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Enhancing lives

UN Global Compact 2021 Progress Report – REHAU Group Sustainability



Foreword

We are all experiencing a time of uncertainty and rapidly changing conditions. At REHAU, we can rely on our values as a compass that guides our decisions and actions – especially in times like these. Based on our values, we already announced the suspension of our business in Russia in March 2022 because we strongly condemn the attack on Ukraine and its people. We are currently in the process of completely divesting our activities in Russia. At the same time, we stand closely by our staff in Ukraine. The entire company and our employees have been providing extensive support through our #FamilyforFamilies support programme.

As a family business, it is very important to us that we take responsibility for people and the environment and to pass on something of value to future generations. That is why sustainability is firmly anchored in our corporate strategy. Last year, we took decisive steps based on our sustainability strategy and set ourselves new goals, because we see our commitment to sustainability as an ongoing process and continue to set high standards for ourselves. For this reason, in the year under review, we decided to be 100 percent carbon-neutral in terms of our Scope 1 and 2 emissions by 2035. In this way, we actively support the UNGC topic of 'Environment/Climate'.

It is important for us to be transparent about our goals and actions, which is why we support the ten principles of the UN Global Compact. This year, for the second time, we are publishing a progress report on our sustainability commitment in the fields of human rights, labour standards, environmental protection and anti-corruption. Furthermore, in addition to our progress, we also highlight possible potential for improvement based on these principles.

REHAU is still unequivocally committed to supporting the implementation of the ten principles and will continue to do so in the coming years.

Yours sincerely,



Dr Uwe H. Böhlke
Chief Executive Officer REHAU Industries SE & Co. KG



About the progress report

This report comprises the second 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 October 2021 to September 2022. 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 this basis.

1. Sustainable growth.

This area of activity has been anchored in the DNA of REHAU as a family-owned company for decades. We want to grow sustainably and in a value-oriented manner with products, services and new business models in different industries. This includes formulating an underlying circular economy strategy and developing an implementation strategy with specific measures. We are also aware that our activities and our behaviour have an impact on our entire value chain.

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. In addition, we are also working on initial climate adaptation concepts.

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 have developed our own Circular Scorecard in 2020 and a Circular Design Guide in 2021.

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. Of course, we also respect human rights as we follow the ground rules of the UN Guiding Principles on Business and Human Rights as well as the Universal Declaration of Human Rights.

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 2 worldwide in %	Increased recycling rate in %	Promoting women in management roles EO-E3 in %
Status quo 2020	<1%	36%	15%	13%
Goals 2025	1-3%	100%	20%	15%

Progress report

Human rights

Principles	Fundamentals	Actions
Principle 1: Support and respect for international human rights in our sphere of influence	Core labour standards of the ILO (International Labour Organization) and OECD Guidelines for Multinational Enterprises The REHAU Way – Our Values: trust, reliability and innovation Strategic sustainability management Principles of the REHAU human resources concept 'YOUR REHAU' REHAU Code of Conduct REHAU principles of sustainability, occupational health and safety protection, security and environmental protection REHAU Supplier Code of Conduct Germany: Supply Chain Due Diligence Act (Lieferkettengesetz) National Action Plan for Business and Human Rights (NAP) UK: Modern Slavery Act	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'. As a responsible and sustainable privately held company, our employees and our values are at the heart of our corporate culture. 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. 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. As part of the onboarding process, all new employees are trained in the REHAU Code of Conduct. In the year under review, 402 employees completed the initial course and 15,838 E-Learnings, partly with topics such as compliance and code of conduct, were completed. In 2022, we were able to maintain our international EcoVadis rating with a range of measures. In the 'Labour and Human Rights' category, we feature in the top 8% of global polymer product manufacturers. <ul style="list-style-type: none"> See Sustainability Report 2021, page 71ff. and page 31ff. and GRI 408, 409, 102-9, 102-16, 411
	Principle 2: Ensuring that the company does not participate in human rights violations	See principles above In addition: HR Quality Check & Social Audit Plants according to MVO CSR Risk Check Multi-stage supplier management and supplier quality management (supplier selection, assessment, classification and development, general purchase, contract terms) Compliance Communication System (CoCoS)

Principles	Fundamentals	Actions
		<p>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)</p> <p>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.</p> <p>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 9% of global polymer product manufacturers in the 'Sustainable Procurement' category.</p> <ul style="list-style-type: none"> See Sustainability Report 2021, GRI 102-9, 414, 412 and sections mentioned above

Working practices

Principles	Fundamentals	Actions
<p>Principle 3: Upholding freedom of association and effective recognition of the right to collective bargaining</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, innovation</p> <p>REHAU Group strategic sustainability management</p> <p>Principles of the REHAU human resources concept 'YOUR REHAU'</p> <p>REHAU Code of Conduct</p>	<p>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 or threat to freedom of association and collective bargaining were reported during the period under review</p> <ul style="list-style-type: none"> See Sustainability Report 2021, GRI 407-1, 102-41, 102-16

