



Engineering progress  
Enhancing lives

**REHAU**  
**Sustainability**  
**Report**  
**2017/2018**



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## About this report

To promote clarity and make this Sustainability Report as easy as possible to navigate, we have provided the report in PDF form with links.

Further online information, for example on the REHAU website, can be accessed via the links in the PDF. Our symbols will help you navigate.

- 🌐 Link to an external page  
e.g. [www.rehau.com/sustainability](http://www.rehau.com/sustainability)
- Reference to another page of the report

Page references in the tables on pages 22, 27, 28, 44 and 52 are also linked.

You can find the relevant targets for each of our areas of activity under the corresponding management approach. In addition, topics that cover United Nations' SDGs relevant to REHAU are marked with corresponding icons in the report.

# Preface

(GRI 102-14)

## Dear reader,

In this report on the 2017/18 period, we are publishing information about our sustainability activities and targets for the fourth time in a row. A lot has already been achieved in recent years. It is a given for us as a globally active, privately-held company that we continue expanding the measures we take to ensure a sustainable future.

We took the opportunity in 2019 to grapple intensively with the topic of sustainability and are in the process of setting a new trajectory. The processes that we have initiated as part of our new sustainability strategy have not yet concluded, but we would like to give you an initial insight into what we are striving for in this report. REHAU is not immune from the impact of current social and political developments around the world, and we are in the process of adapting the principles of our sustainability activities as a result. We have already established that our activities will be based on four key principles in future:

- **Sustainable growth**
- **Driving forward the circular economy**
- **Accelerating climate protection**
- **Promoting diversity**

We are aware that our future success will depend significantly on our adherence to these principles – and we intend to measure ourselves by them. In future, we will report on our sustainability activities on an annual basis. As a further consequence of our reorientation, we will join the UN Global Compact, the most important global initiative in the field of responsible company management.

We want sustainability to be part of how we work, every day. Which is why the motivation and imagination of our over 20,000 employees worldwide is so important. It is my personal goal to inspire our employees, customers and suppliers into action in all their diversity. Sustainability will only become a reality if every individual plays their part – within our company and beyond.

With this in mind, I hope you enjoy reading this report.

Yours,

**William Christensen**  
CEO of the REHAU Group



# Our company



## Company profile

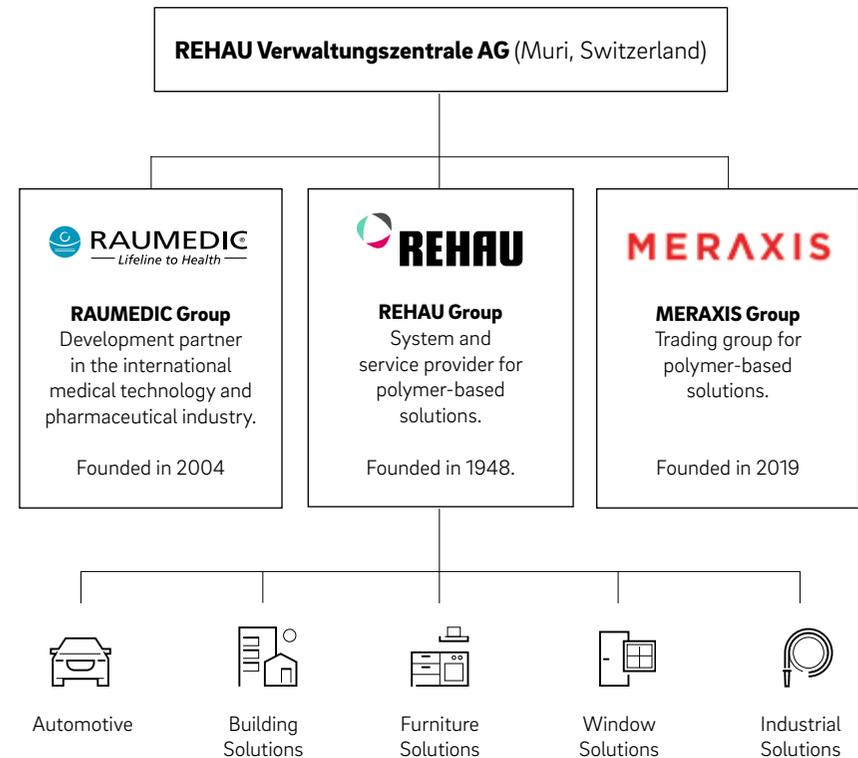
### GRI 102-1: Company name

REHAU AG + Co

### GRI 102-2: Activities, brands, products, and services

REHAU AG + Co is headquartered in Rehau and is part of the international REHAU Group based in Muri bei Bern. REHAU is a leading system and service provider for polymer-based solutions. REHAU is a premium brand synonymous with high performance, quality, innovation strength and design expertise for its customers, suppliers and employees. Our corporate culture is based on the values of trust, reliability and innovation.

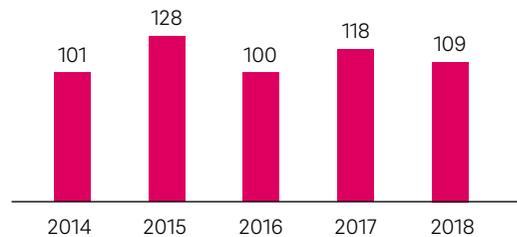
## 01 \_ REHAU as part of a strong, privately-held company



### Patents

As an innovative leader in the field of technology, we continue to develop our products across divisions and work on new solutions. This is reflected in the large number of patent and utility model applications we submit each year. REHAU submits approximately 100 patent and utility model applications each year, known as “priority applications.” A total of 556 patents and utility models have been approved worldwide since 2014.

#### 02 \_ Number of patents submitted per year



### GRI 102-3: Company headquarters

The headquarters of REHAU Verwaltungszentrale AG, the REHAU Group holding company, is located in Muri bei Bern, Switzerland. The German parent company REHAU AG + Co is headquartered in Rehau, Germany.

### GRI 102-4: Location of operations

The REHAU Group has over 170 locations in more than 50 countries. Its international activities are focused in Europe.

REHAU AG + Co in Germany is the largest company in the Group, with a total of 16 sales offices, 11 plants, 2 administrative offices and 3 logistics centres.

 [Find out more about our locations in Germany](#)

#### 03 \_ REHAU locations worldwide



**GRI 102-5: Ownership and legal form**

The REHAU Group is privately owned and the holding company takes the legal form of an "Aktiengesellschaft" (public limited company). The German parent company takes the form of an AG + Co. The company's main administrative headquarters are located in Rehau, along with the three divisions Automotive, Furniture Solutions and Industrial Solutions. The administrative headquarters of the Window Solutions and Building Solutions divisions are located in Erlangen.

**GRI 102-6: Markets served**

The REHAU Group is a leading processor of polymer materials, with locations on every continent. The company has a broad customer base, from small-scale installation companies to international corporations, from joiners to transnational OEMs. With over 130 sales offices worldwide, REHAU is close to its customers and to the markets it supplies.

**GRI 102-7: Scale of the organization**

REHAU AG + Co's revenue for the 2018 financial year amounted to EUR 2.1 billion. The Group as a whole, with around 20,000 employees, achieved turnover of EUR 3.5 billion (2017: 3.5).

**04 \_ Share of turnover by division**

Division	2017	2018
Automotive	49 %	51 %
Building and Infrastructure Solutions	18 %	18 %
Furniture Solutions	13 %	12 %
Window Solutions	11 %	10 %
Industrial Solutions	9 %	9 %

- For the number of locations, see GRI 102-4, p. 5
- For the number of products and services provided, see GRI 102-2, p. 4

**GRI 102-8: Information on employees and other workers**

At the end of 2018, REHAU AG + Co employed 9,769 members of staff (2017: 9,379). In 2018, REHAU employed a total of 20,729 members of staff (2017: 20,380).

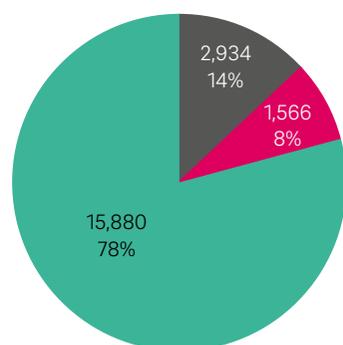
- You can find more figures on employee development and staff turnover in the chapter on Social impact, p. 37 ff.

The majority of REHAU employees have permanent contracts. At the end of the reporting period, around 1,300 employees were working part-time. The number of external employees is negligible.

## 05 \_ Employees\* by region and employment status

### Total employees in 2017

by region



#### Top 10 countries with the most employees

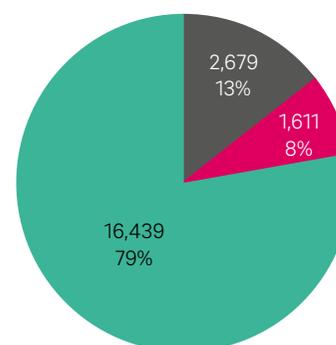
1.	DE	9,379
2.	US	1,290
3.	CZ	1,029
4.	FR	978
5.	RU	654
6.	CN	628
7.	MX	623
8.	ZA	565
9.	PL	528
10.	GB	475

■ AM = Americas ■ AP = Asia Pacific ■ EMEA = Europe, Middle East, Africa

Region	AS	AP	EMEA	Total
Employees	2,934	1,566	15,880	20,380
Full-time*	2,923	1,563	14,789	19,275
Part-time*	11	3	851	865

### Total employees in 2018

by region



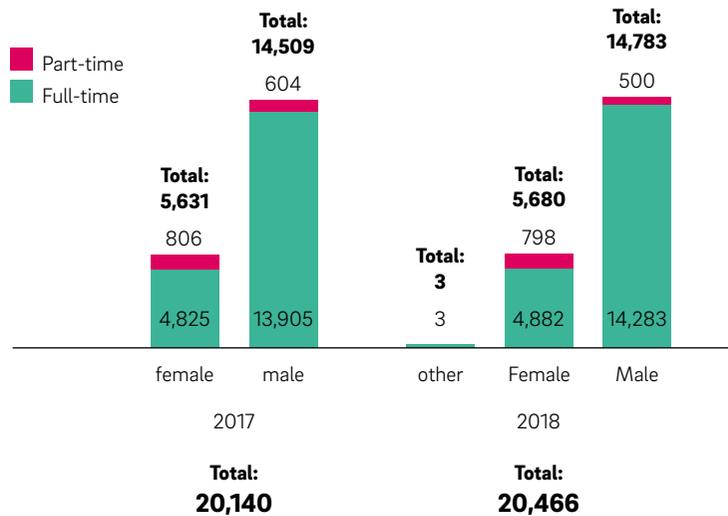
#### Top 10 countries with the most employees

1.	DE	9,769
2.	CZ	1,122
3.	US	1,032
4.	FR	994
5.	CN	657
6.	MX	619
7.	RU	614
8.	ZA	569
9.	PL	563
10.	HU	506

Region	AM	AP	EMEA	Total
Employees	2,679	1,611	16,439	20,729
Full-time*	2,676	1,600	15,231	19,507
Part-time*	3	11	945	959

\* Number of active employees excluding contractors, temporary staff, interns and mergers and acquisitions

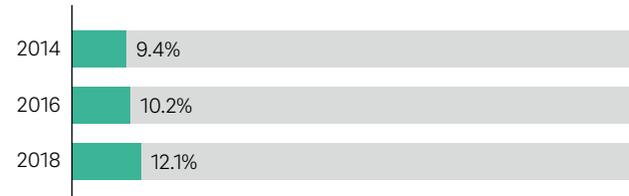
**06 \_ Number of employees\* by working hours and gender**



\*excluding mergers and acquisitions, as we do not have detailed information about gender and working hours (Employees 2017: 240; employees 2018: 263)

In 2018, REHAU employed 5,680 women (2017: 5,631), of which 798 worked part-time (2017: 806). Compared with the previous report, the number of women in management roles increased from 10.2% in 2016 to 12.1% in 2018.

**07 \_ Women in management roles**



**Trainee intake**

In 2018, trainee intake at locations in Germany was 6.5% (2017: 7.0%). The number of trainees remained almost exactly the same, but the proportion sank as the total number of employees increased significantly. Of the trainees who finished their traineeships in 2018, we employed 87% (2017: 77%). These figures were taken from the current HR system by the Vocational Education department.

**GRI 102-9: Supply chain**

To ensure consistently sustainable business practices, REHAU takes care to work with suppliers who can demonstrate that they act sustainably and take responsibility for the environmental and social impact of their business. We work with around 30,000 suppliers, the majority of which are based in member states of the Organisation for Economic Co-operation and Development (OECD).

