



Freudenberg embraces responsibility.

Examples of how Freudenberg embraced responsibility in 2022 can be found on the following pages.

Technology and Responsibility	78
Sustainability	86
Human Rights and Labor	104
Health, Safety and Environmental Protection	112
Corporate Citizenship	118
Compliance	122

Step _{by} Step to Climate Neutrality

Excellent **technology** and living **values**

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

Freudenberg is an agile and flexible global technology company with a scientifically-based vision of progress. 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 customers 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 offers creative technical solutions with excellent quality. Their bedrock is technological expertise and the capacity to innovate.

More than markets and metrics

Freudenberg stands for excellent technologies and innovations. For the company, though, that is not enough: while markets and metrics are important, Freudenberg is also resolved to take responsibility for society.

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

The company also encourages diversity among the workforce and stands for a corporate culture that enables all employees to contribute their strengths. Freudenberg also embraces this responsibility outside the company in many areas where aid is needed. In 2022, for example, 3 million euros of immediate aid was donated to help victims of the war in Ukraine. The company also runs a global program to support education and environmental protection.

These examples 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; Human Rights and Labor.

By tradition, all these themes are important for Freudenberg and are also anchored in the company's Values and Principles as well as the 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 must report on ESG issues, for example when the application of the double materiality principle identifies these issues as important. Furthermore, under the EU Taxonomy Regulation, companies are required to disclose which of their products contribute to meeting the EU's environmental objectives.



Commitment to global sustainability goals



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



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 goals 12 and 13 on the list of Sustainable Development Goals.

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

3 GOOD HEALTH AND WELL-BEING

Occupational health and safety have top priority at Freudenberg. It goes without saying that we offer our employees a health service. Along with the prevention of common diseases, healthy nutrition and the mental health of our employees are especially important to us.

4 QUALITY EDUCATION

Demographic change in Europe makes a shortage of skilled labor likely in the future. Other continents have overwhelmingly young populations. In both cases, we need robust training schemes. We promote lifelong learning for our employees through numerous vocational training and further education courses.

7 AFFORDABLE AND CLEAN ENERGY

We aim to secure access to reliable, modern and affordable energy for all our locations. Around the world, there are completely different conditions for procuring clean energy. Where possible, we conclude long-term contracts that guarantee a supply of clean energy and generate green electricity ourselves.

8 DECENT WORK AND ECONOMIC GROWTH

We have a social obligation to all of our employees. Discrimination and the marginalization of vulnerable persons have no place in the company. The Group maintains good and trusting relations with employee representatives.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

The value of a robust infrastructure to an industrial company is self-explanatory. We promote sustainable industrialization through ongoing investment in existing and new plants. Our products are used in large infrastructure projects.

10 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 targeted career development enables women to serve in top leadership positions.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We use resources responsibly. We prioritize the use of recyclates and recyclable raw materials as well as reducing the volume of packaging. Our employees are trained to internalize working methods in our companies and assess them using key performance indicators.

13 CLIMATE ACTION

The industrial sector accounts for a high proportion of global greenhouse gas emissions. By 2045 at the latest, we aspire to be climate-neutral in terms of Scope 1 and 2, and we are adopting crucial measures to achieve this goal. First, we are maximizing energy efficiency and reducing our energy consumption. Second, we are electrifying our energy supply. Third, we are using green electricity. Fourth, we are offsetting unavoidable CO₂ emissions.

Freudenberg-wide initiative

Nothing but winners in the »We all take care« Award

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, or who have made a commitment to society. With 283 projects submitted, participation in the year under review was exceptionally high. The focus was on climate protection and sustainability.

4 x **1st** places

The four winners in 2022:

- Freudenberg Service
- Freudenberg Performance Materials
- Freudenberg Sealing Technologies, Remagen
- Freudenberg Sealing Technologies, Weinheim

For the 17 finalists, the outcome came as a complete surprise. For the first time since the Freudenberg-wide “We all take care” initiative was launched in 2002, the jury selected four joint first places in the “We all take care” Award. In doing so, the jury demonstrated the great significance of the initiative for the Group.

Among the four winners were Freudenberg Service, who made a key contribution to combating the pandemic with its vaccination center at Weinheim Industrial Park, and Freudenberg Performance Materials in Nantong, who found a way to significantly reduce its energy consumption with the aid of intelligent compressed air control. Freudenberg Sealing Technologies took home two trophies: after the devastating floods in the Ahr valley, the Freudenberg Sealing Technologies team from Remagen was commended for its efforts in assisting colleagues and the neighboring communities in the disaster area. Freudenberg Sealing Technology in Weinheim used digital methods to

analyze motion sequences ergonomically to improve workplace design.

In addition, two further Business Groups each received a special prize: as a first-time contributor to “We all take care”, Japan Vilene Company submitted a project for the prevention of cutting injuries. The jury also praised Vibracoustic’s Turkish site in Bursa for its submission of numerous project ideas over the last years. This year, the site came up with an idea on how to prevent workplace accidents involving industrial robots, and also launched a social relief project.



Safer, healthier, more environmentally friendly: that is what the “We all take care” Award stands for.

Sustainability

Fully focused on climate neutrality

Freudenberg's understanding of sustainability is very focused: sustainability is about resource efficiency, particularly with regard to energy and materials, in order to reduce CO₂ emissions.

Freudenberg's definition of sustainability is consistent with the UN's Brundtland definition. The company would like to help keep our planet livable far into the future. That means producing as little waste and emissions as possible and minimizing the use of water, energy and materials.

One thing has emerged from the energy crisis: Freudenberg is on the right track. Reducing energy consumption, alongside the purchase and self-generation of green electricity, is making our company less dependent on energy prices as well as increasing climate protection.

The Group's commitment to climate protection also makes good business sense. Demand for sustainable products is rising. That takes 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.

Developments on the energy market are another reason why minimizing our own energy consumption pays off. Energy supplies, in Europe in particular, are being disrupted – all the more so since Russia invaded Ukraine in February 2022. Global supply lines have been realigned; Russia's role as a key global energy supplier has altered significantly. This geopolitical shift occurred at the same time as the transformation to renewable energy continued, placing entirely new demands on electricity suppliers' infrastructure. All in all, there was chaos – albeit temporary – and great uncertainty on the energy market. The result was very volatile, soaring energy prices.



The purchase and self-generation of green electricity are part of Freudenberg's multistep strategy.

