Koch) that enable them to more fully realize their potential.

3. **EMPLOYEE COMPENSATION AND BENEFITS**
We reward employees for their contribution to the long-term success of Koch Industries consistent with our Guiding Principles. We continually look for mutually beneficial outcomes by providing employees with benefit choices aligned with their values and personal situations.

4. **INCLUSIVE ENVIRONMENT**
We strive to treat every person with dignity and respect, encourage and foster networking, and sponsor activities that are inclusive and focus on shared interests. We celebrate the uniqueness of each individual and believe it is disrespectful to judge a person—positively or negatively—based on group identity. Characteristics such as heritage, gender, and many others often inform an individual’s experiences and perspectives and can help them create value. But no single characteristic should be used to define another person.

5. **UNLEASH THE POWER OF DIVERSITY**
We continually expand our outreach to hire and retain contribution-motivated employees. Koch selects and empowers employees, including leaders, who have a variety of aptitudes, skills, knowledge, experiences, and backgrounds. This diversity enables us to work together to identify opportunities, solve problems, and create greater value for others. We solicit challenge consistently and respectfully from employees at all levels of the organization.

6. **COMMUNITY OUTREACH AND INVOLVEMENT**
Through our businesses and philanthropic endeavors, we seek to make society better through mutual benefit. We contribute to creating the best possible environment where all people have the opportunity to develop their unique talents and abilities. We provide employee engagement opportunities that enable them to build relationships, have meaningful and fulfilling experiences, and make a positive difference in their communities based on what is important to them.
1. SHARED VISION AND PRINCIPLES
Koch companies are guided by the Vision of creating more value for others through virtuous cycles of mutual benefit. Everything we do is grounded in our principle-based approach including our Guiding Principles.

2. PRIVATE OWNERSHIP
Because it is privately held, Koch is better able to make decisions and take actions that create real and lasting value. We are not constrained by quarterly or short-term demands, such as earnings or share price targets. Instead, we focus on long-term value creation.

3. COMPLIANCE AND ETHICS STANDARDS
Koch has robust compliance standards and risk management systems. Our Global Code of Conduct, and the training on the Code that all employees receive articulates expectations for every employee regardless of role. Employees and third parties are given several channels for raising issues and concerns without retaliation and are expected to “stop, think, and ask.”

4. OVERSIGHT AND CONTINUOUS IMPROVEMENT
Audit and self-assessment results, incident tracking, investigations, and knowledge sharing are just some of the tools we use to learn and improve our performance. There is board-level oversight of our audit and assurance programs.

5. CORPORATE BOARD
Our board members are employees and major shareholders with a variety of different perspectives, aptitudes, skills, knowledge, experiences, and backgrounds.

6. FINANCIAL STRENGTH AND RESPONSIBILITY
Our use of debt is prudent. We have financial standards and controls to guide our companies and employees regarding performance expectations. Shareholders consistently reinvest 90% of earnings back into the company—a practice which funds the experiments, innovations, and opportunities for employees to create ever-greater benefits for society.

7. OPEN COMMUNICATION
Koch openly and proactively communicates with customers, employees, and other constituents about our principles and EHS performance.