



Freudenberg embraces responsibility.

Examples of how Freudenberg embraced responsibility in 2023 can be found on the following pages:

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SIGHTS SET ON CARBON NEUTRALITY



Technology and Values

CREATIVE TECHNICAL SOLUTIONS OF EXCELLENT QUALITY

Freudenberg stands for excellent technologies and high innovative strength. Our employees are experts in products, services and solutions that are at the forefront of technology and used in thousands of applications and about 40 market segments. Our seals, vibration-control components, batteries and fuel cells, technical textiles, filters, cleaning technologies, specialty chemicals and medical products make a valuable contribution to the success of our custom-

ers around the world. The company has always been family-owned, and the values of the founder Carl Johann Freudenberg have kept it grounded. We have been true to these values since 1849.

Freudenberg is everywhere in our lives today: for example, our solutions make sure that the air in rooms is becoming cleaner, that cars can drive, or that wounds heal faster.

Freudenberg products are often invisible, but always essential – for example, in silicone belts that monitor preterm babies, in household cleaning, for emission-free mobility (top row, from left) or in a desalination plant, in the production of oxygen masks, or in outdoor clothing (bottom row). And these are just six examples from thousands of applications.



NOT JUST ABOUT FINANCIAL SUCCESS

Freudenberg defines success as achieving financial success while at the same time taking its responsibility for society and the environment seriously. The two goals are inseparably linked and firmly anchored in the company's Guiding Principles.

This responsibility comes in many forms: Freudenberg has set itself clear environmental goals, and aspires to become a carbon-neutral company by 2045.

Freudenberg also encourages diversity among the workforce and stands for a corporate culture that enables all employees to contribute their strengths. Freudenberg embraces this responsibility outside the company, too, in many areas where aid is needed. In 2023, for example, in the form of immediate aid for the victims of the earthquake in Turkey, or through a global program to support education and environmental protection.

These examples all demonstrate the depth of Freudenberg's commitment to its value orientation.



The themes of the Freudenberg Group's Guiding Principles are value for customers, leadership, responsibility, innovation, people, and long-term orientation. The "Responsibility" Guiding Principle is particularly relevant with regard to Freudenberg's responsibility for society:

RESPONSIBILITY
Our company and its family shareholders together are committed to protecting the environment and being responsible corporate citizens in all countries and communities in which we do business. We take all possible care to ensure the safety of the workplace and of our products. As a family company, we strive for the highest standards of personal behavior. Fairness and integrity guide our conduct amongst ourselves, toward our business partners and toward the general public.

Freudenberg is a values-based technology company that feels a responsibility to its customers and society.

Responsibility for society encompasses five areas at Freudenberg: **Sustainability; Health, Safety and Environmental Protection; Corporate Citizenship; Compliance; Employees and Diversity.**

By tradition, all these themes are important for Freudenberg and are also anchored in the company's Values and Principles as well as its Code of Conduct.

For politics and society, fairer and more sustainable business is becoming increasingly important. The EU's Corporate Sustainability Reporting Directive, for example, places a growing focus on environmental, social and governance (ESG) issues.

From the 2025 financial year at the latest, companies such as Freudenberg must report on ESG issues. Furthermore, under the EU Taxonomy Regulation, companies are required to disclose which of their products and business activities contribute to meeting the EU's environmental objectives.



- Freudenberg Values and Principles
- Areas relevant to the "Responsibility" theme

SPEAKING OUT ABOUT VALUES-BASED ACTIONS



Sustainable Development Goals: Freudenberg prioritizes nine of the 17 goals where it can make an important contribution.

Freudenberg has always been values-oriented. Freudenberg is a participant of the UN Global Compact, because values are non-negotiable and because communicating our actions to the public is equally important. Through its participation, the company affirms its support for the ten basic principles on human rights, labor, anti-corruption and environmental protection agreed by the United Nations.

Freudenberg is also committed to the seventeen Sustainable Development Goals that were proclaimed as a global framework in 2016, shortly after the Paris Climate Conference. Freudenberg prioritizes nine of the 17 goals where it can make an important contribution.



Freudenberg-wide initiative **GAMIFYING HSE TRAINING**

We ^{all} take care!

Since its launch in 2002, the Freudenberg-wide “We all take care” initiative has honored employees and teams who are especially committed to making work safer, healthier and more environmentally-friendly. The annual “We all take care” Awards honor the achievements of the winning teams.

First place in the 2023 “We all take care” Award was shared by two teams: Freudenberg Home and Cleaning Solutions from Weinheim, Germany, and Freudenberg Filtration Technologies from Johannesburg, South Africa. Both teams focused on the gamification of HSE training in their projects.

Second place went to Freudenberg Performance Materials in Taiwan. Here, the project team significantly reduced energy consumption in the production of spunbonded nonwovens at the site.

Third place went to the team from Vibracoustic in Burgos, Spain. To help their employees, the team improved the ergonomics of the calibration machine, enhancing not only physical well-being but also increasing efficiency.

Sustainability

THE PATH TO CLIMATE NEUTRALITY IS CLEARLY DEFINED

Freudenberg's understanding of sustainability is focused: sustainability is about resource efficiency as regards the use of energy and materials.

Freudenberg's definition of sustainability is consistent with the UN's Brundtland definition. The company would like to keep our planet livable far into the future. That is why we want to play our part in producing as little waste and emissions as possible and minimizing the use of water, energy and materials. Our goal is to reduce our CO₂ emissions to zero by 2045.

The demand for greater transparency is not only clear from the regulatory requirements for sustainability reporting, but also evident from the global rise in the number of customer inquiries concerning product-related sustainability data.

Creating more green spaces in densely-populated areas cleans the air and converts carbon dioxide into oxygen. The vegetation insulates buildings and reduces their carbon emissions. Non-wovens from Freudenberg Performance Materials provide an effective solution for making cities greener.

The Group's commitment to climate protection also makes good business sense. Demand for sustainable products is rising. That calls for innovation and represents a huge opportunity for Freudenberg as a technology company. At the same time, sustainable companies are more attractive to customers, who integrate them as suppliers into their own sustainability programs. There are growing requirements for customers to prove sustainability through data such as the product carbon footprint, with the mandatory nature of these requirements increasing in 2023.

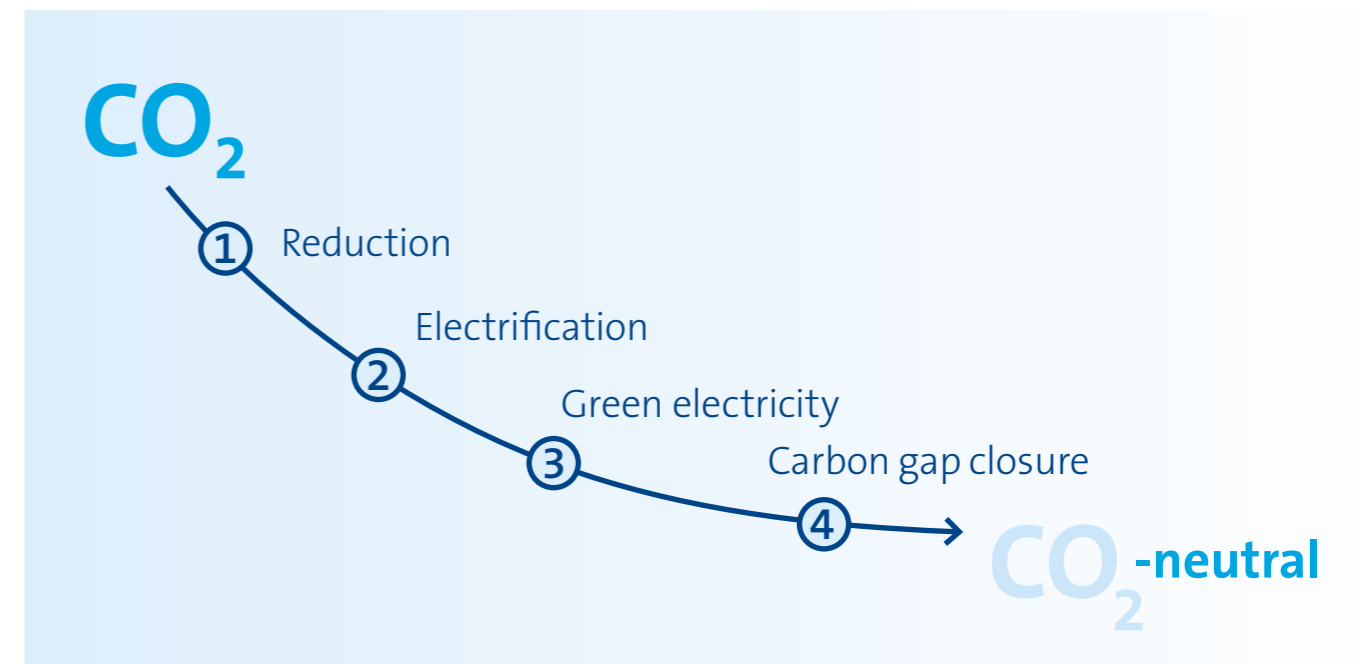
Developments on the energy market are another reason why reducing our own energy consumption pays off. This market is becoming increasingly volatile, and as a result the self-generation and storage of electricity along with flexible concepts makes sense: sites become less exposed to energy market risks such as electricity rationing, blackouts or extremely volatile energy costs.

