

Tackling climate change

This is how Freudenberg applies the United Nations Global Compact and the Sustainable Development Goals.

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**The 2021 UN Global Compact Progress Report
from Freudenberg**

Leading in Technology and Responsibility

In 2021, Freudenberg stood out as an agile and flexible global technology company, with a scientifically based standard of progress. Our employees are experts in leading technological products, services and solutions that are used in thousands of applications and about 40 market segments. Our seals, vibration-control components, technical textiles,

filters, cleaning technologies, specialty chemicals and medical-technology products make a valuable contribution to the success of our customers around the world. The company has always been family-owned, and the values of founder Carl Johann Freudenberg have kept the company grounded. We have been true to them since 1849.

Creative technical solutions with excellent quality. That's what Freudenberg stands for. Our success is rooted in our technological expertise and capacity to innovate, guided by the mission to create a sustainable future.

At Freudenberg, success is financial success and fulfilling the company's responsibility for society and the environment. The two goals are inseparably linked and are firmly anchored in the company's Guiding Principles. Values are important, which is why Freudenberg is supporting the United Nations Global Compact initiative that is committed to a more just and sustainable economy.



Standing up for Sustainability

Freudenberg stands for excellent technologies and innovation. But that is not enough for us: In a networked and globalized world, we want to set benchmarks in other fields as well – primarily in climate protection and in our company culture. Any company recruiting skilled workers throughout the world, as Freudenberg is doing, needs multifaceted offerings and robust interactions so that it can respond to the central questions of equal treatment of young and old, different genders and people from different backgrounds, on the local and cultural levels. Our company culture should allow all Freudenberg employees to contribute their strengths. We want to bring these different capabilities together and apply them constructively to our success. The idea is to

deal responsibly with raw materials and resources as well as our own energy transition, which is making climate-neutral manufacturing possible. In accomplishing this mission, Freudenberg can highlight its excellence and future viability in a measurable way and draw comparisons. Success in our work is in part determined by how sustainable we are.

The Guiding Principles of the Freudenberg Group are devoted to value for customers, leadership, responsibility, innovation, people, and a long-term orientation. Two of the Guiding Principles are especially relevant to “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, towards our business partners and the general public.

PEOPLE

As a family company, we are devoted to our employees’ well-being and personal development. We reject all forms of discrimination and harassment and show understanding and respect in our dealings with each other. We promote a multi-cultural environment where employees work together in worldwide teams to enrich our culture and capability. We believe in the value of enduring relationships with customers, suppliers and industrial partners

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; and Human Rights & Labor.

All these themes are anchored in the Freudenberg Values and Principles and in the Code of Conduct.

Freudenberg employees are aware of their responsibility. It motivates international teams to deal with the environment and society sustainably at all times. Employees on these teams work closely with one another across borders and lay the foundation for successful, respectful collaboration.



- Freudenberg Values and Principles
- Areas that are relevant to the “Responsibility” theme
- Processes and initiatives along the value creation chain (relating to the UN Global Contract)
- Initiatives that go beyond the value creation chain



Commitment to Social Responsibility



Sustainable Development Goals:
Freudenberg focuses on eight of the 17 goals.

Responsible and pro-active conduct has a long tradition at Freudenberg. It is part and parcel of the values that the company has lived and breathed over its 172-year history. With the signing of the United Nations Global Compact, we affirmed our support for its ten basic principles on human rights, labor standards, anti-corruption, and environmental protection, to which the United Nations agreed in 1987. And we are committed to the 17 Sustainable Development Goals that were proclaimed as a global framework in 2016, shortly after the Paris climate conference. Since 2019, Freudenberg has prioritized eight of the 17 goals to which it can make an important contribution.



One example of a sustainable solution is employing used and recycled plastic. Recycled polypropylene pellets are transformed into red components for the Vileda brand of the Freudenberg Home and Cleaning Solutions Business Group. Here the focus is on objectives 12 and 13 on the list of Sustainable Development Goals.



From a global perspective, sustainability has many facets. For an industrial company like Freudenberg that operates globally, the following eight Sustainable Development Goals out of a total of 17 are at the center of its business activities. For each of them, we have defined the contribution we are striving to make in our daily work.

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GOOD HEALTH AND WELL-BEING

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QUALITY EDUCATION

7
AFFORDABLE AND CLEAN ENERGY

8
DECENT WORK AND ECONOMIC GROWTH

9
INDUSTRY, INNOVATION AND INFRASTRUCTURE

10
REDUCED INEQUALITIES

12
RESPONSIBLE CONSUMPTION AND PRODUCTION

13
CLIMATE ACTION

GOOD HEALTH AND WELL-BEING

Health services are naturally a benefit to our employees. Along with the prevention of common diseases, healthy nutrition and the mental health of our employees are especially important to us. Our activities include vaccine campaigns, the provision of masks, and reductions in the use of critical substances.

QUALITY EDUCATION

Demographic changes in Europe will make shortages of skilled employees likely in the future. Other continents have overwhelmingly young populations. In either situation, we rely on robust training courses. We promote lifelong learning for our employees with many training and continuing education courses.

AFFORDABLE AND CLEAN ENERGY

We plan to secure access to reliable, modern and affordable energy for all our locations. Around the world, completely different conditions prevail for procuring clean energy. Where possible, we are concluding long-term contracts that guarantee a supply of clean energy.

DECENT WORK AND ECONOMIC GROWTH

We have a social obligation to all of our employees. But this also involves the laws, practices, needs and the possibilities available in their countries. Discrimination and the marginalization of vulnerable persons have no place in the company.

INDUSTRY, INNOVATION AND INFRASTRUCTURE

The value of a robust infrastructure to an industrial company is obvious. We practice sustainable industrialization with ongoing investments in existing and new plants. Our products are used in large industrial projects.

REDUCED INEQUALITIES

Diversity is anchored in the Group's Values and Principles. With a range of initiatives, Freudenberg supports a work environment where everyone is valued, respected and heard. Special attention is paid to a balanced gender distribution in which women can strive for targeted career development leading to top leadership positions.

RESPONSIBLE CONSUMPTION AND PRODUCTION

In our business, we limit our use of resources so that they remain available for future generations. The use of recyclates and recyclable raw materials has priority, as does the elimination of plastic packaging. In our companies, employees are trained to internalize sustainable work methods and assess them based on key performance indicators.

CLIMATE ACTION

The industrial sector accounts for a high proportion of greenhouse gas emissions. Freudenberg is reducing its CO₂ emissions relative to sales by 25 percent by 2025. By 2045 at the latest, we would like to be climate-neutral in terms of Scope 1 and 2, and we are adopting crucial measures to do this: first, maximizing energy efficiency and reducing our energy consumption; second, electrifying our energy supply; third, using green electricity, and fourth, offsetting the CO₂ emissions that are still unavoidable.

Commitment pays off!

The winners of the “We all take care” Award

We ^{all} take care!

Since its launch in 2002, the global initiative “We all take care” has honored employees who are especially committed to making work safer, healthier and more environmentally friendly, or who have made a commitment to society. A total of 14 projects from the entire Freudenberg world made it to the finals. There were 205 submissions, and many of them revolved around climate protection and sustainability.

1st place

First place:

- “Climate protection through solvent substitution,” Freudenberg Chemical Specialities
- “Less dust in nonwoven production,” Freudenberg Home and Cleaning Solutions
- “Electric energy management system,” Freudenberg Medical

Three teams shared first place. All three projects show the seriousness with which Freudenberg is increasing energy efficiency, CO₂ reduction and material efficiency. They are more proof that the door is wide open to innovations affecting sustainability and climate protection. The project team from Freudenberg Chemical Specialities in Munich achieved positive climate effects with an environmentally friendlier solvent. A Freudenberg Home and Cleaning Solutions team has developed a sustainable nonwoven mix posing no harmful health effects. The team and the project impressed the jury, as did the Freudenberg Medical team from Ireland with its reduction in energy consumption using simple methods.

2nd place

Second place: “Talk, listen & care,”
Freudenberg Oil & Gas Technologies

The COVID-19 pandemic has placed new demands on employees. Loneliness and the feeling of being overwhelmed by professional and personal challenges intensified when employees turned to remote work. With its “Talk, listen & care” program, the team from Freudenberg Oil & Gas Technologies in Port Talbot, United Kingdom, succeeded in enlisting volunteers to help their colleagues with anxieties and psychological problems. With outstanding execution, the project tapped into the potential for using personal contact. It also took mental health seriously as an important basic need.

