



Engineering progress
Enhancing lives

UN Global Compact 2020 Progress Report – REHAU Group Sustainability



Foreword

REHAU has championed corporate responsibility for years and is steadily expanding its sustainability strategy. Challenges continue to grow globally. The year under review, 2020, made us drastically aware of the fragility of our living spaces. The effects of the COVID-19 pandemic – its social and economic dimensions – have shown how important sustainability is for us as a society.

In 2020, the motto that made the greatest impression on us as a corporation was #peoplefirst. From the effective measures to protect employees in our factories and administrative locations right through to innovative communication solutions, it forms the basis for how we work with one another and with our customers around the world. These activities have allowed us to venture resolutely into the unknown. The courage and initiative that have shaped our actions as a family company since then are nothing short of groundbreaking.

But, of course, that's not all. Here at REHAU, we work systematically on our contribution to climate protection. Our efforts to expand the circular economy are bearing fruit. We are increasing our quota of recycled materials and implementing climate-neutral production concepts.

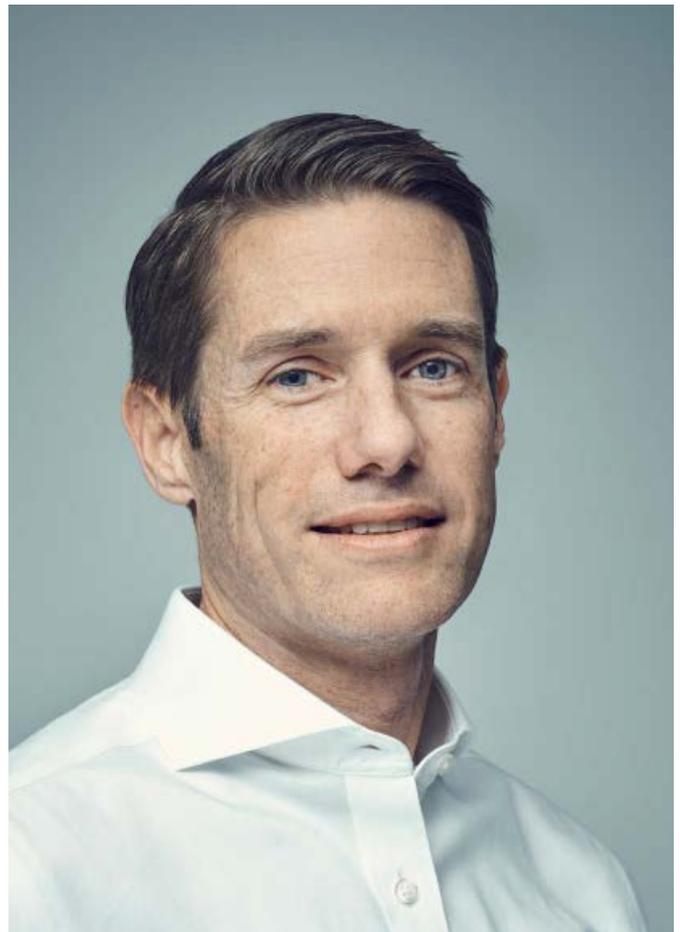
In our first Global Compact progress report, we thoroughly detail how we are implementing and documenting the 10 principles of the UN Global Compact and the areas in which we have made progress. We also point out the potential for improvement and further need for action.

REHAU is unequivocally committed to supporting the implementation of the 10 principles and will continue to do so in the coming year.

Best regards,



Signed by procuration, William J. Christensen
Chief Executive Officer



About the progress report

This report comprises the first progress report on the implementation of the 10 UN Global Compact principles of the REHAU Group. On the following pages, you will find information on the progress of all sustainability activities for the period from April 2020 to September 2021. The report details all key information relating to our management approach and the defined action areas, the key figures derived on the basis of this, and the degree to which they have been fulfilled.

In-depth information can be found on our website www.rehau.com/sustainability

The 10 principles at a glance:

Human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should ensure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and effective recognition of the right to collective bargaining.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5: Businesses should uphold the effective abolition of child labour.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The REHAU Group sustainability strategy

The REHAU Group sustainability strategy follows what is known as the triple bottom line. This is based on the pillars of social, environmental and economic sustainability. Overall, the strategic action framework comprises four focus fields and measures and objectives derived on the basis of these.