Climate change is one of the greatest challenges of our time. That is why Freudenberg's sustainability strategy is currently focused on the path to climate neutrality.

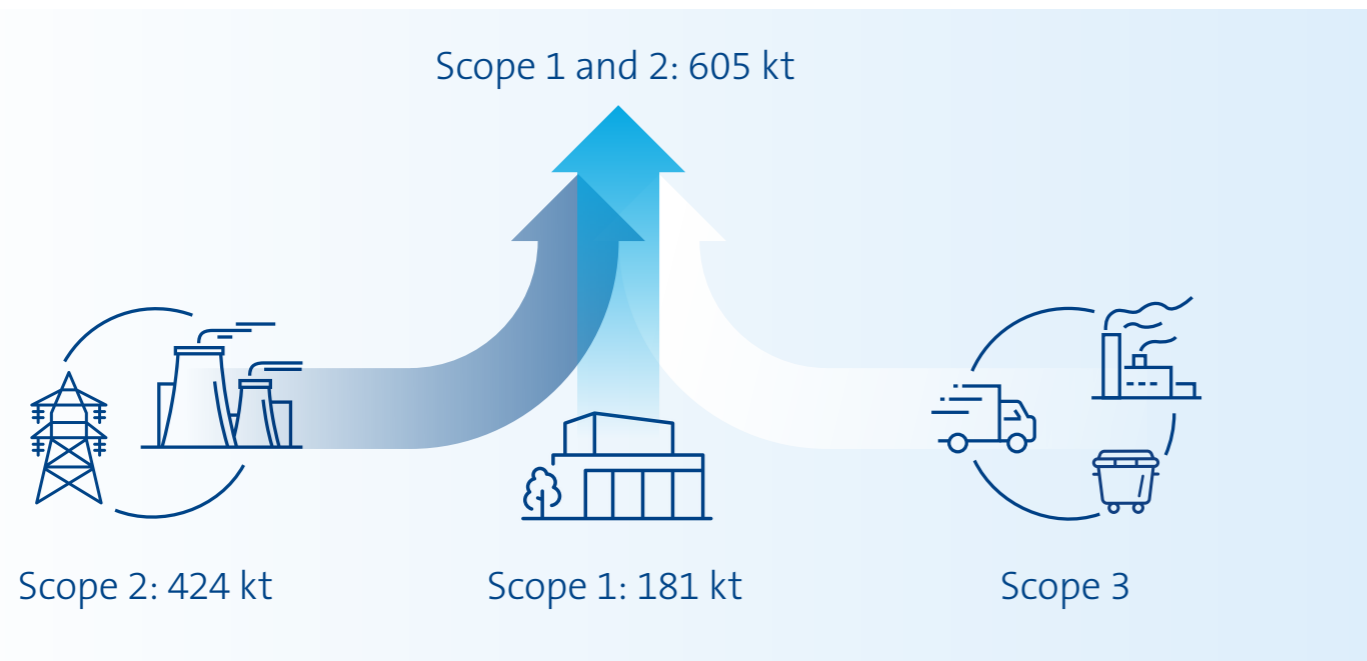
As a company whose Business Groups operate in several industries and use various production methods, Freudenberg defines key goals and the overarching path towards climate neutrality at Group level. The Business Groups have the flexibility to implement the strategy and goals in keeping with their specific business models. If they so wish, they can pursue more ambitious goals than those set at Group level.

The goals set by Freudenberg address what are known as Scope 1 and Scope 2 emissions: these are emissions where the company can exert a direct influence through its own energy consumption and through purchased energy. The first milestone on the path to climate neutrality is to reduce relative CO₂ emissions, measured per million euros of sales, by 25 percent by 2025 compared to 2020. Freudenberg aspires to be a carbon-neutral company by 2045 at the latest.

4 steps to carbon neutrality



Freudenberg's CO₂ emissions in 2023 (Scope 1 and 2)



Scope 2: Greenhouse gas emissions from energy generated by an energy supplier (e.g. electricity)

Scope 1: Greenhouse gas emissions generated directly by the Freudenberg Group

Scope 3: Greenhouse gas emissions associated with upstream or downstream value chain activities

The first steps in the multistep strategy on the path to climate neutrality are reductions in energy use, electrification, and the purchase and self-generation of "green" electricity. Even with these steps, certain residual emissions are likely in 2045 because not all countries are expected to be able to purchase 100 percent "green" electricity by then, given their different carbon neutrality goals (for example, China: 2060).

Moreover, the electrification of some processes is not meaningful or economically viable. To take the last step to climate neutrality, Freudenberg therefore focuses on new technologies and markets to manage these residual emissions that cannot be reduced by means of today's established approaches (carbon gap closure). For example, adequate volumes of "green" hydrogen or biogas may be available at acceptable costs in future to replace the residual demand for fossil energy. A further possible development is a globally-regulated system for tradable green electricity certificates similar to the system already in place in the EU, enabling a transparent process for trading emissions in countries with limited green electricity availability. Freudenberg will not engage in any CO₂ offsetting in the foreseeable

future given the quality and acceptance problems of the present voluntary carbon markets.

The first three steps – reductions in energy use, electrification, and green electricity – are already being implemented throughout the Freudenberg Group. The Business Groups adopt various approaches, depending on technology, local availability and price structures for energy.

The "Sustainability Drives Climate Action" project is the motor for Group-wide initiatives to implement the path to climate neutrality. In addition, the Business Groups' key initiatives are defined and tracked within the strategic planning process.

Freudenberg aspires to be a carbon-neutral company by 2045 at the latest.

The “Be energy efficient” initiative, or “Bee” for short, lays the foundation for uniform and comparable energy standards within the Freudenberg Group. It is an important component of the “Sustainability drives Climate Action” project and has been uncovering energy-saving potential at Freudenberg locations since 2019. It focuses in particular on the issues of energy consumption, process electrification, and the energy efficiency of buildings. So far, around one-third of the Freudenberg Group’s entire CO₂ emissions have been analyzed under the initiative.

Freudenberg is convinced that reducing CO₂ emissions first and foremost means saving energy, process electrification, and the purchase and self-generation of green electricity.

Energy-saving potential of up to 30 percent has been identified through reductions in energy consumption. As in the previous year, efforts in 2023 concentrated in particular on compressed air, heat recovery and cooling/refrigeration: energy monitoring also helps to save energy through organizational measures. In some cases, if the know-how for identifying improvement potential is available, small-scale investment is all it takes to save significant amounts of energy. What matters are a structured analysis and well-trained employees.