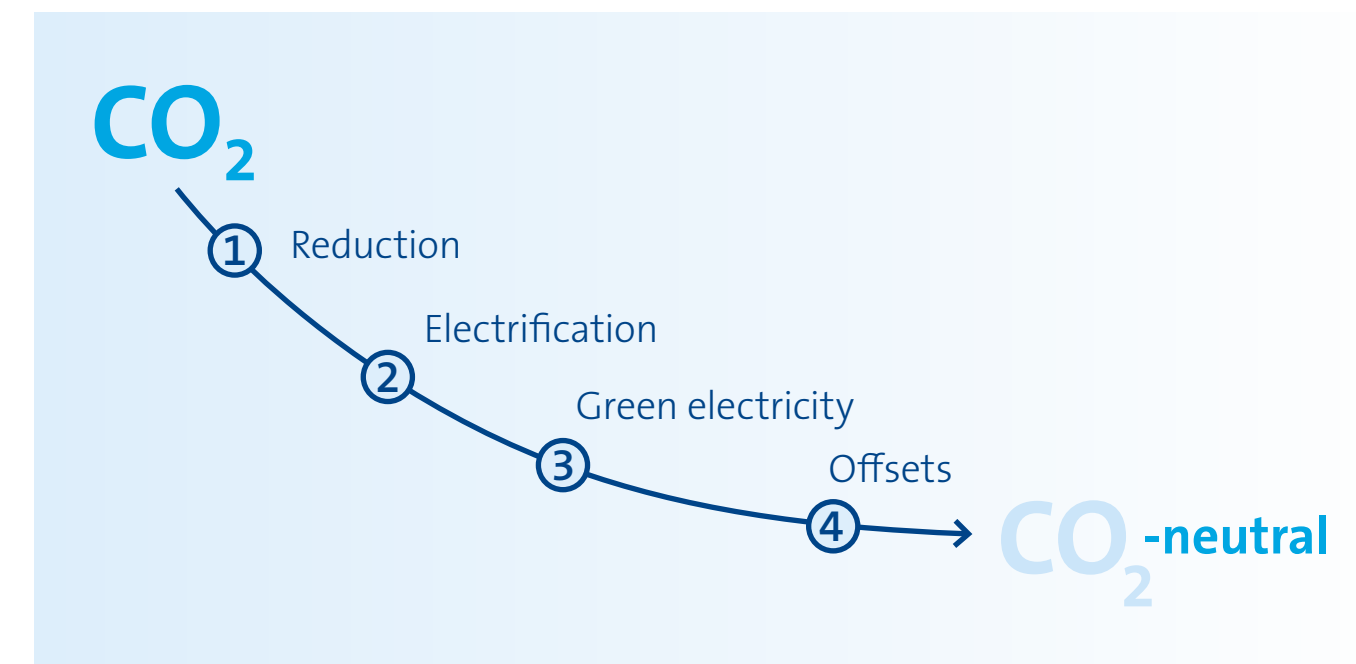
Climate change is one of the greatest challenges of our time. That is why sustainability has top priority at Freudenberg and the company has set itself clear goals:

Freudenberg has set its course for climate-neutral manufacturing. The first milestone is to reduce relative CO₂ emissions, measured per million euros of sales, by 25 percent over the period from 2020 to 2025. Freudenberg aspires 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. Some of these steps are being implemented simultaneously.

Relative CO₂ emissions are to be reduced by 25 percent by 2025.

4 steps to CO₂ neutrality



The four steps to CO₂ neutrality apply for all Freudenberg companies. However, the baselines vary from Business Group to Business Group – in some cases quite significantly – depending, for example, on how much energy is needed for their production processes. The technological hurdles that must be overcome, such as those in research and development, are just as varied. That is why some Freudenberg companies will

achieve climate-neutral manufacturing sooner than others. What is important is the verifiable measurement and documentation of our progress so that every company can contribute to our common goal of becoming a climate-neutral company by 2045.

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



Decreasing energy consumption at every site

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 energy conservation, 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 use. Efforts in 2022 concentrated in particular on compressed air, heat recovery and cooling/refrigeration: energy monitoring also helps to save energy through organizational measures. As part of the “Bee” initiative, 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.

Renewable energy is one of the most important pillars for greater climate protection and meeting Freudenberg’s goals for climate neutrality. In addition to purchasing power supplies, the self-generation of green electricity is an important component, and is becoming increasingly relevant. Electricity is mainly generated by rooftop photovoltaic arrays. In 2022, these systems were commissioned at various sites, for example in China and Holland.

Freudenberg is considered to be an especially reliable partner, and was therefore again able to conclude long-term supply contracts for green electricity with energy suppliers in 2022. Under what are known as “power purchase agreements,” the electricity is delivered at a fixed price over a ten-year period. These agreements are a cornerstone of Freudenberg’s efforts to achieve its climate goals, and they make a major contribution to renewable energy’s steady growth.

At the end of 2022, the Freudenberg sites in Denmark, Sweden and Austria operated entirely on green electricity. Germany, Italy and Spain will follow in 2023.



Freudenberg develops environmentally-friendly key technologies and solutions for hydrogen applications.

Freudenberg plays a major role in shaping the development of emission-free mobility

The focus of Freudenberg’s research and development departments is on future-oriented, sustainable innovations.

Freudenberg is investing heavily in the mobility of the future. In batteries, hydrogen and fuel cell technology, as well as the development of high-tech components for electric vehicles.

Products from the Freudenberg Group drive issues for the future such as the energy transformation, or support the advance of electromobility. Freudenberg develops environmentally-friendly key technologies and solutions for hydrogen applications, for example, or designs a hybrid battery-fuel cell powertrain for trucks and long-distance buses. A new Business Group – Freudenberg e-Power Systems – was founded in 2022, highlighting the significance of battery and fuel cell technology for the Freudenberg Group. Freudenberg e-Power Systems is one of the leading suppliers of emission-neutral energy systems for heavy-duty applications. The company offers customized, hybrid solutions for sustainable and efficient electromobility.

A further example of Freudenberg’s strategy to invest in electromobility applications is the acquisition of the remaining stake in XALT Energy, LLC, Wilmington, Delaware, USA. XALT Energy produces lithium-ion battery cells, its subsidiary Freudenberg Battery Power Systems develops and produces complete battery systems.

Freudenberg wishes to reduce its relative CO₂ emissions, measured per million euros of sales, by 25 percent by 2025. Freudenberg aspires to be a climate-neutral company by 2045 at the latest. Both goals are referred to Scope 1 and Scope 2.

Group-wide
Key Performance Indicators
on Sustainability

Figures for 2022 show a very positive trend. Freudenberg is progressing faster than planned on reducing CO₂ emissions.

The three most important areas of activity for all Business Groups are **energy efficiency, CO₂ emissions and waste**. The company has introduced eight key performance indicators throughout the Group that create transparency with regard to improvements in these areas and help to drive sustainability at Freudenberg. Freudenberg introduced a new sustainability reporting system at all sites in 2022. With this tool, energy consumption and CO₂ emissions as well as the amount of waste generated can be documented in a verifiable manner.

Energy use

936 (direct, GWh) 1,647 (indirect, GWh)

2,583 (total, GWh)

These metrics show energy consumption from self-generated and purchased energy in 2022.

30% (renewable energy as a proportion of total energy consumption)

0.22 (energy efficiency, kWh/euro sales)

CO₂ emissions

These metrics quantify the Freudenberg Group's global CO₂ emissions in 2022 (market-based) from self-generated and purchased energy.