3rd place

Third place: “Safety Detectives in Bursa,”
Vibracoustic

Just 15 seconds of thought is enough to sharpen awareness of a task and to avoid work-related accidents that have severe consequences. The Vibracoustic project team has taken ownership of this insight and has developed a playful approach to sensitize employees to this simple but effective rule. As part of the project, 28 participants slipped into the role of safety detective to uncover potential hazards on the shop floor. They stuck one puzzle piece on the board for each hazardous activity. At the end, this produced the slogan “Think for 15 seconds before you start working” as the solution. It was a humorous yet memorable way to sharpen the awareness of safety.



Safer, healthier, environmentally friendlier: That's what the “We all take care” Award stands for.

Sustainability 4 Steps to Climate Neutrality

Basic values and business interests are no contradiction for Freudenberg. Especially not when it comes to sustainability. Our commitment to climate protection makes good business sense and expresses the responsibility that we feel toward others and the environment. That is why Freudenberg is naturally committed to supporting the United Nations Global Compact.

When it produces ingredients for sweets, Freudenberg Chemical Specialties pays attention to sustainable criteria.

The term sustainability has become a buzzword in politics, society and business. By definition, it deals with social, ecological and economic matters and is synonymous with fair, climate-neutral, committed and responsible conduct. Everyone is talking about sustainability, but that does not make it any easier to understand the term. But one thing has become clear: Sustainability is not easy to achieve. It is crucial to set goals, but the path to achieving them is at least as important.

Human-caused climate change is happening. It has to be stopped if we are going to meet our responsibilities to future generations.

Freudenberg's position on this is clear. We would like to help keep our planet livable far into the future. This position is consistent with the UN's 1987 Brundtland definition of sustainability. It means producing as little waste and carbon dioxide as possible while minimizing the use of water, energy and materials. Our commitment to climate protection is necessary in a business sense as well. The more sustainably we operate, the more attractive we are to major automakers. They incorporate us as a supplier into their own sustainability programs. As we look ahead, this is even more clear: If we want to sell our products tomorrow, they will have to be sustainable. That will take innovation. The current situation represents a huge opportunity for Freudenberg as a technology company. That means there is no contradiction between responsible conduct toward others and the environment on one hand, and our business interests on the other.



Freudenberg wants to be a climate-neutral company by 2045. The seriousness of purpose that the company has shown is closely related to its basic values and its long-standing sense of responsibility. It is also uncovering the business opportunities that a consistent course toward sustainability offers.

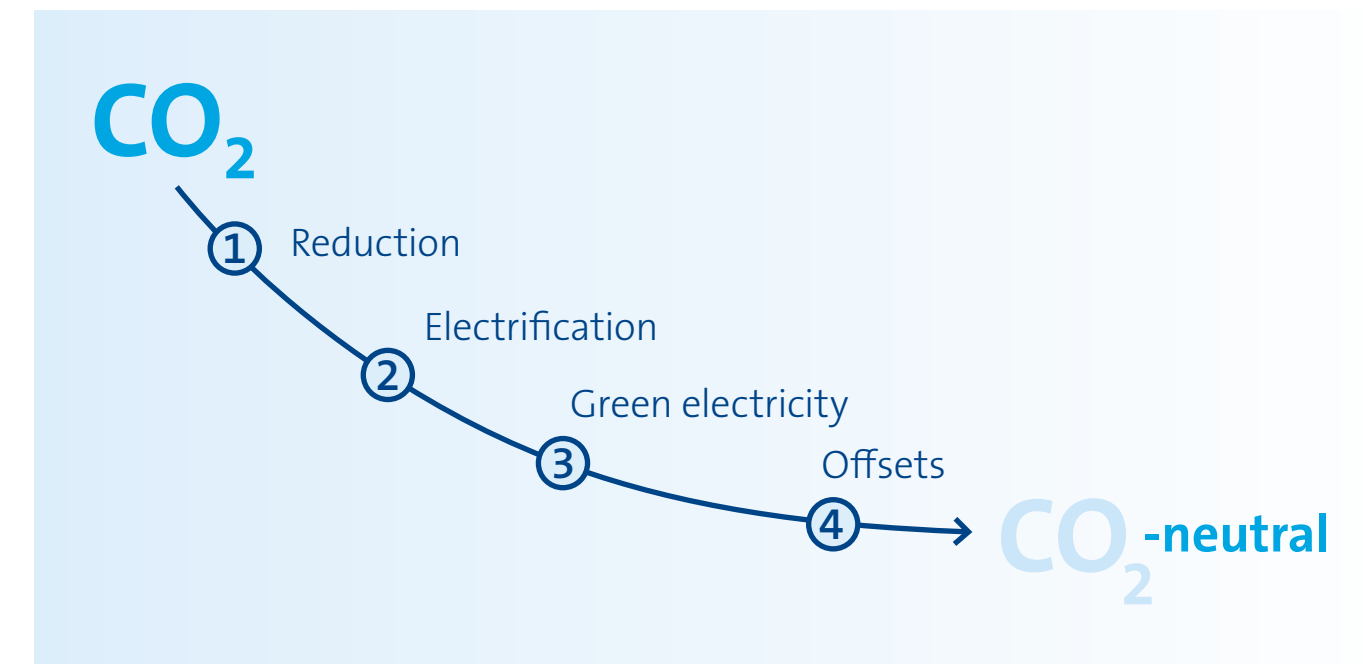
Freudenberg takes climate protection seriously.

Freudenberg has set a course for climate-neutral manufacturing. The first milestone is to reduce relative CO₂ emissions, measured per million euros of revenue, by 25 percent, over the period from 2020 to 2025. Freudenberg intends to be a climate-neutral company by 2045. The company is laying the foundation for this ambitious goal with a wide-ranging project called "Sustainability drives Climate Action." Since 2019, the opportunities and challenges that man-made climate change poses for

Freudenberg have been analyzed. The company has turned to a multistep strategy: reductions in energy use, electrification, as well as the purchasing and self-generation of green electricity, and offsets for CO₂ emissions. They are in part being implemented simultaneously.

Pursuing climate neutrality is a long-distance race. Freudenberg has no intention of relying on a last-minute sprint. Our philosophy is, the faster we progress, the better.

4 Steps to CO₂ Neutrality



Relative CO₂ emissions due to be reduced by 25 percent by **2025**

Many factors will determine when specific Business Groups will be manufacturing climate-neutrally. Their starting situations vary greatly, based on how much energy they require for their production processes, for example. The technological obstacles that need to be overcome in research and development are just as varied. Customers also play an important role.

Some pioneers are already placing demanding requirements on the Business Groups. That's why we say that each Freudenberg Group company has to find its own way and set its own pace. What's important is to be able to measure and document our progress verifiably so that each Business Group can contribute to our common goal of being climate-neutral by 2045.

**Freudenberg wants to be a
climate-neutral
company by **2045****



Decreasing Energy Consumption at Every Site

The “Bee – Be energy efficient” initiative is laying 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 especially considers the issues of energy consumption, process technology and the energy efficiency of existing buildings and new construction. So far, about 25 sites worldwide have partic-

ipated in the program. The results show potential reductions in energy use averaging 25 percent. As part of the program’s next stage, energy-efficiency experts have developed a flexible consulting approach for the sites. It ranges from measures that can be quickly carried out, to decision-making aids for long-term investments in production facilities. The services are rounded out by the Bee Academy, a comprehensive online training program covering the fundamentals of energy management and energy efficiency.

Freudenberg has been a reliable partner to energy suppliers and was able to conclude long-term supply contracts for green electricity in 2021.

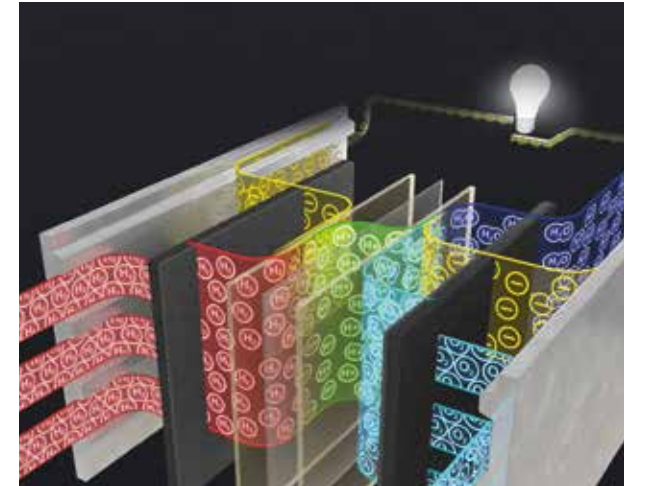
During 2021, the focus was mainly on pillars two and three of the four-step strategy: electrifying the energy supply and sourcing this electricity completely from renewable energy sources, such as wind, solar and hydropower.