Activities to familiarize the individual Business Groups with the flexible consulting approach for sites developed by Freudenberg’s energy efficiency experts as part of the “Bee” initiative were stepped up in 2023, for example through the services offered by the Bee Academy – a comprehensive training program covering the fundamentals of energy management and energy efficiency.

Renewable energy is one of the most important pillars for greater climate protection and meeting Freudenberg’s climate neutrality goals. The gradual transition to electricity from renewable sources continued in 2023 and is paying off, not only in terms of sustainability, but also financially given volatile markets. The focus of long-term supply contracts to purchase energy under what are known as “power purchase agreements” has shifted from solar power to wind power. Furthermore, Freudenberg commissioned its first microgrid at its site in Berlin in January 2023 – this is a battery system that works like a virtual power plant. Initial experience indicates that a combination of power from photovoltaic arrays and wind power plus flexible batteries delivers fully sustainable and cost-optimized electricity.

In addition to purchasing power supplies, the self-generation of non-fossil fuel-based electricity is an important component. 2023 saw significant progress in expanding the number of photovoltaic systems at Freudenberg sites. Some 20 new arrays were commissioned worldwide. Moreover, around 60 further photovoltaic systems are currently at various stages of planning and construction. Depending on the local situation and the availability of external developers, there are essentially two business models for realizing these systems: they are either self-financed or financed by third-party investments.

Concepts for gradually making building stock climate-neutral are developed on the basis of detailed as-is analyses. A pilot project in this context was implemented at the Freudenberg Sealing Technologies site in Hamburg, Germany, in 2023. A critical success factor is an integrated and holistic approach to production-specific infrastructure, the technical facilities and the building itself. The increasingly stringent requirements for energy standards are taken into account for new buildings. These standards are covered in our construction guideline for new buildings.

Group-wide Key Performance Indicators on Sustainability

In the year under review, the Group continued to improve its energy efficiency and increased the share of renewable energies. Especially as a result of these efforts, Freudenberg reduced its relative CO₂ emissions per million euro sales to about 51 tonnes. Over the coming years, Freudenberg intends to continue this development and consistently remain under the target for 2025 of 65 tonnes of CO₂ emissions per million euro sales. Since 2020, the relative Scope 1 and Scope 2 emissions have each decreased by more than 5 percent per year. Total Scope 1 and Scope 2 emissions have also decreased significantly, from 649 to 605 kt/year, while at the same time business has grown.

Energy use

883
(direct, GWh)

1,602
(indirect, GWh)

36%
(renewable energy as a proportion of total electricity consumption)

2,485
(total, GWh)

These metrics show energy consumption from self-generated and purchased energy in 2023.

0.21
(energy efficiency in kWh/euro sales)

CO₂ emissions

These metrics quantify the Freudenberg Group’s global CO₂ emissions in 2023 (market-based) from self-generated and purchased energy.

605
(total, 1,000 t)

50.8
(t/million euro sales)

Waste

11.8
(t/million euro sales)

Sustainability has two dimensions for the Freudenberg Group. First, the way the company shapes its own processes and uses its systems to reduce resource consumption (**footprint**). Second, Freudenberg offers numerous products and solutions that enable customers to manufacture more efficiently and sustainably or to make their products more resource-efficient (**handprint**).



By reducing its footprint and expanding customers' handprints, Freudenberg is contributing to greater sustainability worldwide.

Handprints and footprints are always a matter of resource and energy efficiency, and that invariably means technology. Examples of successful sustainability projects from the Freudenberg Business Groups can be found on **pages 94 to 99**.

There is a wide range of footprint and handprint improvements in the areas of **energy, emissions, materials, waste, and water**. The following pages present several examples.



Materials	Waste	Energy	Emissions	Water
Materials efficiency Recycled, renewable and substitute materials End of life (EOL) product handling	Waste handling	Energy efficiency Renewable energy	Air pollution/ emissions	Water pollution Water use

THE MANY FACES OF SUSTAINABILITY AT FREUDENBERG

Examples of successful projects

Buffering power, managing peak loads, trading energy

In January 2023, Freudenberg Sealing Technologies commissioned a microgrid – a battery system that works like a virtual power plant – at its site in Berlin, Germany. With the microgrid, Freudenberg is helping to stabilize the public grid, clearing the way for renewable energies and reducing its electricity costs.

The weather and the time of the day determine how much electricity is generated from wind power or solar energy. But where does the electricity go if the midday sun shines too brightly or the wind blows too strongly? And conversely, where does the electricity for the kettle or the coffee machine come from on a winter's morning when it's dark outside and there's a lull in the wind? Microgrids help to temporarily offset fluctuations in the power grid or stabilize utility frequency. Their battery systems make power available in line with demand. Or they store electricity ready for the next time it is needed: in other words, the microgrid functions as a battery backup system. Just such a microgrid with a capacity of 556 kilowatt hours and an output of 704 kilowatts went online at the Freudenberg site in Berlin in January 2023.

There are advantages for network operators because they can decide whether to buy power from the microgrid under electric power bidding processes. And there are advantages for users, who have access to power 24/7. Freudenberg also benefits, because the company can use the electricity stored at the Berlin site to smooth out load curves and balance peak loads. These spikes occur when many users at the plant all need power at the same time. Peak loads

determine the price of electricity: the lower the peak loads, the lower the grid fees, i.e. the price, Freudenberg has to pay. The site has been using the microgrid to cover peak loads since January 2023 – and thus permanently cut its energy costs.

Freudenberg's microgrid not only delivers on sustainability and reduces costs, it also boosts trading. Arbitrage is the term used for buying and selling electricity on the spot market. The basic principle is to buy electricity at times when the price is low and to sell it a few hours later at a profit when the price is higher.

Freudenberg collaborates with several project partners on the microgrid, with one of these partners supplying the stationary energy system. What is special about this system is that the company in question uses batteries from XALT Energy, in other words, from Freudenberg. So the circle of this successful project has been closed.



The energy storage system comprises switchgear cabinets, battery modules, inverters and plenty of cables.



"Dropping" the ceiling between the 2nd and 3rd floors made it possible to decouple temperature control on the two floors.



High impact, low investment

Often, it does not take much in the way of investment to save energy. Instead, what really counts is a thorough as-is analysis and a structured approach. A project from Freudenberg Performance Materials in Changzhou, China, is a textbook example of how this works.

The site had a problem to solve: the temperature on the 2nd floor of the production hall was too low for the manufacturing process, while the ambient temperature on the 3rd floor was too high. Not only that: the monitoring system to track energy consumption was outdated.

The first step towards optimization involved distinguishing between winter and summer operation to prioritize the use of the ambient temperature rather than resorting to cooling or heating. The project team also established that air conditioning on the third floor was only required for the electronics cabinet and a small workstation and not for the entire floor.

So the team set about adjusting room temperature on the various floors. The stairway between the 2nd and 3rd floors was insulated so that the temperature on the 2nd floor could be controlled separately from the 3rd floor. The 3rd floor was decoupled from the cooling systems and only the two critical components on that floor were air-conditioned.

Other improvements included replacing the condenser in the cooling system with a model with a high efficiency, and systematically identifying and remedying leaks in the compressed air system. In addition, electricity consumption was tracked on a daily basis.

As a result of all these improvements, the site has reduced its electricity consumption by 24 percent compared to 2019, even though 2022 production volumes were slightly higher.



Degreasing metal at low temperatures

Before metal can be overmolded with rubber it needs to be cleaned and pre-treated. Freudenberg Sealing Technologies uses phosphate baths for pre-treatment. These chemical baths are one step in the metal degreasing process. The baths have a temperature of between 65 and 80 degrees Celsius, so they are energy-intensive.

The team from Freudenberg Sealing Technologies and their colleagues from SurTec set out to reduce energy input. SurTec also belongs to the Freudenberg Group and is a specialist for chemical surface finishing solutions. Using one of SurTec's special chemical cleaning agents, it was possible to reduce the temperature of the degreasing bath from 65 degrees Celsius to 45 degrees Celsius while maintaining the

same performance level. Furthermore, less cleaning agent was needed to produce the same result.