649 (total, 1,000 t)

55.2 (t/million euros sales)

Waste

12.2 (t/million euro sales)

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 sales to about 55 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 sales.

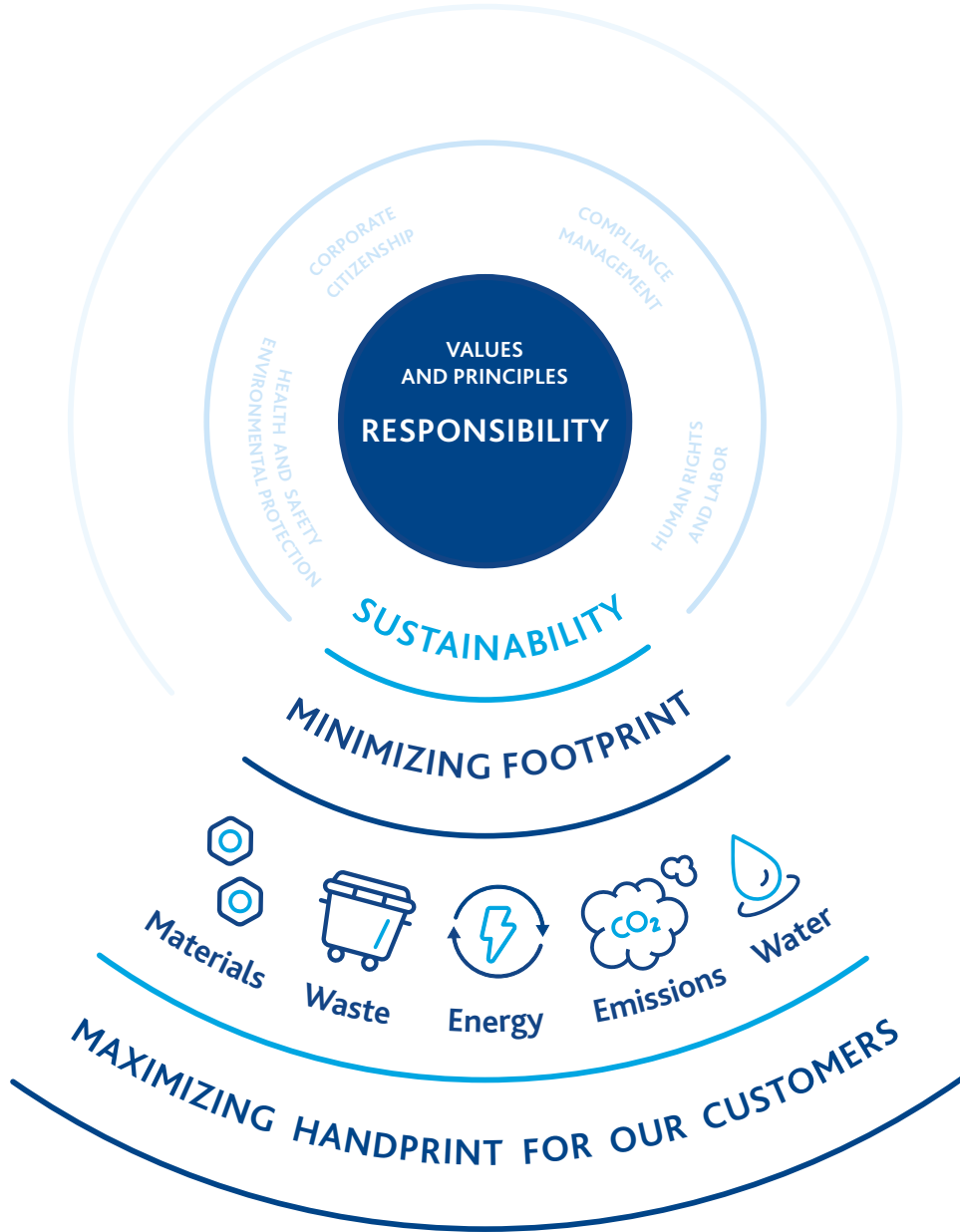
Sustainability has two dimensions for the Freudenberg Group. First, the way the company shapes its own processes and uses its systems to reduce resource consumption (footprint). Second, Freudenberg offers numerous products and solutions that enable customers to manufacture more efficiently and sustainably 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 can be found on **pages 96 to 103**.

The five subject areas – **materials, waste, energy, emissions and water** – have the greatest relevance for the Freudenberg Group as a whole.



				
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

Energy experts evaluate Japan Vilene Company sites

The first analysis – a virtual one carried out at a distance of 12,000 kilometers – took place at the height of the Corona pandemic in 2021. A second, very detailed evaluation was then conducted in Japan in fall 2022 when the energy efficiency team from Freudenberg Service in Weinheim visited the Shiga and Tokyo facilities of Japan Vilene Company.

As part of the “Bee - Be energy efficient” initiative, a key component of the “Sustainability drives Climate Action” project, the team identifies energy efficiency and CO₂ savings potential at Freudenberg sites. The team uses either the online “Bee Basic Analysis” or an on-site “Bee Advanced Analysis.”

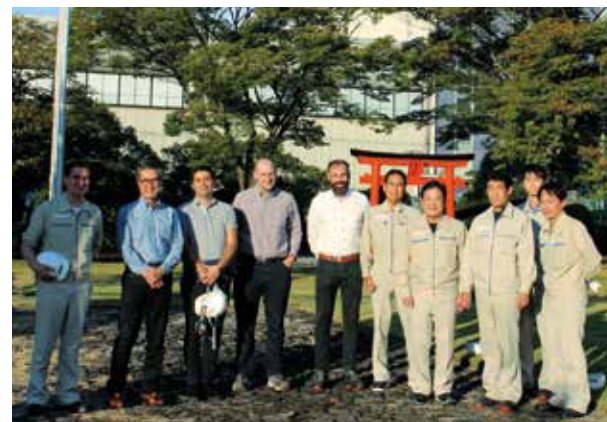
The Japan Vilene Company sites in Shiga and Tokyo opted to participate in both analyses. The virtual basic analysis in 2021 identified initial savings potential as well as low-investment measures that could be quickly implemented.

In fall 2022, the energy efficiency team then traveled to Japan for several days to conduct a “Bee Advanced Analysis” and assess the production processes and supporting systems. The aim was to evaluate the maximum energy efficiency level of the two sites – based on state-of-the-art technology. Concrete site-specific suggestions for improvement were then made, particularly in the areas of “compressed air,” “heat recovery,” and “cooling/refrigeration.”

Since the management of Japan Vilene Company attached considerable importance to the topic and

many employees from various disciplines participated in the workshops and investigations with Freudenberg Service colleagues – from production to maintenance and operational excellence – the analysis in Japan was very successful. It led to an intensive exchange that brought together the best of both worlds: the in-depth energy expertise of the Freudenberg Service team on the one hand and a profound understanding of processes by Japan Vilene Company employees on the other.

