

**Sustainability Report of
Harburg-Freudenberger
Maschinenbau GmbH
Site: Freudenberg**

Reporting period: 2020

engineering excellence
powered by
passion.

Contents

Statement from the Board of Management	3
Organisation Profile of Harburg-Freudenberger Maschinenbau GmbH	4
Labour Practices and Human Rights	7
Fair Business Practices	15
Environment and Climate	19
Sustainable Procurement	34

Statement from the Board of Management

Harburg-Freudenberger Maschinenbau GmbH [HF] can look back on more than 160 years of tradition in the construction of machines for the rubber processing industry.

We are reliable partners for our customers - as a service provider and contact partner as well as a supplier of high-quality and efficient machines and systems. You can always rely on our expertise: The group of companies is backed not only by the combined knowledge of many decades of experience in the industry, but also by the networked thinking and action of several companies - all of them technological pioneers in their specialist field. We are always on the lookout for new challenges and develop outstanding solutions for the benefit of our customers. For us, it is particularly important to be a company that acts sustainably and uses the earth's resources with care.

In this sustainability report, we would like to convey how we fulfil this corporate responsibility. We address this report to all stakeholders who have a relationship with our company.

Our sustainability report has been published annually since 2014. This report has been prepared on a voluntary basis and relates to the 2020 financial year, which corresponds to the 2020 calendar year.

If you have any questions about the Sustainability Report and its contents, please contact Ms Nadine Massuard (nadine.massuard@hf-mixinggroup.com).

A handwritten signature in blue ink, appearing to read 'H. Rudzio', written in a cursive style.

Dr Holger Rudzio
Management

A handwritten signature in blue ink, appearing to read 'I. Wilson', written in a cursive style.

Ian Wilson
Management

Organisation Profile of Harburg-Freudenberger Maschinenbau GmbH

Harburg-Freudenberger Maschinenbau GmbH
(Freudenberg Plant)
Asdorfer Straße 60
57258 Freudenberg
Germany

P.O. Box 11 80
57251 Freudenberg
Germany

Phone: +49 2734/491-0
Fax: +49 2734 491-150
Email: mixing@hf-group.com
Internet: www.hf-mixinggroup.com

Management Board:

Jens Beutelspacher, Dr. Holger Rudzio, Dr. Jörn Seevers, Ian Wilson
Chairman of the Board: Dr. Joachim Brenk

Register of companies: Hamburg Local Court, Section B No. 64651
Registered office of the company: Hamburg
VAT ID No. DE811151610, Tax No. 21 22 290 0900 3

Locations

The place of business of Harburg-Freudenberger Maschinenbau GmbH [HF MIXING GROUP] is in Hamburg/Germany; the HF MIXING GROUP has premises all over the world.

Main business and production premises:

- Harburg-Freudenberger Maschinenbau GmbH, Germany
- Farrel Corporation, USA
- Farrel Ltd., GB
- POMINI Rubber & Plastics srl, Italy
- HF Rubber Machinery, Inc., USA
- HF NaJUS, a.s., Slovakia
- INDUS UTH HF MIXING SYSTEMS PVT LTD • India
- Mesabi Control Engineering, USA

Sales / Service Locations:

- Harburg-Freudenberger Machinery (China) Co., Ltd. • China
- HF France S.a.r.l. • France
- Farrel Sales Office Líbeznice • Czech Republic
- HF MIXING GROUP Sales Office Barcelona • Spain
- HF MIXING GROUP Services S.E.A. Sdn Bhd • Malaysia
- Farrel Asia Ltd. • Singapore

Sales partners as well as country and product responsibilities can be found on the website <http://www.hf-mixinggroup.com/contact> .

Products

The HF MIXING GROUP develops and manufactures machines and accessories with high technical expertise for the rubber and plastics processing industry. This in particular includes mixers for manufacturers of technical rubber products and the tyre industry. HF moreover builds discharge devices and special machines for this sector of industry and undertakes the equipment of mixing rooms all the way up to complete automation systems. The future-proof products are used worldwide for manufacturing tyre applications, sealing profiles, wires and friction linings as well as for technical elastomers and special plastic mixtures.

Information on the products can be found on the website
<http://www.hf-mixinggroup.com/products/>.

Labour Practices and Human Rights

Commitment to Sustainable and Responsible Corporate Governance

HF is characterised by highly mature overall technical and process engineering skills drawn over 160 years of its history, a sustainable corporate philosophy oriented towards the long term and a consciously close collaboration with customers and business partners. The result of this conduct is a mutual and enduring success. The cornerstone of our corporate value system is sustainability. It embodies the group's forward-looking actions. Thus, the logical complement and continuation of the sustainability activities was the signing of the Letter of Commitment to the United Nations (UN) Global Compact at the beginning of May 2015. HF reports annually to the UN Global Compact in its so-called Communication on Progress.



The Ten Principles of the UN Global Compact:

- 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2: make sure that they are not complicit in human rights abuses.
- 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4: the elimination of all forms of forced and compulsory labour;
- 5: the effective abolition of child labour; and
- 6: the elimination of discrimination in respect of employment and occupation.
- 7: Businesses should support a precautionary approach to environmental challenges;
- 8: undertake initiatives to promote greater environmental responsibility; and
- 9: encourage the development and diffusion of environmentally friendly technologies.
- 10: Businesses should work against corruption in all its forms, including extortion and bribery.

www.unglobalcompact.org | www.globalcompact.de



HF has incorporated the ten principles of the UN Global Compact into its daily routine. At the same time, the company also champions orienting the corporate actions of its business partners to the ten universally recognised principles from the areas of human rights, labour standards, environmental protection and fight against corruption.

Human Resources Work in General

The Freudenberg site of HF is certified according to DIN EN ISO 9001: 2015:



The company is bound by collective agreements and offers its employees flexible working hours, collectively agreed special payments such as Christmas and holiday bonuses as well as non-tariff payments. A works council has been established in the company for years and the Works Constitution Act in Germany grants it co-determination or participation in social and personnel matters.