Thanks to this technology, 44 percent less energy is used in the degreasing process at the plant in Weinheim alone, and CO₂ emissions are cut by 50 percent. There are also significant cost savings. And this is just the beginning, because the standardized degreasing process used throughout Freudenberg Sealing Technologies means that using the SurTec product at all of the Business Group's phosphating units worldwide does not present a problem.

A further bonus is that new technologies such as heat exchangers or solar cells can now be used to operate the plant. That was only partly possible at the higher temperatures previously required.



HANDprint
FOOTprint

Circular economy in the automotive industry: biotechnical recycling of natural rubber waste

Sustainability is high on the agenda of the automotive industry. Much of the focus is on emissions reduction. But equally critical is optimizing materials sourcing, making progress with recycling and contributing to a circular economy. This is where the "Green Rubber" project from Freudenberg's Vibracoustic Business Group comes in. Natural rubber is to be sourced sustainably and biotechnical recycling is to be used to process natural rubber waste.

Central to the circular economy is effective and comprehensive recycling. To date, this is one of the greatest challenges facing the global rubber industry, particularly with regard to automotive applications.

Biotechnical recycling offers great potential in this context.

Under the process used by Vibracoustic, vulcanized grinded rubber is treated with enzymes, converting it into valuable material that can be reused for new rubber compounds and products.

By reusing its own rubber waste, Vibracoustic can simultaneously reduce the carbon footprint of new products while cutting the waste generated by its own production processes, thereby contributing to a circular product lifecycle.



HANDprint
FOOTprint



Every drop counts: EagleBurgmann helps customers save water, for example in the paper industry.

Saving water in the paper industry

Global water scarcity and its effects are one of the greatest challenges of the coming decades. EagleBurgmann, a company belonging to Freudenberg and the EKK Group, has sustainable solutions in its portfolio that help reduce industrial water consumption in many different sectors.

High water consumption in pulp and paper production, for example, can be reduced to a fraction of the quantity normally required with a special operating mode for mechanical seals. To explain how this works: double mechanical seals in pumps in the paper industry are usually supplied with fresh water from an open barrier fluid circuit. After passing through, the water is drained off. In Nonflow operation, on the other hand, the water circulates in a closed system. Water is filled in once and remains in the system, shut off by the valves throughout the entire service life of the seal. Only a negligibly small

amount of freshwater is fed from the production plant's water network.

Paper mills with pumps equipped with Nonflow seals can save up to six-figure cubic meters of water each year. The enormous reduction in water consumption reduces costs for plant operators. A further advantage is that Nonflow seals are less susceptible to contamination, thereby extending their service life.

EagleBurgmann cooperates with numerous customers in the paper industry, including the German company Schoellershammer, a leading producer of corrugating medium. Modification of some of Schoellershammer's pumps and agitators already saved 13.3 million liters of water in 2021. 66.5 million liters of water will be saved each year once all of the planned modifications have been completed.



HANDprint
FOOTprint

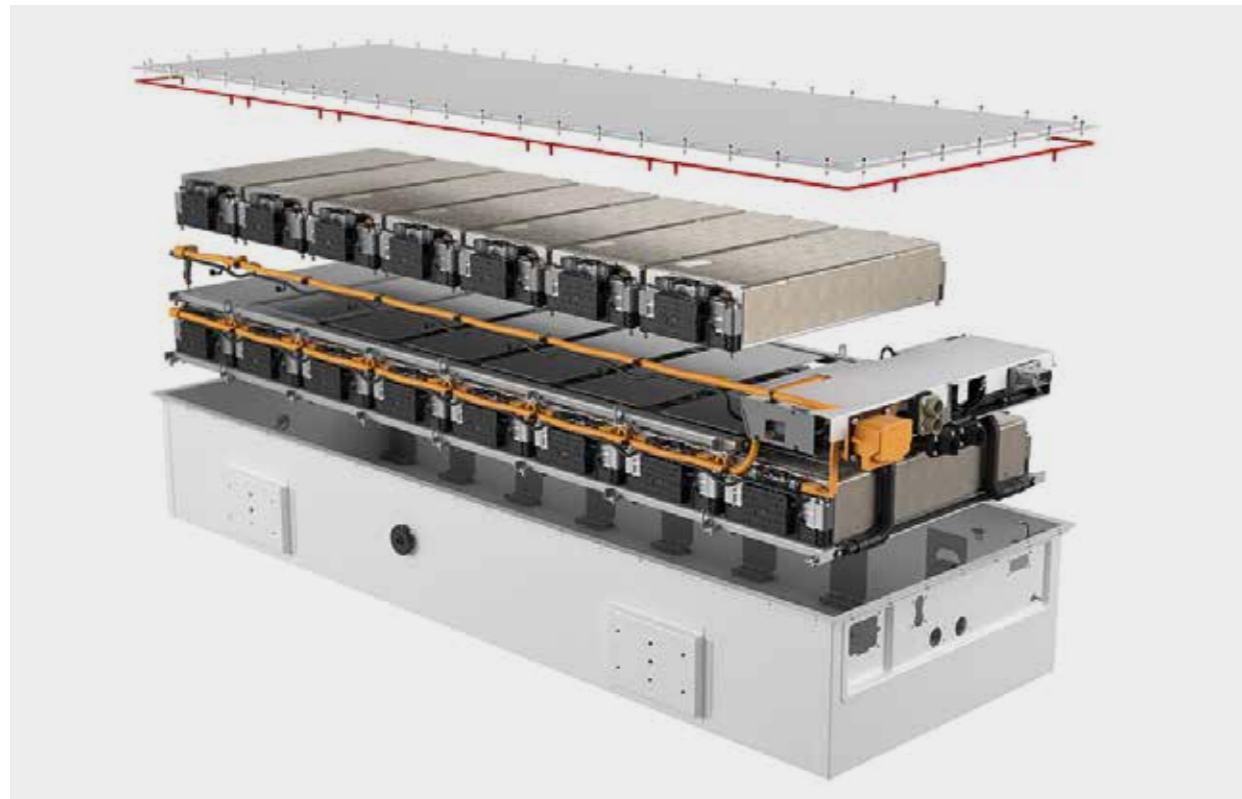
New battery pack for CO₂-free drives for trucks and busses

The Freudenberg Group plays a major role in shaping the development of sustainable mobility with its products and services. One example is the new XRANGE battery pack for CO₂-free drives for trucks and busses. With this new battery system, Freudenberg e-Power Systems strengthens its positioning as one of the world's leading suppliers of emission-neutral energy solutions for heavy-duty applications.

Freudenberg will assemble the battery pack in its state-of-the-art factory in Midland, Michigan, USA, with a scalable capacity of up to 6 gigawatt hours. The pack is designed to power a variety of heavy-du-

ty vehicles, ranging from school and long-haul transit buses, medium-duty trucks, to mining and construction applications. It is extremely robust and can, for example, withstand an energy throughput that is up to eleven times that of a passenger car. With a service life of well over 60 million kilometers driven, Freudenberg's battery systems are among the leading solutions on the market.

The battery pack design follows an easy to integrate solution allowing a versatile installation respecting the vehicle architecture. XRANGE comes in a fully-integrated enclosure reducing the correlated work needed for the vehicle connection.



The new XRANGE battery pack is designed to power a variety of heavy-duty vehicles, ranging from school and long-haul transit buses, to medium-duty trucks, mining and construction applications.

Sustainable carpet backing twosome

With its products and services, the Freudenberg Group supports customers in their transition towards an increasingly sustainable product offering. One example is the ECO range of sustainable carpet backings introduced by Freudenberg Performance Materials in the year under review.

Freudenberg's spunbond nonwoven carpet backings contribute to easy and efficient production processes for customers as well as to high-performance end products.

In the year under review, Freudenberg extended its portfolio of carpet backings with a further two sustainable product lines. The first is resource-efficient

backings that use less raw materials and support end product recyclability. To achieve this, Freudenberg further developed the company's proprietary yarn production technology allowing for extremely thin filaments.