1. Sustainable growth.

This area of activity has been anchored in the DNA of REHAU as a privately-held company for decades. This includes formulating an underlying circular economy strategy and developing an implementation strategy with specific measures.

2. Accelerating climate protection.

Our approach to climate protection consists of adopting the goals of the Paris Agreement (COP 21) as our own. We want to draw up the first science-based target for REHAU by 2023, in order to objectively document our progress and the goals of the Paris Agreement and our partners.

3. Driving forward the circular economy.

The concept of a circular economy is associated with procurement and cost risks, but primarily with great opportunities. In order to lay the foundations for recyclable products internally, we started developing our own circular scorecard in 2020.

4. Promoting diversity.

Since 2018, we have publicly committed ourselves to promoting diversity by signing the Diversity Charter and running annual awareness days. The promotion of gender diversity is particularly important to us, as we believe it presents potential and opportunities for the company. Diversity should become the standard in recruitment, training and further development programmes, and when staffing project teams.

UN SDGs	8 DECENT WORK AND ECONOMIC GROWTH  Family business	13 CLIMATE ACTION  Climate action	12 SUSTAINABLE CONSUMPTION AND PRODUCTION  Circular economy	10 REDUCED INEQUALITIES  Diversity
Area of action	Growing sustainably	Boosting climate protection	Driving forward the circular economy	Promoting diversity
Top KPI	Turnover share growth of REHAU in %	CO ₂ reduction Scope 1, 2 worldwide in %	Increased recycling rate in %	Promoting women in management roles E0-E3 in %
Status quo 2020	3	34	15	13
Goals 2025	1-3	> 30	> 15	> 15
Goals 2030	1-3	tbd	tbd	> 20

Progress report

Human rights

Principles	Fundamentals	Actions
<p>Principle 1: Support and respect for international human rights in our sphere of influence</p>	<p>Core labour standards of the ILO (International Labour Organization) and OECD Guidelines for Multinational Enterprises</p> <p>The REHAU Way – Our Values: trust, reliability and innovation</p> <p>Strategic sustainability management</p> <p>Principles of the REHAU human resources concept Your REHAU</p> <p>REHAU Code of Conduct</p> <p>REHAU principles of sustainability, occupational health and safety protection, security and environmental protection</p> <p>REHAU Supplier Code of Conduct</p> <p>Supplier management system (supplier selection, assessment, classification and development), general purchase, contract terms</p> <p>Germany: Supply Chain Due Diligence Act (Lieferkettengesetz) UK: Modern Slavery Act</p>	<p>We believe that sustainable company management must be based on values and principles of conduct that are manifested by all employees. We describe these values and principles under the heading ‘YOUR REHAU’ and publish them in the brochure ‘The REHAU Way’.</p> <p>As a responsible and sustainable privately held company, our employees and our values are at the heart of our corporate culture.</p> <p>REHAU expects its employees to treat one another and all stakeholders with respect. We believe that a culture of mutual tolerance and respect is essential to achieving our goals as a company.</p> <p>In the REHAU Code of Conduct, REHAU undertakes to maintain its reputation as an exemplary, reliable and fair business partner and employer. As a fair partner, REHAU recognises all laws, guidelines, internationally accepted norms and standards, and the UN Guiding Principles for Business and Human Rights, and complies with these fully.</p> <p>As part of the onboarding process, all new employees are trained in the REHAU Code of Conduct. In the year under review, 789 employees completed the initial course and 5,088 employees a refresher course.</p> <p>In the same timeframe, we were able to boost our international EcoVadis rating with a range of measures. In the ‘Labour and Human Rights’ category, we feature in the top 6% of global polymer product manufacturers.</p> <ul style="list-style-type: none"> ▪ See GRI Sustainability Report 2020, 102-16, 205-2, 412-1
<p>Principle 2: Ensuring that the company does not participate in human rights violations</p>	<p>See principles above</p>	<p>When it comes to human rights violations, REHAU’s biggest risk is with its suppliers. We only have an indirect influence over this. REHAU does everything it can to minimise this risk and obliges its business partners and suppliers to comply with its comprehensive Supplier Code of Conduct (SCC).</p>

Principles**Fundamentals****Actions**

The SCC specifies in binding terms that REHAU expects its business partners to respect human and personal rights, comply with environmental and occupational health standards, and carry out their business ethically. Signing the SCC or comparable arrangements is obligatory for our strategic suppliers.