HF ensures pay equity through the tariff framework agreement (ERA). Under ERA, jobs, not employees, are grouped into the appropriate pay scale groups. When recruiting or reassigning staff, the previously prepared job description is used, regardless of age, gender or actual qualifications. In order to offer employees an appropriate living wage, the hourly wage is significantly higher than the minimum wage, and that for all employees.

In order to do justice to the corporate value of sustainability, HF pays special attention to training in the area of human resources management and would like to offer all trainees long-term prospects if possible, because one of the cornerstones for finding qualified employees, motivating them for the long term and thus retaining them in the company already lies in the training.

HF Freudenberg offers a wide range of development opportunities and social benefits to increase employees' commitment to the company. For example, there is an in-house gym and the possibility to make use of physiotherapy services.

In addition, various staff members are able to expand their skills in an international context within the framework of a job rotation.

Thanks to the company's flexible working hours, employees can reconcile private commitments with their work without stress, and in addition to the collectively agreed special payments, HF gives all employees a share in the company's profits.

Human Resources Work in Times of the Pandemic



The year 2020 was a special year in terms of human resources work. The Corona pandemic presented the company and its workforce with special challenges that had to be responded to quickly.

In order to protect the health of the workforce, in March 2020 all employees with office jobs were offered the opportunity to transfer their work to working from home; HF was well prepared for this digital work through the previous introduction of Office 365 at the beginning of the year. Business trips and field service jobs only took place on a voluntary basis.

Regular updates on the latest regulations related to COVID-19 were posted on the intranet and noticeboards, and meetings were generally only held in digital format to minimise the risk of staff becoming ill. The company was also in constant contact with the responsible health authorities and the occupational health centre.

In suspected cases of Corona, large-scale testing was carried out as quickly as possible in order to reduce the risk at the workplace.

In the area of staff development, some staff members had asked for more language courses to be held. This wish was met with several new courses for different language levels. The courses have been conducted in digital form for the first time; this is also a result of the pandemic.

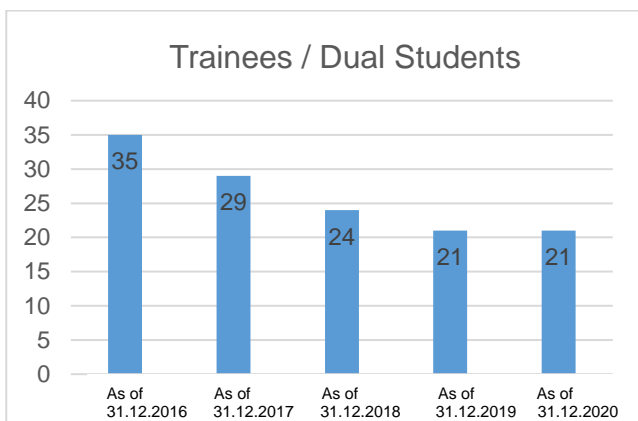
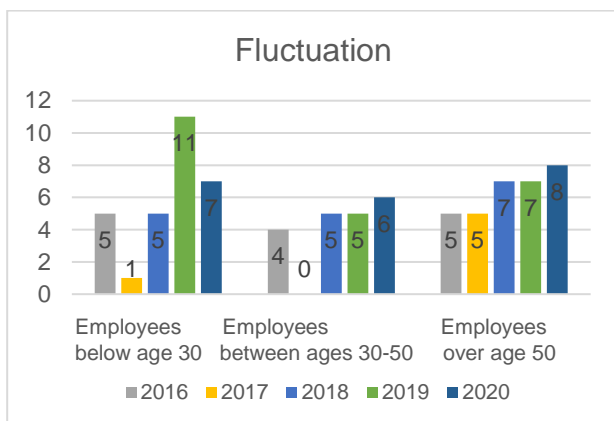
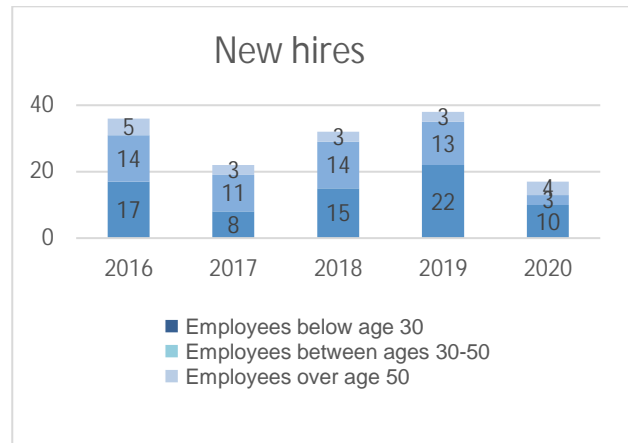
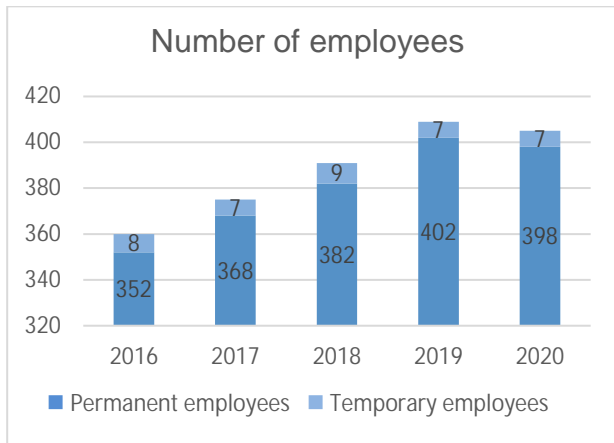
Due to the Corona pandemic, many events in which HF normally regularly and actively participates could unfortunately not take place and there were also significant restrictions in the area of health management; the company's own gym had to keep its doors closed to the staff for months and physiotherapy could also not be offered as usual.

HF is a member of the Possehl Group (L. Possehl & Co. mbH, Lübeck), which has offered a trainee programme since 2017 in which graduates pass through various Possehl Group companies. The individual programme sections are divided into company runs and project work; in 2020, HF was once again able to welcome two trainees at the Freudenberg site.

At the end of 2018, the "Strategy 2023" project was launched, which continued to accompany the corporate group in 2020. The answers to the questions served as the basis for the project work: Where we are today? Where do we want to be tomorrow? What are our goals?