Freudenberg has also added carpet backings that contain a recycled content of between 51 and 90 percent to its portfolio under the names of Colback ECO-R and Lutradur ECO-R. Replacing virgin raw materials with recycled polyester saves on natural resources and improves the carbon footprint of end products. These ECO-R backings are specifically suitable for carpet tiles, broadloom, dust control mats and automotive option mats.



Freudenberg's Colback ECO-R and Lutradur ECO-R backings contain a recycled content of between 51 and 90 percent.





Employees and Diversity

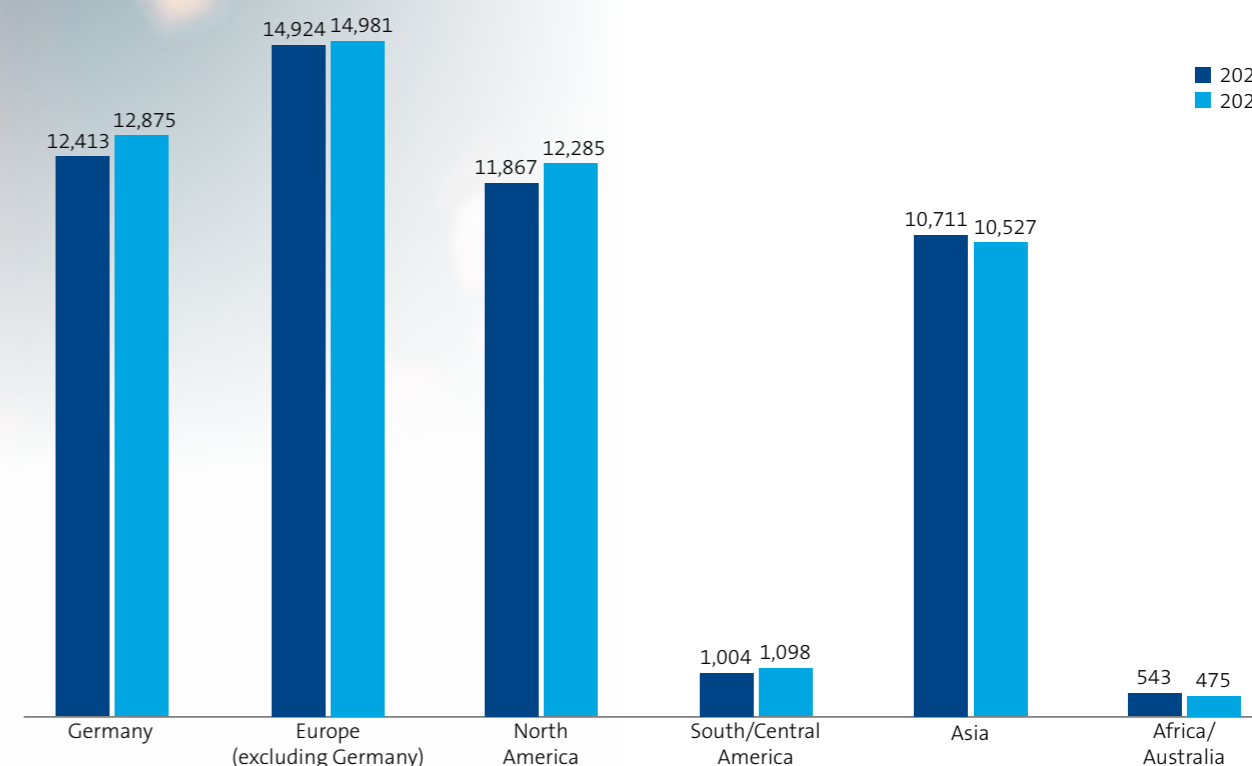
TOGETHER WE ARE STRONG

Diverse teams drive innovation at Freudenberg. The best solutions and innovations occur when employees contribute their different experiences, knowledge and skills to a collaboration. They come up with new ideas, generate imaginative solutions and create innovative products. Freudenberg employees have a common foundation: entrepreneurship in their mindset and actions. This spirit unites them around the world.

52,241

staff were employed by Freudenberg as of December 31, 2023 (previous year: 51,462 employees).

Freudenberg Group employees by region



In Germany, the employee headcount was 12,875 (previous year: 12,413), in Europe (excluding Germany) the number was 14,981 (previous year: 14,924), in North America 12,285 (previous year: 11,867), in Asia 10,527 (previous year: 10,711), in Africa/Australia 475 (previous year: 543) and in South America/Central America 1,098 (previous year: 1,004).

Strengthening the employer brand

The employer brand made further progress in the year under review. The new campaign “Working at Freudenberg: We will wow your world!” with its slogan and visuals captures the essence of the product diversity, career opportunities and values of Freudenberg as an employer. The campaign is designed to address the different target groups individually and to inspire and attract talent to join Freudenberg. The activities led to a sharp rise both in the number of followers on social networks – especially LinkedIn, WeChat and Facebook – and in the number of visitors to the Freudenberg career website. Career fairs as well as LinkedIn campaigns proved to be successful measures. The measures focused on regional offerings as well as internal employer branding to turn employees into brand ambassadors.

Attractiveness

Freudenberg provides numerous benefits that are constantly being expanded in order to become, and remain, attractive for new hires and existing employees alike. In general, the benefits we offer vary from region to region and site to site, but in the main go well beyond the statutory minimum requirements for the respective countries.

Under the talent management program, Freudenberg supports the continuous further development of its employees through numerous vocational training, advanced training and professional development programs for all hierarchical levels. The Freudenberg Group also believes a good work-life balance is important in helping to preserve and improve the health and well-being of employees. As part of an occupational health management program, the Group provides the best possible medical support and promotes a wide range of sport and fitness schemes.

Freudenberg repeatedly received awards that confirm the Group is an attractive employer. In 2023, for example, Freudenberg-NOK Sealing Technologies in Detroit, USA, was honored for the sixth time in a row by the “Detroit Free Press” newspaper as a “Top Workplace”. Freudenberg was also recognized as “Top Job Best Employer” in Italy and as a “Great Place to Work” in Spain and India.

Talent Management

The goal of the talent management process is holistic and professional personnel development of all employees as well as the successful identification and advancement of high potentials. Under the process, employees are given balanced and calibrated feedback from their line manager, who also discusses the next development steps with them. As part of the talent management process, succession candidates for specialist and leadership functions are systematically identified to ensure the long-term stability of the leadership teams. Talent development across Business Groups continued to gain ground in 2023. Regional and functional talent conferences are progressively leading to a shared understanding of key positions and high potentials in the organization, joint responsibility for talent advancement, and optimal staffing decisions.

Thanks to well-functioning talent management, all new appointments at executive level, in the main due to the retirement of the incumbents, were taken up by candidates from within the Group itself.

Personnel development

In 2023, some 20 percent of our Freudenberg employees participated in training measures – in-person or virtual – with attendance averaging 1.5 days.

More than 550 managers participated in the Group’s various leadership development programs.

One particular highlight was the global rollout of the first program for production team leaders. Furthermore, over 80 top-level managers participated in the three Executive Development Programs.