The REHAU whistleblower system CoCoS enables all stakeholders to report grievances anonymously. In the year under review, REHAU did not record any significant reports and/or violations by suppliers.
(bkms-system.ch/REHAU)

In the year under review, the REHAU human rights commissioner and two representatives of the sustainability management team took part in the multi-stakeholder industry dialogue of the automotive industry as part of the National Action Plan for human rights. We will develop a detailed concept on the basis of the insight gained by 2022.

Furthermore, a total of 31 on-site audits were carried out. These audits did not find any violations of our guidelines.

In the international EcoVadis rating, the REHAU Group features among the top 6% of global polymer product manufacturers in the 'Sustainable Procurement' category.

- See Sustainability Report 2020, GRI 308, 411-1

Working practices**Principles****Fundamentals****Actions****Principle 3:**

Upholding freedom of association and effective recognition of the right to collective bargaining

Core labour standards of the ILO (International Labour Organization) and OECD Guidelines for Multinational Enterprises.

The REHAU Way – Our Values: trust

REHAU Group strategic sustainability management

Principles of the REHAU human resources concept Your REHAU

REHAU Code of Conduct

In the REHAU Group, no rights to exercise freedom of association or collective negotiation are restricted as defined in the ILO core labour standards. We are committed to ensuring fair working conditions at all our locations worldwide. We also expect our suppliers to comply with the relevant laws and collective agreements. No cases of violation of or threat to freedom of association and collective bargaining were reported during the period under review

- See Sustainability Report 2020, GRI 407-1

Principles	Fundamentals	Actions
<p>Principle 4: Abolition of any form of forced labour</p>	<p>REHAU Supplier Code of Conduct</p>	<p>We reject all forms of child labour and forced labour and have a zero-tolerance rule on this topic when it comes to our suppliers.</p>
<p>Principle 5: Abolition of child labour</p>	<p>Supplier management system (supplier selection, assessment, classification and development), general purchase, contract terms)</p> <p>Germany: Supply Chain Due Diligence Act (Lieferkettengesetz) UK: Modern Slavery Act</p>	<p>The risks for REHAU with regard to child labour and forced labour are largely regarded as minor given the industries and sectors in which it does business and the high level of vertical manufacturing.</p> <p>We are not aware of any sites or suppliers that have or have had a significant risk of child or forced labour cases. None of our audits during the reporting period revealed any indications of child labour or forced labour.</p> <ul style="list-style-type: none"> ▪ See Sustainability Report 2020, GRI 408 -1, 409-1
<p>Principle 6: Elimination of discrimination in recruitment and employment</p>	<p>See principles above</p>	<p>In the REHAU Code of Conduct and the principles of the Your REHAU human resources concept, we stipulate clearly how employees should conduct themselves and how REHAU fulfils its responsibility as an employer to counter discrimination as defined in the ILO core labour standards.</p> <p>In addition, we have defined SDG 10 (reducing inequality) as one of four focus fields of our sustainability strategy.</p> <p>Safeguarding the principles of equality is anchored in the REHAU Code of Conduct. One of these is that no employee may be discriminated against on the basis of personal attributes. Fair and equal pay is regarded as a matter of course for REHAU.</p> <p>In the year under review, the proportion of female employees was 28% and that of women in management 13%. In the annual Group-wide review, there were no cases of sexual harassment.</p> <ul style="list-style-type: none"> ▪ See Sustainability Report 2020, GRI 406-1