In an inter-group development of so-called "solutions", with the help of which the set goals are to be achieved, nine roughly formulated topic areas with corresponding sub-topics were defined. In the area of "Labour Practices and Human Rights", one of the projects was the introduction of strategic group-wide human resource planning. The focus of the team's work was the identification of critical positions and the creation of a skills matrix that would make it possible to analyse knowledge-critical positions in the company and also provide access to the skills of employees across groups. This solution was finally implemented in 2020.

Personnel Development at the Freudenberg Site in Figures



Occupational Health

HF continues to abide the "Luxembourg Declaration on Workplace Health Promotion in the European Union", which was signed in 2014 and is designed to promote and maintain the health of employees.

Luxemburger Deklaration
zur betrieblichen Gesundheitsförderung in der Europäischen Union



Diakonie in Südwestfalen

The cooperation between HF and the Diakonie Social Hotline continued in 2020. Here, the social hotline offers the HF staff and their relatives the opportunity to contact the hotline anonymously on all issues relating to care, social issues and medicine.



As the health of employees is a high priority at HF, the entire workforce was offered a flu vaccination free of charge in autumn 2020.

Fair Business Practices

HF regularly conducts training on the Anti-Corruption Policy and the Code of Conduct to enable its employees to behave in accordance with the rules and to prevent them from harming themselves or the company without intent. In 2020, this was done electronically for Corona reasons, which was very well received, as was the subsequent retrieval of the electronically stored training. Quite a few questions could be asked and answered in this format.

As in previous years, no violations of the HF Anti-Corruption Guideline were reported in 2020. The same applies to the Code of Conduct.

It is also positive to note that employees were obviously made more aware of the topics after the last anti-corruption training sessions, so that a number of inquiries were received in the area of compliance in the event of uncertainties in everyday working life.

Occupational Health and Safety Management




The company cares about the health and safety of its employees. One component to make working conditions even safer for the workforce is the publication of the ABEG operational safety portal at the Freudenberg site in summer 2020.

This is a SharePoint communication website where all staff members have reading rights. ABEG stands for the thematic blocks:


- **O**ccupational health and safety, with an overview of the most important laws, technical rules, information on personal protective equipment as well as information on the training offered by the Employer's Liability Insurance Association (BGHM).
- **F**ire protection, with the updated fire protection regulations, an overview of the currently trained fire protection assistants and other contents
- **F**irst aid, with an overview of the currently trained first aiders at the site, a list of the existing first aid boxes and defibrillators, as well as further information.
- **H**azardous substances, with the hazardous substances register, safety data sheets and operating instructions for the hazardous substances used in the company as well as the Hazardous Substances Ordinance, etc.


The portal also provides basic information on occupational safety, such as risk assessments of the various areas, instruction templates on various topics, machine operating instructions and the possibility to report accidents online.

According to §5 of the Occupational Health and Safety Act, the employer must assess the working conditions. For this purpose, risk assessments are prepared per area and regularly updated. Updating the risk assessments is an ongoing process.

For example, the digital reporting of accidents via the ABEG operational safety portal  enables the consistent and clear recording and evaluation of accidents. In 2020, 5 reportable accidents were reported to the BGHM, 102 first aid cases were documented and 1 near-accident was noted. The accident severity is in the medium range with 56 days and 5 reportable accidents.

An analysis of the occurrence of accidents has shown where and how accidents occur in the company. As a result, the corresponding focus areas were communicated to the workforce via the "Hazard Point of the Month" by email or notice on the notice boards; here is an example:

December 2021 





Hazard of the month


Hazardous Materials


Incorrect storage and handling of hazardous materials can lead to accidents, serious injuries and damage to health.


Hazard pictograms according to CLP regulation



Danger or Attention
Flammable



Attention
Gas under pressure



Danger or Attention
Oxidising



Attention
Acute toxicity


Danger or Attention
Serious health hazard


Attention
Health hazard / hazardous to the ozone layer


Danger
Explosive


Danger or Attention
Corrosive


Attention
Hazardous to the environment

Hazard pictograms according to CLP regulation

THEREFORE:

- 1) Pay attention to hazard pictograms and operating instructions when working with hazardous materials
- 2) Take care of prohibitions on combined storage
- 3) If you need new hazardous substances, please request the safety data sheet from the supplier before ordering and use it to apply for approval
- 4) If you are unclear or uncertain, please contact your supervisor or the HSE Manager

In order to further sensitise the workforce to various safety topics, information will continue to be provided regularly and training/instructions will be carried out.

The central provision of instruction documents in the ABEG operational safety portal has improved the quality of the annual safety instructions. In addition to the classic safety topics, the general basic training also explained environmental and energy topics and covered the topic of emergency management. This instruction template is to be increasingly used in the future and will therefore always be kept up to date.

The CAPS software is used to document the instructions. This ensures that the supervisors receive a reminder email when the instruction is due and thus the instructions are carried out on time.



In the field of fire protection, the fire protection officer, in cooperation with the fire protection assistants, conducted two exchanges of experience as well as several inspections in the various areas. This has resulted in the following main areas of action

- the evacuation drill to be carried out annually
- the training of fire safety officers, and
- the refresher courses for the fire safety assistants.

The fire safety helper courses are scheduled to take place in spring 2021. Additional fire protection assistants were recruited at the site, so that a total of 30 employees are to be trained.

The same applies to first aiders. Additional staff have also been recruited here, so that a total of 50 participants will receive training in spring 2021.

Environment and Climate

Environmental and Energy Management

Protection of environment and climate have high significance when we manufacture our products. Besides cost-effectiveness, sparing use of resources and conservative handling of environment-related issues are significant factors in HF's corporate actions.



HF is certified according to DIN EN ISO 14001 : 2015 and according to DIN EN ISO 50001 : 2018.