342.6 At more than gigawatt hours, the share of green electricity came to about 21 percent of the total.

Freudenberg is considered to be an especially reliable partner, which enabled it to conclude long-term supply contracts for green electricity with energy suppliers in 2021. In these so-called “power purchase agreements,” the price of electricity is fixed over a ten-year period. They are a cornerstone of Freudenberg’s effort to achieve its climate goals, and they make a major contribution to renewable energy’s steady growth. To highlight its progress on sustainability and improvements at its sites worldwide, Freudenberg incorporates many inputs into the calculation of its key performance indicators. In the current strategic period for 2021 through 2023, the company is introducing an electronic sustainability reporting system for all the Business Groups.

The Demand for Sustainable Products Is a Huge Opportunity

Even today, the focus of the company’s research and development departments is on viable, sustainable innovations. Products for batteries and fuel cells offer technical solutions to help us chart a course toward the new mobility, on land, on the water and in the air, with cars, trucks, buses, ships and aircraft. To date, as a pioneer in closed cycle management, we have been making progress with the recycling of PET bottles. Each year, we take five billion plastic bottles that would otherwise have ended up in landfills and process them into raw materials. In many respects, our own sustainable practices are an admission ticket to the markets of the future. The EU’s policy decisions and regulations, starting with emissions limits for vehicles, all the way to the Green Deal and its taxonomy, are heading in this direction. Freudenberg is bolstering these efforts in serious pursuit of its own climate goals.



Functional principle of a fuel cell: Hydrogen splits into protons and electrons.



PET granulate made from recycled source material is used in the Vileda and O-Cedar brands from Freudenberg Home and Cleaning Solutions.

Climate change is one of the greatest challenges of our time. Freudenberg wants to reduce its relative CO₂ emissions by 25 percent by 2025. We are turning to self-generated energy or are purchasing it to meet our goals. The categories of emissions are defined as Scope 1 and Scope 2, which are internationally recognized terms under the Greenhouse Gas Protocol.

Group-wide Key Performance Indicators on Sustainability

Freudenberg is striving to achieve ambitious climate goals. Figures from 2021 show a very positive trend. The company is progressing more quickly than planned on reductions of CO₂ emissions.

The three most important areas of activity for all the Business Groups are **energy efficiency, CO₂ emissions and waste**. The company has introduced eight key performance indicators Group-wide that create transparency for improvements in these areas and help to drive sustainability at Freudenberg. The metrics for 2021 are shown on **page 29**.

Energy use

955 (direct, in GWh) **1,646** (indirect, in GWh)

21%
(Renewable energy as a proportion of total energy consumption)

2,601 (total in GWh)
The metrics show energy consumption from self-generated and purchased energy in 2021.

0.26
(Energy efficiency in kWh/euro sales)

CO₂ emissions

These metrics express the Freudenberg Group's global CO₂ emissions from self-generated and purchased energy.

828
(total in 1,000 tons)

82.5
(in tons/million euros sales)

For Germany, the calculation of emissions has been market-based since 2021.

Waste

13.3
(in tons/million euros sales)

The metrics from 2020 serve as the basis for the Freudenberg Group's calculations and its goal of reducing the relative amount of its CO₂ emissions per million euros of sales by 25 percent by 2025. The target is 65 tons of CO₂ per million of euros of sales by 2025. If all the green electricity that Freudenberg obtained via certificates and direct purchases from energy suppliers in 2021 is included, the reduction comes to nearly **10 percent, which significantly exceeds expectations**.

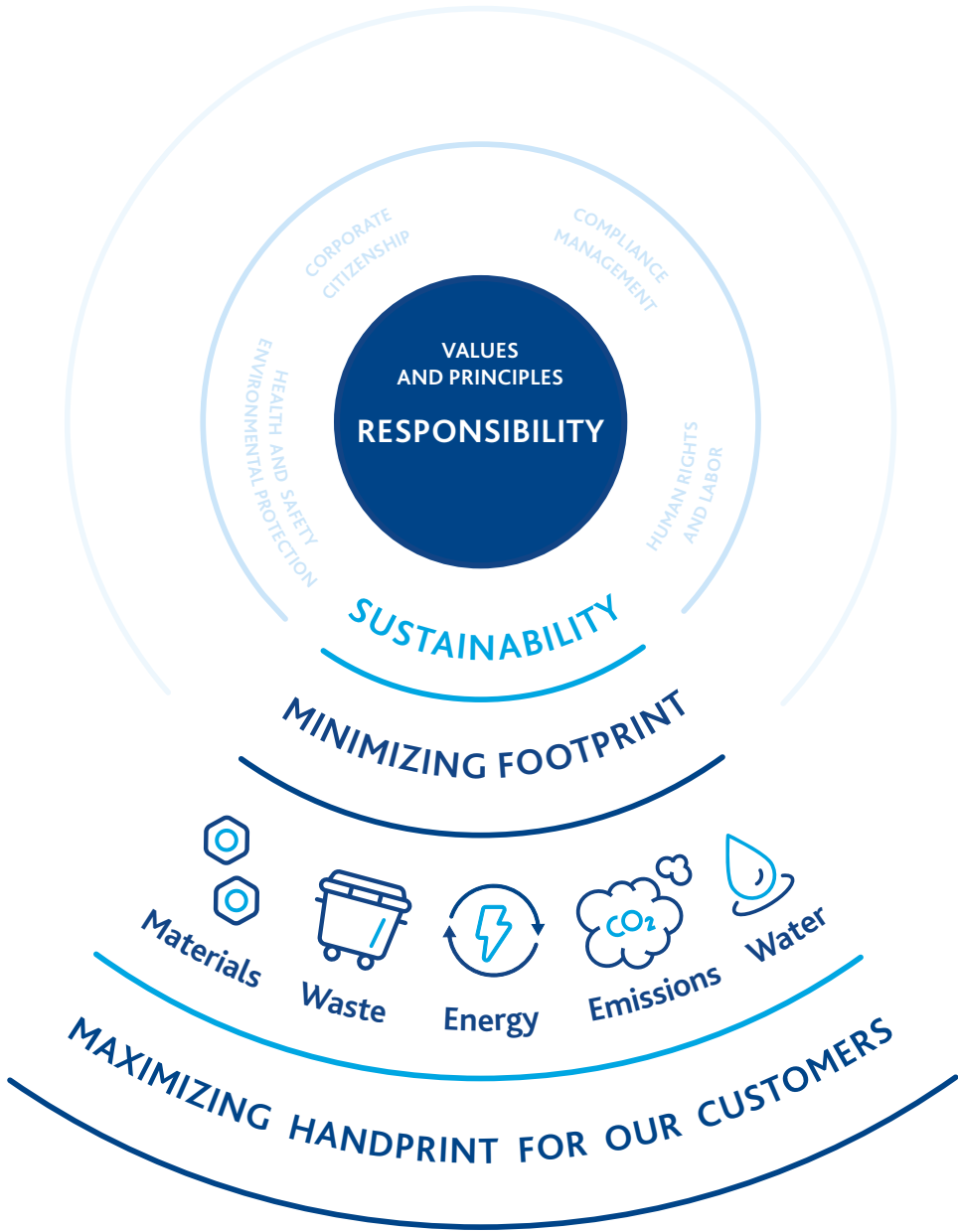
Sustainability has two dimensions for the Freudenberg Group. First of all, the way the company shapes its processes and uses its systems to reduce the resource consumption (**footprint**). Second, Freudenberg offers many products and solutions that allow customers to manufacture more efficiently and 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 can be found on **pages 32 to 37**.

The five subject areas – **materials, waste, energy, emissions and water** – have the greatest relevance for the Freudenberg Group as a whole, since all the themes do not hold the same importance to particular Business Groups. For example, water is hardly used in some of them. But in others, it plays a major role, especially when production facilities are located in arid regions such as India. The picture is not uniform when it comes to materials either. Some can be recycled, but others such as elastomers (rubber, caoutchouc) cannot.



| 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 |

Examples of successful sustainability projects

Short paths for sustainable raw materials

Freudenberg Sealing Technologies produces more than a billion sealing rings annually at its Oberwihl plant in Germany, with a steadily improving climate balance sheet. In 2019, the plant was designated as a model site for the Group-wide initiative “Be energy efficient.” The conversion of the Oberwihl heating system stands out among the numerous measures that the plant has taken to improve its energy efficiency. The system is being converted to use wood-chips; a renewable material abundantly available in

the Black Forest. It is also a waste product that the wood industry wants to market. The installation of a second wood-burning boiler, including an automatic filling system, has made good progress. It is scheduled to begin operation in 2023. The installation of a cogeneration unit is being examined as well; it would cut the use of fossil-based heating oil by more than 95 percent. The wood heating system in Oberwihl is publicly funded, which accelerates amortization. The bottom line: Investments in climate protection pay off when relatively long time frames are taken into account. Additional assistance comes from the unbiased views of independent energy experts who are very knowledgeable about funding mechanisms in different regions.