Environmental protection

Principles	Fundamentals	Actions
<p>Principle 7: Supporting a precautionary approach when handling environmental problems</p>	<p>Matrix certification in line with DIN EN ISO 14001, DIN EN ISO 45001, DIN EN ISO 50001</p> <p>REHAU Group strategic sustainability management</p> <p>REHAU principles of sustainability, occupational health and safety protection, security and environmental protection</p> <p>Binding Group-wide sustainability goals for 2020 in the focus area of climate protection and the circular economy (based on 2018, unless stipulated otherwise):</p> <ul style="list-style-type: none"> • Reduce absolute CO₂ emissions by 30% by 2025 • Reduce primary energy consumption per tonne of output by 30% • Reduce water consumption per tonne of output by 40% • Reduce production waste by 2% based on previous year • Use an average of 15% recycled materials across all products 	<p>Resource efficiency is a concept that has been anchored in the company's DNA since it was founded. REHAU has in place a long-term environment and sustainability strategy. In addition to environmentally friendly and resource-efficient manufacturing, energy and water-saving products and systems for renewable energies have featured in our product portfolio for decades.</p> <p>Environmental criteria are taken into account in all our decision-making processes. Here we demonstrably achieve a higher standard – often beyond what is required of us by law.</p> <p>In the year under review, our CO₂ emissions (GHGP Scope 1 and 2) totalled 142,205 tonnes – a reduction of 13.5% on the previous year.</p> <p>A long-term CO₂ goal has been defined for 2025 based on the 2018 emissions. This goal has already been achieved for absolute CO₂ emissions (Scope 1 and 2) in 2020.</p> <ul style="list-style-type: none"> ▪ See Sustainability Report 2020, GRI 305
<p>Principle 8: Take steps to promote greater responsibility for the environment</p>	<p>See principles above</p>	<p>REHAU has a Group certificate under ISO 9001 for quality, ISO 14001 for the environment, ISO 45001 for occupational safety and health management and ISO 50001 for energy management.</p> <p>REHAU prioritises energy conservation, energy efficiency and the use of renewable energies: key measures include process optimisation, ongoing modernisation of infrastructure and machinery, better use of waste heat and careful use of compressed air. We are continuously increasing the amount of clean electricity we buy.</p> <p>We were able to boost our international EcoVadis rating again in the year under review. In the 'Environment' category, we feature in the top 2% of global polymer product manufacturers.</p> <p>Environmentally friendly materials are chosen wherever possible in the development process, risks are minimised and high resource efficiency</p>

Principles**Fundamentals****Actions**

is sought. In addition, in the year under review, we developed our own Circular Design Guide with 10 elementary principles. In future, this will form an integral part of the development process.

In the year under review, we revised our business travel guidelines and expanded our negative list for certain company vehicles based on the higher CO₂ "e-emissions". Similarly, by taking part in the international World CleanUp Day, we once again underscored how important careful management of resources is to REHAU and its employees.

For decades, our progress has been based largely on efficiency measures implemented continuously as part of the above-mentioned management systems and the measures for achieving the goals of our sustainability strategy.

- See Sustainability Report, GRI 302, 305

Principle 9:

Efforts to encourage the development and diffusion of environmentally friendly technology

See principles on the previous page

Sustainable, energy-efficient construction is a global growth market that is expanding quickly. As a leading systems provider for building and window solutions, REHAU already offers the products and services for this.

With our systems for near-surface geothermal energy, ground-air heat exchangers and decentralised local heating grids, we have been at the forefront of the global energy revolution for years.

We have been working consistently to create sustainable manufacturing processes in our window profiles division since 2013. In the year under review, 50% of our window profiles were manufactured in European factories with recycled polymers.

- See sustainability report on p. 5

Anti-corruption

Principles

Fundamentals

Actions

Principle 10:

Voluntary commitment to fight corruption in all its forms, including extortion and bribery

REHAU Code of Conduct

REHAU Supplier Code of Conduct

Anti-Corruption Policy

We have been committed to the highest standards of anti-corruption for years. Various internal and external figures attest to this.

We were able to boost our international EcoVadis rating again in the year under review. In the 'Ethics' category, we feature in the top 4% of global polymer product manufacturers.

As part of the annual compliance risk assessment, corruption risks worldwide are reviewed and recorded and/or updated in the REHAU risk management database. Around 35% of the compliance risks recorded and/or updated in the year under review related to the issue of corruption. Measures and responsible persons are defined for each risk. No significant corruption risks were reported in the reporting period.

As part of the onboarding process for new employees and regular training in the year under review, 397 employees completed the initial course and 5,535 employees the anti-corruption refresher course.

- See Sustainability GRI Report 2020, GRI 102-16, 205