Global collaboration with suppliers can come with certain risks. For this reason, the REHAU Group has introduced its own Supplier Code of Conduct, which our suppliers must accept as part of our terms of delivery. We developed this further in 2018, with the aim of improving the environmental and social standards upheld by our suppliers and referring more specifically to the relevant global standards in this area.

- Chapter on Suppliers, p. 19 ff.
- 🌐 Supplier Code of Conduct
- 🌐 Supplier management at REHAU

#### **GRI 102-10: Significant changes to the organization and its supply chain**

There was a change in the top management of REHAU AG + Co in 2018: our long-standing CEO Rainer Schulz stepped down and was replaced by William Christensen.

In the 2018 financial year, the REHAU Group's investment activities amounted to EUR 139 million (2017: EUR 144 million). The investment rate (cash flow from investment activities as a proportion of revenue) amounted to 6.7% (2017: 7.2%).

During the 2017 and 2018 financial years, REHAU Group did not sell off any business areas or product businesses. REHAU Verwaltungszentrale AG in Switzerland was able to successfully conclude the acquisition of the internationally active polymer raw materials group MB Barter Trading in 2018. As part of the acquisition process, REHAU GmbH, a trading company already located in Switzerland, and its subsidiaries were merged with MB Barter Trading to form the independent Meraxis Group as a third division of Verwaltungszentrale AG. Meraxis, based in Muri bei Bern, Switzerland, focuses on the procurement and distribution of polymer-based solutions for the plastics processing industry, in particular the automotive, construction, industry and packaging sectors.

#### **GRI 102-11: Precautionary principle or approach**

Risk management is integrated into REHAU's operational processes via the defined information and escalation systems and is part of both our strategic and operational management. According to the Group structure, risk assessments are carried out on a divisional and service area level and, if necessary, on an individual company level, and reported to the Executive Board. Risk assessments are based on the probability of occurrence and the extent of the potential damages.

We have defined a process by which to recognize and manage environmental and social risks in advance. They are incorporated into the company's overall risk strategy and management via sustainability and environmental management.

As part of this reputational risk management, we monitor products, production processes, locations and customer groups for which sustainability is a particular factor. The focus is on topics that are ethically, socially or environmentally sensitive – for example projects that may lead to increased air, water or soil pollution or be associated with the overuse of natural resources. We are also dedicated to preserving human rights throughout our supply chain.

- Chapter on Suppliers, p. 19 ff.

**GRI 102-12: External initiatives**

REHAU is a member of several renowned associations, underlining its role as an economically, environmentally and socially responsible industrial company.

These include:

- German Sustainable Building Council (DGNB) (since 2013)
- La feuille de route économie circulaire (circular economy association; since 2018)
- kununu, open company (since 2015)
- NETZWERK Unternehmen integrieren Flüchtlinge (network of companies integrating refugees; since 2017)
- Rewindo – German plastic profile manufacturers' recycling initiative (since 2011)
- German Association of the Automotive Industry (VDA) (since 2004)
- VinylPlus – sustainable development commitment by the European PVC industry (since 2011)

We also continue to be actively involved in or are signatories of the following initiatives:

- Carbon Disclosure Project, international leader in carbon and water sustainability ratings (since 2014)
- Charta der Vielfalt, international initiative promoting diversity within companies (since 2018)
- EcoVadis, international leader in business sustainability ratings (since 2012)
- Responsible Minerals Initiative, initiative for the responsible procurement of minerals in conflict-affected regions (since 2014)

We are also members of various working groups actively involved in developing sustainability standards:

- The European Plastic Pipes and Fittings Association (since 2016)
- VDA working group on sustainability in the supply chain (since 2018)

**GRI 102-13: Membership of associations**

In accordance with our principles of conduct, we strive to act responsibly and with integrity – including with regard to political and non-governmental organizations. We support the transition to renewable energy and heat in accordance with the Paris Agreement on climate change, in particular the expansion of solar power and wind energy and the environmentally friendly use of co-generation power plants within local heat networks.

As a globally active company with a high energy demand, we require internationally competitive energy prices and a secure energy supply, which is why we are dedicated to promoting free, fair trade.

The REHAU Group is a member of a selected number of both national and international industry associations and interest groups.

These include the following organizations:

- European Plastics Converters (since 2018)
- Verband Fenster + Fassade e.V. DIN (window and facade association; since 2006)
- Zentralverband Sanitär Heizung Klima (sanitary, heating and climate association; since 1999)

## Strategy

**GRI 102-14: Statement from senior decision-maker**

→ Preface, p. 3

**GRI 102-15: Impacts, risks, and opportunities**

Our sustainability strategy is an integral part of our corporate strategy. We have also developed a mission statement that clearly defines our activities for sustainable management.

This can be divided into four main areas: long-term corporate strategy, environmentally friendly products, resource conservation and employee satisfaction. As part of our corporate strategy, we want to further increase our added value, invest consistently in the future of the company and grow with diversity. As an attractive employer, we offer the best possible working environment and take on social responsibility. We act in an economically viable, environmentally friendly and socially responsible way with regard to our customers and our suppliers. We focus on quality and strive to always set the best possible example in our industries. Where possible, we collaborate with partners and expand our expertise through targeted investments.

In order to integrate sustainable economic and business processes into our corporate decision-making, we observe relevant megatrends, analyze current developments and evaluate them in terms of possible risks and opportunities. We are continually striving to reduce any possible negative impact our business activities may have. In order to ensure that environmental and social risks are taken into account in our corporate decision-making, our environmental and sustainability management work is closely interwoven with and supports our risk management. In addition, we also develop, produce and market products that help promote sustainable development.

Since 2010, we have been developing areas of activity that represent our main challenges and, at the same time, provide the framework for developing our solutions. These areas of activity have been reworked multiple times since 2010 and adapted to changing requirements. We are currently working on finalizing our new areas of activity, which will take into account our business's current environment and the requirements for meeting the challenges we will face in the coming years.

## 08 \_ Developing our areas of activity

	2010	2015	2019
<b>Long-term corporate strategy</b>	<ul style="list-style-type: none"> <li>▪ Diversification</li> <li>▪ Supplier management</li> <li>▪ Economic stability</li> <li>▪ Growth markets</li> <li>▪ Independence</li> <li>▪ Compliance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Diversification</li> <li>▪ Supplier management</li> <li>▪ Growth markets</li> <li>▪ Compliance</li> </ul>	<b>Sustainable growth</b> 
<b>Resource conservation</b>	<ul style="list-style-type: none"> <li>▪ Waste and effluents</li> <li>▪ Material saving</li> <li>▪ Energy efficiency</li> <li>▪ Hazardous substances</li> <li>▪ Recyclates</li> <li>▪ Buildings</li> </ul>	<ul style="list-style-type: none"> <li>▪ Waste and effluents</li> <li>▪ Materials and raw materials</li> <li>▪ Energy efficiency</li> <li>▪ Buildings</li> </ul>	<b>Accelerating climate protection</b> 
<b>Environmentally friendly, energy-efficient products</b>	<ul style="list-style-type: none"> <li>▪ Customer satisfaction</li> <li>▪ Product responsibility</li> <li>▪ Product development (megatrends)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Product responsibility</li> <li>▪ Product innovations</li> <li>▪ Digitization</li> </ul>	<b>Driving forward the circular economy</b> 
<b>Employee satisfaction</b>	<ul style="list-style-type: none"> <li>▪ Work-life balance</li> <li>▪ Education and training</li> <li>▪ Diversity and equal opportunity</li> <li>▪ Social involvement</li> </ul>	<ul style="list-style-type: none"> <li>▪ Attractiveness as an employer</li> <li>▪ Education and training</li> <li>▪ Occupational health and safety</li> <li>▪ Social involvement</li> </ul>	<b>Promoting diversity</b> 

## Company values

### GRI 102-16: Values, principles, standards, and norms of behavior

We believe that sustainable company management must be based on values and principles of conduct that are manifested by all employees. We have defined these values and principles and made them available to all employees via the intranet under the heading "YOUR REHAU." As a responsible and sustainable privately-held company, our employees and our values are at the heart of our unique corporate culture. REHAU drives people. People drive REHAU.

Our corporate culture is based on the values of trust, reliability and innovation. These values guide our management principles and how we relate to our stakeholders. We want to be a reliable partner, and our actions are driven by these values. We undertake to comply with laws, guidelines and market standards as well as voluntary commitments and our internal REHAU principles.

The binding global Code of Conduct, for example, provides employees with guidelines for correct, ethical behavior in their day-to-day work. The Code of Conduct makes it clear what REHAU expects of its employees: not just that they conform to the law, rules and internal regulations, but that their behavior reflects our value system.

Our corporate responsibility guidelines, as laid down in the REHAU Employee Code of Conduct,

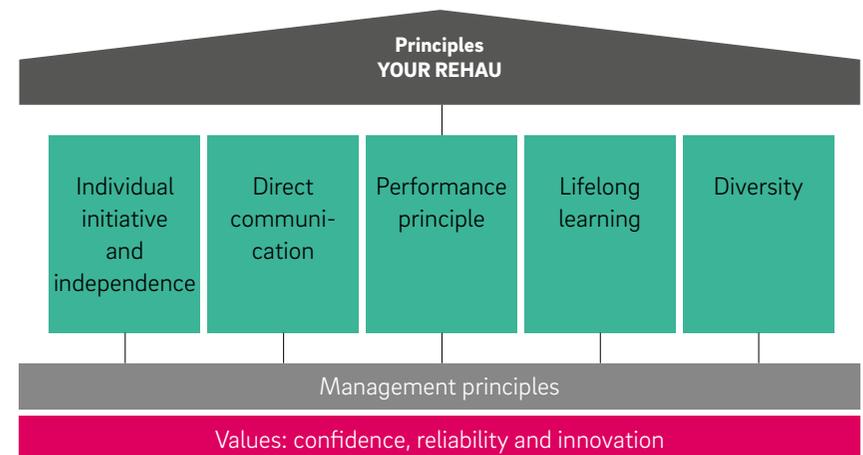
- also form an important basis for responsible conduct. These include the areas of responsibility towards our fellow people and society, legal conformity and compliance, integrity and independence in our business transactions, our relationship with business partners and decision-makers, donations and sponsorships, conflicts of interests, etc. They also include:
  - Our commitment to an open dialog with our stakeholders.
  - Our commitment to the UN Global Compact.
  - A sustainability strategy that will have a stronger external focus in future, with the four guiding principles of sustainable growth, climate protection, the circular

- economy and diversity – based on the UN's Sustainable Development Goals (SDGs).
- Guidelines and principles of our environmental and energy management strategy.
- Our purchasing guidelines and Supplier Code of Conduct, which provide a standard for sustainable procurement.

→ Chapter on Ethics and compliance, p. 14 ff.

- 🌐 Employee Code of Conduct
- 🌐 Supplier Code of Conduct

### 09 \_ YOUR REHAU – values and principles

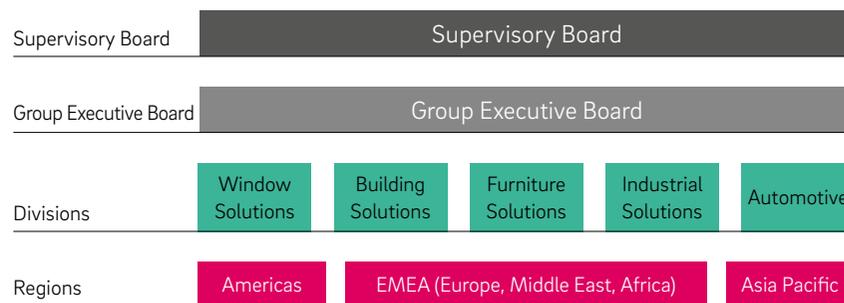


## Company management

### GRI 102-18: Governance structure

The Group Executive Board (GEB) is the uppermost management body within the REHAU Group. It has an obligation towards REHAU's investors, customers, employees and other company stakeholders, with the goal of pursuing sustainable value creation (stakeholder value). The GEB is responsible for managing the company in the interests of the company, developing the company's strategic direction, discussing this with the Supervisory Board and ensuring its implementation.

### 10 \_ REHAU Group company structure



The Supervisory Board advises and monitors the GEB in its management of the company. It appoints and dismisses the members of the GEB and, together with executive management, ensures long-term succession planning. To support the company's transition to a digital production, technology and service provider, specific technology platforms were established for REHAU and united in the Technology & Performance unit.

The platforms relate to issues such as 3D printing technology, the development of new production and recycling processes and the integration of electronics into polymer products. This aims to accelerate the transformation of our business model and appropriately support the development of digital products, production processes and product-specific services.

At REHAU, corporate responsibility issues are managed by three departments.