TUV NORD

CERTIFICATE

Management system as per
DIN EN ISO 14001 : 2015

In accordance with TÜV NORD CERT procedures, it is hereby certified that

Harburg-Freudenberger Maschinenbau GmbH
Asdorfer Straße 60
57258 Freudenberg
Germany



applies a management system in line with the above standard for the following scope

Development, design, production and assembly of machinery to manufacture tires and technical rubber products as well as maintenance, spare parts and repair service

Certificate Registration No. 44 104 100491
Audit Report No. 3521 8472

Valid from 2018-08-04
Valid until 2021-08-03
Initial certification 2015

A. G. G. G. G.
Certification Body
at TÜV NORD CERT GmbH

Essen, 2018-07-26

This certification was conducted in accordance with the TÜV NORD CERT auditing and certification procedures and is subject to regular surveillance audits.

TÜV NORD CERT GmbH Langemarckstraße 20 45141 Essen www.tuev-nord-cert.com




TUV NORD

CERTIFICATE

for the Energy Management System as per
DIN EN ISO 50001 : 2018

In accordance with TÜV NORD CERT procedures, it is hereby certified that

Harburg-Freudenberger Maschinenbau GmbH
Asdorfer Straße 60
57258 Freudenberg
Germany



applies a management system in line with the above standard for the following scope

Development, design, production and assembly of machinery to manufacture tires and technical rubber products as well as maintenance, spare parts and repair service

Certificate Registration No. 44 764 100491
Audit Report No. 3526 0512

Valid from 2020-07-07
Valid until 2021-08-03
Initial certification 2015

U. G. G. G.
Certification Body
at TÜV NORD CERT GmbH

Essen, 2020-07-07

This certification was conducted in accordance with the TÜV NORD CERT auditing and certification procedures and is subject to regular surveillance audits.
Validity can be verified at <https://www.tuev-nord.de/de/unternehmen/zertifizierung/zertifikatsdatenbank>.

TÜV NORD CERT GmbH Langemarckstraße 20 45141 Essen www.tuev-nord-cert.com



With the **environmental management system according to DIN EN ISO 14001 : 2015** HF actively protects the environment and contributes to the conservation of natural resources (soil, water, air). This is done by taking a holistic view of the impact of the products and their production on natural livelihoods. The company's environmental performance is thus constantly improved.



During the **external audit** in 2020, the conformity of the environmental management system with DIN EN ISO 14001 : 2015 was confirmed.

- 19 x fulfilled, 2 x basically fulfilled, and 1x not fulfilled or mentioned potential for improvement
- Rating: 1.1
- A minor non-conformity was found

A total of eight potential areas for improvement were noted by the auditors in the area of the environment. These have been largely implemented.

In view of rising prices and globally dwindling resources, responsible handling of energy is becoming increasingly more important. The growing demand for energy with limited natural resources presents everyone with the challenge of using energy as efficiently, environmentally friendly and sparingly as possible. To meet this responsibility, HF has established an **energy management system** at the Freudenberg site that complies with the globally applicable standard **DIN EN ISO 50001 : 2018**.



Within the **external audit 2020**, the conformity of the energy management system with DIN EN ISO 50001 : 2018 was

- 15 x fulfilled and 8 x basically fulfilled (with potential for improvement)
- Rating: 1.3
- No deviations were found.

A total of ten potential improvements were noted by the auditors in the area of energy. These have been largely implemented.

In the area of energy, the auditor positively noted the methodology used to determine the SEUs.



The following deviations were identified during the **internal audits in the area of environmental and energy management**:

- Strategic and superordinate quality, environmental and energy goals must be broken down transparently to the departments. Measures, responsibilities and deadlines are to be documented by the respective departments themselves
- Environmental and energy targets: Targets and programmes for implementation are to be defined and updated.
- Employees must be trained in the handling of hazardous substances.
- Waste management and waste separation must be improved

In addition, some potential for improvement was uncovered:

- Improve labelling of hazardous substances
- Ensure storage of liquid hazardous substances on drip pans
- Ensure that operating instructions for machinery and hazardous substances are up to date.
- Energy team meeting should take place more than once a year
- Carry out documentation of energy projects consistently.

The listed potentials for improvement have largely been implemented.

What's new in 2020

As a result of the internal and external audits and HF's fundamental striving for constant optimisation, a great deal was done again in 2020 at the Freudenberg site in terms of environment and energy. HF was able to make improvements in the areas of

- communication and instructions;
- waste management;
- Energy data collection;
- recording of the compressed air consumption; and
- hazardous substance management, which is presented in detail as follows:

Communication & Instruction

Establishment of the central occupational safety documentation - the so-called "ABEG portal" - which, in addition to the classic occupational safety topics, also contains information on hazardous substances, first aid and fire protection topics.

In addition to the ABEG portal, a further communication tool has been set up in the form of a page on the "Integrated Management System", which is also installed on the company's intranet; in addition to quality information, this page contains interesting facts on environmental and energy management. It is planned to further optimise and update this page in the year to come.

Waste

In the area of waste management, the waste disposal contract with Remondis was fundamentally revised and adapted in 2020. In the course of this, the number of containers was adjusted and could thus be slightly reduced. In addition, the achievement of the separate collection rate of at least 90% was again clearly exceeded; it was 93%.

Energy Data Collection

In recent years, various gas meters have been installed to determine natural gas consumption, so that precise data can now be determined and analysed.

To determine the electricity consumption, the energy quantities at individual distributors were recorded with two mobile energy meters and extrapolated for the entire year. This has led to an improvement in the measurement data, which nevertheless contain measurement inaccuracies. In addition, stationary measuring devices were installed at some locations. With the help of this measure, for example, a lathe with a very high base load could be identified, which was then shut down at the end of the year.

Compressed air

Compressed air consumption could be determined consistently for the first time in 2020. In this context, it was possible to determine whether the compressor was regularly switched off at weekends. The compressor switch-off rate was 70% in 2020.

In addition, the process for determining compressed air leakages was revised, documented and the results stored centrally in the energy management area.

Systems Handling Hazardous Substances (AwSV)

Within the framework of hazardous substance management, a special focus was placed on the topic of "Systems handling hazardous substances". A detailed registry was prepared showing the individual installations and their specific tests. The registry also serves to improve the management of these facilities. The documentation was filed in 2020 in the ABEG operational safety portal in the Hazardous Substances section.