 **Leadership development**

550
(participants in programs
in all regions)



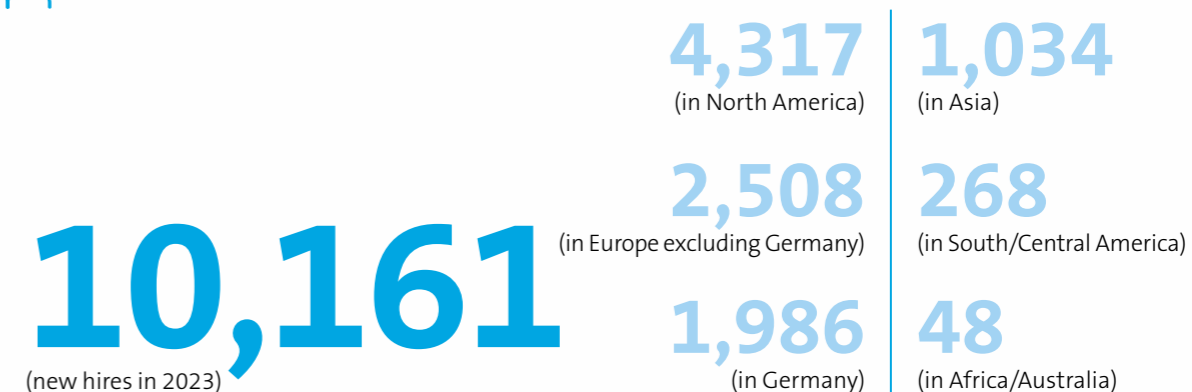
Labor shortage and fluctuation

Once again, the shortage of skilled labor associated with demographic change did not spare Freudenberg in 2023. Filling vacant posts worldwide in both direct and indirect areas remained a major challenge. However, thanks to organizational changes we are now able to fill vacant posts more efficiently and have also been able to hire numerous new colleagues through our Freudenberg Future Colleagues program (employee referral program) launched in 2023. The Freudenberg Group received over 160,000 job applications worldwide in the year under review. In all, Freudenberg was able to recruit some 10,000 new employees in 2023.

While ten percent of the workforce left the Group at their own request in 2022, the fluctuation rate fell slightly to nine percent in 2023. Once again, there were regional differences, with numbers in some cases significantly higher in North America than in Europe. Employee fluctuation in "Operations" and in some support functions was greater than fluctuation in what are termed "indirect" areas. Where fluctuation rates are high, we take specific steps at local and regional level to remedy the causes and retain the workforce.



New hires



Diversity and Inclusion

Diversity and inclusion are firmly anchored in the Group's Values and Principles and also clearly positioned within our employer brand. We are convinced that teams made up of people of various ages, genders, cultural backgrounds and sexual orientations are not only enriching, but also more successful. In 2023, people from 148 nations worked together successfully at Freudenberg and thus underpinned the commitment to fostering an inclusive workplace.

The "Diversity and Inclusion Community" is a cross-Business Group community that proactively engages in several initiatives to ensure our employees feel valued, respected and included in our corporate culture. The goal is to create a work environment where diversity can flourish and where everyone has an equal chance to succeed. One particular focus for Freudenberg is balanced gender distribution. The share of female senior managers in the year under review was some 23 percent.

The majority of our professionals and managers are still located in Europe, particularly Germany. In the medium term, our ambition is to create more development opportunities for local talent in North America and Asia in order to set up positions for global professionals and managers outside Europe and appoint local talent in these roles. One measure implemented in 2023 is the "China Challenge Club", a development program for high potentials from Asia designed to prepare them for future top positions through cross-Business Group projects and other senior management qualification measures.



Diversity

Freudenberg does not exclusively think of diversity in terms of gender, age or religion, but will also place a greater emphasis on geographic diversity going forward.



Survey of employees

Since 2001, Freudenberg has conducted a survey at regular intervals to find out how the Group's values and principles are put into practice. These surveys are an essential component for the evolution of our corporate culture.

All of the Group's approx. 52,000 employees were invited to take part in the September 2023 survey. The response rate of more than 81 percent was nine percent higher than the rate for the last survey. For Freudenberg, the survey results are just as gratifying:

we were able to consolidate the good results from the last survey and even improve on them in some areas.

For example, 79 percent of the respondents reaffirmed that they are proud to work for Freudenberg. This confirms employees' high level of identification with Freudenberg.

We achieved improvements in areas such as employee/manager direct communication as well as innovation and digitalization.

Training at Freudenberg

In 2023, 158 persons (previous year: 123) began training at Freudenberg companies in Germany. A total of 373 persons in Germany and a total of 524 persons worldwide were enrolled in a training program as at December 31, 2023.

The quality of the training at Freudenberg is highly regarded by other companies. This is shown by the fact that well-respected companies in the region repeatedly send their young talent to be trained at Freudenberg in Weinheim. The training ranges from two-year technical programs to commercial courses and dual studies at cooperative state universities. In recent years, the Freudenberg Training Center has specialized in digitalization topics and is an acknowledged learning hotspot for both vocational training and continuing education.

The Training Center in Weinheim is also known for its social engagement. Since 2016, under the "Training for Refugees" project refugees have been offered a technical internship with the prospect of starting vocational training at Freudenberg. So far, a total of 63 refugees have taken up this offer, and 39 have subsequently begun their training at Freudenberg. All of the 27 trainees who have already graduated have found jobs.



Survey of employees



79%

(79 percent are proud to work for Freudenberg)

80%

(80 percent believe in Freudenberg's Guiding Principles)

81%

(response rate)

Training



524

(trainees at Freudenberg worldwide as at December 31, 2023)

373

(trainees at Freudenberg in Germany as at December 31, 2023)



Health, Safety and Environmental Protection

FOR THE WELLBEING OF PEOPLE AND THE GOOD OF THE ENVIRONMENT

The HSE (Health, Safety and Environment) Guideline includes the HSE principles and defines the Freudenberg Group's Values and Principles for HSE. The overarching goals are avoiding all accidents, preventive healthcare, and continuously reducing the negative impact of the Group's business on the environment.

Freudenberg is devoted to the well-being of its employees and their personal development. Occupational safety and health are encouraged and practiced at all hierarchy levels within Freudenberg. Health, safety and environmental protection are an integral part of all processes.

This approach has enabled the Freudenberg Group to reduce the number of accidents to a low level relative to industry benchmarks and to maintain this low level. Existing measures are reinforced and enhanced with innovative approaches to ensure continuous improvement. Success in occupational safety serves as a benchmark for other areas of HSE where Freudenberg also engages in continuous improvement. In addition to reducing environmental impacts, this is particularly relevant with regard to health protection.

The safety of employees in the workplace has top priority at Freudenberg. An HSE week is held each year, during which all Freudenberg Group sites are called on to implement HSE initiatives that go beyond daily routines. Focus topics in 2023 included sharpening risk awareness and identifying danger points, as well as preventive healthcare presentations on healthy lifestyle. Furthermore, effective communication was a topic that played a role in emergency and crisis management practical training exercises.

Internal and external audit processes and standardized HSE assessments at sites operated by all Business Groups monitor the implementation of internal standards and programs to improve occupational health, safety and environmental protection, as well as fire prevention. The findings from such audits are systematically evaluated and implemented.

For Freudenberg, accident prevention measures are just as important as schemes to encourage a healthy lifestyle.



Management systems

The roll-out of management systems for occupational safety (ISO 45001) and environmental protection (ISO 14001) continued in the 2023 financial year.

Many sites have introduced energy management systems in accordance with DIN EN ISO 50001 or conduct energy audits pursuant to EN 16246 to improve energy consumption, thereby reducing the impact of industrial activities on the environment.

Investment

The proportion of direct investment in environmental protection, occupational health and safety in overall investment in tangible assets, intangible assets and investment properties was 10.0 percent (previous year: 12.2 percent). A new category of sustainability-related investment was added in 2021. Here, the main focus is on the reduction of energy consumption and carbon dioxide emissions. In 2023, the proportion of investment devoted to sustainability was 2.7 percent.

Environmental protection

Freudenberg is committed to protecting the environment and assumes responsibility for making its activities as environmentally compatible as possible.

The goal is to continuously reduce the negative environmental impact along the entire value chain by using natural resources more efficiently, reducing emissions, saving energy, water and other consumables, and by optimizing transport processes.

Vibracoustic's "zero landfill" concept in Taubaté, Brazil, makes a valuable contribution to the circular economy. The site looked for ways to recycle all its waste and came up with a string of successful measures. Taubaté has avoided sending any waste to a landfill since 2022.

Freudenberg is committed to protecting the environment and assumes responsibility for making its activities as environmentally-compatible as possible.



Freudenberg is committed to protecting the environment, for example by saving water.

Events

In 2023, the Freudenberg Group recorded 39 (previous year: 55) environmental and crisis management events.