Risk management is integrated into REHAU's operational processes via the defined information and escalation systems, and is part of both our strategic and operational management. It verifies production and procurement risks, environmental risks (including climate risks) and cyber risks, alongside customer relationships, market developments and products, in particular with regard to whether these are compatible with our company and sustainability principles.

→ Find out more under GRI 102-11, p. 9

Sustainability management works closely with risk management. The team is responsible for the strategic direction and coordination of all economic, environmental and social sustainability topics. When it comes to stakeholder dialog, sustainability management works closely with the Corporate Communications department, which is responsible for internal and external communication regarding corporate responsibility.

REHAU also has a global Compliance Management team whose goal is to plan, manage and monitor the company's compliance activities.

→ Chapter on Ethics and compliance, p. 14 ff.

# Ethics and compliance

## **GRI 103: Management approach (including 103-1, 103-2, 103-3) – Compliance** **GRI 205: Anti-corruption, GRI 206: Anti-competitive behavior, GRI 419:** **Socioeconomic compliance**

Legally compliant conduct has been a foundational principle at REHAU since the company was founded. We consider ourselves a conscientious privately-held company with a duty to promote sustainability and integrity in our business transactions. Our compliance efforts are particularly focused on combating corruption, violation of competition law, money laundering and violation of environmental regulations. We follow the OECD guidelines for multinational companies and the UN Convention against Corruption of October 31, 2003. REHAU is also committed to the 10 principles of the UN Global Compact, which include combating corruption.

Our fundamental values and behavioral code are set out in our internal Code of Conduct and more specific anti-corruption guidelines. These rules are binding for all REHAU employees around the world, independent of their role or level of seniority. We expect the partners in our supply chain to share these values and principles and to accept our Supplier Code of Conduct.

REHAU has implemented a global compliance management system (CMS) with the aim of planning, managing and monitoring the company's compliance activities. All REHAU Group employees receive regular training on these topics. A culture of open discussion, trust, transparency and compliance awareness means these types of queries or issues are usually speedily resolved on a case-by-case basis. Our goal is to foster a culture of compliance according to the principle "Compliance at REHAU: comply – commit – trust."

Employees and third parties can help combat corruption by reporting compliance violations via the REHAU Compliance Communication System (CoCoS), which can be done anonymously. CoCoS is a web-based system and fulfills the highest possible standards in terms of data protection and security. Reports submitted via the system land directly with our compliance experts in the Legal and Compliance department and are handled as a top priority with the utmost confidentiality.

 CoCoS whistleblower system

REHAU's CMS is run by the Head of Legal and Compliance – who reports directly to the Executive Board – the central Compliance department and local compliance contacts. The REHAU Group's Executive Board and Supervisory Board are updated annually on the current status of the compliance management system as part of the compliance report.

The efficacy of the compliance management system is monitored on a regular basis and appropriate measures for further development are put in place as necessary.

 Employee Code of Conduct  
 Supplier Code of Conduct

## **GRI 205: Anti-corruption**

### **GRI 103: Management approach (including 103-1, 103-2, 103-3) – Anticorruption (UN Global Compact: principle 10)**

→ See management approach for compliance, this page

### **GRI 205-2: Communication and training about anti-corruption policies and procedures**

A variety of anti-corruption measures were introduced between 2016 and 2018, including:

- distribution of global compliance information
- on-site training in selected countries
- roll-out of e-learning compliance training
- publication of articles on the topic of compliance on the employee intranet
- implementation of an external online system for reporting compliance violations and corruption

All of these measures aim to raise awareness among employees and enforce the REHAU anti-corruption guidelines, which apply globally and are part of the REHAU Code of Conduct. All REHAU employees around the world have access to the Code of Conduct – in most cases in their native language – which, like the anti-corruption guidelines, can be found on the intranet. Depending on the topic, the e-learning modules are compulsory for all employees, or, as in the case of the e-learning module on anti-corruption, all employees with third-party contact. Employees without access to computers are given on-site training. The Group's regulatory body is updated annually on the current status of the compliance management system as part of the compliance report.

During the reporting period, 1,525 new REHAU Group employees successfully completed the training on corruption prevention.

Our goal is to enforce adherence to the Supplier Code of Conduct among all our suppliers and service providers. This has replaced the Sustainability Agreement signed by the majority of our most important suppliers. Compliance violations can be reported via the REHAU Compliance Communication System (CoCoS) at any time. Reports can be made anonymously.

#### **GRI 205-3: Confirmed incidents of corruption and actions taken**

REHAU does not tolerate any form of corruption or other criminal actions by its employees. REHAU has a zero-tolerance approach to violations.

During the reporting period, one instance of corruption was discovered involving an employee and a supplier. The case was investigated and the employee was eventually dismissed. In other reported cases, no incidence of corruption was confirmed following investigation. During the reporting period, no public legal action was taken against REHAU or any of its employees relating to corruption. There are currently no known instances of corruption at REHAU.

## **GRI 206: Anti-competitive behavior**

### **GRI 103: Management approach (including 103-1, 103-2, 103-3) – Anticompetitive behavior**

→ See management approach for compliance, p. 14

### **GRI 206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices**

REHAU does not tolerate corrupt business practices, cartel agreements or similar. In the interests of unrestricted competition, we also require that suppliers do not participate in any form of anti-competitive behavior such as pricing agreements, the division of market segments, price fixing, etc., that they implement a zero-tolerance policy regarding competitive agreements and provide their employees with the corresponding training.

These principles are set out in the internal Code of Conduct and the Supplier Code of Conduct.

## **GRI 419: Socioeconomic compliance**

### **GRI 103: Management approach (including 103-1, 103-2, 103-3) – Socioeconomic compliance (UN Global Compact: principle 10)**

→ See management approach for compliance, p. 14

### **GRI 419-1: Non-compliance with laws and regulations in the social and economic area**

During the reporting period, no significant fines and no non-monetary sanctions were imposed on REHAU or any of its Group companies.

# Stakeholders

## GRI 102-40: List of stakeholder groups

Regular dialog with external and internal stakeholder groups is part of our corporate responsibility. We try to meet the needs and expectations of our stakeholders through active discussion. We believe this enables us to respond to new demands ahead of time, minimize or avoid risks and realize potential. Our stakeholders include:

- customers
- employees
- suppliers
- investors
- universities and research institutions
- media and the general public
- business partners and competitors
- local residents and communities
- non-governmental organizations (NGOs)

## GRI 102-41: Collective bargaining agreements

We offer our employees attractive salary packages comprising a basic salary based on their role, variable performance-based payments and a variety of additional benefits based on the relevant labor market, including relevant collective agreements (for example for the polymer processing industry, chemistry and metal in Germany). The market development in terms of salaries is monitored on a regular basis (generally once a year). When doing so, we consult relevant guidelines like the ILO's Fundamental Principles and Rights at Work. REHAU meets the legal requirements in terms of minimum wage and additional benefits.

## GRI 102-42: Identifying and selecting stakeholders

We consider stakeholders to be any people, groups or organizations that have demands, wishes or proposals that relate to us as a company. We differentiate between direct and indirect stakeholders. We prioritize dialog with direct stakeholders who have a notable impact on or are significantly affected by our economic, environmental and social performance. We consider indirect stakeholders to be interested parties such as local media and the general public at our 170 global locations, with whom we seek active dialog.

## GRI 102-43: Approach to stakeholder engagement GRI 102-44: Key topics and concerns raised

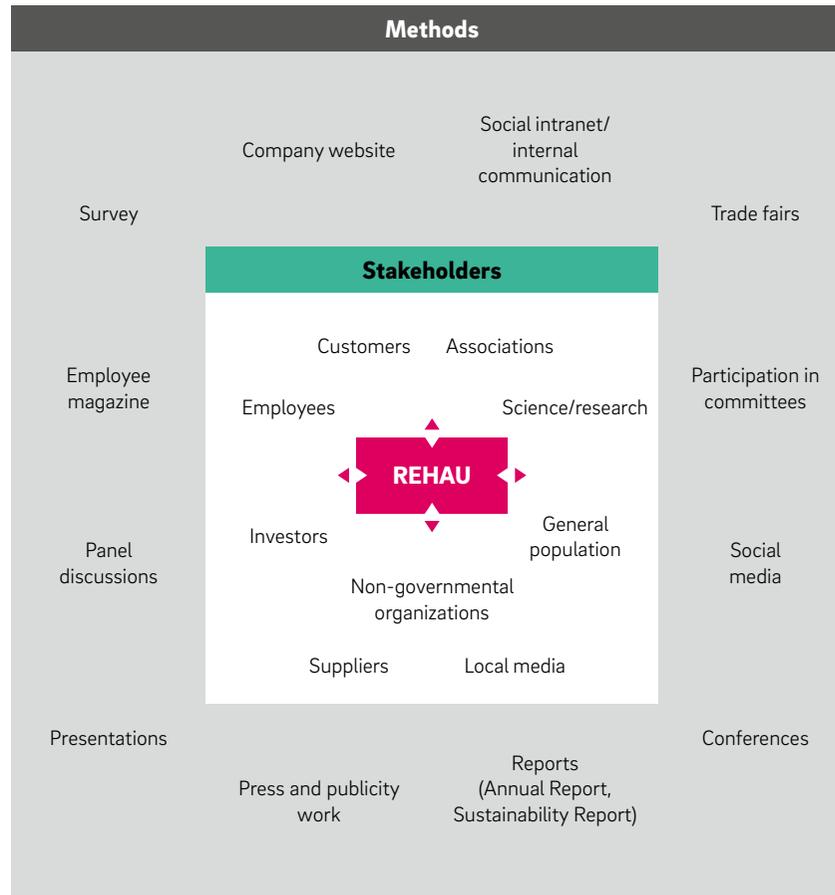
At REHAU, we seek active dialog in order to meet the needs and respect the interests of our stakeholders and to present our own perspectives. We use a variety of internal and external formats for strategic communication with our stakeholder groups. These include:

- surveys e.g. on workplace safety and sustainability
- publications such as the Annual Report and Sustainability Report, press releases and the employee magazine
- events e.g. open days, customer roadshows, supplier days and events for managers
- trade fairs and conferences
- participation in committees
- presentations

The main concerns of our stakeholders form the framework of our sustainability reporting. We identified the following topics for the reporting period, which formed the basis of our areas of activity:

- Responsible management
- Sustainable company development
- Environmental and climate protection, CO<sub>2</sub> emissions
- Compliance
- Risk management
- Product development/optimization
- Innovations
- Digitization
- Customer satisfaction
- Communication with suppliers/sustainable procurement
- Communication with employees and employee satisfaction
- Sponsorships and social involvement
- Communication with the general public and NGOs.

**11 \_ Stakeholder dialog**



Our stakeholders have a variety of different expectations, and we strive to meet them all. We aim to be a positive local presence and contribute to social, environmental and cultural projects in our site locations. Our local contacts include cities, educational institutions, cultural organizations, associations and societies, among many others. We have invested significantly in our dialog with civil society and NGOs in recent years. In turn, the results of these interactions play an increasingly important role in our corporate policy decisions. During the reporting period, it became clear that environmental and climate protection in particular, and especially CO<sub>2</sub> emissions, are becoming increasingly important for all major stakeholders in our various locations. These topics matter to our customers, suppliers and other stakeholders, and will remain a focus of our dialog in future. Responsible management and sustainable company development are also relevant for all of our stakeholders.

**Civil society/social responsibility:**

India – regular tree-planting programs as part of World Environment Day

World Environmental Day has always been a special event for REHAU India. Every year, trees and bushes are planted in the area surrounding our factories in Pune in the state of Maharashtra and the neighboring regions as part of a community initiative. The aim of the program is to raise awareness of and promote environmental protection among employees and the general population. During the reporting period, REHAU employees planted over 400 seedlings in the name of the organization Plant for the Planet.

- 🌐 Plant for the Planet
- For more information about REHAU's social involvement, see p. 48 ff.

**Environmental associations/environmental and climate protection:**

France – active member of/in dialog with La feuille de route économie circulaire

During the reporting period, REHAU worked closely with the French government and French environmental associations to promote the topic of secondary raw materials. Among the participating environmental organizations were La feuille de route économie circulaire (FREC), Association Alliance Chimie Recyclage (2ACR) and the French Environment and Energy Management Agency (ADEME). The focus of this exchange was the positive impact of a circular economy on environmental protection and sustainable development. We wish to continue and expand this dialog in order to underline the importance of this topic not only for France and Germany but for all of Europe.

**Government/recycling:**

Sweden – dialog regarding polymer recycling

As a leading company in the field of secondary raw materials recycling, REHAU took part in a variety of conferences, discussions with stakeholders and expert surveys during the reporting period. This included sharing our experience and expertise with the Swedish Environmental Research Institute (IVL) and the Swedish Environmental Protection Agency (Naturvårdsverket), among others. Data was gathered on the creation, collection and treatment of PVC waste, and as the second-largest recycler of polymer window lineals in Europe, we were able to bring our decades of experience in recycling production materials, post-consumer and post-industrial raw materials into play.