Environmental Impacts and Derived Objectives

An assessment of the environmental impacts resulted in the following medium priority areas for action in 2020:

- Water consumption in the technical centre;
- Emissions from electricity consumption;
- Processing emulsion (hazardous waste).

The individual subject areas are dealt with as follows:

The high water consumption in the technical centre could be reduced by installing a water recooling machine, but a corresponding investment has been postponed until further notice for cost reasons.

Emissions from electricity consumption will be significantly reduced by the future use of a CHP (combined heat and power) unit.

Topic Emulsion Processing (Hazardous Waste): The used cooling lubricants were regularly transported in a 1000 litre IBC container (Intermediate Bulk Container) to a hall rented by HF, where they were drained into the underground basin and extracted from there approximately once a year by means of a extraction truck. Transport and double handling were reduced in mid-2020 by direct extraction in the main factory. When two IBC containers with the processing emulsion are ready for disposal, the disposal company is informed.

In addition, the following goals for the Freudenberg site have been discussed and communicated in 2020:

Strategic goals:



Operational objectives:

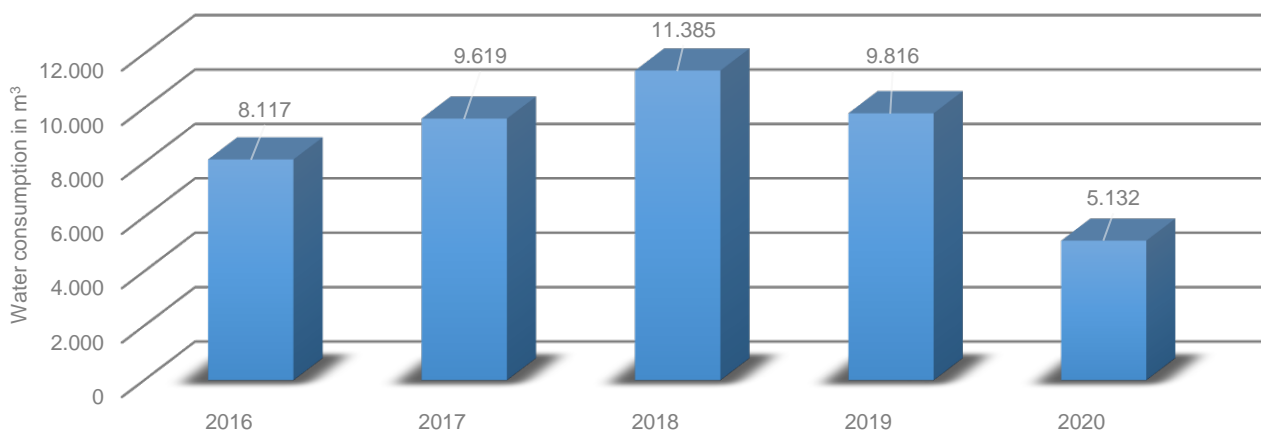
Strategic goal	Operative goal	Measures
Legal certainty	Ensure legal certainty through legal cadastre	Continuously maintain legal register
Resources	Reduce paper consumption	Digitization project - introduction of software for data storage in the various departments, see UMM31-20
Resources	CO2 reduction	Planting trees on the lawn in front of the parking garage
Water consumption	Reduce fresh water consumption	Use of well water in Klichta hall --> Klichta company does not apply for permission --> Use of fresh water
Legal certainty	Legally compliant extraction of the well water in the Klichta hall	Obtain permission to use well water --> Klichta company does not apply for permission --> use fresh water
Water consumption	Reduce water consumption in the Technical Center	Implementation of a water recooling machine --> not to be pursued at present due to order situation
Waste	Ensure a separate collection rate of at least 90%.	Minimize residual waste, through intensive waste separation
Waste	Ensure a separate collection rate of at least 90%.	Revision and adjustment of the waste disposal contract with Remondis
All	Involvement of all employees	regular employee information and qualification

The goals are to be further optimised, concretised and communicated in the future.

Environment and energy in figures (Freudenberg site):

Water Consumption

Water consumption was reduced by 4586 m³ in 2020. This is largely due to the small number of customer trials in the pilot plant. There alone, water consumption has dropped by about 60 %.



By installing several water meters, it was possible for the first time to carry out a detailed analysis of water consumption in the technical centre. The water consumption in the month of September was conspicuous here, which could be explained by the very high number of customer trials carried out compared to the other months.

Emissions

The CO₂ emissions of the entire company are made up of the CO₂ emissions generated by the following processes (Figure 1):

1. Generation of the electricity consumed (29 %)
2. Combustion of natural gas (heating, process heat) (44 %)
3. Diesel combustion (industrial trucks) (1 %)
4. Combustion of diesel and petrol (company vehicles) (7 %)
5. Combustion of paraffin (air travel) (19 %)

Due to the global Corona pandemic, significantly fewer business trips were made by air in 2020; this represents a significant component in the reduction of CO₂ emissions at the Freudenberg site, which is almost 50 % overall (2019: 2515 tonnes of CO₂ --> 2020: 1343 tonnes of CO₂).

In contrast to previous years, the majority of CO₂ emissions in 2020 were caused by the combustion of natural gas (44%) for heating the factory and administration. The use of electricity also accounted for a significant share of CO₂ emissions. Air travel represented only 19% of emissions in 2020. Emissions resulting from the use of company vehicles and industrial trucks remained at a comparatively low level.