Heating industrial buildings with woodchips as fuel: A good idea when the raw material is available as a waste product of the local wood industry.



Tramm-Göthen in Mecklenburg-West Pomerania: The largest solar park in Germany so far, it provides energy exclusively to Freudenberg and Volkswagen.

Green Electricity from PPAs: A Look at Costs and Climate

Green electricity, that is, electricity from renewable sources such as wind, solar and waterpower, has a double payoff: On one hand, for the climate: Gases harmful to the climate are not released when it is generated, in contrast to electricity from coal-fired power plants. For another, it can pay off financially – when it is obtained through power purchase agreements, or PPAs, and the price of electricity is set in advance over the regular contractual period. Freudenberg already covers five percent of its global energy needs with green electricity from PPAs, and the percentage is rising. Martin Skrobisch, who heads the “Purchase Green Energy” project, puts the cost savings at 40 million euros. “Purchase Green Energy” is part of the overarching “Sustainability drives Climate Action” project. Still, the demand for green electricity greatly exceeds the supply, Skrobisch says,

especially in Europe and America and increasingly in other parts of the world. Fast action is needed when an interesting project presents itself. The latest example is the PPA covering the supply of solar electricity from Tramm-Göthen, where Germany's largest photovoltaic park to date was built during the year under review. On an area equivalent to 347 football fields, 420,000 solar modules generate about 172 megawatts of electricity annually. The financing of this megaproject was facilitated by a purchase contract for all of its green electricity over a period of ten years. The agreement was concluded by Freudenberg and automaker Volkswagen on one hand and the electricity provider RWE on the other. PPAs are crucial to the decarbonization of industry and the expansion of renewable energy – not to mention the attainment of Freudenberg's climate goals.





640 solar panels: View of the roof of Freudenberg Oil & Gas Technologies in Nisku, Canada

Solar on the Roof – Emissions Down

Leaving the roof of a new production building empty and unutilized in Nisku, Canada? That was out of the question for Freudenberg Oil & Gas Technologies. Instead, about 640 solar panels found their way onto the roof. With the help of high-performance photovoltaic systems, the site has been able to cover about 12 percent of its energy use on its own since early 2021. This is reducing CO₂ emissions by 157 tons per

year, which corresponds to the energy consumption of 23 single-family homes. This has made Freudenberg Oil & Gas Technologies in Nisku one of the first production facilities in the province of Alberta to directly integrate solar into its daily operations. In all, the roof surfaces of the new buildings are expected to reduce the site’s annual electricity and natural gas consumption by about 30 percent.



HANDprint
FOOTprint

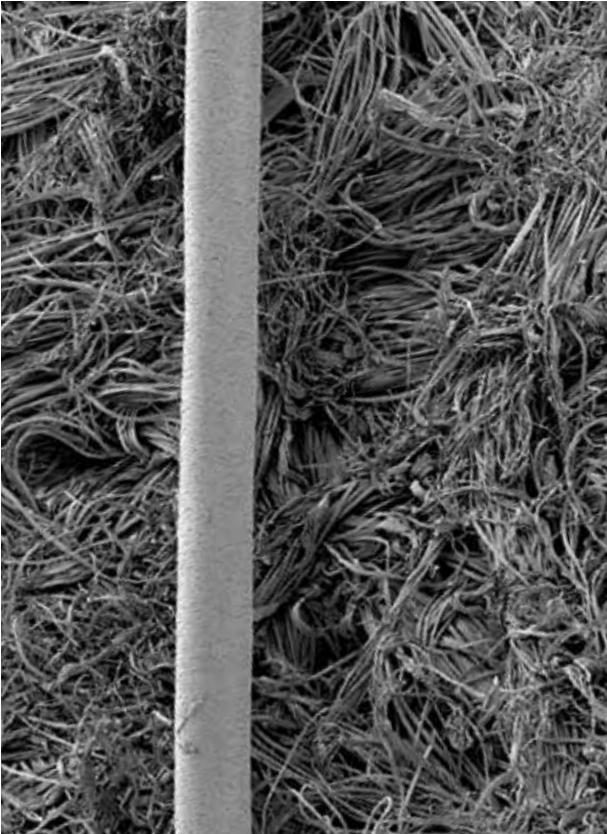
Sustainable Technology with 1,000 Possibilities

The Freudenberg Group’s Evolon is a sustainable textile fabric with a unique production process and more than 20 applications, with more on the way. Evolon is made at the Colmar site in France, home to about 60 employees of the Freudenberg Performance Materials Business Group. The product is sold in Europe, Asia, North and South America, and South Africa, among other countries worldwide. Its special characteristic: Not just the technology, but the product itself is becoming more and more sustainable. It consists of endless threads – so-called microfilaments – made of polyester and polyamide that are separated, intermingled and re-constituted under high-pressure water jets. This produces a textile with a dense, compact fiber structure without the use of a binding agent or solvent. Since 2003, Freudenberg has been using its own processing system, which re-uses water multiple times and cuts down on its overall consumption during manufacturing.

The development of Evolon with recylate from used PET bottles is another milestone on the road to greater sustainability. In the early 1990s, the Freudenberg Group was one of the first companies in Europe to recycle used PET bottles. Today, Freudenberg recycles about 7 million PET bottles into polyester nonwovens, making it one of the world’s largest recyclers in the field. By recycling PET bottles, Freudenberg is using waste as a raw material, reducing the amount of incineration and alleviating the pressure on landfills. At the same time, the substitution of recycled polyester for primary materials has led to the conservation of natural resources.

One square meter of the textile contains about 6,000 kilometers of microfilament, which is produced in just a few minutes – much faster than the time frame for conventional textiles. With Evolon

New Generation from Freudenberg Performance Materials, the textile fabric is even more durable. This has led to new applications, such as its use in bed linens and packaging, along with applications in the automotive and electronics industries. Evolon’s technology and the Freudenberg facility in Colmar have been awarded several certificates recognizing their environmentally friendly processes. The validation in part came from the OEKO-TEX Institute and the MADE-IN-GREEN label, which certify sustainable processes, safe working conditions and the absence of harmful substances.



No hair in the soup: The recycled polyester fibers from PET bottles are one hundred times thinner than a human hair.



HANDprint
FOOTprint

The Prospect for Zero-emissions from Gas Pipelines

In 2021, at the UN Climate Conference in Glasgow, the United Kingdom, 100 nations agreed to reduce emissions of the greenhouse gas methane by 30 percent by 2030. The United States and the European Union were especially important parties to the agreement. The new mechanical seal “CobaDGS” from the Freudenberg Business Group EagleBurgmann shows how the 30-percent goal can be achieved. The seal eliminates the emission of methane gas from pipeline compressors used in the transportation of natural gas. According to one calculation, if Freudenberg were to exclusively provide CobaDGS for pipeline compressors instead of conventional seals, the switch would eliminate a volume of methane that is as damaging to the climate as about 10 million tons of CO₂. We are

achieving these annual reductions gradually, and we will first reach the target fully in 2040.

During stoppages, the seals used in methane compressors are also susceptible to harmful contamination, which is why operators generally release the enclosed natural gas into the environment. The auxiliary compressor “RoTech Booster” from EagleBurgmann protects seals from contamination during stoppages, making it unnecessary to continue draining off the greenhouse gas. A full 650 units are in use worldwide, eliminating the equivalent of about 2 million tons of CO₂ annually. By 2040, the amount of savings per year could reduce the greenhouse effect by the equivalent of about 10 million tons of CO₂.



HANDprint

FOOTprint

Less Energy, More Climate Protection

Determining the potential for energy efficiency and reducing facilities' CO₂ emissions – these are the objectives that “Be energy efficient,” or Bee, is pursuing. During the year under review, Bee's energy-efficiency experts have developed a flexible approach to consultation to meet the individual needs of each facility: The Bee Basic Analysis of four to six locations collectively identifies early potential for reductions and measures that can be executed quickly, with little investment. For the Bee Advanced Analysis, a team of Bee specialists travels to one site and examines its production processes and supporting systems. This results in facility-specific proposals such as the use of variable speed compressors, an efficient compressed air-drying system or systematic shutdown manage-

ment. With Bee Assist, energy-efficiency experts guide the facilities as they expand production and optimize their energy supplies and provide quick help with decision-making. The Bee Academy – a comprehensive online training program on the fundamentals of energy management and energy efficiency – rounds out the offerings. The approach is catching on: About 25 facilities have already completed the basic or advanced program. The potential for energy savings averages 25 percent. Extrapolated to the Freudenberg Group's total energy consumption, this represents enormous potential for CO₂ reduction and cost savings – a win-win for both the climate and the balance sheet.