**NGOs/biodiversity:**

Indonesia – species conservation

Dialog with local NGOs regarding country-specific topics is important at REHAU. As part of our Management Development Program and with the support of REHAU Indonesia, we began discussions with the Orangutan Conservation Fund and provided the organization with financial support. Our factory in Jakarta will continue to actively support the foundation.

# Suppliers

## **GRI 103: Management approach (including 103-1, 103-2, 103-3) – Suppliers GRI 308: Supplier Environmental Assessment, GRI 414: Supplier Social Assessment**

Our corporate responsibility extends throughout the supply chain. When it comes to engaging external suppliers and service providers, environmental and social criteria are crucial. As part of our certified environmental management system, our purchasing and supplier selection processes are subject to internal and external audits.

We expect our suppliers to implement the ISO 9001 quality management standard or a comparable standard.

Systematic risk monitoring for our suppliers is also an important tool at REHAU. It allows us to accurately evaluate our supplier relationships and adapt our procurement strategy accordingly. We are in continual direct contact with our partners on this subject. Central criteria that we assess across all procurement segments include quality, the risk of supply disruptions, availability and dependence, protection of know-how and the economic stability of the suppliers.

We aim to pay even closer attention to sustainability standards in future. Our sustainability management team will carry out analysis when selecting and assessing suppliers.

At REHAU, procurement is undertaken by the Purchasing division, whose management reports directly to the CEO.

The topic of sustainability in purchasing is covered by the Global Procurement Strategy department. We use a variety of policies and processes to ensure our suppliers and service providers meet basic standards. An integral part of all of our supply agreements is the Supplier Code of Conduct, drawn up in 2018, which has replaced the Sustainability Agreement that was previously used.

It specifies in binding terms that REHAU expects its business partners to respect human and personal rights, comply with environmental standards and carry out their business ethically. Suppliers are required to accept the Supplier Code of Conduct. Violation of the Supplier Code of Conduct can lead to the termination of the business relationship.

Suppliers' compliance with social criteria is also an integral component of our sustainable procurement standard. We use on-site audits to verify whether our suppliers meet our social and environmental requirements. If they do not, we reserve the right to end the business relationship. Audits can be triggered by the supplier selection process, product and process qualifications or customer requests, among other things.

-  Supplier Code of Conduct
-  Supplier management at REHAU

## **GRI 308: Environmental assessment of suppliers**

### **GRI 103: Management approach (including 103-1, 103-2, 103-3) – Environmental assessment of suppliers**

→ See management approach for suppliers, this page

### **GRI 308-1: New suppliers assessed according to environmental standards**

We aim to enforce adherence to the Supplier Code of Conduct on all our suppliers and service providers. By the end of 2018, all of our suppliers had signed the Supplier Code of Conduct, which replaced the Sustainability Agreement signed by the majority of our suppliers. The only exceptions are the Indirect Materials & Services department and Travel/Event Management division.

### GRI 308-2: Negative environmental impacts in the supply chain and actions taken

We monitor the potential environmental impact of our suppliers via on-site audits. A total of 110 audits of this kind took place in 2018 (2017: 84). Three (2017: two) of these audits revealed violations of our environmental guidelines and the business relationships were ended as a result.

### 12 \_ Basic method for supplier audits



## GRI 414: Supplier Social Assessment

### GRI 103: Management approach (including 103-1, 103-2, 103-3) – Supplier Social Assessment

→ See management approach for suppliers, p. 19

### GRI 414-1: New suppliers that were screened using social criteria

REHAU is a globally active company. We are conscious of this and expect our employees and business partners to respect the different regional mentalities that involves. We have a zero-tolerance policy regarding unethical business practices such as discrimination, child labor and forced labor, corrupt business practices and cartel agreements. By signing the Supplier Code of Conduct, all REHAU suppliers commit to adhering to our values when carrying out their global business activities and conforming to the applicable laws. If suppliers violate the Supplier Code of Conduct, we reserve the right to terminate existing contracts without notice.

REHAU operates a whistleblower system (Compliance Communication System, CoCoS) which employees and suppliers can use to anonymously report unethical or illegal behavior. The system was used by more than 20 stakeholders during the reporting period.

🌐 You can find more information about the CoCoS whistleblower system in the Compliance chapter, p. 14

### GRI 414-2: Negative social impacts in the supply chain and actions taken

We reserve the right to take appropriate measures to verify adherence to the Supplier Code of Conduct with regard to social criteria. No significant negative social impact from the supply chain was discovered during the reporting period.

# Economic impact

## **GRI 103 Management approach for economic impact (including 103-1, 103-2, 103-3) GRI 201: Economic Performance, GRI 203: Indirect Economic Impacts**

REHAU is a system and service provider of polymer-based solutions. We have been developing new, innovative fields of application for polymers for 70 years. Our approach has always remained the same: to replace standard materials with higher-performance polymers and provide system solutions with added value for our customers. Our broad range of products focuses on technically advanced, high-quality, complex solutions. As a premium brand for polymer-based solutions, REHAU is an international presence in the construction, automotive and industry sectors. Our expertise is split into five divisions: Automotive, Building Solutions, Furniture Solutions, Industrial Solutions and Window Solutions.

→ GRI 102-2: Activities, brands, products, and services, p. 4

Our market focus and reliable customer partnerships that take economic, environmental and social sustainability into account are strongly rooted in our company principles. A sales force with close proximity to our customers with 130 branches around the world guarantees the required market presence and helps maintain and expand existing business relationships. Around 20,000 members of staff in over 170 locations in 54 countries all contribute to the success of our company.

At the heart of our vision and strategic targets are profitable growth and the aim to become competitive market leaders in the majority of our business areas. In doing so, we think and act with foresight and in accordance with sustainability requirements. We consider our responsibility towards people and the environment to be a key pillar of our corporate culture and a basis for long-term growth.

At the same time, we want to play an active role in society and be a positive influence on the world around us. This is reflected in our diverse range of products and services, such as those enabling energy-efficient construction, the use of renewable energy and water management. We are also involved in the communities around our locations.

→ For more information about our social involvement, see p. 48 ff.

In the future REHAU aims to continue its orientation towards medium and long-term targets, instead of focusing on short-term profit. Our development and market activities are therefore focused on overarching strategic corporate topics: digitalization, individualization, mobility, sustainability and new work. In combination with our broad-based customer structure, this puts us in a good position from which to achieve sustainable growth. We are also seeking sustainable solutions to the economic and ecological challenges of the future. Our decades of accumulated expertise and innovative spirit combined with our impressive development achievements in the field of polymer technology will help us tackle the topics of tomorrow.



## Sustainable growth targets

Targets	Deadline	Status	Reached	Page
Sustainable growth across all divisions	By 2030	Between 2015 and 2018, REHAU AG + Co had an annual growth rate of over 5%. A weaker phase emerged in 2018.	●	21 ff.
Gradual transition from a linear to a circular economy	By 2050	We are already implementing the use of recyclates across all divisions and a holistic circular economy will become an even stronger focus in future.	◐	28 ff.
Supplier management: embedding of sustainability requirements into relationships with business partners	By 2020	All specified suppliers have signed REHAU's Sustainability Agreement. In 2018, REHAU's Sustainability Agreement was updated and replaced by the Supplier Code of Conduct.	●	19 ff.
Health and safety at work – continual reduction of workplace accidents (vision: zero)	Ongoing	During the reporting period, the average rate of accidents in certain factories grew due to a significant increase in the number of staff.	○	40 f.

● Target achieved ◐ Target partially achieved ○ Target not achieved

For the first time, we will present our targets as they relate to the UN's 2030 Sustainable Development Goals. In terms of economic impact, our targets are based on SDG 8 regarding sustainable growth.



## GRI 201: Economic Performance

(area of activity: sustainable growth)

### GRI 103: Management approach (including 103-1, 103-2, 103-3) – Economic Performance

→ See management approach for economic impact, p. 21

### GRI 201-1: Direct economic value generated and distributed

In addition to value-oriented company management, the REHAU Group is managed in line with qualitative and quantitative planning aimed at achieving Group results. These are important drivers behind our company development.

### 13 \_ Turnover figures for the REHAU Group and REHAU AG + Co

	2017	2018
REHAU Group	EUR 3.5 billion	EUR 3.5 billion
REHAU AG + Co	EUR 2.0 billion	EUR 2.1 billion

🌐 For more information, see REHAU AG + Co's Management Report (published on [www.bundesanzeiger.de](http://www.bundesanzeiger.de)).

### GRI 201-2: Financial implications and other risks and opportunities due to climate change

Due to the progression of climate change and the resolutions of the 2015 Paris Agreement (COP 21), the proportion of renewable energy is increasing globally. At the same time, we expect the price of CO<sub>2</sub> emissions to continue to rise in future and a CO<sub>2</sub> levy to be implemented worldwide.

To offset fluctuations and volatile developments, and to achieve our ambitious CO<sub>2</sub> goals, we have been using over 100 gigawatt hours of TÜV-certified green electricity a year since 2015. In future, we aim to increase our direct use of renewable energy, thereby minimizing the above-mentioned financial risks.

→ GRI 305: Emissions, p. 33 f.

## 14 \_ Price developments and CO<sub>2</sub> emission allowances



(Source for graphic: [https://www.finanzen.net/rohstoffe/CO<sub>2</sub>-emissionsrechte/chart](https://www.finanzen.net/rohstoffe/CO2-emissionsrechte/chart))

Climate change will affect all areas of REHAU's industrial production and its regional climate conditions. To date these changes have not sufficiently influenced our thinking around sourcing raw materials, our supply chains, our development and production processes and new business models, and they have not been taken into account sufficiently in our risk management. Measures pertaining to climate change have thus far been limited to individual initiatives and programs run by specialist departments or dedicated employees and managers who are not specialists in the field. Starting in 2020, we aim to develop a climate adjustment concept for two sites in Germany, which will analyze the projected impact of the climate crisis and define necessary, centralized measures.

At the same time this will provide a basis for calculating the added expenditure and/or financial losses incurred by this development, as well as identifying market and product opportunities for new or existing systems and business models.

The REHAU Group's mission remains focused on its core polymer business, supported by new business models and expanded services. The focus of these development and marketing activities on the overarching topic of sustainability will open up good opportunities for continuous, moderate growth. Our expertise in the preparation and implementation of recyclates forms a solid basis for the implementation of our underlying "circular economy" strategy, which we need if we are to continue reducing our dependence on primary energy and resources.

As an independent, privately-held company, REHAU thinks in terms of a long-term, intergenerational contract. Sustainability and environmentally conscious behavior have been a core part of our corporate culture since the beginning. We aim to successfully tackle the challenges of the future – including those posed by the climate crisis – through creative ideas, innovative solutions and long-term partnerships with our customers, suppliers and employees.

### **GRI 201-3: Defined benefit plan obligations and other retirement plans**

Our employees share responsibility for the development of the REHAU Group by delivering their best work. Many of them do this over the course of several decades. That's why we take responsibility for our employees – even after they retire, we support them through an occupational pension scheme (AVWL).

The ten-year average interest rate, which is decisive for pension liabilities, fell from 4.01 percent to 3.68 percent. In the 2017 financial year, the personnel provisions aimed at optimizing the structures generally remained at the same level as the previous year. In addition to the consolidated restructuring of the REHAU Group, with a stronger focus on the market and the customer, and the optimization of factory processes, the company was able to improve its competitiveness and market position in the 2018 financial year through carefully considered adjustments to its sales, division and administrative structures. The allocation of relevant restructuring provisions, in addition to the further decrease in the actuarial interest rate for pensions and the expense impact of the transition to updated biometric guideline tables, led to a disproportionate increase in personnel costs in 2018.

🌐 See REHAU AG + Co's Management Report (published on [www.bundesanzeiger.de](http://www.bundesanzeiger.de)).

### **GRI 201-4: Public funding support**

Various research and development projects that took place during the reporting period were of public interest and were therefore supported by public funds. The amount of funding received will not be disclosed for competitive reasons.

One example of this is the development of dynamic flaps for wind turbines, which REHAU carried out in collaboration with other research partners. These control flaps aim to improve the aerodynamics of the blades, which decreases the noise, vibration and pendular movement of the blades.

Another example is a research project in which REHAU is working with partners from various universities and commercial institutions to develop innovative infrastructure with which to supply buildings with hydrogen as an alternative energy source. Among other things, the project aims to develop and qualify appropriate polymer pipe systems for transporting hydrogen, alongside the necessary safety technology and an optimal network system.