In cooperation with its local energy suppliers and energy consultants, who were also present during the analysis, Japan Vilene Company is now implementing the optimization proposals that were identified. As a result, energy consumption at the sites will be considerably reduced and CO₂ emissions significantly lowered.



When process understanding meets energy expertise: Japan Vilene Company employees worked with the energy team from Freudenberg Service to identify savings potential.

After the sun comes the wind

The purchase of green electricity, i.e. electricity from renewable sources such as wind, solar and hydro power, plays an important role for Freudenberg in achieving its climate neutrality goals. Freudenberg is regarded as a particularly reliable partner, which enables the company to conclude long-term supply contracts for green electricity with energy suppliers. Known as “power purchase agreements”, or PPAs for short, these are long-term bilateral agreements between energy suppliers and purchasers on the basis of which investments are made for the expansion of renewable energy. This type of contract not only actively drives climate protection, but can also be financially rewarding. The special feature is that the electricity is delivered at a fixed price over the regular contract term of ten years, thus offering greater planning security.

While Freudenberg has so far concentrated on PPAs for the supply of solar power, the focus in 2022 was primarily on the purchase of electricity from wind power. The idea behind this is that solar and wind complement each other over the course of the year and together form the foundation for future power supply. In order to manage the renewable energies portfolio along these lines, Freudenberg concluded an agreement in 2022 under which the company will participate in the electricity generated by “Nordsee Ost” offshore wind farm from 2025 onwards.

The wind farm is located off the island of Helgoland, covers an area of 24 square kilometers and has been fully operational since 2015. Its 48 wind turbines generate enough climate-friendly electricity to supply around 320,000 households. This makes Nordsee Ost one of the largest commercial wind power projects off the German coast.



Sun and wind – a good combination. Freudenberg favors both solar and wind power.





The array consists of roughly 38,000 individual solar panels – making it one of Freudenberg's largest.

Green electricity self-generation

At Freudenberg, when it comes to goals for tackling climate change and achieving CO₂ neutrality, renewable energy is a key driver. Along with the purchase of green electricity, self-generation is an important aspect that is becoming increasingly relevant. One example is the Freudenberg Filtration Technologies site in Shunde, China, where a photovoltaic array was commissioned in fall 2022.

At over 9,500 square meters, the array is one of the largest in the Freudenberg Group. Its generating capability will be of the order of 2 million kilowatt hours, thus saving more than 1,500 tonnes of CO₂ emissions. The array can meet up to 20 percent of the site's electricity demand, and is Freudenberg Filtration Technologies' largest as well as one of the Freudenberg Group's largest in the world.

Planning for the array started in November 2021, and the project was officially launched four months later. Installation work began in early June 2022. Despite the restrictions imposed due to the COVID-19 pandemic as well as typhoons and extreme temperatures in the summer months, the array was commissioned in fall 2022. One of the biggest challenges was to meet all the operational requirements in terms of safety and reliability. Together with the insurance and construction companies, a great deal of work went into designing the construction and selecting the right materials.

Employees at the Shunde facility are proud to be contributing to greater sustainability at Freudenberg thanks to self-generated green electricity – in combination with energy efficiency measures.



Freudenberg and ZF Friedrichshafen are jointly developing a hybrid fuel cell/battery drive system.

Clean drive systems use hydrogen instead of diesel

The transport industry is under intense pressure to meet binding targets for climate protection. Vehicle manufacturers and suppliers are pulling out all the stops to develop numerous innovative concepts for CO₂ emission-free road freight traffic.

The Freudenberg Group plays a key role in shaping the development of sustainable mobility. One example is the cooperation between the Freudenberg e-Power Systems Business Group and the global technology company ZF Friedrichshafen. The goal of this cooperation is to develop a hybrid fuel cell/battery drive system and the components that are critical for its functioning. In a first step, work focuses on developing these emission-free fuel cells to replace diesel drives in trucks and buses as well as for maritime

applications. The first prototype vehicles are expected to hit the road by 2023, with series production scheduled to start shortly thereafter.

This project is founded on Freudenberg's foresight approach. Group employees have been working on fuel cell technology for some 30 years and have built up expertise and a depth of value creation that is unique in the industry. Freudenberg manufactures essential fuel cell components such as gas diffusion layers, sealing materials and humidifiers. This has generated a complete technological understanding – from raw materials through to finished systems – and enables Freudenberg to design fuel cells for a long service life and the highest possible system efficiency.



More sustainability in the innovation process

Circular economy – a term that is becoming ever more popular all over the world in view of dwindling resources. The principle: the more raw materials that are fed back into the economic cycle after use, the more efficient and sustainable that cycle will be.

Researchers at Freudenberg Home and Cleaning Solutions teamed up with experts from a sustainability consultancy firm to develop a unique approach to align the future product portfolio more closely to circularity. This approach centers on the DESIGNED-4-CIRCULARITY tool. It helps product developers to systematically evaluate products for

circularity on the basis of scientific principles. The evaluation algorithm functions on a sophisticated points system. A product is only classed as circular if it is awarded a minimum number of points in a circularity ranking.

Because technologies always evolve over time, experts at Freudenberg Home and Cleaning Solutions regularly review the tool to stay current and continuously develop it further. DESIGNED-FOR-CIRCULARITY has been an integral part of the Business Group's innovation process since spring 2022 and has already tested over sixty products.



Freudenberg Home and Cleaning Solutions is committed to the circular economy – the Business Group uses PET granulate from recycled materials (photo) as well as tools to evaluate product circularity.