Principles	Fundamentals	Actions
<p>Principle 4: Abolition of any form of forced labour</p> <p>Principle 5: Abolition of child labour</p>	<p>Core labour standards of the ILO (International Labour Organization) and OECD Guidelines for Multinational Enterprises</p> <p>REHAU Supplier Code of Conduct Multi-stage supplier management and supplier quality management (supplier selection, assessment, classification and development, general purchase, contract terms)</p> <p>Germany: Supply Chain Due Diligence Act (Lieferkettengesetz) and National Action Plans Economy and Human Rights (NAP) UK: Modern Slavery Act</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>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 2021, GRI 408 -1, 409-1
<p>Principle 6: Elimination of discrimination in recruitment and employment</p>	<p>Principles of the REHAU human resources concept 'YOUR REHAU'</p> <p>REHAU Code of Conduct</p> <p>Core labour standards of the ILO (International Labour Organization)</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. 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 non-male employees was over 27% 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 2021, GRI 406-1, 405-1, 405-2, 102-16

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>Promoting circular economy</p> <p>REHAU principles of sustainability, occupational health and safety protection, security and environmental protection</p> <p>Binding Group-wide sustainability goals for 2025 in the focus area of climate protection and the circular economy based on 2018, unless stipulated otherwise</p> <ul style="list-style-type: none"> • REHAU Automotive: Reduce CO₂e (Scope 1 and 2) emissions due to energy consumption by 100% • REHAU Industries: Reduce CO₂e (Scope 2) emissions due to energy consumption by 100% • REHAU Automotive and REHAU Industries Reduce primary energy consumption per EUR of factory revenue by 15% relative to 2019 level • Reduce water consumption per Euro of factory revenue by 10% compared to 2019 • Reduce production waste by 2% based on previous year in relation to the output in tonnes • Use an average of 15% recycled materials across all products (For REHAU Industries: 20%) 	<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. Environmental criteria are considered in all our decision-making processes. Here we demonstrably achieve a higher standard – often beyond what is required of us by law. In the year under review, our CO₂ emissions (GHGP Scope 1 and 2, market-based) totaled 133,770 tonnes – a reduction of 5,9% on the previous year. Long-term CO₂ goals have been defined for 2025 based on the 2018 emissions. A former CO₂ goal has already been achieved for absolute CO₂ emissions (Scope 1 and 2) in 2020. In this context, REHAU has once again been rewarded with a B-rating the in CDP's Climate Change survey. To ensure permanent environmental improvement, the goals REHAU has set are being discussed, optimized and, if necessary, raised at regular intervals. In the near future, REHAU will also collaborate with the SBTi to comply with the Paris Agreement (1.5°C). Another action in the context of a precautionary approach is the implementation of a climate adaptation assessment, which has first been addressed in 2022.</p> <ul style="list-style-type: none"> • See Sustainability Report 2021 page 41ff. GRI 301, 303, 306, 307, 302, 305
<p>Principle 8: Take steps to promote greater responsibility for the environment</p>	<p>See principles above</p> <p>In addition: ISO 9001</p> <p>Circular Design Guide and Circular Scorecard</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. 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. Moreover, we are implementing photovoltaic systems at selected plants worldwide.</p>

Principles

Fundamentals

Actions

		<p>We were able to maintain our international EcoVadis rating again in the year under review. In the 'Environment' category, we feature in the top 3% of global polymer product manufacturers. Environmentally friendly materials are chosen wherever possible in the development process, risks are minimised and high resource efficiency is sought. In addition, we developed our own Circular Design Guide with 10 elementary principles and a Circular Scorecard. In future, this will form an integral part of the development process. In addition, we revised our business travel guidelines and expanded our e-vehicle charging stations. 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.</p> <ul style="list-style-type: none"> • See Sustainability Report: see sections mentioned above
<p>Principle 9: Efforts to encourage the development and diffusion of environmentally friendly technology</p>	<p>See principles on the previous page</p>	<p>For REHAU, polymers have always been a recyclable material. As a result, the basic principle "reduce – reuse – recycle" has been in place in our factories as part of our resource efficiency strategy. During the reporting year, we increasingly addressed the necessity of circular design in our products (e. g., through our Circular Design Principles and our Circular Scorecard), among other measures. In addition to recycling, circular design will play a more and more important role in the future – in product development as well as in the "redesign" after the first product life cycle. Furthermore, 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.</p> <p>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.</p>

Principles	Fundamentals	Actions
		<p>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.</p> <p>Thus, REHAU not only mitigates environmental impacts in the production-phase, but also places value on producing effectful products in regard of their use-phase.</p> <ul style="list-style-type: none"> See sustainability report 2021 page 41ff., GRI 102-2

Anti-corruption

Principles	Fundamentals	Actions
<p>Principle 10: Voluntary commitment to fight corruption in all its forms, including extortion and bribery</p>	<p>REHAU Code of Conduct</p> <p>REHAU Supplier Code of Conduct</p> <p>Anti-Corruption Policy</p> <p>Anti-Corruption Guideline</p>	<p>We have been committed to the highest standards of anti-corruption for years. Various internal and external figures attest to this.</p> <p>We were able to maintain our international EcoVadis rating again in the year under review. In the 'Ethics' category, we feature in the top 6% 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 50% 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.</p> <p>As part of the onboarding process for new employees and regular training in the year under review, 335 employees completed the initial course and 1,010 employees the anti-corruption refresher course.</p> <ul style="list-style-type: none"> See Sustainability GRI Report 2021, GRI 102-16, 205, 206