## **GRI 203: Indirect Economic Impacts**

(area of activity: sustainable growth)

### **GRI 103: Management approach (including 103-1, 103-2, 103-3) – Indirect Economic Impacts**

→ See management approach for economic impact, p. 21

### **GRI 203-1: Infrastructure investments and services supported**

REHAU considers itself a corporate citizen. Corporate citizenship begins with establishing a good relationship with local residents and communities. In advance of investment decisions, we investigate what effect our business activities will have on the surroundings. This includes analyzing the expected emissions, the regional infrastructure and the impact on the local job market.

We respond to questions from the general public at all of our locations. Local residents who come to us with concerns receive fast, comprehensible answers. We have central contact partners, including in the area of sustainability management, who are available to respond to such issues. We invite the public to open days, which were held at our Brake, Triptis and Viechtach sites during the reporting period.

REHAU also supports its local regions substantially by procuring products and services from domestic suppliers. We purchase the vast majority of our technical products and services in the country in which they are needed.

We are also engaged in our local area and the regions surrounding our over 170 locations in a variety of ways through our social involvement. These include numerous cultural projects and initiatives that foster active dialog between the company and local stakeholders.

→ For more information about our social involvement, see p. 48 ff.

### **GRI 203-2: Significant indirect economic impacts**

REHAU considers itself part of the society in which we live and work – which is why we take social responsibility, in particular in the regions where our sites are located. The technical and scientific education of young people is particularly close to our hearts. If we want to stay competitive, we need dedicated scientists and engineers.

During the reporting period, EUR 10.6 million in taxes were paid to the German government. Our employees also pay personal taxes and contributions in addition to the taxes paid by REHAU.



# Environmental impact

## **GRI 103 Management approach for environmental impact (including 103-1, 103-2, 103-3) GRI 301: Materials, GRI 302: Energy, GRI 303: Water and Effluents, GRI 305: Emissions, GRI 306: Effluents and Waste, GRI 307: Environmental Compliance**

Polymers are a recyclable material. The three-pronged environmental strategy of “reduce – reuse – recycle” has been in place in our factories for decades. We consider it an ongoing duty to develop new options for appropriate material recycling both within our factories and beyond.

Operational environmental protection and the systematic reduction of our resource consumption are essential pillars of our sustainability concept. Energy efficiency, renewable energy and recycling are important aspects of our activities in the areas of climate protection and circular economy. To further reduce our company’s environmental footprint, we have taken various measures to implement our sustainability strategy and continually improve our ISO-certified environmental and energy management system during the reporting period. This concerns the topics of materials, energy, emissions, waste and water.

At REHAU, we consider environmental protection to be a management responsibility. All of our managers – starting with executive management (GEB) – are responsible for the implementation of the agreed environmental targets.

As of 2019, the company’s environmental and energy management has been the responsibility of the Chief Operating Officer (COO), who reports directly to the Chief Executive Officer (CEO). It is divided into the departments of Health, Safety and Environment (HSE) and Building and Energy Services (BES). Both departments are connected with all our factories, branches and administrative locations around the world through decentralized representatives. This allows us to manage the implementation of our environmental guidelines and influence the day-to-day environmental practices within the Group. Decisions regarding environmental and energy measures are made through the line function all the way to the GEB. The environmental and energy management system provides the GEB with regular reports, which gives it additional information on which to base its decisions.

In a new sustainability and environmental statement issued in 2018, the CEO emphasized the importance of environmental protection and environmentally friendly business activities.

 REHAU environmental statement

The REHAU Group has an HSE and energy management system in place, which are certified according to the ISO 14001, ISO 45001 and ISO 50001 standards.

 ISO certification

Various different sources were consulted when it came to acquiring environmental information. Information on the consumption of gas and heating oil, CO<sub>2</sub> emissions and water consumption is collected at all factories worldwide on a monthly basis. Electricity consumption is measured in detail using various measuring points and sensors at the factories.

We are not currently able to produce a global report on our emissions according to Scope 1, 2 and 3. We are working on improving the data quality from our branches and factories abroad. In 2019, we plan to include administrative sites in our reporting for the first time. Until now, sensors for monitoring water consumption have only been installed in a small number of factories. This will be expanded to at least one other factory in 2019.

Information on our global waste is collected at least twice a year, and is broken down into hazardous and non-hazardous materials.

→ Find out more under GRI 306: Effluents and Waste, p. 34 ff.

We have implemented a number of measures to achieve the goals set out in our sustainability strategy, including in the areas of energy usage and efficiency. We promote technical discussion between representatives of REHAU's technical departments and factories and external experts through annual international conferences.

Twenty-percent of our factories are run entirely on renewable energy. The guarantees of origin for our green energy are properly validated in the register of guarantees of origin to avoid double counting.

When it comes to emissions, one important target of the Building and Energy Services department is to reduce the carbon footprint of our products by 25 percent by 2020 (based on 2009 reference figures). This goal was already generously exceeded in 2016 with a 26.5 percent reduction to 0.091 kg of CO<sub>2</sub>/EUR of factory revenue. By 2018, there was a reduction of 28.8 percent compared with 2009 (2017: 28.2 percent). We are currently reworking our targets for our 2030 sustainability strategy. In addition to reducing the carbon footprint of our products, we will set targets for reducing our overall CO<sub>2</sub> emissions.

We aim to continually reduce the environmental impact of our business activities. One important step towards this is the certification of all REHAU factories according to the ISO 14001 standard. Approximately 98 percent of our production volume is currently manufactured in ISO 14001-certified factories (certified according to the 14001:2015 standard since 2018). We plan to certify three further REHAU locations in 2019 and 2020.



## Circular economy targets

Targets	Deadline	Status	Reached	Page
Increase the average proportion of recyclates used in our products	Ongoing	The average proportion of recyclates used in all REHAU products was increased from 10% to 11% during the reporting period.	●	28 ff.
Continually increase the reuse of production materials in our factories (avoid polymer waste)	Ongoing	The proportion of recycled production materials was increased to over 90% across all divisions.	●	28 ff.

● Target achieved   ● Target partially achieved   ○ Target not achieved

Our environmental targets are based on SDG 12 for activities relating to the circular economy and SDG 13 for measures relating to climate protection.

→ Climate protection targets, p. 28



## Climate protection targets

Targets	Deadline	Status	Reached	Page
Reduce CO <sub>2</sub> emissions per ton of output (Scope 1 + 2) by 25% based on 2009 figures	By 2020	29.4% reduction (2016: 26.5% reduction)	●	33 f.
Reduce primary energy consumption per ton of output by 30% based on 2009 figures	By 2020	17.6% reduction (2016: 16.8% reduction)	◐	31 f.
Reduce water consumption per ton of output by 40% based on 2009 figures	By 2020	31.6% reduction (2016: 30.5% reduction)	◐	32
Reduce production waste by 2 percent based on the previous year (EMEA)	Ongoing	Due to factory expansions and new product introductions, we were unable to reach the target of reducing waste by 2 percent compared with the previous year, both for hazardous and non-hazardous waste.	○	34 ff.

● Target achieved   ◐ Target partially achieved   ○ Target not achieved



## GRI 301: Materials

(area of activity: driving forward the circular economy)

### GRI 103: Management approach (including 103-1, 103-2, 103-3) – Materials

→ See management approach for environmental impact, p. 26 f.

### GRI 301-1: Materials used by weight or volume

The product range offered by the individual divisions did not change overall during the reporting period. We expanded our product portfolio in certain application areas. We manufacture products according to specific customer requirements as well as producing standard products for a range of B2B applications. REHAU is an international processor of polymers with comprehensive expertise in the manufacturing of materials such as polyolefins, silicone and thermoplastic elastomers.

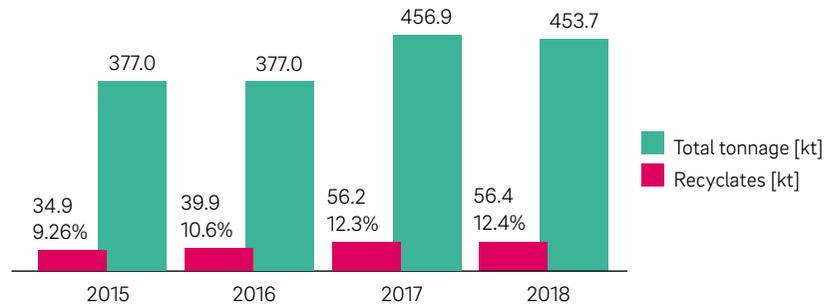
The total output of all of REHAU's factories amounted to 533,304 tons in 2018 (2017: 556,435 tons, 2016: 525,419 tons). This resulted in a 6-percent increase in material usage compared with 2016. The significant increase in the amount of material with only a minor increase in revenue growth was due to shifts in our product portfolio. Lower revenue from the systems business of our Automotive division was offset by increased product revenue within the Window Solutions and Furniture Solutions divisions, among other things.

The European Union's sanctions against the Russian Federation led to a considerable decline in production volumes in the Window Solutions division in 2018, which had an impact on the overall volume.

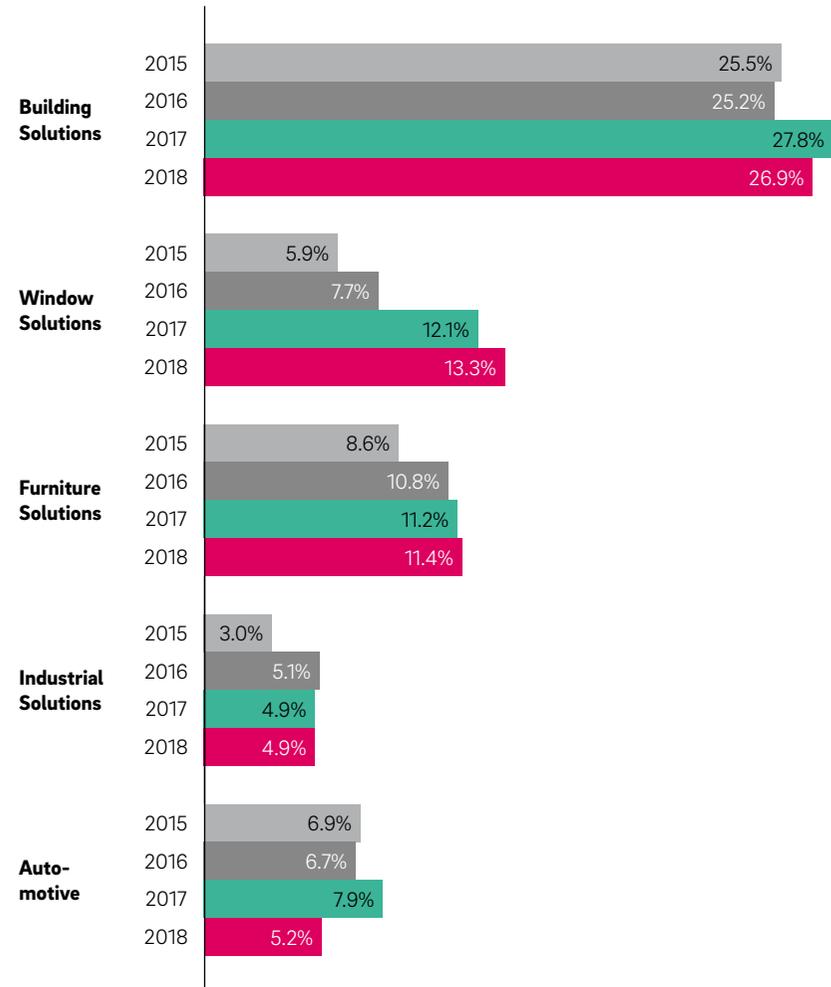
**GRI 301-2: Recycled input materials used**

Recyclable material accumulated during production – known as recovered material or production material – is recorded, classified and, depending on the results of the assessment, inspected again and fed back into the manufacturing process. This process has resulted in an average recycling rate – and thus waste reduction – of over 90 percent in all our factories around the world.

**15 \_ Recycled input materials used**



**16 \_ Recycling rate by division**



**GRI 301-3: Reclaimed products and their packaging materials**

From windows to pipes used in civil engineering to edgebands for the furniture industry, many of our products contain recycled polymers. We aim to continually increase our use of secondary raw materials by consistently recycling production waste and processing post-industrial and post-consumer waste in our own or external recycling facilities. We currently have a rate of 11% across all divisions and products within the surveyed EMEA region, and have set a target rate of over 15 percent by 2025.