HANDprint

FOOTprint

Everything Points to Green

According to the latest study from its National Academies of Sciences, Engineering and Medicine (NASEM), the United States generates more plastic waste than any other country. At the same time, its major consumer goods companies are increasingly promising to promote sustainability. Freudenberg Home Cleaning Solutions is the first and only company in its market segment to sign the Ellen MacArthur Foundation's Global Commitment Plastic Pact, which focuses on the reduction of plastic packaging. The company has three clear goals to achieve by 2025: raise the recycling capacity for plastic packag-

ing to 100 percent, use at least 25 percent recycled material in its plastic packaging, and reduce the proportion of new plastic in packaging by more than 20 percent. Even today, durable products account for more than 90 percent of the Freudenberg Home and Cleaning Solutions portfolio. In turn, it offers customers sustainable products that stay out of the waste stream for some time. To avoid plastic waste, the company is steadily cutting back on packaging and is turning to cardboard and recyclable mono-materials as films.



Freudenberg Home and Cleaning Solutions uses PET granulate from recycled materials.



HANDprint

FOOTprint

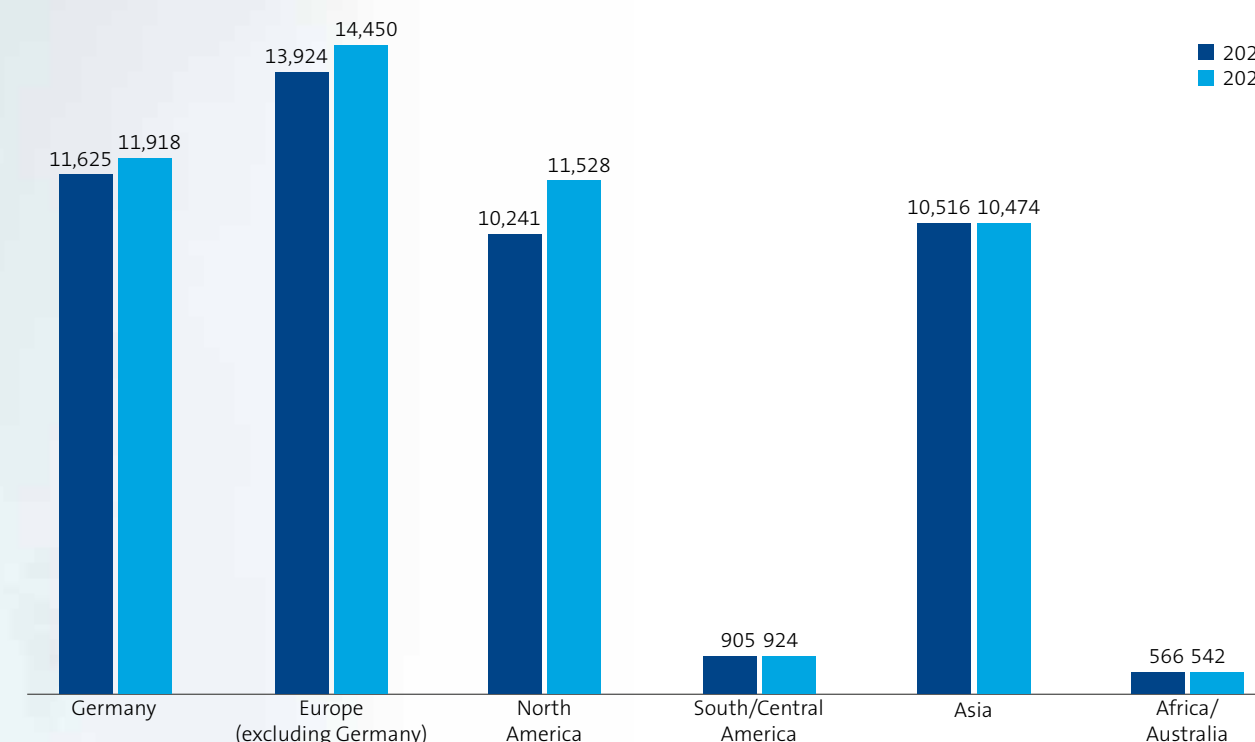
Human Rights
and LaborStrength
through
Diversity

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

49,836

staff were employed by Freudenberg as of December 31, 2021 (previous year: 47,777 employees).

Freudenberg Group employees by region



In Germany, the employee headcount was 11,918 (previous year: 11,625), in Europe (excluding Germany) the number was 14,450 (previous year: 13,924), in North America 11,528 (previous year: 10,241), in Asia 10,474 (previous year: 10,516) and in Africa/Australia 542 (previous year: 566), in South America/Central America 924 (previous year: 905).

Attractive Employer

Strengthening the Employer Brand

In the year under review, internal and external communication of the 2017 employer promise continued. The goal was to reach specific target groups and ensure that Freudenberg appealed to the right talent in sufficient numbers in the future. The activities led to both a steep rise in the number of followers on social networks – especially on LinkedIn, WeChat and Facebook – and in the number of visitors to the redesigned Freudenberg career website.

Examples of Awards

In 2021, the Freudenberg Group once again won various awards for successful human resource work. Examples include: For the tenth time in a row, a Freudenberg company, Chem-Trend of Michigan, USA, was named one of the 150 Top Employers in the Region. In the rating published by the Detroit Free Press newspaper, Freudenberg-NOK Sealing Technologies in Detroit, USA, was named “Top Work Place 2021” for the fourth time in succession.

Attractiveness

Freudenberg provides numerous benefits that are being continuously expanded to attract new and retain existing employees. The benefits tend to vary from region to region and site to site, but are usually more generous than the minimum legal requirements in the relevant country.

As part of the Talent Management program (see Talent Management) Freudenberg supports numerous continuing education programs at all hierarchical levels (see Personnel Development). Freudenberg also considers the maintenance of a good work-

life balance as important in helping to ensure and improve employee health and well-being, especially during the period of the COVID-19 pandemic. As part of an occupational health management program, the Group provides the best possible medical support and sponsors numerous sport and fitness programs.

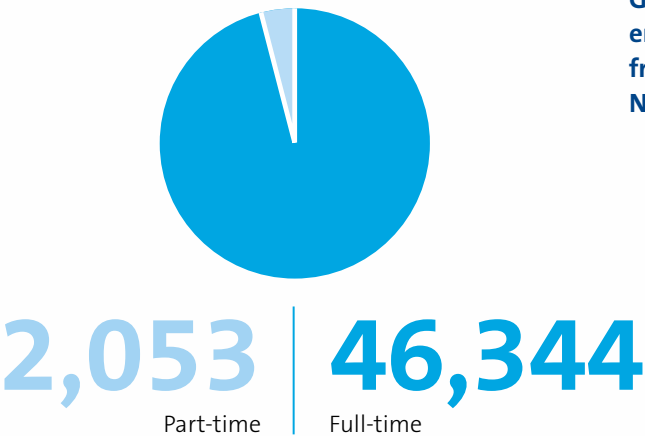
Talent Management

The goal of the talent management process is holistic and focuses on professional personnel development as well as the successful identification and advancement of potential future executives. In the process, employees receive balanced and calibrated feedback from their superiors. They also discuss their next development steps with them. As part of talent management, succession candidates are systematically identified for expert and leadership functions, to ensure the long-term stability of the leadership team. In 2021, the development of talent across Business Groups was established to a greater degree. Regional and functional talent conferences in particular are leading to a shared recognition of the key positions and high-potential employees in the organization. Another result is the joint responsibility for nurturing talent and making the best possible staffing decisions.

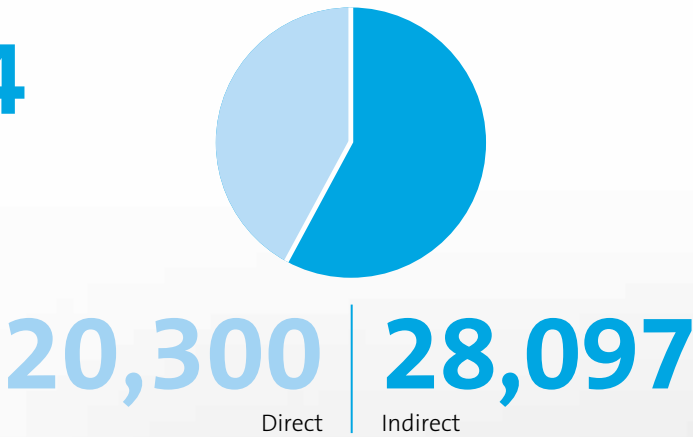
In September 2021, the recruiting process was rolled out in Freudenberg’s global employee information system. All open positions at Freudenberg have been posted using the system and thus are visible. Freudenberg is making it possible for its employees to actively become involved in their ongoing development and take it into their own hands. Supervisors support their staffs in this process.