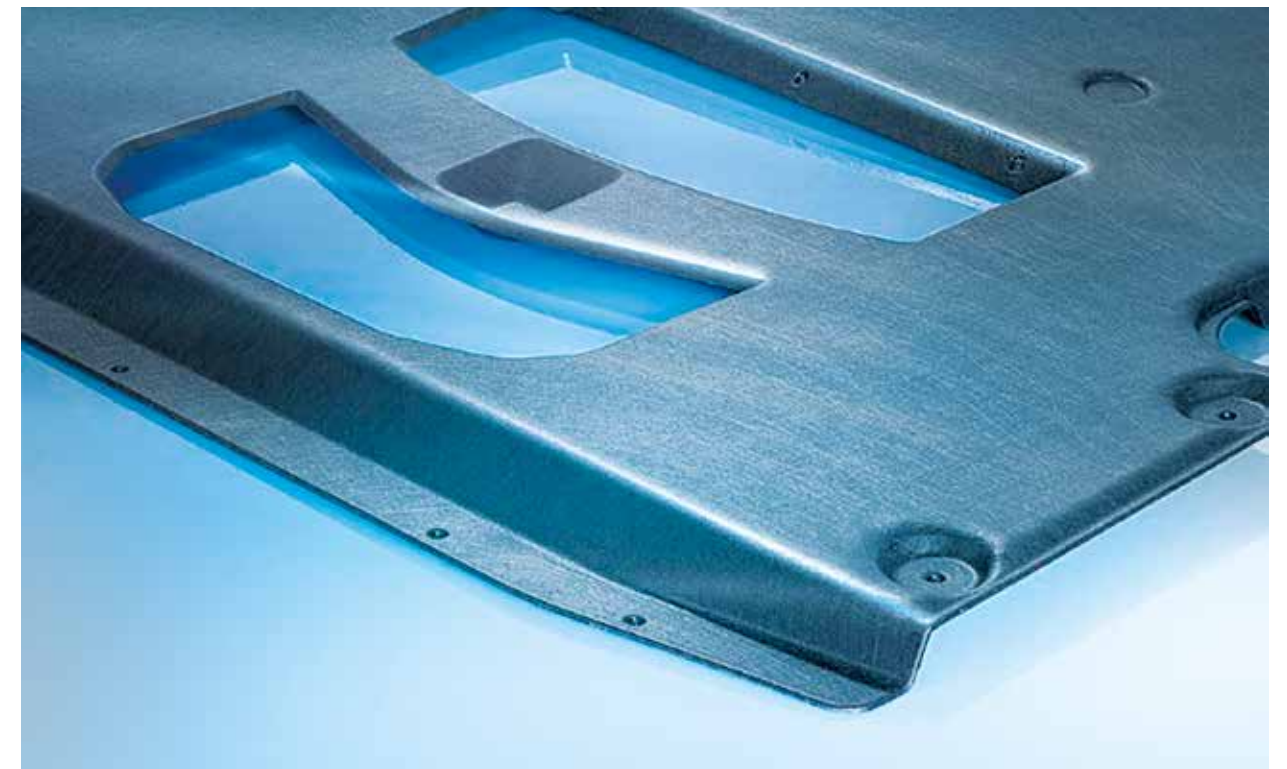
Circular economy in the automotive industry: Sustainable innovation: underbody shield for automobiles

Cars are made up of about 30,000 components on average. This figure alone highlights just how complex and challenging circularity in the automotive industry is. The underbody shield from the Freudenberg Performance Materials Business Group is a sustainable innovation that protects cars from the many effects of the environment. The combination of staple fiber and spunbond nonwovens provides greater stiffness than competing products made of pure staple fibers, excellent acoustic absorption and greater water repellency through what is known as the lotus effect.

Freudenberg's underbody shield also has a low weight: it is up to 25 percent lighter than conventional underbody panels – that reduces vehicle

weight and thus saves energy and lowers CO₂ emissions during service life.

Furthermore, the entire process it is designed for sustainability – all the way from production to the end of service life. The staple fiber is already up to 50 percent recycled when it is made into underbody panels. The aim is to increase the content of recycled staple fiber further. In the future, 100 percent of the waste generated in production at Freudenberg Performance Materials and at customers is to be recycled. And if suitable conditions are established at the automotive manufacturers, it would even be possible to take back the underbody shield after end of life, i.e. after about 15 years of use in the vehicle, recycle it and use it for new applications.



Freudenberg automotive underbody shields promote sustainable mobility.



Seals for the world's largest seawater desalination plant

Just a few kilometers south of Tel Aviv, something big is happening. With a total investment of almost half a billion euros, the world's largest seawater desalination plant, "Sorek II", is under construction there. Once built, the plant will desalinate an annual 100 billion liters of water and convert it into potable and industrial process water for over 1.5 million people, thus meeting 20 percent of Israel's water needs.

EagleBurgmann, a Freudenberg and EKK Group company, is supporting the project with sustainable sealing solutions, or – to be more specific – state-

of-the-art mechanical seals specially developed for extremely high pressures in water applications. Not only do they allow for a reliable and smooth operation but, thanks to their durability, they also help make the desalination plant more sustainable.

A reverse osmosis process is used to purify the water. This physical process to remove substances dissolved in liquids uses pressure to reverse the natural osmosis process. The new plant will be the largest and most advanced desalination plant in the world. And when it comes to saving energy and preventing pollution, it is a true game-changer.



EagleBurgmann is supplying seals for the world's largest seawater desalination plant.

Air springs increase the range of electric vehicles

Electromobility is here to stay. The electrification of the drive train, no matter if fully or partly electric, also affects the comfort and ride experience of the passengers. Freudenberg's Vibracoustic Business Group develops new technologies to ensure comfortable, sustainable and safe travel in light and commercial battery electric vehicles. The Vibracoustic portfolio of innovative NVH (noise, vibration, harshness) solutions covers a raft of products; the Business Group's air springs are one concrete example offering several advantages for electric vehicles.

Air springs not only increase driving comfort, but they also allow the lowering of the car at high speeds to

improve the aerodynamics and thus further improve energy efficiency by increasing the vehicle's range.

Furthermore, air springs can optimize the airflow under the car for better passive battery cooling in electric vehicles. Unlike traditional springs, air springs have very flexible leveling adjustment capabilities – a further advantage. They protect the batteries in bad road conditions and always secure a minimum ground clearance. Furthermore, switchable air springs can provide different degrees of stiffness, allowing quick transition between a firm suspension for safe driving behavior, and a more comfortable setup for long road trips.



HANDprint

FOOTprint

Saving energy in industry with Viledon

Companies aiming to reduce their energy consumption – and therefore their energy costs – need to look at the operation of their fans and HVAC systems. They account for a significant share of industrial energy consumption.

Filtration solutions from the Freudenberg Group can help to lower the energy costs of such systems by up to 30 percent. Numerous companies from various sectors of industry have already opted for energy-efficient filter solutions from Freudenberg and are now enjoying the benefits – from hospitals to airports and pharmaceutical firms.

Viledon air filters from Freudenberg combined with controlled fans guarantee the optimum energy-effi-

cient operation of HVAC systems and the necessary filter efficiency for good indoor air quality. Their high dust-loading capacity and low pressure drop make it possible to realize energy savings in industry.

In addition to energy-efficient filters, Freudenberg's Viledon filterCair Service offers energetic system inspections: Freudenberg's service technicians carry out customized analyses and services. Almost any ventilation system can be optimized in this way. The benefits are twofold: energy consumption is cut and CO₂ emissions are reduced.