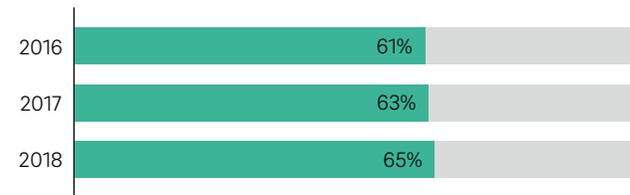
Way back in the late 1980s, REHAU was the first company in the industry to introduce an industrial waste disposal system. Used pipes were sorted and reclaimed, then cleaned and shredded, and the material was reused for PVC cable sleeves. With the introduction of the dual system in the 1990s, REHAU's Application Engineering department developed a shaft system made of mixed waste material as an alternative to concrete shafts, which are energy-intensive to produce.

Our packaging processes, like our production processes, are based on the three-pronged "reduce – reuse – recycle" approach. When it comes to packaging, we believe less is more. This is also underlined for our suppliers in our Supplier Code of Conduct.

 Supplier Code of Conduct

The rise in raw material prices for wood during the reporting period resulted in a significant increase in packaging costs. As around two thirds of our packaging is made from renewable raw materials, this led to a significant increase in expenditure of 24 percent compared to 2016 (system-dependent figures only available for EMEA excluding Turkey, the Americas and Asia Pacific).

We have been continually increasing the proportion of packaging made of sustainable materials since 2016. This includes packaging made of paper, corrugated cardboard, and cardboard and wooden spools.

**17 \_ Proportion of packaging made of sustainable materials**

To increase awareness of this topic among our staff, we became the first industrial company in the metropolitan region of Nuremberg to introduce the RECUP system at our headquarters in 2018. This enabled us to save over 9,000 single-use cups at our Erlangen location in the first year alone. In the coming year, we plan to introduce the RECUP system in at least one additional canteen.

In our Industrial Solutions division, we transitioned to using blister packs made of 100 percent recycled material for our garden hose fittings. We see this as a positive first step, and are currently discussing new solutions with our customers and suppliers that would enable us to avoid packaging altogether in future.



## GRI 302: Energy

(area of activity: accelerating climate protection)

### GRI 103: Management approach (including 103-1, 103-2, 103-3) – Energy

→ See management approach for environmental impact, p. 26 f.

#### GRI 302-1: Energy consumption within the organization

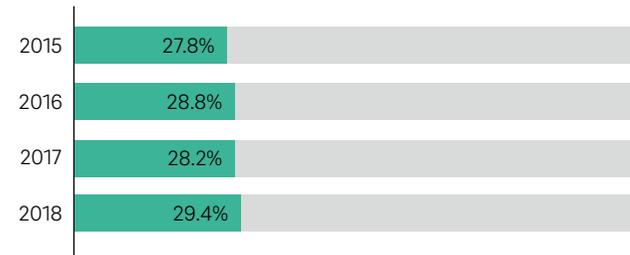
#### GRI 302-4: Reduction of energy consumption

#### GRI 302-5: Reductions in energy requirements of products and services

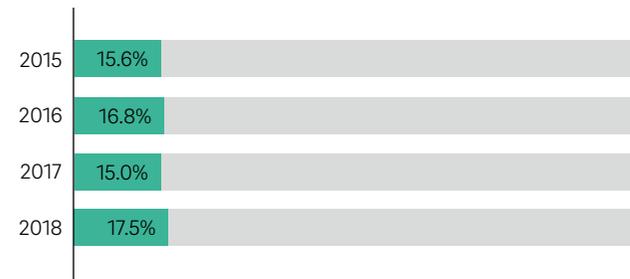
In 2009, the company's total electricity, gas and heating oil consumption amounted to 547 gigawatt hours. Thanks to an ongoing energy efficiency program, the carbon footprint of our products has been continually reduced over the past 10 years, despite consistent company growth.

During the reporting period, we were also able to further reduce the consumption of electricity and gas – weighted according to factory revenue – thanks to improved building insulation, a more efficient heating system and heat recovery measures.

### 18 \_ Percentage improvement of electricity, gas and heating oil usage compared with 2009 (t CO<sub>2</sub>/EUR of factory revenue)



### 19 \_ Percentage improvement in electricity usage weighted according to factory revenue (kWh/kg) compared with 2009



Due to shifts in output within the divisions and the factories, there was no improvement on the defined targets in 2017. We will not reach our specific target of reducing electricity consumption by 30 percent by 2020.

Twenty-percent of our factories currently use renewable energy. In 2009, none of our factories used renewable energy. Starting in 2011 with our factory in Wittmund, we have continuously increased this proportion in various factories and invested directly and indirectly in renewable power sources. We are continuing on this journey towards a pollution-free environment and, during the year under review, we acquired two wind turbines near our Wittmund factory site, each with an output of 600 kilowatts.

## GRI 303: Water

### GRI 103: Management approach (including 103-1, 103-2, 103-3) – Water

→ See management approach for environmental impact, p. 26 f.

### GRI 303-1: Interactions with water as a shared resource

Water consumption is measured as it is supplied to each factory. We change the water in our factories completely up to twice a year, depending on the location. As a result, the water footprint of our products (l/kg of factory output) varies depending on the production process and the product, e.g. between 0.19 l/kg (window lineal, extrusion) and 3.6 l/kg (external automotive fittings, injection molding).

We are continually working on reducing water loss, e.g. through more efficient tool changing and conversion to closed or semi-open systems to reduce evaporation and the frequency of filter backflushing. We also sometimes deliberately drain water (approximately 2-3 m<sup>3</sup> per week) to achieve a certain level of water exchange (thickening).

### GRI 303-2: Management of water discharge related impacts

During the reporting period, neither water quality nor water availability was significantly impacted by water extraction at our factory sites or administrative locations.

### 20 \_ Specific and absolute water consumption



## GRI 304: Biodiversity

### GRI 103: Management approach (including 103-1, 103-2, 103-3) – Biodiversity

We aim to promote biodiversity through our environmental protection measures. Our Building Energy Services department in Rehau develops concepts for limiting our land usage and unsealing areas. When expanding our sites, we ensure that the impact on the natural surroundings and biodiversity is investigated and – in coordination with the authorities – implement compensatory measures. We have initiated active renaturation projects in several locations.

To embed the new topic of biodiversity in the company long-term, we introduced the annual REHAU Environment Day and an Environment Challenge in 2019. In the medium term, we intend to use these initial building blocks to establish a targeted, company-wide biodiversity plan.

### GRI 304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

The impact of our business activities on biodiversity can be measured at our sites, for example through land sealing. During the reporting period, we carried out several renaturation projects at our locations in Rehau and Erlangen.

As the number of employees at our administrative site in Erlangen has increased significantly, we were obliged to install additional parking areas on the site, at the expense of the natural surroundings. The site includes sandy grasslands and inland dunes which are classified as protected habitats (Art. 23 BayNatSchG; Bavarian Nature Conservation Act). As compensation, these habitats are specially protected and maintained and made visible to employees and guests on site. The maintenance measures initiated during the reporting period will be documented in a landscape conservation plan (Landschaftspflegerischer Begleitplan, LBP). The areas will be scientifically investigated after five and ten years to monitor the success of these measures.



## GRI 305: Emissions (area of activity: accelerating climate protection)

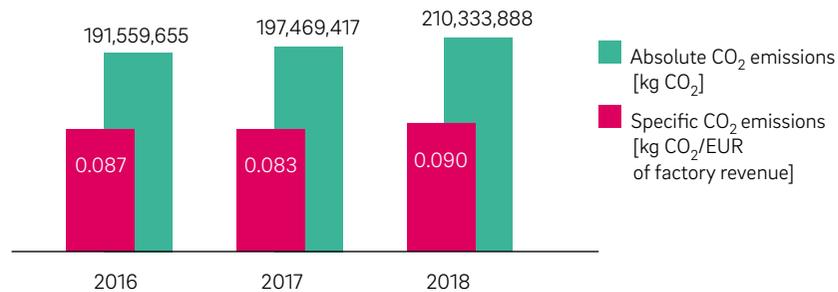
### GRI 103: Management approach (including 103-1, 103-2, 103-3) – Emissions

→ See management approach for environmental impact, p. 26 f.

### GRI 305-1: Direct (Scope 1) GHG emissions GRI 305-5: Reduction of GHG emissions

When monitoring GHG emissions, the REHAU Group bases its measurements on international environmental and climate reporting guidelines such as the Greenhouse Gas (GHG) Protocol, CDP and the Global Reporting Initiative (GRI). Emissions are calculated as CO<sub>2</sub> equivalents. This means that, in addition to CO<sub>2</sub>, other greenhouse gases such as methane (CH<sub>4</sub>) and nitrogen monoxide (N<sub>2</sub>O) are also taken into account when calculating emissions, and their climate impact is converted into CO<sub>2</sub> reference values. We currently only report on CO<sub>2</sub> emissions according to GHG Scope 1 (all direct emissions caused by combustion at our own sites) and Scope 2 (indirect emissions from purchased energy). Only very basic information is available for Scope 3 (all other indirect emissions caused by third-party services and upstream and downstream emissions).

## 21 \_ Specific and absolute CO<sub>2</sub> emissions



The REHAU Group's defined climate target of reducing the carbon footprint of our factories (Scope 1 and 2) by 25 percent compared with 2009 was achieved in 2016 (27.9 percent reduction). We measure this footprint in kg CO<sub>2</sub>/EUR of factory revenue. To maintain this 25 percent reduction and continue to decrease our footprint, we are working on further measures to minimize CO<sub>2</sub> emissions at our factories. The increase in absolute CO<sub>2</sub> emissions since 2016 is due to the large-scale expansion in production, in particular in the Automotive division. Factories were expanded and extensive new lacquering systems commissioned, leading to increased energy consumption and thus greater absolute CO<sub>2</sub> emissions.

Ongoing digitization within the REHAU Group is a tool we can use to reduce emissions, for example by using video and teleconferencing to reduce the number of business trips. Our Mobility unit is currently reworking our existing business trip guidelines accordingly. We intend to avoid domestic flights and rely more on public transport in future.

Our company vehicle guidelines also provide incentives for choosing more environmentally friendly vehicles when renting company cars. We aim to reduce the average CO<sub>2</sub> emissions for business trips to less than 100 g/km in the medium term. In addition, we provide employees at our headquarters in Rehau with an environmentally friendly alternative to cars and public transport in the form of company bikes and bike rentals.

### GRI 305-2: Energy indirect (Scope 2) GHG emissions

### GRI 305-3: Other indirect (Scope 3) GHG emissions

We are not currently able to provide a global report on our own emissions in terms of Scope 1, 2 and 3. We are working on improving the data quality from our branches and factories abroad.



## GRI 306: Effluents and Waste

(area of activity: driving forward the circular economy)

### GRI 103: Management approach (including 103-1, 103-2, 103-3) – Effluents and Waste

→ See also the management approach for environmental impact, p. 26 f.

REHAU strives to avoid waste throughout the life cycle of its products. Throughout the company, we record the amount of waste accumulated and categorize it as "hazardous" or "non-hazardous."

We work on the basis that polymers are always recyclable. We consider it an ongoing duty to identify new options for appropriate material recycling both within our factories and beyond.

→ See GRI 301: Materials, p. 28 ff.

Our goal remains to recycle waste materials in the highest quality form possible. The new interdisciplinary project team "Corporate Recycling" was founded with the aim, among other things, of improving external material recycling of polymer waste.

The environmentally friendly and legal recycling, treatment and elimination of waste is a top priority at REHAU. We periodically monitor the waste disposal providers with whom we work on recycling and waste elimination and assess them in terms of the amount of material disposed of, the size of the company and the cost of waste disposal.

**GRI 306-2: Waste by type and disposal method**

We have been reducing our production waste for decades by consistently feeding recovered material back into the production cycle. We have an average recycling rate of over 90 percent across all five divisions, even achieving an international peak value of 97 percent in our Industrial Solutions division.

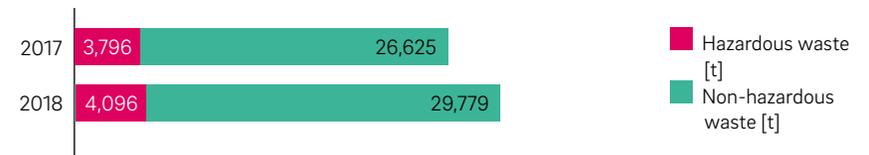
Recovered materials are waste materials that accumulate during production. We record and classify them and, according to the assessment, inspect them again and feed them back into the manufacturing process.

We are also aware of our responsibility as a manufacturer. That is why we have been developing systems for reclaiming and recycling waste materials from our customers (post-industrial materials) for decades, including old PVC windows, disused pipes used in civil engineering and cable sleeves (post-consumer materials). The relevant material is collected, cleaned, shredded, sorted, sometimes refined and then fed back into production.