There were a number of fires in the year under review relating to post-heating ovens at the Freudenberg Sealing Technologies sites in Luserna (Italy), Weinheim (Germany), Bursa (Turkey), LaGrange (USA), and at Vibracoustic in Morganfield (USA). There were also minor fires at various sites. A fire at Freudenberg Sealing Technologies in Blackburn (UK) was caused by an inverter installed in a photovoltaic array. No employees were injured in any of these incidents.

Some sites, including locations in the USA, Italy, Slovenia and India, were again severely affected by the consequences of natural disasters such as flooding or tornados, some of these incidents resulted in water ingress.

There were also security incidents such as site closures in South Africa due to political protests, blackmailing calls in Mexico, and break-ins at construction sites and hotel rooms at Freudenberg events.

Resource consumption

Freudenberg used 2,485 gigawatt hours of energy in 2023 (previous year: 2,583 gigawatt hours). Consumption breakdown by energy sources is as follows:

- Energy purchased from external sources (electricity, steam and district heat; 1,602 gigawatt hours)
- Gas (810 gigawatt hours)
- Heating oil (14 gigawatt hours)
- Self-generated renewable energy (5 gigawatt hours)

The 2,485 gigawatt hours incurred costs totaling some 249 million euros. Energy costs accounted for 2.1 percent of total sales (previous year: 2.4 percent).

Contaminated sites

Provisions for contaminated sites were some 5.4 percent lower than the previous year.

Work on the rehabilitation plan for the former Freudenberg Sealing Technologies site in Pinerolo, Italy, continued, as did work on the ongoing groundwater monitoring programs at locations such as the Klüber Lubrication site in São Paulo, Brazil, and the Freudenberg Sealing Technologies site in Montrond, France.

Monitoring requirements specified by the authorities were implemented at the Weinheim site and at Freudenberg Sealing Technologies in Bristol, USA and Chem-Trend in Howell, USA.

Preventive healthcare

Freudenberg was able to lift the restrictions imposed as a result of the pandemic at all sites and successfully wrap up site COVID-19 vaccination campaigns in the first half of 2023. This made it easier to organize and hold in-person meetings, site inspections and events.

In 2023, over 30 projects on the topic of preventive healthcare were submitted under the Group-wide “We all take care” Award. The large number of projects is a testament to great commitment and creativity of Freudenberg employees with regard to physical and mental health. The winner chosen by the jury was a project from Vibracoustic in Burgos, Spain. The team there developed an automatic loading system that takes the strain off employees who previously had to load and unload the calibration machine manually. The project is an excellent example of the joint generation and realization of an idea within the local team. It improved ergonomics, with positive effects on the health of employees.

Freudenberg Service provides a permanent and systematically coordinated range of preventive healthcare services at the Freudenberg Group headquarters in Weinheim Industrial Park, Germany. In 2023, Freudenberg health experts cooperated closely with the German Cancer Research Center in Heidelberg, organizing presentations by medical and scientific experts, providing easy-to-read information material, and offering uncomplicated cancer screenings. For example, almost 450 employees voluntarily took part in a skin cancer screening and over 250 employees participated in a screening for bowel cancer. The anonymized evaluation of the screening findings and the follow-up contacts showed that these activities led to the timely identification of anomalies and precancer diagnoses among a large proportion of participants, thus bringing benefits not only for employees, but also for the Freudenberg companies that participated in these initiatives.



Occupational health and safety have top priority at Freudenberg.

Occupational safety

Freudenberg's internal reporting now also uses the WRIFR (Work Related Incident Frequency Rate) in addition to the LDIFR (Lost Day Incident Frequency Rate) performance indicator. These metrics serve as non-financial key performance indicators for the Freudenberg Group. Following an increase in 2022, the LDIFR returned to the 2021 level, and came in at 1.4 (previous year: 1.8). This corresponds to a global figure of 152 accidents at work with a minimum of one day of work lost (previous year: 186). The WRIFR also decreased slightly year-on-year, moving down to 3.4 compared to 3.6 in 2022.

There were four serious accidents in 2023. In two cases, the employees suffered permanent damage to fingers. As a result of two of the accidents, the injured employees spent more than seven days in hospital, but did not suffer any permanent damage.

Occupational safety focuses on measures aimed at raising awareness of safe conduct among all employees as well as the design of safe working systems. This is illustrated by successful “We all take care” ideas submitted by the “Safety at Work” Group. The

projects sent in by the teams from the Freudenberg Home and Cleaning Solutions and Freudenberg Filtration Technologies Business Groups focused on the gamification of HSE training. The project from Freudenberg Filtration Technologies ensured that the language and cultural barriers at the site were overcome by communicating Freudenberg's HSE standards in an engaging way. Freudenberg Home and Cleaning Solutions developed a game based on familiar gaming formats that adopts a fun approach to familiarizing employees with tools that analyze HSE events while at the same time communicating the theoretical background and elements of Freudenberg's safety culture.

With regard to safety culture, the safety culture assessment tool was developed further. The regular internal review of the safety culture at sites is increasingly becoming a mandatory element of the Safety Boost program in the Business Groups.

Corporate citizenship

WE CARE ABOUT SERVING THE COMMUNITY

At Freudenberg, corporate citizenship goes beyond the value chain. The Group wants to be recognized as a good neighbor in the communities where it operates, which is why it supports a whole raft of social projects – from small local initiatives to complex international programs. All the campaigns are tailored to local requirements, and Freudenberg employees often participate in their free time.

Since the founding of the company, Freudenberg has been committed to serving the community. Corporate citizenship was strengthened with the launch of the e² (education and environment) program in 2015. The program's goal is to provide people with access to education and employment and to support environmental protection. The e² program complements existing individual initiatives, providing support for projects on all continents based on a catalog of defined criteria. Total funding currently stands at 21 million euros.

Freudenberg also helps where help is urgently needed. Shortly after the earthquake in Turkey at the beginning of the year, the company made a contribution to the relief effort by donating

250,000 euros to Aktion Deutschland Hilft e.V. and the Red Cross/Turkish Red Crescent. In addition to this, several Business Groups organized donations in kind for those affected in the earthquake region.

Examples of e² projects

So far, the e² initiative has supported some 190 projects worldwide. They all show that commitment can make a difference. Here are some examples:

Japan: A playground for orphans in Osaka

Playground of Hope is a non-profit organization that aims to build playgrounds for around 600 children's institutions in Japan, to fill the gap in public funding for these institutions. These actions focus on promoting the emotional development of children who must often rely on such recreational facilities to meet their needs. Japan Vilene Company employees lent a helping hand and built a playground as part of the e² initiative. Plans have already been made to return to the playground in 2024 to make sure it is in good condition and carry out any necessary repairs.

Brazil: A sensory garden for people with Down syndrome

The "Centro Síndrome de Down" supports more than 500 people with Down syndrome. Thanks to the commitment and support of Chem-Trend and SurTec employees, children and young people with this condition now have a special opportunity to interact with the environment: a garden full of new sensations, such as the barefoot experience in the photo (left) has been built at the center with proactive participation and financial support from Freudenberg.



Germany: Renaturation of “old industries” sites

So-called “old industries” such as quarrying and brown coal mining, have left their mark on the landscape. Working with a primary school at our site in Hückelhoven, Germany, children from the school and Freudenberg Performance Materials employees planted about 50 trees and a wide range of forest shrubs. The project teaches the children about the cycle of nature. At the same time, the countryside undergoes a positive change thanks to the new vegetation. The expected harvest from the fruit trees is to be donated to various social organizations in Hückelhoven.

Mexico: AquaTower for schoolchildren in Quéretaro

Access to clean water still cannot be taken for granted in many parts of the world. Together with the Planet Water Foundation, employees from EagleBurgmann installed an AquaTower in Quéretaro, Mexico, in

November 2023. The AquaTowers take polluted water from streams, rivers, springs and other sources and transform it into drinking water. They filter out pathogens such as bacteria, viruses and micro-organisms and improve the health of schoolchildren and the hygienic conditions in which they and other villagers live. The schoolchildren find out more about hygiene rules such as the right way to wash their hands.