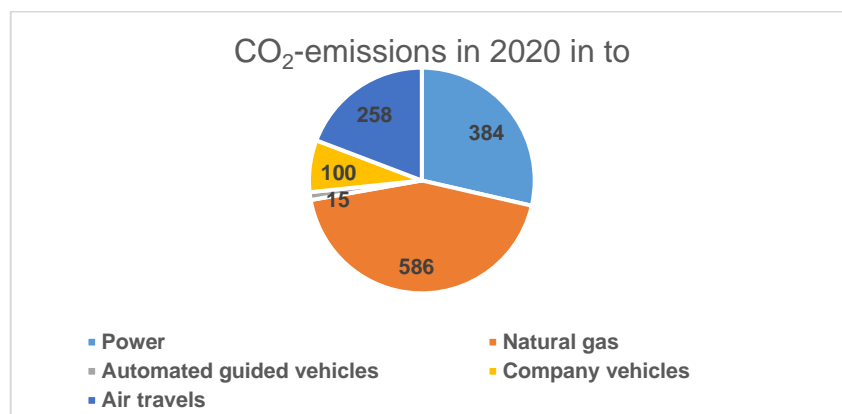


Figure 1: CO₂ emissions at the Freudenberg site 2020

Waste

The waste generated at the Freudenberg site in 2020 (in the main plant plus three rented halls for service, assembly and storage) amounted to 710 tonnes. These consisted of 89% non-hazardous and 11% hazardous waste. Compared to the previous year, the amount of waste has decreased by 20 %, which can be attributed to the lower production hours and the low attendance times of the employees due to the Corona pandemic. The downward trend will continue in 2021. The following overviews show the waste quantities and the waste ratio of the different waste types.

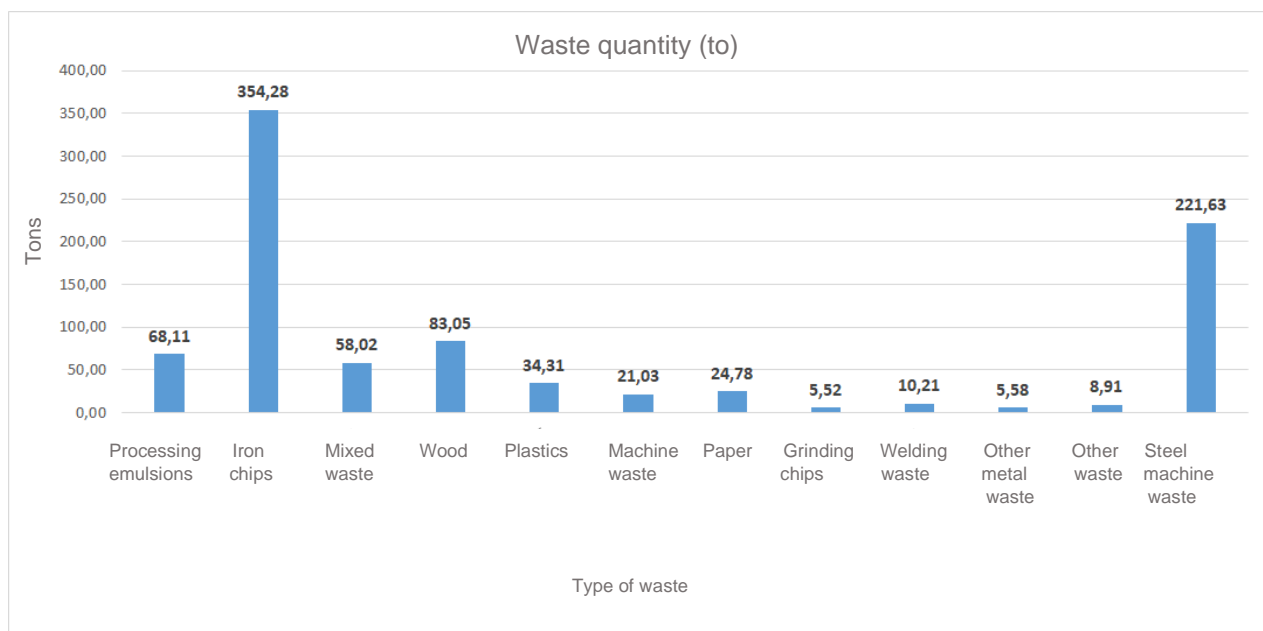


Figure 2: Waste quantities 2020 by waste type, Freudenberg site

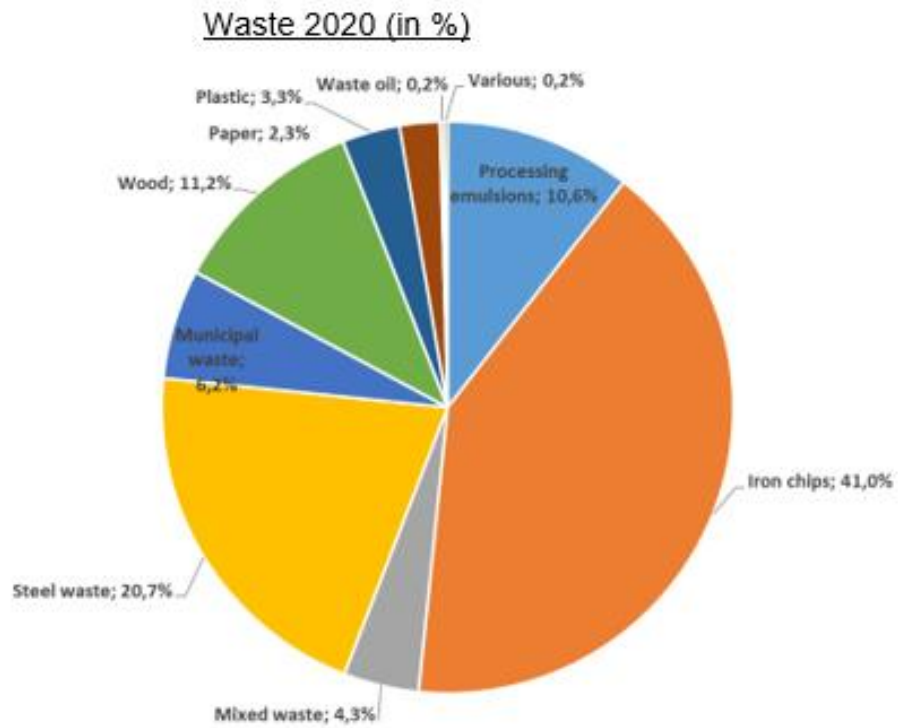


Figure 3: Waste 2020, Freudenberg site

Energy

Total energy consumption at the Freudenberg site was 3,526,100 kWh (1,496,000 kWh electricity, 1,982,100 kWh natural gas and 48,000 kWh diesel). An energy assessment for the year 2020 was carried out separately for the electricity and natural gas consumers.