**22 \_ REHAU Group total global material output (in tonnes)**



**23 \_ REHAU waste materials EMEA (excluding Asia Pacific and the Americas)**



**24 \_ REHAU Group global waste**



The waste volumes from REHAU factories have been recorded and presented since 2017. We will use 2018 as a reference year for future reductions. Based on these figures, the target for 2019 was to reduce hazardous and non-hazardous waste by 2 percent as a proportion of the production volume.

This target could not be reached during the reporting period, one main reason being the commissioning of a new lacquering system technology. Problems during the initial phase meant that this process created new sources of waste and higher waste volumes.

One waste reduction measure which can be fully implemented is the use of stone dust to purify exhaust air. When it becomes saturated, it is exchanged and 100% of it can be used in another material cycle, for example cement production. The use of activated carbon in exhaust air purification saves a number of resources. Among other things, it reduces the amount of natural gas needed for process air treatment, while also reducing CO<sub>2</sub> emissions.



## GRI 307: Environmental Compliance

(area of activity: accelerating climate protection)

### GRI 103: Management approach (including 103-1, 103-2, 103-3) – Environmental Compliance

→ See management approach for environmental impact, p. 26 f.

### GRI 307-1: Non-compliance with environmental laws and regulations

During the reporting period, REHAU received no significant fines or non-monetary sanctions for non-compliance with environmental laws or regulations.

# Social impact

## Employees

**GRI 103: Management approach for social impact (including 103-1, 103-2, 103-3)**  
**GRI 401: Employment, GRI 403: Occupational Health and Safety, GRI 404: Training and Education**

Our corporate culture is based on the values of trust, reliability and innovation. These values relate directly to our management principles and our interaction with our stakeholders.

We want to be a reliable partner, and our actions are driven by these values. We aim to comply with laws, guidelines and market standards as well as voluntary commitments and internal principles.

REHAU strives to create a working environment for its employees that is defined by a sense of partnership. Our personnel policy establishes a framework that promotes the development of each individual employee as well as collaboration between colleagues within the company – even in the context of a challenging business environment. At the same time, in order to remain successful long-term, the company needs to confront such things as the demands of increasing digitization and new mobility trends, and contend with an increasingly volatile economy overall. One of the greatest current personnel challenges is implementing the necessary reorganization within individual subdivisions in a way that is consistent and fair, while at the same time retaining employees in a competitive employee market and attracting young, able talent, in particular when it comes to digital transformation.

We hold consultation days for our employees at all of our locations worldwide as well as round tables with members of the Executive Board and top-level HR managers at rotating locations. The introduction of our interactive “All Employee Calls” in 2018 provided a new way to inform all employees of current

developments quickly and simultaneously. This enables us to recognize employee needs and problems, answer both personal and overarching queries directly, and take the results of these important exchanges into account in the company's development.

Strategically, Human Resources has always been directly embedded in executive management. The Global Head of Human Resources is responsible for operational implementation. The newly formulated HR functional strategy forms the basis of our personnel work. In the course of a multi-stage process, the key topic areas were identified, prioritized and transformed into sets of measures. Central topics include personnel development, feedback, leadership and talent management.

As part of an all-round stronger employee engagement strategy, a variety of decisions were made during the reporting period to improve communication and exchange between the different levels of hierarchy. Our concrete goals are to increase collaborative interaction on an even footing, become more aware of the needs of our employees and take these into account in the development of the company.

To this end, various measures were implemented, including:

- the development of the intranet into a platform for international communication and collaboration (enterprise social network/app) for all employees worldwide
- informal interaction; as a privately-held company, meaning is more important than hierarchy, and a sense of community, trustworthy communication and collaboration are important foundations for long-term success
- feedback via “pulse surveys” in addition to the larger-scale, more time-consuming employee surveys (workplace culture surveys with Great Place to Work). These are short, intra-year surveys that allow fast, direct feedback on a particular topic.

REHAU uses a variety of personnel management tools, such as the annual performance review (APR), agreed targets for upper and middle management and, as of 2018, 360° feedback. This helps employees assess their situation where there is variable, performance-based remuneration and determine compensation within the framework of existing agreements and local regulations. Personnel management tools ensure, among other things, that employees act in accordance with the company's strategic goals.

Workplace health and safety is extremely important within the REHAU Group. We aim to promote the physical and psychological health and social well-being of all our employees. We also want to enable our employees and managers to independently establish resources to help them handle changing requirements. REHAU supports a range of health promotion programs. In addition to regular drop-in sessions with our company doctor, blood donations and vaccination programs, health days take place with external service providers at least once a year. The configurations of our locations around the world are as diverse as the local cultures and structures.

We strive to maintain long-term employment relationships. We offer a range of programs to help our employees develop their skills and qualifications. Our talent management program pursues a holistic approach, including recruitment and training of trainees, guiding the next generation of employees from academia into their first target roles, and personnel development programs for technical employees, managers and project managers.

We have also been expanding our activities around work-life balance for several years, and offer our employees a variety of different programs for whatever stage of life they are in. A high level of flexibility in terms of hours and location is a key part of REHAU's implementation of this workplace transformation. To help employees balance work and family life, REHAU has introduced part-time models, flexible working locations for all administrative staff (mobile working) and childcare at our administrative site in Erlangen, among other measures. Our employees also have the option of taking sabbaticals.

## GRI 401: Employment

### GRI 103: Management approach (including 103-1, 103-2, 103-3) – Employment

→ See management approach for employees, p. 37 f.

### GRI 401-1: New employee hires and employee turnover

At the end of 2018, the REHAU Group employed 20,729 members of staff (2017: 20,380), of which 8,186 (2017: 8,142) worked in administrative roles. The number of REHAU Group employees rose by 1.7 percent compared with the previous year.

→ You can find more employee figures under GRI 102-8, p. 6 f.

The global turnover rate was 5.8 percent in the 2018 financial year, which represents a 0.6 percent rise compared with the previous year. The significant deviation from previous statistics is due to the new data collection method used in accordance with GRI. Up until 2016, factors such as labor leasing, including temporary employees and contractors, were included in the statistics.

## 25 \_ Number of employees

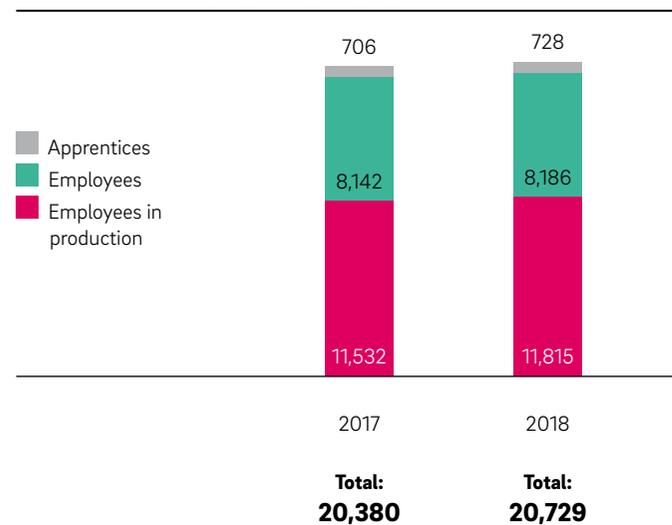
	2017	2018
<b>Americas</b>	<b>2,934</b>	<b>2,679</b>
Terminations	336	407
New employees	766	571
<b>Asia Pacific</b>	<b>1,566</b>	<b>1,611</b>
Terminations	202	67
New employees	444	392
<b>EMEA</b>	<b>15,880</b>	<b>16,439</b>
Terminations	484	719
New employees	2,291	2,601
<b>Total</b>	<b>20,380</b>	<b>20,729</b>

## 26 \_ Staff turnover

	2017	2018
Americas	11.5%	14.2%
Asia Pacific	12.6%	4.1%
EMEA	3.2%	4.5%
<b>Total</b>	<b>5.2%</b>	<b>5.8%</b>

\*This increase is due to large-scale, transnational restructuring measures.

## 27 \_ Number of employees by employment status



#### **GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees**

All company benefits within the REHAU Group are given to full-time and part-time employees alike. Both can take advantage of the wide range of mobile working options, for example. These benefits are country-specific.

On April 1, 2018, REHAU updated its framework for flexible working hours, eliminating core working hours and the possible working time frame. Mobile working options were also further expanded. These benefits are available to all administrative employees.

#### **GRI 401-3: Parental leave**

REHAU is committed to helping employees combine their professional careers and their personal lives. Where possible, we offer both full-time and part-time positions with mobile working options.

At our larger administrative sites, we strive to provide local childcare and help employees return to work after parental leave. At our administrative site in Erlangen, for example, there are 12 places permanently available for children of REHAU employees at the nearby St. Kunigund nursery.

In 2018, REHAU received an award from Familienpakt Bayern for its efforts to help employees unite work and family. This certificate is a testament to our family-friendly workplace. The award also gives us membership to the Familienpakt network, which offers regular inspiration and ideas on how to further improve this balance.

## **GRI 403: Occupational Health and Safety**

### **GRI 103: Management approach (including 103-1, 103-2, 103-3) – Occupational Health and Safety**

→ See management approach for employees, p. 37 f.

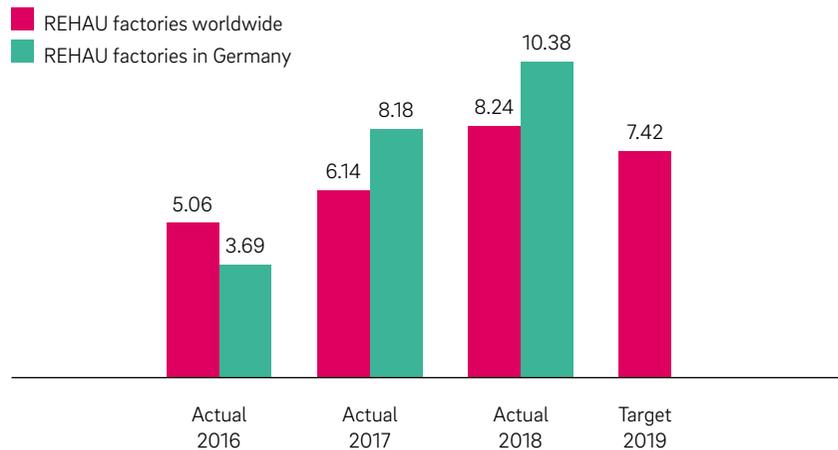
### **GRI 403-2: Hazard identification, risk assessment, and incident investigation**

REHAU assesses possible hazards for employees in production and administration via the central HSE department and decentralized on-site safety officers. The health and safety of our employees is paramount, which is why we deliberately exceed the minimum standards. We are convinced that all workplace accidents and occupational illnesses are generally avoidable. The REHAU health and safety protection policy is based on this principle.

-  Workplace health and safety principles
-  Find out more about workplace safety

We aim to further increase workplace safety and have implemented various measures to this end, in addition to annual employee training. COMET analyses (REHAU's system for globally standardized accident analysis) help to determine the root cause of workplace accidents. We are also gradually introducing an HSE management system at our sites, in accordance with the ISO 14001 and ISO 45001 standards. In addition, we are introducing systematic recording and assessment of hazards at our workplaces and machine sites. We have also reworked and tightened our internal rules and procedures for workplace safety and adapted our records to comply with the GRI Reporting Standard as of 2016. During the reporting period, however, the average number of accidents in certain factories increased due to a significant rise in members of staff.

## 28 \_ Accidents leading to > 3 days of absence per million working hours



### GRI 403-3: Occupational health services

Workplace health and safety is a top priority at REHAU. There is no indication that employees experience a higher rate of illness or greater health risks due to their occupational activities. We promote the health of our employees at our sites and offer a number of initiatives to this end. Regular health days are held in Rehau, Erlangen, Velen and Feuchtwangen, which give employees the opportunity to assess their levels of health and fitness.

We also make every effort to promote employee fitness, for example by subsidizing membership with local gyms. At some of our locations, our employees have formed their own sports teams, for example, the REHAU football team in Mexico.

## GRI 404: Training and Education

### GRI 103: Management approach (including 103-1, 103-2, 103-3) – Training and Education

→ See management approach for employees, p. 37 f.

### GRI 404-1: Average hours of training per year per employee

To date, we can provide only a limited report of figures and statistics regarding education and training hours. Our REHAU ACADEMY has thus far made no gender distinctions. We are currently in the process of implementing the new education management system announced in the last report. This will allow us to provide a more detailed report in future.

Of the 20,729 members of staff employed by REHAU on December 31, 2018, 728 were undergoing professional training. These included employees training as industry salespersons, mechatronic engineers and plastics engineers, and those working towards bachelor's degrees. The number of trainees at REHAU remained almost exactly the same in the period under review (2018: 603, 2017: 604, 2016: 582). The number of female trainees amounts to around 20 percent. In 2018, of the 170 (2017: 189) trainees who completed their training, 85.3 percent (2017: 76.7 percent) were hired by the company.