⌚ Employment Ratios
(As of December 31, 2021)

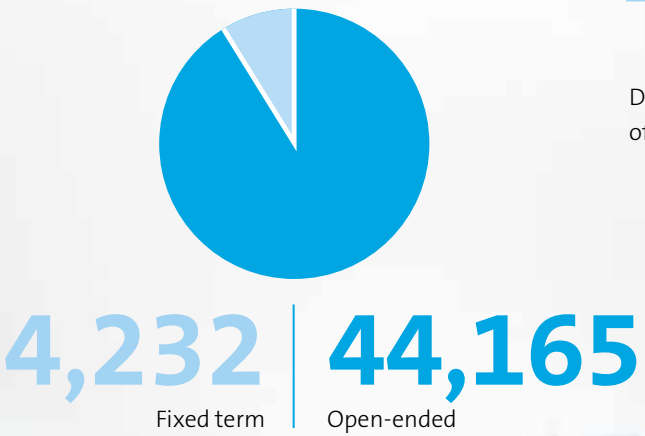
The employee counts on this page come from the Group’s internal HR system. They deviate from the employee statistics based on IFRS since employees from some companies are considered differently. Newly acquired companies are an example of this.



There are country-specific assumptions and regulations for part-time work.



Direct employees are directly involved in the production of products and the provision of services.



Recruiting

All open positions at Freudenberg are posted on the new recruiting platform for external candidates as well, and every effort is made to create a positive candidate experience. The introduction of the electronic recruiting platform in 2021 was also the impetus for reworking the career sites on the Freudenberg website.

One of the greatest challenges during the year under review was filling open positions in direct as well as indirect areas. In all, Freudenberg was able to recruit 6,833 employees. The focus of the recruiting activities was on **Europe and North America**, and in manufacturing.

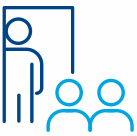
Diversity and Inclusion

Diversity is anchored in the Group’s Values and Principles and is clearly positioned in the brand. Freudenberg is convinced that teams with people of various ages and genders and with diverse cultural backgrounds are more successful. In 2021, people from 136 nations worked together. An international working group is devising specific measures to further strengthen activities as part of an inclusive working environment, while serving as a sounding board and multiplier. The goal of various initiatives is to create a working environment in which every person feels appreciated, respected and heard.

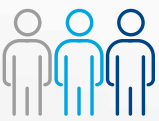
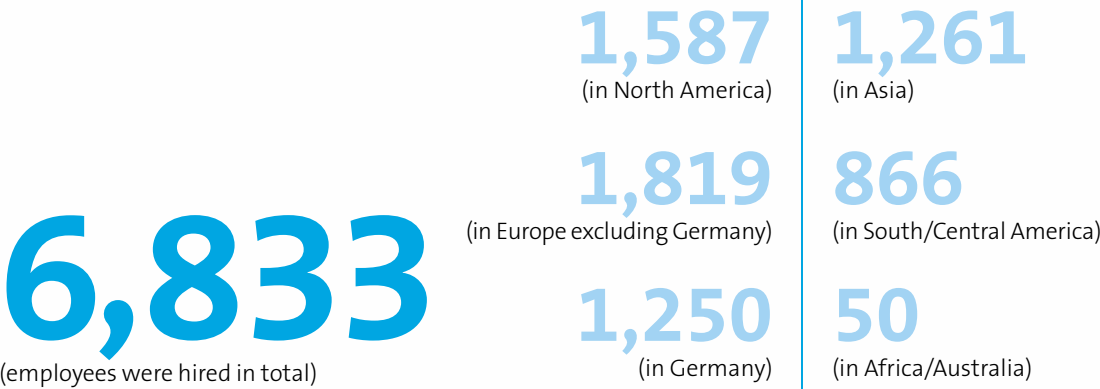
A balanced gender distribution is particularly worth pursuing, with a focus on the hiring process, early identification of female talent as well as the targeted career promotion of women into top executive positions. The trend here continues to be positive. The share of female expert staff and executives remained stable at 32 percent, and the share of females in middle management was roughly 22 percent.

In 2021, racial diversity in the United States was another focus, and a number of measures were identified. One was for Freudenberg to support various institutions and programs that are especially devoted to the support of minorities. Many other measures were approved as well. For example, by year’s end 2021, a “Learning Path for Diversity and Inclusion,” with various training modules was made available to employees.

Freudenberg does not exclusively think of diversity in terms of gender, age or religion. It plans to pay more attention to geographic diversity. Many of the country’s experts and managers are located in Germany. In the medium term, the Group would like to work on developing strong local and regional leadership, both in manufacturing and administration. The goal is to balance knowhow and expert knowledge across all regions. Accordingly, Project Balance was launched in 2021. Its goal is to create the framework for strengthening local talent and succession planning for senior management positions in Asia and North America.



New Hires



Diversity

Freudenberg regards diversity as more than gender, age, and religion. In the future, it will put more emphasis on geographic diversity.



Personnel Development

In 2021, development programs were adapted to the new conditions with the help of virtual learning. This made it possible for Freudenberg to maintain training and continuing education. As a result, knowledge relating to strategic issues, such as digitalization, customer orientation and e-mobility, could continue to be taught.

Once again in 2021, more than 500 employees from all regions participated in Group-wide manager development programs. A special focus was on the newly designed manager program for the manufacturing field.

The Freudenberg Training Center is also engaged socially. Since 2016, a technical internship has been offered as part of the donor-funded project, “Training for Refugees.”

Training at Freudenberg

In 2021, 91 people (previous year: 120) began training programs at Freudenberg companies in Germany. A total of 366 persons in Germany and 482 world-wide were in a training program as of December 31, 2021. In 2021, 69 new trainees began their training at Freudenberg in Weinheim, 34 from Freudenberg and 35 from outside companies. 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 have repeatedly sent their young talent to be trained at Freudenberg in Weinheim. The training ranges from two-year technical programs to commercial courses and even

work-study at a university. The Freudenberg Training Center is also engaged socially. Since 2016, as part of the donation-funded project “Training for Refugees,” a technical internship has been offered, raising the prospect of training at Freudenberg. So far, a total of 53 refugees have accepted the offer, and 30 of them were able to begin their training at Freudenberg. Out of that number, 12 graduated and were able to find jobs, six at Freudenberg and six at outside companies. Eight refugees were added from the preparatory internship in 2020/2021, and Freudenberg enabled them to take part in vocational training to become machine and facility operators.



Manager Development

A newly designed program for managers in the manufacturing field.

500

(Participants in programs from all regions)



Training

482

(Trainees at Freudenberg world-wide as of December 31, 2021)

366

(Trainees at Freudenberg in Germany as of December 31, 2021)



Health, Safety and Environmental Protection

For the Good of Humanity and the Environment

Freudenberg's 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 accidents, preventive health programs and continuously reducing the negative impact of its business on the environment.

Freudenberg is committed to the well-being of its employees and their personal development. Job safety and health protections are promoted and practiced on all hierarchical levels. Protective measures related to work, health and the environment are integral components of all processes.

This approach has enabled the Freudenberg Group to reduce and maintain the number of accidents at a low level relative to industry benchmarks. Existing measures are strengthened and enhanced with innovative approaches to continuous improvement. Success in occupational safety serves as a benchmark for other areas in which Freudenberg also aims to continuously improve. This includes health protection, in addition to reducing negative environmental effects.

Health-related assistance and information were especially in demand during 2021. The Freudenberg Safe Work COVID-19 Guideline provides facilities with practical assistance on dealing with the pandemic.

The Group-wide Freudenberg Portal has highlighted practical examples from various Freudenberg sites on topics such as cleaning and disinfection as well

as employee training, along with information on vaccination campaigns. At the same time, services involving health promotion and prevention were carried out on employees' behalf. Especially in demand were programs on dealing with insecurity, anxieties or new forms of work, such as mobile work or remote leadership, among other topics.

The safety of our employees in the workplace has top priority. An HSE week is held each year. All Freudenberg Group sites are called on to implement HSE initiatives that go beyond daily routines. Aside from various training programs to protect employees' health, the focus in 2021 was on measures to promote sustainability, such as reducing energy use and eliminating scrap, and on ways to work ergonomically, even in remote settings.