HANDprint

FOOTprint



HANDprint

FOOTprint

Human Rights
and Labor

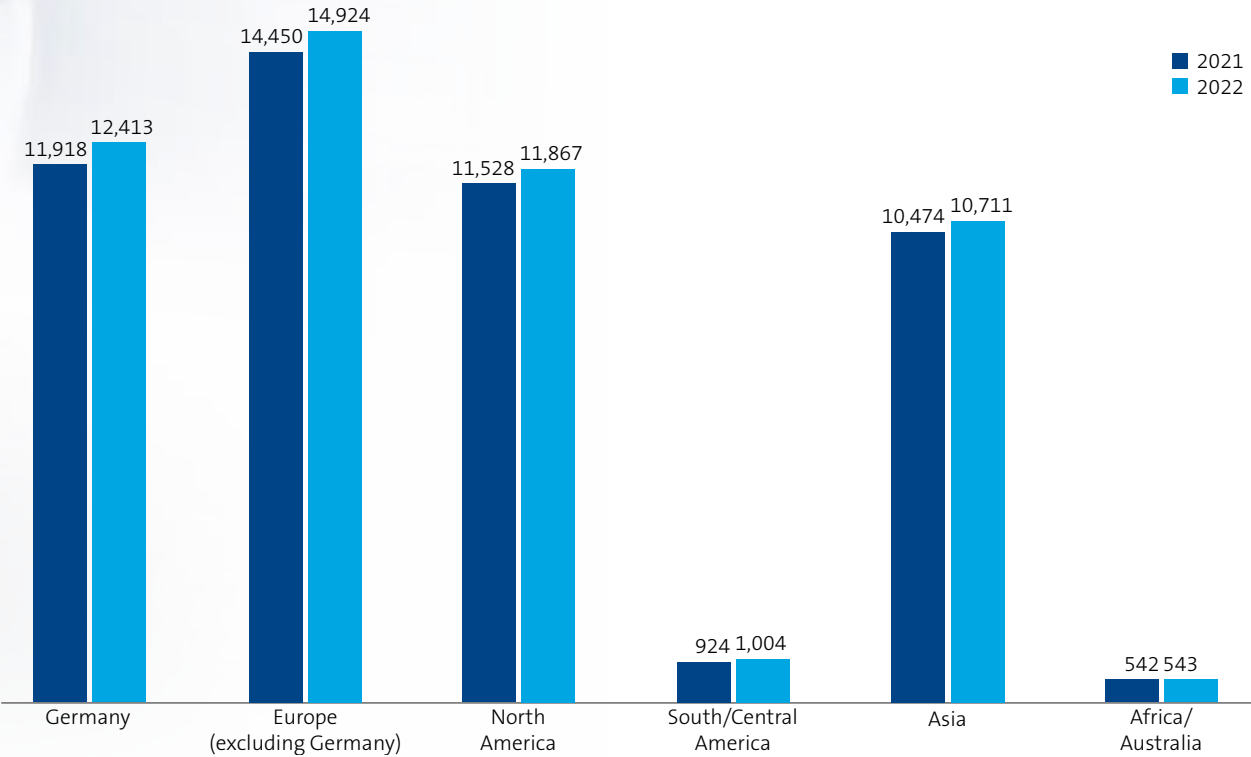
Together
we are strong

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.

51,462

staff were employed by Freudenberg as of December 31, 2022 (previous year: 49,836 employees).

Freudenberg Group employees by region



In Germany, the employee headcount was 12,413 (previous year: 11,918), in Europe (excluding Germany) the number was 14,924 (previous year: 14,450), in North America 11,867 (previous year: 11,528), in Asia 10,711 (previous year: 10,474), in Africa/Australia 543 (previous year: 542) and in South America/Central America 1,004 (previous year: 924).

Strengthening the employer brand

The employer brand made further progress in the year under review. Addressing target groups individually, and inspiring and attracting talent continues to be Freudenberg’s goal. 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 and in-house events as well as LinkedIn campaigns proved to be successful measures. These measures focused on offerings tailored to the regions.

Attractiveness

Freudenberg provides numerous benefits that are constantly being expanded to become, and remain, attractive for existing employees and new hires alike. The benefits tend to 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 at 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, especially during the COVID-19 pandemic. 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 programs.

Freudenberg is repeatedly recognized with awards that confirm the Group is an attractive employer. In 2022, for example, Freudenberg-NOK Sealing Technologies in Detroit, USA, was honored for the fifth time in a row by the “Detroit Free Press” newspaper

as a “Top Place to Work”. In Spain, Freudenberg Sealing Technologies was rated “Best Place to Work”.

In order to remain an attractive employer in future, Freudenberg is exploring the working worlds of the future from various perspectives under a wide-ranging project. The project topics include future collaboration within the company, flexibilization of work and workplace design of the future. The project also addresses what is expected of Freudenberg management regarding remote leadership and communication.

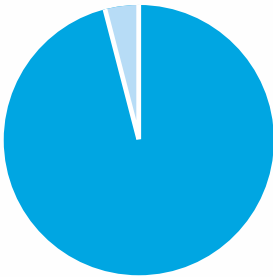
Talent management

The goal of the talent management process is holistic and professional personnel development as well as the successful identification and advancement of high potentials. Under the process, employees are given balanced and calibrated feedback from their superiors, who also discuss 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 2022. Regional and functional talent conferences in particular 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.

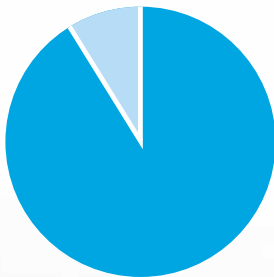
As a result of the recruiting module implemented under Workday, Freudenberg’s global employee information system, employees can keep up-to-date on open positions and apply for vacant posts, thus taking a proactive part in their own development. Furthermore, supervisors receive regular training on how to conduct high-quality feedback discussions with their employees, thus supporting employees’ personal and professional development.



Employment ratios
(as at December 31, 2022)



4% | 96%
Part-time | Full-time



9% | 91%
Fixed term | Open-end

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



Labor shortage, fluctuation and recruiting

One of the greatest challenges for Freudenberg in 2022 was filling vacant posts in both direct and indirect areas. The labor market is clearly shifting from an employer to an employee market, above all in North America, but the shift is also becoming increasingly obvious in other regions as well. When coupled with higher fluctuation, this means that at times, vacant positions cannot be filled. The shortage of manpower results in extra work for the remaining employees, and that in turn drives fluctuation higher.

In 2021, some 8 percent of the workforce left Freudenberg at their own request: the fluctuation rate went up to 10 percent in 2022. There were regional differences, with higher numbers in North America and lower figures in Germany. Fluctuation among production employees was greater than fluctuation in what are termed “indirect” areas. Where fluctuation rates are high, Freudenberg takes specific steps at local and regional level to remedy the causes and retain the workforce.

In all, Freudenberg was able to recruit 7,800 new employees in 2022. Recruiting activities focused on Europe as well as North America, China and India. Well over a year after the launch of the new electronic recruiting platform, the number of candidates has risen sharply. The Freudenberg Group received over 100,000 applications in the year under review.

Diversity and inclusion

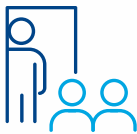
Diversity is anchored in the Group’s Values and Principles and also clearly positioned within the brand. Freudenberg is convinced that teams made up of people of various ages and genders and with diverse cultural backgrounds are more successful. In 2022, people from 146 nations (previous year: 136) worked together at Freudenberg. The “Diversity and Inclusion Community” was established to strengthen activities in an inclusive work environment still further.

