

FREUDENBERG GROUP

**BUSINESS
PRINCIPLES**

FREUDENBERG BUSINESS PRINCIPLES

1. Freudenberg: a diversified family-owned company

Since the founding of Freudenberg in 1849, we have constantly adapted to changing conditions, resulting in a successful and diversified company. The history and success of the Freudenberg Group, which began in Weinheim, form an essential part of our identity. We strive for a regional balance in our portfolio with equal representation in EMEA, the Americas and Asia.

Our Business Groups vary widely from each other in their markets, technologies, product maturity and other aspects. Technology-driven products and services are the common denominator.

The strategy of a broadly diversified business portfolio, operating in a wide range of markets and industries, reduces our risks and allows for investment in long-term business opportunities.

2. Stability through family ownership

The Freudenberg Group has been under full family ownership and will remain so in the future.

To avoid dilution of family control, we aim to maintain a high equity ratio of at least 40%. This requires ade-

quate profitable growth, as well as an appropriate balance between capital expenditure and cash flow.

3. Success and Continuity

Profitable growth is essential for Freudenberg's long-term survival. It allows us to pursue other corporate goals in a broader social context. Customer centricity is a key success factor in achieving our profitability targets. We are committed to operational excellence, organizational efficiency, effective risk identification, quality and high performance in all areas of the company.

Our long-term orientation allows us to react rapidly and flexibly to economic and geopolitical influences without neglecting investments in emerging areas of growth and innovation.

4. Innovation and Technology

Freudenberg's future depends on successful innovation, driven by our customers' need for effective solutions, involving the development of products, materials, processes or services. Our success is based on our technological expertise and our ability to innovate together with customers, partners, and research institutions. Innovation requires distinct capabilities, agility, continu-

ous improvement and an openness to new ideas, technologies and ways of doing business.

5. Market Positioning

We shall only operate in business segments where we are the leader in a relevant market, a close second, or where we have a plausible chance of achieving a leading position. This is supported by efficient channels to market, including regional sales, manufacturing and service support close to our customers.

6. Entrepreneurship

To ensure entrepreneurship, agility, and customer centricity in a highly diversified group of companies, the Board of Management sets strategic guidelines, policies, and objectives. The Board delegates operational management responsibility to the Business Groups under the Strategic Guide concept.

We keep our organization lean and our hierarchies flat and flexible. We encourage cooperation based on trust and transparency.

7. Sustainability

As a global group of companies, we have the responsibility to protect the environment, support the communities where we operate in, and to provide a healthy and safe workplace. Sustainability is a key element of our

business strategy and social responsibility.

Our “We all take care” initiative demonstrates our commitment to occupational health and safety, community involvement and environmental protection. We oppose the exploitation of land and people in our own business operations and in our supply chains and explore all opportunities to conserve resources and become more efficient.

8. Diverse Workforce and Talent Development

We treat our employees, business partners and members of the communities in which we operate with trust and respect. We do not tolerate discrimination of any kind. We provide equal opportunities regardless of national, ethnic or social origin, religion or ideology, political opinion, sexual orientation, trade union involvement, age, gender or disability. We create an inclusive working environment where our associates feel valued, respected and heard. We believe in the benefits of diverse teams and decision-making bodies.

Our talent management system ensures a fair and unbiased process for systematic succession planning and the professional advancement of our associates to develop future leaders. We foster a culture where everyone can learn, grow and develop continuously.

9. Responsibility and Integrity

We do not permit illegal or unethical business activities as described in our Code of Conduct. We act with the highest level of integrity and ethical standards.

We will not manufacture products that are intended to harm people (e.g. weapons).

Our Business and Guiding Principles, which everyone at Freudenberg lives by, and with which our shareholders identify, are important for our future success. They guide our daily interactions and define the values by which we treat one another, our customers, business partners, neighbors, and the environment. They make us a reliable global partner.

Editorial Information

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