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



Management Systems

The roll-out of management systems for occupational health and safety (OHSAS 18001 and conversion to ISO 45001) and environmental protection (ISO 14001) continued in the year under review.

Many facilities are introducing energy management systems in accordance with DIN EN ISO 50001 or EN 16246 to reduce energy consumption and thus the impact of their industrial activities on the environment. The Business Groups Freudenberg Sealing Technologies, Freudenberg Performance Materials, Freudenberg Filtration Technologies, Eagle Burgmann and Vibracoustic have established management systems for this purpose at many of their German production sites. Other production sites run by EagleBurgmann in Austria, Freudenberg Home and Cleaning Solutions in Sweden, and Freudenberg Performance Materials in France have followed their example.

Investments

The proportion of direct investment in environmental protection, occupational health and safety as part of the overall investment in tangible assets, intangible assets and investment properties was 10.1 percent (previous year: 6.1 percent). Since 2021, there has been an additional category of sustainability-related investments. Here the main focus has been on the reduction of energy consumption and carbon dioxide emissions. In 2021, the proportion of investments devoted to sustainability was 1.6 percent.

Environmental Protection

Freudenberg feels obligated to protect the environment and takes responsibility to ensure that its actions are as environmentally friendly as possible.

The goal is to continually reduce the company's negative impact along the entire value chain, by using resources more efficiently, reducing emissions, saving energy, water and other materials while optimizing transportation processes.

A project at Klüber Lubrication, a Freudenberg company, is one example of the Group's activities in this area. A multidisciplinary team was able to identify an alternative cleaning agent after comprehensive tests in labs and in manufacturing processes. It is less damaging to the climate than other options by a factor of 170 and even cleans more efficiently. In the medium-term, emissions will be reduced by the equivalent of up to 30,000 tons of CO₂ per year. And customers will be avoiding additional emissions equivalent to about 60,000 tons of CO₂ per year as soon as the solvent is replaced as a raw material starting in 2022.

Events

In 2021, there were 46 environmental and crisis-management events in the Freudenberg Group (previous year: 38 events).

After severe flooding in Europe and the United States, operations were interrupted at the Freudenberg Sealing Technologies in Remagen, Germany as

well as the Freudenberg Performance Materials site in Asheville, USA.

A number of small fires broke out at the sites of Vibracoustic in Morganfield and Carmi, USA, and Freudenberg Performance Materials in Kaiserslautern, Germany, Freudenberg Sealing Technologies in Luzerne, Italy, and Kufstein, Austria, and Freudenberg Filtration Technologies in Kaiserslautern, Germany. In Taiwan, a large fire broke out in an external warehouse owned by a third party where Freudenberg Performance Materials nonwovens were stored, leading to a total loss of the stored goods.

Other environmental events were the contamination of the rainwater drainage in the Weinheim Industrial Park in Germany, and the release of exhaust air containing solvent at the site of Freudenberg Performance Materials in Hückelhoven, Germany.

In addition, there were other environmental incidents and events requiring emergency management, such as false alarms, water damage and medical emergencies.

Equivalent CO₂ Reductions

(from one Klüber Lubrication project)

30,000
(tons of CO₂ annually)

medium-term reduction from the use of an alternative cleaning agent.

60,000
(tons of CO₂ annually)

planned avoidance of emissions due to material substitutions at the customer.



Occupational and health protections have top priority at Freudenberg

Resource Consumption

In 2021, Freudenberg used 2.6 million megawatt hours of energy (previous year: 2.3 million megawatt hours). The energy consumption was largely spread among the following sources:

- externally procured energy (electricity, steam and district heating that was produced outside the Freudenberg sites; 1.64 million megawatt hours)
- gas (0.93 million megawatt hours)
- heating oil (0.03 million megawatt hours)

The cost of 2.6 million megawatt hours of energy was about 266 million euros in all. The proportion of energy costs came to 2.7 percent of total revenue (previous year: 1.8 percent).

Contaminated Sites

Provisions for contaminated sites were about 20 percent higher than those for the previous year. The amount was at the same level as 2019.

The renovation of the former Freudenberg Sealing Technologies site in Pinerolo, Italy, continued, as did ongoing groundwater monitoring programs at Klüber Lubrication in São Paulo, Brazil and Freudenberg Sealing Technologies in Montrond, France, among other locations.

Official monitoring requirements were implemented at the Weinheim site and at Freudenberg Sealing Technologies in Bristol, USA, and at Chem-Trend in Howell, USA.

Preventive Healthcare

The ongoing COVID-19 pandemic restricted daily life during the year under review and had an impact on the way we work. The focus was on issues such as hygienic measures, information about infections, inoculations against the coronavirus, and remote work.

There was increased communication about the support that Freudenberg has been offering to its employees over the course of the COVID-19 pandemic. More health-related structures and services were created to support and inform employees – whether in offices, in manufacturing areas or off-site working remotely.

The emphasis was on nutrition to prevent illness and improve health. The topic was originally scheduled for 2020, and services and themes were often adapted with an eye to the pandemic. One example: Good nutrition was cited as a way to strengthen the immune system. The influence of the pandemic on psychological health was made clear. In response, cooperation with psychologists was expanded, a number of services were established, and this crucial area was selected for initiatives in 2022.

The presentation of the Freudenberg-wide “We all take care” Award was again carried out as a hybrid event. The meetings of jurors as well as the award ceremony took place remotely. A great many projects dealt with the pandemic and measures to keep employees healthy.

Freudenberg Home and Cleaning Solutions in Parets del Vallés, Spain submitted the winning project, which was in the “occupational health management” category. The approach behind the project, “Iberica Team spreads worldwide its... Healthy Lifestyle!” was devoted to holistic health. An especially positive aspect: The activities crossed national borders, enthusiastically supporting the “Innovating Together” slogan.

Occupational Safety

Freudenberg’s internal reporting uses the LDIFR (Lost Day Incident Frequency Rate) benchmark. The figure serves as a non-financial key performance indicator for the Freudenberg Group. All workplace incidents with at least one day of work lost per one million hours worked are measured. The LDIFR value was 1.3 in the year under review (previous year: 1.5).

LDIFR (Lost Day Incident Frequency Rate)

1.3

(work accidents with at least one lost day, based on a million hours worked)

The total number of incidents resulting in more than one day’s absence in the year under review was 132 (previous year: 148). There were three serious accidents in 2021, the same number as in the previous year.

In occupational safety, the focus is on measures to raise employee awareness of safe practices while designing safe work systems. Successful “We all take care” projects are evidence of this.

If you spend just 15 seconds thinking about the activity you are about to begin, you will avoid on-the-job accidents. That’s the message from a Vibracoustic team in Bursa, Turkey. To sensitize employees to this simple yet effective approach, the team organized a safety-related scavenger hunt during which participants had to identify 28 hazardous situations in the production area. Using the 15 second rule, the facility’s safety-awareness was heightened.

The Freudenberg Performance Materials site in Nantong, China, restructured its production processes, increasing efficiency while eliminating safety hazards. A redesign of the system made it possible to optimize individual work steps, in some cases involving manual interventions, and reduce their number. An online error recognition system was also implemented. It not only sped up the inspection process – it reduced the amount of work needed for quality inspections. The team not only eliminated safety risks – it boosted efficiency by 20 percent.

The internal Safety Boost initiative continued in 2021. It continually intensified and focused job safety activities. Unsafe situations, work accidents, environmental incidents posing high risks were investigated and reported Freudenberg-wide.

The focus on safety culture resulted in various programs in the Business Groups, such as ViBeS (Vibracoustic Be Safe!). As part of the project, an app was first developed and distributed to communicate information on HSE activities. During the corona pandemic, it also provided employees with news relating to the virus. This made it possible to link various kinds of information, training and contact persons to a central location. This facilitated communication and promoted acceptance.

In 2021, the Safety Boost initiative 2021 zeroed in on maintenance, training, and discussion of pro-active safety metrics.

Corporate Citizenship

On a small and large scale

At Freudenberg, Corporate Citizenship goes beyond the value creation chain. The Group wants its facilities to be recognized as a good neighbor in the surrounding areas, so it supports a wide array of social projects – from small initiatives locally to complex international programs. All the campaigns are tailored to local requirements, and Freudenberg employees often participate in their free time.



For the sake of Indian children: They appreciate clean water from an "Aqua Tower" donated by Freudenberg.

Clean Water for a Better Life

The "Aqua Tower" project in India shows that e² projects can create inspiration across borders. One year after two of these filtration systems were constructed on the subcontinent, Freudenberg employees, working with Planet Water, their partner in the project, have installed additional Aqua Towers in the Mexican towns of Cerro Prieto and San Vicente de Ferrer. Aqua Towers transform contaminated water from rivers, streams and springs into drinking water. Two other Aqua Towers are planned for Mexico. Another project is ready for launch in Thailand.