The 30 community members developed measures in five different areas, such as inclusion culture at Freudenberg. The goal of the various initiatives is to create a work environment in which every employee feels valued, respected and heard.

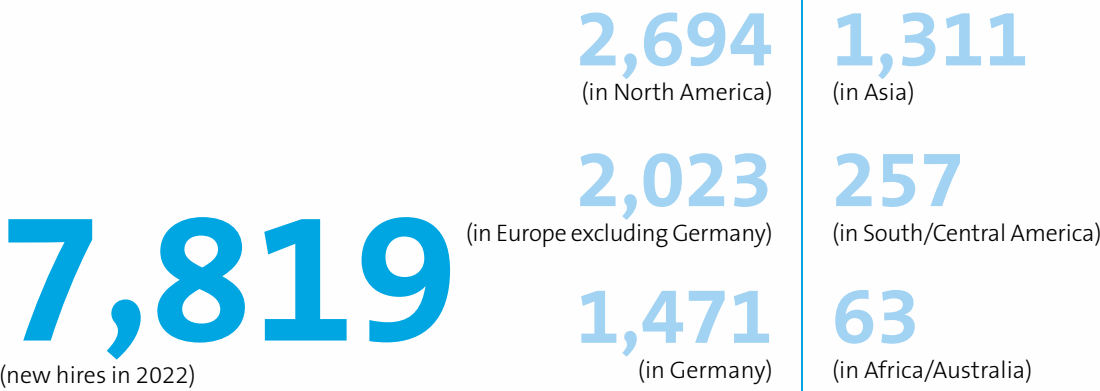
One particular focus for Freudenberg is balanced gender distribution, where special attention is paid to the hiring process, the early identification of female talent, the targeted career promotion of women into top leadership positions, and the targeted networking of women within the company. The share of female senior managers in the year under review was approx. 22 percent.

The Group defined several racial diversity measures in the USA in 2021 and these were implemented in 2022. One such measure was support from Freudenberg for various institutions and programs that are especially devoted to the advancement of minorities.

Freudenberg does not exclusively think of diversity in terms of gender, age or religion, but also plans to place a greater emphasis on geographic diversity going forward. Many of the company’s experts and managers are located in Europe, particularly Germany. In the medium term, there will be an even stronger effort to establish good local and regional leadership, both in production and administration. The goal is to balance know-how and expert knowledge across all regions. Project “Balance” was launched with this in mind in 2021. Its goal is to create a framework for strengthening local talent and succession planning for senior management positions in Asia and North America. Concrete measures for the USA and China were drawn up in 2022.



New hires



Diversity

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



Personnel development

In total, some 500 managers again participated in the various leadership development programs organized by Freudenberg in 2022.

Some training measures, in particular the leadership development programs, were again organized as in-person events as the pandemic measures were gradually eased.

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.

Training at Freudenberg

In 2022, 123 persons (previous year: 91) began training at Freudenberg companies in Germany. A total of 351 persons in Germany and 433 persons worldwide were enrolled in a training program as of December 31, 2022. 93 new vocational trainees began their training at Freudenberg in Weinheim in 2022, of which 49 came from Freudenberg and 44 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 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” donation-funded project, refugees have been offered a technical internship with the prospect of starting vocational training at Freudenberg. So far, a total of 59 refugees have taken up this offer, and 36 have subsequently begun their training at Freudenberg. All of the 19 trainees who have already graduated have found jobs – eleven of them with Freudenberg and eight with outside companies. Six refugees from the preparatory internship joined the scheme in 2021/22, and Freudenberg enabled them to take part in vocational training to become machine and plant operators.



Management development

500

(Participants in programs from all regions)



Training

433

(Trainees at Freudenberg worldwide as at December 31, 2022)

351

(Trainees at Freudenberg in Germany as of December 31, 2022)



Health, Safety and Environmental Protection

Focus on people and 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 committed 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 maintain the number of accidents at a low level relative to industry benchmarks. Existing measures are reinforced and enhanced with innovative approaches to ensure continuous improvement. Success in occupational safety serves as a benchmark for other areas 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. Aside from various occupational safety and fire prevention training programs, measures in 2022 also focused on aspects of sustainability, such as saving energy and avoiding waste, as well as on the positive benefits of ergonomic factors for a healthy working environment – including remote working. Furthermore, communication played a role in the context of practical emergency and crisis management training.

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 remedial measures implemented.



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 2022 financial year.

Many sites have introduced energy management systems in accordance with DIN EN ISO 50001 or 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 12.2 percent (previous year: 10.1 percent). A new category of sustainability-related investment was introduced in 2021. Here, the main focus is on the reduction of energy consumption and carbon dioxide emissions. In 2022, 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. Many sites conduct analyses to identify energy-saving potential and implement the findings.

Freudenberg strives to make its activities as environmentally compatible as possible. One example of these endeavors is a project at the Freudenberg Home and Cleaning Solutions site in Salo, Finland. All waste generated at the site is fully recycled.

One example of Freudenberg's endeavors in the field of environmental protection is a project at the Freudenberg Home and Cleaning Solutions site in Salo, Finland. All waste generated at the site is fully recycled. This goal has been achieved in various ways, for example through process optimization measures such as reducing scrap. Furthermore, used mops are collected from end users, recycled and returned to the production cycle.

Another example from the year under review comes from SurTec Germany, where waste water was reduced by up to 20 percent through process optimization and intelligent process combination.



SurTec Germany was able to reduce waste water by up to 20 percent through intelligent process combination.

Events

In 2022, the Freudenberg Group recorded 55 (previous year: 46) environmental and crisis management events.

There was a major fire at the Freudenberg Performance Materials site in Suzhou, China, in March, and another one at the Freudenberg Sealing Technologies site in Kufstein, Austria, in December. There were also minor fires at various sites, and operations were interrupted on several occasions as a result of power outages or process-related shutdowns. No employees were injured in any of these events. There were also various environmental events involving substance release, none of which resulted in environmental damage.

There was a string of natural disasters in 2022. A severe tornado wreaked extensive damage to buildings and materials at the Japan Vilene Company site in Paderborn, Germany, and operations were interrupted. The Freudenberg Sealing Technologies site in Hamburg, Germany, also suffered storm damage. There were two incidents of heavy rainfall in Weinheim and at the Freudenberg Performance Materials site in Hückelhoven, during which water penetrated buildings. Operations at Hückelhoven were interrupted as a result. There were site closures in Australia due to flooding.

Resource consumption

Freudenberg used 2,583 gigawatt hours of energy in 2022 (previous year: 2,600 gigawatt hours). Consumption breakdown by energy sources is as follows:

- Energy purchased from external sources (electricity, steam and district heat; 1,647 gigawatt hours)
- Gas (859 gigawatt hours)
- Heating oil (14 gigawatt hours)
- Self-generated renewable energy (3 gigawatt hours)

The 2,583 gigawatt hours incurred costs totaling some 284 million euros. Energy costs accounted for 2.4 percent of total sales (previous year: 2.6 percent).