Australia: Better prospects for young indigenous males

Aborigines and Torres Strait Islanders are the most vulnerable ethnic group in Australia. Freudenberg supports the Clontarf Foundation whose mission is to improve the education, discipline, life skills, self-esteem and employment prospects of young Aboriginal and Torres Strait Islander men and by doing so equips them to participate more meaningfully in society.

Here are some examples of the Freudenberg Group’s long-term orientation on local aid projects:

Help for people affected by the war in Ukraine

After arranging for the immediate aid which was so important right at the start of the war, Freudenberg focused more closely on organizations dedicated to the long-term support and integration of refugees. So far, some 40 organizations in Ukraine and other European countries have received assistance. One such organization is the Ukrainian Friends Foundation that builds container villages at safe locations in Ukraine. 20 container houses in a village near Lviv were built with donations from Freudenberg. In 2023, Freudenberg arranged for a further ten houses to be built in Bila Zerkwa, some 80 kilometers southwest of Kyiv. The company has also provided funds for maintenance. A container houses up to four people, with preference given to families with children. Each container is connected to the sewage network and contains a small kitchen and dining table, in addition to four beds. Playgrounds have also been built near the containers.

Training center in India

Since 2009, Freudenberg has offered young people the opportunity to qualify as electricians, welders, plumbers, motor mechanics, and machinists under dual training programs at a non-profit training center in Nagapattinam, India, in the province of Tamil Nadu, south of Chennai. So far, more than 800 young people have made a successful start to their careers. Most have found a job in the large, well-known organizations located in and around Chennai. The Nagapattinam region is poor, populated mainly by farmers and fishers, and suffered enormously from the 2004 tsunami.

School project in China

A primary school in the Chinese village of Haijin in Sichuan Province devastated by an earthquake in May 2008 was rebuilt with support from Freudenberg and reopened in 2009. The building has space for up to 300 schoolchildren and can give them a good start to their education. Freudenberg employees visit the school every year and organize various activities such as the summer camp, extra tuition and a Christmas party.

“Service Day” in North America

Every year, more than 60 Freudenberg sites in North America take part in a range of corporate citizenship activities. A large number of employees again came together for the 2023 “Service Day” to plant trees, clean up parks or install water towers.

Standing together against old-age poverty and loneliness: free meals for senior citizens

Every year in the pre-Christmas period, the members of the Works Council collect donations for Weinheim senior citizens in need. The Freudenberg Group doubles the sum raised in this way and the funds are used to provide free hot midday meals and some social interaction for the senior citizens 7 days a week. This initiative has been running for some seventy years.

Freudenberg Foundation

Since 1984, the Freudenberg Foundation has been helping to bring about real, long-term change with programs promoting inclusion, education and democracy. As a non-profit company, the Foundation is a Partner of Freudenberg & Co. Kommanditgesellschaft. The main focus of all its projects is the social, linguistic, educational and professional integration of children and young people.



Employees from EagleBurgmann and the Planet Water Foundation installing an AquaTower in Quéretaro, Mexico.

Compliance

ABIDING BY LAWS AND REGULATIONS

As early as 1887, when his sons joined the company, founder Carl Johann Freudenberg drafted his first principles of business conduct. The document forms the basis for the Freudenberg Group's 10 Business Principles with which Partners and employees identify. One principle stipulates that success has to come from performance; Freudenberg shall not engage in any illegal or unethical business practices.

Business Principles and Guiding Principles

The Guiding Principles derived from the Freudenberg Group's Business Principles define the values shaping conduct towards employees, business partners, stakeholders and third parties.

Compliance structure

Freudenberg is a company whose Business Groups are entrepreneurially-driven and operate with a large degree of independence. Along with the holding company, these Business Groups are therefore responsible for conduct that complies with laws and regulations. Both the Board of Management of Freudenberg SE and the top management of the individual Business Groups clearly subscribe to this. At the holding level, the focus is on compliance issues of critical importance throughout the Business Groups and in an international context that could pose a threat to Freudenberg, especially in terms of the company's reputation.

Freudenberg's ambition is to continuously improve its compliance organization, documentation and processes. Functions at the holding level coordinate Freudenberg-wide compliance measures, thereby strengthening and expanding collaboration between Group-level units and compliance managers in the Business Groups. Among other benefits, this promotes the implementation of Freudenberg's compliance standards, best practice exchange and the further development of compliance programs.

The online training programs on various Compliance issues were updated in 2023 and made available to the Business Groups. E-learning courses are provided for many individual topics, giving employees from defined fields and areas of responsibility the opportunity to raise their awareness of specific compliance issues.

Freudenberg offers its employees online training courses on various Compliance issues.



Code of Conduct

The Code of Conduct is derived from the Business Principles and Guiding Principles, in particular the “Responsibility” Guiding Principle. It covers standards of conduct that are valid worldwide. It is designed to ensure that law-abiding and responsible behavior remains the cornerstone of business conduct.

The Code of Conduct is available to employees worldwide in 26 languages. It was comprehensively revised in 2022 to adequately take account of legislative changes as well as significant developments in the field of compliance standards. In particular the amendments enlarge on specifics with regard to key issues in the areas of human rights and climate protection, such as cooperation with business partners and the prohibition of money laundering. The updated Code of Conduct was communicated and explained to all employees across the globe in 2023. The Business Groups have made use of the available communication channels in many ways. This consistent, continuous communication, which is also mandatory for new employees, and the binding nature of the Code of Conduct (for example, as an appendix to employment contracts) underscore the unequivocal

requirement to adhere to these standards of behavior. The globally standardized e-learning tool on the Freudenberg Code of Conduct that was also extensively revised when the Code of Conduct was updated is an appropriate instrument for all employees to become familiar with the Code’s contents.

Freudenberg plans to strengthen and further develop the role of the Code of Conduct as a cornerstone of corporate culture and to expand help and support for employees and their supervisors. In these efforts, Freudenberg focuses in particular on regular exchange with Business Group Compliance managers and on active collaboration with the Ethics Offices and their members.

The Freudenberg Code of Conduct is available in 26 languages. The globally standardized e-learning tool on the Freudenberg Code of Conduct is an appropriate instrument for all employees to become familiar with the contents.

Ethics Offices

The Ethics Offices are an important element of Freudenberg’s Compliance Management System. The Ethics Offices serve as a confidential point of contact for all employees and third parties (i.e. persons outside the Freudenberg Group, such as suppliers or customers) wishing to report an actual or imminent violation of the law or of Freudenberg’s Business Principles or Guiding Principles. The option to report compliance violations via a channel that guarantees confidentiality or to give warning of imminent offenses is designed to foster the culture of trust and protect Freudenberg’s Values and Principles even more effectively.

Corporate Audit and Risk Management

Aside from the main objective of reviewing the effectiveness of the internal control system in place, the work of Corporate Audit also focuses on identifying other potential risks and/or asset misappropriation.



UN Global Compact Communication on Progress

The UN Global Compact is the world's largest and most important initiative promoting responsible corporate governance. Since signing the Global Compact in 2014, Freudenberg has made a voluntary commitment to ensuring its business is values-based and sustainable.

Freudenberg regularly reports on how the company is implementing the ten principles of the Global Compact and its contribution to achieving the UN Sustainable Development Goals in what is known as the UN Global Compact Communication on Progress (CoP). In this past, this Communication on Progress took the form of the section of the Freudenberg Annual Report entitled "Responsibility for Society" with

its chapters on "Sustainability", "Health, Safety and Environmental Protection", "Corporate Citizenship", "Compliance" and "Employees and Diversity".

However, the UN Global Compact changed the format of the Communication on Progress. Since 2023, all participants – and that includes Freudenberg – must complete a standardized questionnaire containing some 70 questions – mostly multiple choice – in sections on Governance, Human Rights, Labor, Environment and Climate, and Anti-Corruption. The completed questionnaires are available from the UN Global Compact website at <https://www.unglobalcompact.org>.

Editorial information and photo credit details can be found in the current Annual Report.