Global Program for Education and Environmental Protection

Since the founding of the company, Freudenberg has been actively involved in the community. With the launch of the e² (education and environment) initiative, Corporate Citizenship has expanded worldwide since 2015. The initiative's goal is to provide people with access to education and employment, and support environmental protection. The initiative complements existing individual initiatives that meet an established list of criteria. In 2021, Freudenberg decided to provide e² with another 4 million euros. That increases its support to a total of 18 million euros.

Aid in the Coronavirus Pandemic

In 2021, in keeping with a long Freudenberg tradition, the Group provided help where it was urgently needed. Since the pandemic's outbreak, Freudenberg has allocated significantly more than 2 million euros to the needy worldwide from its e² budget and donated to about 130 organizations in 28 countries, to provide food and protective masks.

Donations for the Victims of a Flooding Disaster in western Germany

In July 2021, heavy rainfall caused historic emergencies in many communities in western Germany. The Ahr Valley, the home of many employees at Freudenberg's Remagen facility, was especially hard-hit. The massive amount of water destroyed the houses of more than 30 employees. Although the plant

itself was unscathed, production was shut down for days due to a power outage. The plight of the victims triggered a readiness to help from the entire Freudenberg world: Employees, and the company's Partners donated a total of about 345,000 euros. Many employees donated the equivalent value of their overtime. Freudenberg Home and Cleaning Solutions organized truckloads full of cleaning supplies.

The following examples show the Freudenberg Group's long-term orientation on local aid projects:

Training Center in India

Since 2009, Freudenberg has offered young people in a non-profit training center in Nagapattinam, India in the province of Tamil Nadu, south of Chennai, the opportunity to qualify as electricians, welders, plumbers, motor mechanics, and machinists in dual training programs. So far, more than 700 young people have had a successful start to their careers. Most have found a job in the large, well-known organizations in and around Chennai. The Nagapattinam region is poor, populated mainly by farmers and fishers, and suffered immensely from the 2004 tsunami.

ogies funded the construction of a new auditorium, library and restroom facility and the installation of a new drinking water system, all of which significantly improved the school's learning environment.

"Service Day" in North America

Every September, more than 60 Freudenberg facilities in North America take part in a range of activities to benefit society. As part of "Service Day," a total of 50 employees gathered at a tree nursery in Detroit, Michigan, USA and teamed up with long-time e² partner, "The Greening of Detroit," to plant tree seedlings in Detroit parks and neighborhoods. Freudenberg employees in the USA also lent their support to a second e² theme: education. In Howell, Michigan, USA, they spurred the interest of children and teenagers in STEM (science, technology, engineering, and mathematics) careers.

School Projects in China

In 2021, for the eleventh time in a row, a Freudenberg summer camp was held at the primary school in Sichuan. More than 70 employees and volunteers created an unforgettable summer for 150 children. The curriculum included astronomy, geography, history, marine biology, art and philosophy. Even before the e² initiative, the partnership began with a project especially close to the hearts of Freudenberg employees: the rebuilding of the school after an earthquake in the region in 2008.

In 2021, a second school project was added, this time in the village of Guyong in Guangxi, about 1,500 kilometers southeast of Sichuan. In mid-October, the employees of Freudenberg Apollo Filtration Technologies joined school and government officials in dedicating the Apollo Hope primary school. The financial support from Freudenberg Apollo Filtration Technol-

Freudenberg Foundation

Since 1984, the Freudenberg Foundation has been helping to bring about real, long-term change by promoting inclusion, education and democracy. As a non-profit company, the Foundation is a Partner of Freudenberg & Co. KG. The main focus of its activities is the social, linguistic, educational and professional integration of children and youths.

Donations

345,000

(euros)

in donations from employees and the Partners for the victims of disastrous flooding.



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 the Partners and employees identify. One principle stipulates that success must come from performance. Another states that Freudenberg shall not engage in illegal or unethical business practices.

Business Principles and Guiding Principles

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

At the Holding level, the focus is on the compliance issues that are the most important to the Business Groups and internationally, and that might specifically pose a threat to Freudenberg's reputation.

Anti-corruption and cartel legislation risks have been classified as potentially dangerous due to the company's global presence and the diversity of Freudenberg Group's products and markets.

Freudenberg's goal is to continuously improve its compliance organization, documentation, and processes. A function at the Holding level coordinates Freudenberg-wide compliance measures. It strengthens and expands collaboration between departments on the Group level and the Business Group compliance managers. Among other benefits, this promotes the implementation of Freudenberg compliance standards, the sharing of best practices, and the further development of compliance programs.

An updated training program on various compliance issues was developed in 2021 and is available online. E-learning courses are available for many individual topics and offer the opportunity to selectively sensitize employees from particular workplaces and areas of responsibility to specific sets of issues.



Compliance Structure

Freudenberg consists of Business Groups that operate entrepreneurially and largely independently. Along with the Holding level, they accordingly hold responsibility for adherence to laws and regulations. Both the Board of Management of Freudenberg SE and the top management of the individual Business Groups are clearly committed to this.

Code of Conduct

The Code of Conduct is derived from the company's Business Principles and Guiding Principles, especially those related to "Responsibility." It covers standards of behavior that apply uniformly worldwide. It is designed to ensure that respect for the law and responsible behavior remain the cornerstone of the company's business conduct.

The Code of Conduct is available to all employees in 26 languages. It has been communicated and explained to all employees worldwide. The Business Groups have been using all the available communication channels in a range of different forms. This integrated, ongoing communication, which is mandatory for new employees, and the binding nature of the Code of Conduct (for example, as an attachment to employment contracts), underscore the unambiguous obligation to adhere to these standards of behavior. The e-learning tool on the Freudenberg Code of Conduct is an appropriate way for all employees to become familiar with its content. The tool also makes it possible to monitor participation and success, and it invites feedback from employees.

Freudenberg wants to strengthen and further develop the role of the Code of Conduct as a cornerstone of the company culture and expand help and support for employees and their supervisors. In these efforts, Freudenberg especially relies on regular information-sharing with the compliance managers of the Business Groups and on active cooperation with Ethics Offices and their staffs.

Ethics Offices

Ethics Offices are an important element of the Compliance Management System at Freudenberg. They serve as a starting point for employees who for different reasons cannot turn to their supervisors, human resources managers or employee representatives, or choose not to. The opportunity to report compliance violations proactively or to expose looming violations through a channel guaranteed to be confidential should help maintain a culture of trust and safeguard Freudenberg's internal Values and Principles even more effectively.

In 2021, the Corporate Ethics Office presented a statutory report about its work, especially focusing on trends in the cases that were handled.



Training is regularly held on compliance-related subjects. Employees are selectively sensitized to specific sets of compliance issues.

Risk Management and Corporate Audit

Fraud prevention and anti-corruption measures, along with reviews of their effectiveness, have continued to be components of risk management

and the mission of Corporate Audit, a Group-level function. Aside from the main objective of reviewing the effectiveness of internal monitoring systems, the focus has been on uncovering potential property damage and instances of criminal corruption as well as monitoring the effectiveness of the measures taken, and their improvement when necessary.

UN Global Compact Index

The UN Global Compact (UNGC) is the world’s largest and most important initiative promoting responsible corporate management. Since its signing in 2014, Freudenberg has voluntarily agreed to make sure its business is values-based and sustainable. The following Global Compact Index provides an overview of the 10 principles in the Global Compact and references the pages of the Annual Report where readers can find information about the progress we have made in implementing these principles.

| UNGC PRINCIPLE | Content | Reference |
|--------------------------|--|---------------------------------|
| Human Rights | | 17, 18, 42, 53-55, 58 |
| Principle 1 | Protection and compliance with international human rights | 42, 53-55, 58 |
| Principle 2 | No violations of human rights | 42, 53-55, 58 |
| Labor standards | | 17-19, 21, 38-45 |
| Principle 3 | Uphold the freedom of association and the right to collective bargaining | 17, 18, 42, 46-48, 50-51, 58 |
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| Principle 7 | Environmental protection through care principle | 22-37, 48, 50, 52-55 |
| Principle 8 | Support for environmental awareness | 18-21, 20, 22-37, 48, 52-55 |
| Principle 9 | Development of environmentally friendly technologies | 14, 20, 22-37, 48, 52-55 |
| Anti-corruption | | 56-59 |
| Principle 10 | Anti-corruption measures | 56-59 |



The 2021 UN Global Compact Progress Report from Freudenberg can be found online at: <https://www.freudenberg.com/progressreport>

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