Contaminated sites

Provisions for contaminated sites were some 3.5 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 ground-water 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

The impact of the COVID-19 pandemic and the associated restrictions lost much of their intensity in 2022. Nevertheless, issues such as hygiene concepts, dealing with cases of infection, the comprehensive Corona vaccination program or the continued wide-scale use of remote working were still of relevance.

All over the world, there has been an increase in the number of mental health problems as a result of the pandemic. Freudenberg employees are unfortunately among those affected. That is why a comprehensive mental health initiative was launched at several sites in 2022, addressing topics such as how to deal with stressful situations or illness. In Weinheim, for example, numerous employees benefited from the support offered by presentations, workshops and consultations organized in cooperation with an industrial psychologist.

Once again, a large number of excellent projects focusing on the needs of employees were submitted in 2022 under the Freudenberg-wide “We all take care” initiative. Team solidarity was the subject of some of these projects aimed at strengthening psychosocial factors such as how to manage an increased workload or communication between colleagues through team interaction.

The winning project in Group 1 “Occupational Health Management” was an entry from Freudenberg Sealing Technologies in Weinheim. The “BIONIC@Components” project took an innovative approach to ergonomics. Body sensors were used to record movements while performing tasks and these motion sequences were then digitized and transferred to an avatar. The data can be used to assess occupational safety and identify stress patterns or for training or redesigning workplaces.



Occupational health and safety have top priority at Freudenberg

Occupational safety

Freudenberg’s internal reporting uses the LDIFR (Lost Day Incident Frequency Rate). The metric serves as a non-financial key performance indicator for the Freudenberg Group. All workplace accidents with at least one day of work lost per million hours are measured. In 2022, the LDIFR climbed to 1.8 (previous year: 1.3). This corresponds to a global figure of 186 accidents at work (previous year: 133).

There were five serious accidents in 2022. In three cases, employees suffered permanent damage to fingers or hands. In two cases, the injured employees were hospitalized for more than seven days, but did not suffer 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 such as that submitted by first-time contributor Japan Vilene Company for the prevention of cut-

ting injuries. The “We all take care” jury also praised Vibracoustic’s Turkish site in Bursa for its submission of numerous project ideas over the last years. In 2022, the site came up with an idea on how to prevent work accidents involving industrial robots.

The internal Safety Boost initiative continued in 2022 with the focus on different issues. Attention centered on work instructions and hidden routines as well as hazard assessment of critical tasks. Critical-event communication was intensified. Unsafe situations, workplace accidents, environmental incidents and high-risk fires are investigated and reported Freudenberg-wide.

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

Helping

where help is needed

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.

Global program for education and environmental protection

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 supports projects on the basis of a catalog of defined criteria and complements existing individual initiatives. In 2021, Freudenberg decided to provide e² with a further four million euros in funds, bringing total funding to 18 million euros.

Examples of e² projects

So far, the e² initiative has supported some 170 projects worldwide. They all show that commitment can make a difference. Here are some examples:

Help for orphans in Vietnam

Many children in Vietnam suffer from the effects of harsh social and economic conditions. Abandoned by family members or orphaned, they are often left to fend for themselves. The SOS Children's Villages in Vietnam take care of such children. In 2022, Klüber Lubrication employees in Vietnam supported the work of the SOS Children's Villages in Ben Tre and Da Lat, southern Vietnam. The program included joint activities such as gardening, self-defense training and the teaching of life skills.

Cooperation with an elementary school in the USA

Children need a good education and the feeling that someone believes in them. Thanks to financial support from e² and the personal commitment of EagleBurgmann employees, the children at Kirk Elementary School in Houston, Texas, now have both, giving them much better chances for the future. This is the 150th project supported by e².

Bird-proof glass in the Czech Republic and Slovakia

Glass facades and windows pose a major threat to birds. They do not recognize the glass as an obstacle and often die from the impact. Teams from Freudenberg Home and Cleaning Solutions in the Czech Republic and Slovakia are helping to prevent such bird strikes. Together with their project partners, they stick small stickers on the glass facades of houses and bus stops. In addition, the employees visit schools and inform children and young people about the life of native birds.



Landmark project: The 150th e² project helps children from financially disadvantaged households to a good education.

Freudenberg's aim is to provide long-term support for projects in the two key areas of education and the environment. However, in exceptional situations the company takes a flexible approach to its funding rules, and also provides spontaneous assistance.

In response to the Corona pandemic, the company supported food banks worldwide and distributed face masks to protect people. In the year under review, Freudenberg also responded just as swiftly and decisively to Russia's invasion of Ukraine. The company donated €3 million as immediate humanitarian aid for those affected by the war in Ukraine. Further donations were forthcoming from employees and Partners. Many of them were also actively engaged in providing support.

After arranging for the immediate aid which was so important right at the start of the war, Freudenberg focused more heavily 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 of these is the Ukrainian Friends Foundation which builds container villages. 20 houses in the container village near Lviv were built with donations from Freudenberg. 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.



20 containers in the container village near Lviv were financed through donations from Freudenberg employees and Partners.

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

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, around 800 young people have had 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 2022 "Service Day" to plant trees, clean up parks and install water towers.

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 all its projects is the social, linguistic, educational and professional integration of children and young people.

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.

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.

Given the Freudenberg Group's global presence and its product and market diversity, anti-corruption and anti-trust legislation are seen as potential risk areas.

Freudenberg's ambition is to continuously improve its compliance organization, documentation and processes. A corporate function at the holding level coordinates 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 compliance standards, best practice exchange and the further development of compliance programs.

An updated version of the training program on various compliance issues was rolled out online in 2022. E-learning courses are available for many individual topics, giving employees from defined fields and areas of responsibility the opportunity to raise their awareness of specific compliance topics.

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.



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 has been communicated and explained to all employees across the globe. 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 attachment 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 is an appropriate instrument for all employees to become familiar with the Code’s contents. The tool makes it possible to monitor participation and success, and invites feedback from employees.

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 ex-

change with Business Group Compliance managers and on active collaboration with the Ethics Offices and their staff.

The Code of Conduct was revised in 2022 to adequately reflect changes in legislation and significant developments with regard to compliance standards. The new features refer in particular to more precise details governing essential issues in the fields of human rights and climate protection as well as taking into account new aspects such as matters concerning cooperation with business partners or prohibition of money laundering. It is planned to roll out an update of the e-learning tool to include these changes in 2023.

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. They 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 potential infringement of laws or 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 in 2022 also focused 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). To date, this Communication on Progress comprised 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 “Human Rights and Labor”.

The UN Global Compact has, however, changed the format of the Communication on Progress. Starting in 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 will be available during the course of 2023 from the UN Global Compact website at <https://www.unglobalcompact.org>.



The 2022 report on responsibility at Freudenberg is available online at <https://www.freudenberg.com/responsibilityreport>

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