Power consumption

Electricity consumption at the Freudenberg site fell by around 13 % compared to the previous year. This result can be explained by the reduced production hours due to the order situation in the 2020 financial year. Furthermore, electricity consumption is subject to fluctuations over the year due to different workloads (e.g.: holiday season in summer, Christmas season) of certain fluctuations. Specific electricity consumption (kWh/manufacturing hour) increased sharply due to low production hours - about 25 fewer than in the previous year.

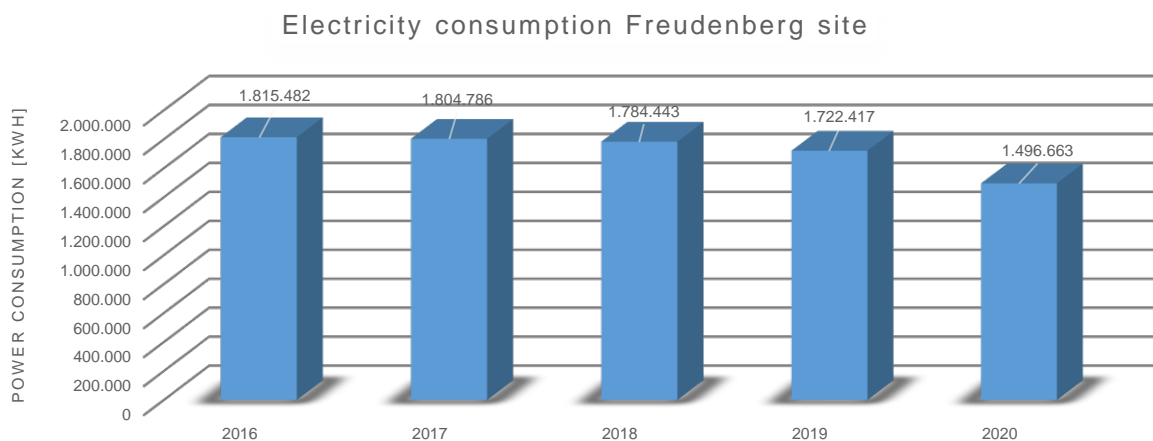


Figure 4: Annual electricity consumption in the period 2016 - 2020.

Energy Evaluation Electricity

The areas with the highest electricity consumption and thus the highest importance are:

Welding shop: this includes all welding equipment, welding robots, heating furnace and high-frequency equipment (current converters for grinding machines) (20.3 %)

Mechanical manufacturing: includes all manufacturing machines (14.6 %)

Compressor: separate measurement for the compressor (10.1 %).

In the welding area, time relays, e.g. on the high-frequency system, have already reduced energy wastage. Furthermore, the awareness of the employees is to be further raised through communication and employee motivation. Among other things, a notice was posted in the appropriate place for the regular shutdown of the compressor. In addition, it is currently being examined whether a timer can also be used here.

Natural Gas Consumption

Natural gas is used to heat the buildings and factory halls, to produce hot water for the showers and in the manufacturing processes (heating furnace, preheating of components at the submerged arc welding plant).

While gas consumption for hot water supply and process heat depends exclusively on the intensity of production, gas consumption for heating the buildings depends on the weather. This gas consumption must therefore undergo a weather-related correction (climate adjustment).

Climatic conditions and the intensity of operation (number of production hours) play a significant role in the fluctuations over the years.

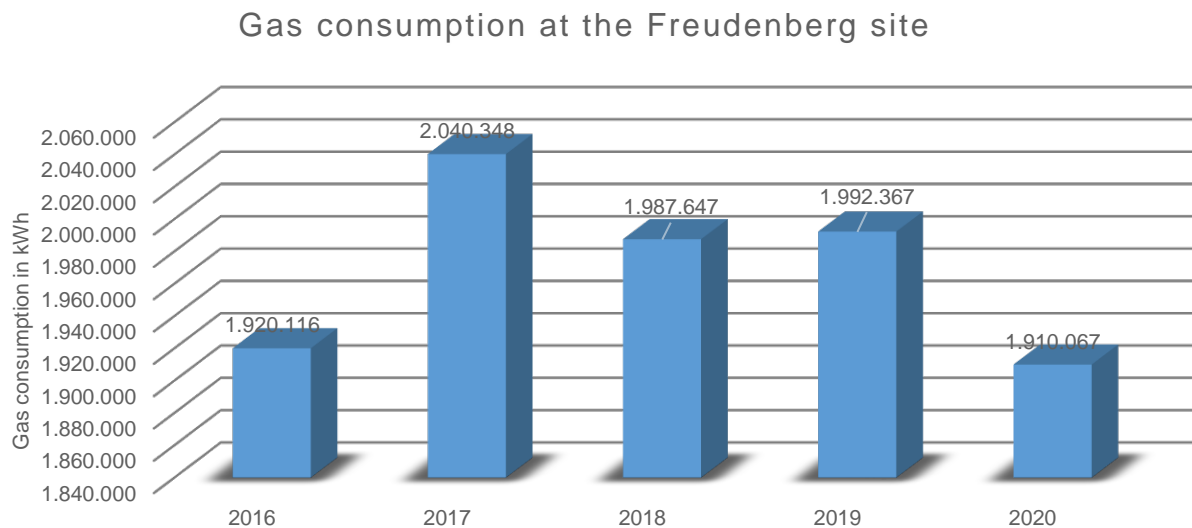


Figure 5: Annual natural gas consumption in the period 2012 - 2020.

Energetic Evaluation Natural Gas

The areas with the highest natural gas consumption and thus the highest significance are:

- 1) Heating office building, changing rooms and mechanical production (21 %)
- 2) Circulating air heating mechanical production (19 %)
- 3) Heating and dark radiators in the technical centre (11 %)

In particular, the consumption for heating in the office building will be reduced from 2021 onwards with the installation and use of the CHP unit. The consumption of natural gas for heating the halls could be improved through construction measures. The only way we can minimise heat loss is by reducing the door opening times.

Sustainable Procurement



In 2020, work continued on the continuous and efficient improvement of sustainability aspects in the area of procurement.

Among other things, the focus was on the topic of digitalisation and the associated savings of resources and consumables in purchasing.

Every year, in connection with the annual supplier assessment, new suppliers as well as those who have not yet submitted a supplier self-disclosure in the area of Corporate Social Responsibility are continuously contacted and assessed accordingly in this topic area. In total, this evaluation now includes 207 suppliers who are assessed by HF in terms of CSR and supported in further steps if required. This includes planning, implementing and monitoring the necessary tools and processes to enforce sustainability standards with suppliers.

For the evaluation of suppliers, a maximum achievable score is given in four focus areas, which is as follows:

- Part I: Environment 90 points
- Part II: Occupational health and safety 70 points
- Part III: Energy management 30 points
- Part IV: Operating and business practices 50 points

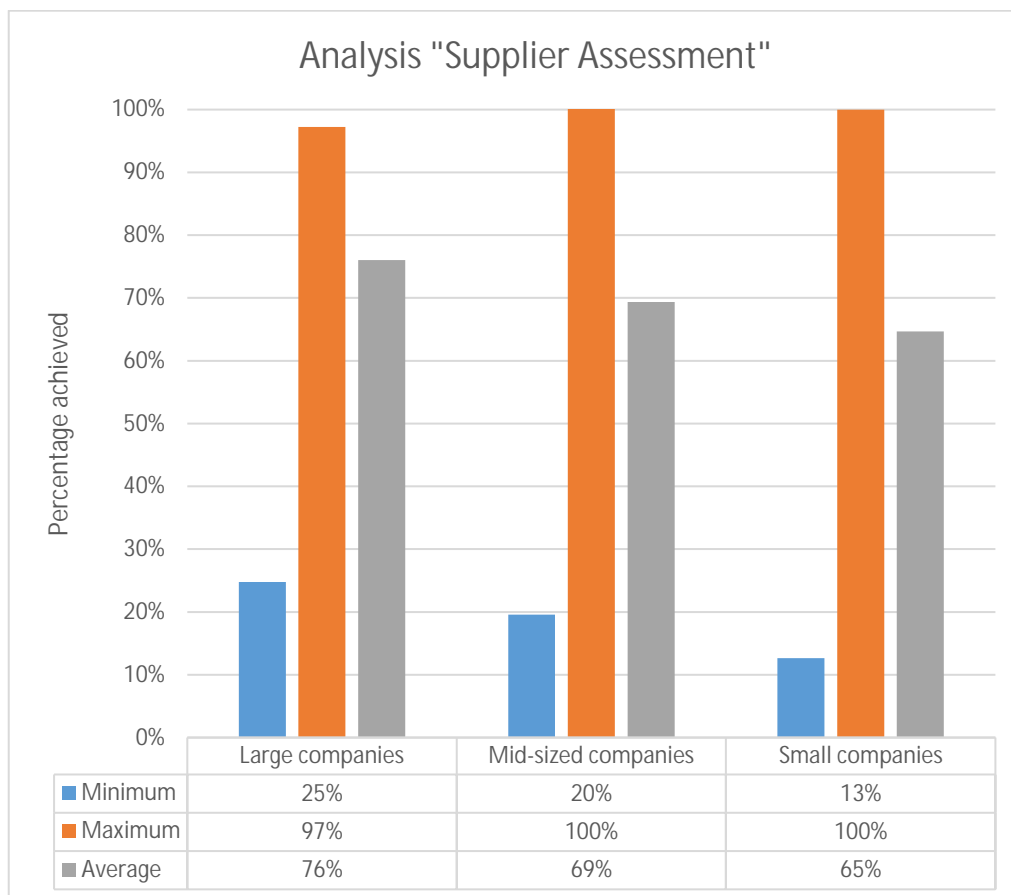
The following results were obtained from the evaluated questionnaires:

	Part I:	Part II:	Part III:	Part IV:
Avg. marks scored:	48.31	49.1	16.4	37.3
Ø- Percentage value:	54 %	70 %	55 %	75 %

As usual, the following weighting factors were again taken into account in order to evaluate the overall result of the individual suppliers more fairly:

<u>Large companies</u>	<u>Mid-sized companies</u>	<u>Small companies</u>
Employees >= 250	Employees 50 -249	Employees <= 49
Factor x 1	Factor x 1.1	Factor x 1.2

This gives the following conclusion:



The break up of company sizes was given as follows:

Large companies: 74
 Mid-sized companies: 83
 Small companies: 50

The evaluation thus consolidates the positive result already achieved in previous years. All relevant suppliers were also assessed in the course of the annual supplier evaluation, which includes the area of CSR. A grade point average of 1.53 was achieved here. In addition to the CSR criterion, quality, price level, adherence to deadlines and general order processing were evaluated.

Enterprise Content Management (ECM) / Paperless Office



At the end of 2018, a project was launched that deals with the digitalisation of processes and workflows. This is based on a digital archive, which at the same time brings with it intelligent document management. This project is being driven forward under the term ECM (=> Enterprise Content Management) and was launched in 2019 in the Purchasing and Accounting departments.

In 2019, the project scope, planning and coordination and the majority of the project implementation were carried out in the procurement area and a planned go-live was scheduled for the beginning of 2020 for the purchasing area and by autumn for the accounting area.

In addition to the targeted increase in efficiency and optimisation of the process on a digital basis, at least 85 % percent analogue working materials such as paper, toner, folders, etc. are to be saved.

As planned, the purchasing department was docked onto the new digital archive and the resulting digital workflows in January 2020. The switch to an almost paperless procurement process and the possibilities of digital, very efficient workflow control have had a very positive influence on the entire process. In addition to process optimisation, a high rate of resource savings was achieved. Compared to the previous workflow, 90 % of paper, toner, folders and other previously required work utensils are now saved!

Furthermore, the new working methodology has improved the flow of information within the organisation and raised it to a digital level. As a result, many documents that were previously printed out and "wandered" through the company in analogue form are now available in digital form, resulting in a further saving of resources.

The goal will be to connect all relevant areas and departments within the company and the group of companies to the digital document management system and thus to further achieve savings of consumer goods in the sense of sustainability and to reduce the associated CO² emissions.