### GRI 404-2: Programs for upgrading employee skills and transition assistance programs

The REHAU ACADEMY combines all our training programs under one roof and enables life-long professional learning. Employees are empowered to take an active role in their personal and professional development and plan this in collaboration with their manager. Here REHAU offers a range of seminars, workshops and e-learning programs and a variety of qualification modules.

During the reporting period, we introduced the new “Lunch & Learn” event format at our Erlangen and Rehau sites. Regular lectures are given on topics such as agility/agile learning and digitization. Guest speakers are invited to share their knowledge with interested employees over a lunchtime snack.

In general, we want to offer our staff a diverse, productive working environment, promote talent and help our employees reach their career goals.

We also invest in targeted special development programs, such as those for (prospective) managers:

- the international trainee program for master’s students
- the GROW development program for prospective managers and technical specialists
- the Management Development Program and, for sales employees, the “Field Staff Development Program – Moving Forward.” This took place for the fifth time during the period under review

#### **International trainee program**

The international REHAU trainee program is a key pillar of REHAU’s integrated personnel development system. The main goal is to systematically promote the next generation of employees and create an international, cross-divisional pool of experts and possible future managers. This represents an investment in REHAU’s future and long-term success. In addition to providing training in participants’ own areas, the program offers them an insight into related departments. Participants are given social, methodological and intercultural training in an off-the-job context. During the reporting period, a total of 16 master’s graduates took part in our trainee program.

#### **Management Development Program**

The Management Development Program (MDP) takes place every two years and consists of six off-the-job modules at different REHAU locations around the world. Each module includes training sessions, peer coaching, case studies, feedback and visits to factories and customers, with the aim of improving participants’ management and strategy skills and change competence. The participants assume responsibility for sharing knowledge within their workplace and act as multipliers for cross-topic, cross-divisional thinking. The MDP trains managers around the world from within the company, providing the next generation of talent to fill key positions. The program fosters international and cross-divisional networks and knowledge exchange throughout the company. During the 2018 reporting period, 16 REHAU managers entered the program and completed it successfully in 2019.

#### **The GROW Development Program**

The GROW program was introduced in 2016 and is aimed at prospective managers and specialists alike. Junior staff members from a range of different disciplines and cultures work as a team to develop their individual strengths and improve their leadership, change management and social skills. In addition to equipping participants with various tools, the aim is to create a network of employees that spans divisions and territories. A new GROW program is launched each year and comprises five modules that are completed over the course of 15 months.

During the reporting period, 15 employees successfully completed GROW and another 14 employees began the program. In the medium term, the program aims to pay closer attention to the diversity of the group.

### Academy Reports

Our annual internal Academy Reports provide an overview of our training and education programs, the number and content of our seminars/courses and the number of participants.

### GRI 404-3: Percentage of employees receiving regular performance and career development reviews

We want to be an attractive employer and foster a culture of constructive feedback. We have been implementing a variety of personnel management tools at REHAU for many years. During the reporting period, we implemented a wide range of assessment tools and measures aimed at improving communication and the exchange of feedback. We have introduced regular mid-year “pulse” feedback surveys and 360° feedback for managers. All employees take part in an annual performance review. Middle management upwards (level E2) receive binding annual targets that form the basis of bonus payments. Potential and development options are also assessed and decided (integrated performance and talent management system).

## Diversity and human rights

**GRI 103 Management approach for diversity and human rights (including 103-1, 103-2, 103-3)**

**GRI 405: Diversity and Equal Opportunity, GRI 406: Non-discrimination, GRI 407: Freedom of Association and Collective Bargaining, GRI 408: Child Labor, GRI 412: Human Rights Assessment**

Diversity is an important topic at REHAU due to the internationality of the company. Diversity will become a central area of activity as part of our future sustainability strategy. We believe that a culture of mutual tolerance and respect will enable us to achieve our goals as a company.

Major topics for us in this area of activity include:

- work-life balance
- equal opportunities and gender diversity
- cultural diversity

REHAU conforms to the core labor standards of the International Labour Organization (ILO). The overwhelming majority of REHAU Group employees work in EU member states, where the ILO standards are enshrined in law. REHAU naturally complies with national legal requirements. As a company headquartered in Germany, REHAU also abides by the principles of the Organisation for Economic Co-operation and Development (OECD).

We also commit to observing internationally recognized human rights and basic principles of business ethics, in accordance with the 10 universally recognized principles of the UN Global Compact. In doing so, we commit, among other things, to upholding freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced labor and the abolition of child labor, and the elimination of discrimination in respect of employment and occupation.

Any form of discrimination undermines human rights. Discrimination against and harassment of employees are not tolerated at REHAU. This includes verbal and physical harassment and sexual harassment or assault. The threat of harassment or the creation of an intimidating atmosphere are also unacceptable. Employees have the right to use the existing complaints process without reprisal.

→ Chapter on Ethics and compliance, p. 14 ff.

We have set out a binding behavioral code for our staff in our Employee Code of Conduct, which is available to all REHAU employees around the world. The Code of Conduct states, among other things, that discrimination based on ethnic origin, gender, religion, ideology, disability, age, sexual identity or other personal traits is unacceptable at REHAU.

All of our suppliers are required to sign our Supplier Code of Conduct, which requires them, in all of their business activities and in all countries, to:

- respect the personal dignity, privacy and rights of the individual
- refrain from work that is the result of any form of coercion (prohibition of forced or compulsory labor)
- refrain from any employment of children below the local legal minimum employment age; if no minimum age is set by law, no children under the age of 15 will be employed
- generally to employ persons under the age of 18 only in compliance with local legal requirements applicable to such persons
- refrain from any form of discriminatory behavior on the basis of ethnic origin, gender or sexual orientation, religion, belief, ideology, disability, age, trade union membership, etc.

 [Employee Code of Conduct](#)

 [Supplier Code of Conduct](#)



## Diversity targets

Targets	Deadline	Status	Reached	Page
Providing a wide range of education and training options	Ongoing	During the reporting period, new e-learning programs and the new Success Factors training platform were added to the education and training available.	●	41 f.
Regular consultations to improve employee satisfaction	By 2020	Our communication platforms have been developed further and expanded through individual measures.	◐	37

● Target achieved   ◐ Target partially achieved   ○ Target not achieved

To further promote diversity within our company, our social responsibility targets will be based on SDG 10 in future.



## GRI 405: Diversity and Equal Opportunity

(area of activity: promoting diversity)

### GRI 103: Management approach (including 103-1, 103-2, 103-3) – Diversity and Equal Opportunity

→ See management approach for diversity and human rights, p. 43 f.

#### GRI 405-1: Diversity of governance bodies and employees

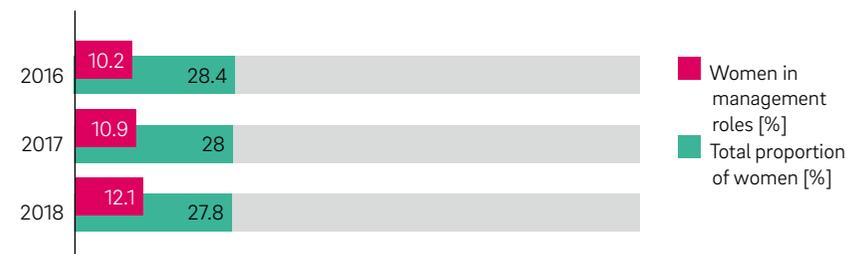
The topic of diversity is particularly important for an international company like REHAU. We want to create a culture of mutual tolerance and respect, and we explicitly oppose any kind of discrimination. We promote diversity within our company and consider it a matter of course that men and women be treated equally. During the reporting period, we were able to further increase the number of women in management positions.

The relevance of diversity as a topic also motivated us to expand our related external activities during the reporting period. We joined the Charta der Vielfalt (Diversity Charter), NETZWERK Unternehmen integrieren Flüchtlinge (Companies Integrate Refugees network) and the Deutsche Entwicklungshilfe für Soziales Wohnungs- und Siedlungswesen e.V. (German Development Aid for Social Housing and Settlements), among other organizations.

Our administrative sites and factories have been collaborating with workshops for the disabled for decades. We currently work with over 30 facilities in Germany.



### 29 \_ Women in management roles



**30 \_ Age distribution by region in percent and number of employees per age group**



**GRI 406: Non-discrimination**

(area of activity: promoting diversity)

**GRI 103: Management approach (including 103-1, 103-2, 103-3) – Non-discrimination**

→ See management approach for diversity and human rights, p. 43 f.

**GRI 406-1: Incidents of discrimination and corrective actions taken**

We reject any form of discriminatory behavior based on personal traits. No cases of discrimination were reported during the period under review.

## GRI 407: Freedom of Association and Collective Bargaining

### GRI 103: Management approach (including 103-1, 103-2, 103-3) – Freedom of Association and Collective Bargaining

→ See management approach for diversity and human rights, p. 43 f.

### GRI 407-1: Production sites and suppliers where the right to freedom of association and collective bargaining may be under threat

We are committed to ensuring fair working conditions across all of our locations. We expect our suppliers to comply with the relevant laws and collective agreements, too. No cases of violation of or threat to freedom of association and collective bargaining were reported during the period under review.

## GRI 408: Child Labor

### GRI 103: Management approach (including 103-1, 103-2, 103-3) – Child Labor

→ See management approach for diversity and human rights, p. 43 f.

### GRI 408-1: Production sites and suppliers with a significant risk of child labor cases

We reject all forms of child labor and forced labor and have a zero-tolerance policy on this topic when it comes to our suppliers. We are not aware of any sites or suppliers that have or have had a significant risk of child labor cases. None of our audits during the reporting period revealed any indications of child labor or forced labor.

## GRI 412: Human Rights Assessment

### GRI 103: Management approach (including 103-1, 103-2, 103-3) – Human Rights Assessment

→ See management approach for diversity and human rights, p. 43 f.

### GRI 412-1: Production sites where a human rights assessment or human rights impact assessment was carried out

During the reporting period, an initial basic concept for the implementation of the National Action Plan for Business and Human Rights (NAP) was developed and an ethics and human rights officer appointed. We worked with our sustainability management team towards developing a social audit, based on the employee consultation days and factory inspections regarding social issues that have been carried out on a regular basis for several years. Starting 2020, all factories will be assessed on this basis every two years. In addition, the sustainability management team will carry out a human rights risk assessment for countries outside of Europe based on the public CSR Risk Check. In 2019, REHAU's Social Plant Audit (SPA) was carried out in three factories in India for the first time. A detailed report will follow in the next Sustainability Report.

 CSR Risk Check

### GRI 412-2: Employee training on human rights policies and procedures

Thus far, we have not yet carried out any training on human rights policies or REHAU's NAP concept. During the reporting period, the Sustainability Officer and the Ethics and Human Rights Officer underwent external training.

The topic will be systematically addressed as part of annual social audit training at REHAU factories, with training provided from 2020 onwards. Existing factory human rights checklists have been expanded and a database created to give regions in countries classified as high risk easy access to specific information on this topic.

In 2020, we plan to introduce a regular international format on the REHAU intranet that will provide all employees with information on the subject as part of our "Sustainable Fridays" program.

## Social involvement

### GRI 413: Local Communities

#### **GRI 103: Management approach (including 103-1, 103-2, 103-3) – Local Communities**

As a globally active company and responsible employer, REHAU extends its commitment beyond its actual business activities. We aim to implement our corporate principle of "think global, act local" beyond our factory walls in the form of small-scale local projects. We promote environmental, economic, social and cultural interests in a wide range of social areas at our over 170 locations around the world, according to the region. In doing so, we are aiming at long-term societal responsibility instead of focusing on ad-hoc activities without a sustained effect.

Our donation and sponsorship guidelines have been defined internally.

#### **31 \_ Donations and sponsorship expenditure**

	2017	2018
Donations	EUR 23,594	EUR 24,169
Sponsorship	EUR 283,141	EUR 340,638

Corporate volunteering is an increasing focus within our social involvement. We help our employees volunteer in a wide range of different areas – for example in the fire department, in schools, in workshops for the disabled or in chambers of commerce – by giving them time off or providing them with resources. This personal involvement by employees contributes to society, promotes personal growth and fosters mutual understanding.

#### **GRI 413-1: Operations with local community engagement, impact assessments, and development programs**

In accordance with our donation guidelines, we predominantly support projects with a direct link to REHAU, either their proximity to our locations or because REHAU employees are active within the organization in question. During the reporting period, we once again supported a variety of projects in the areas of education, health, the environment, social issues, sport and culture, as the following examples show.

REHAU helps school children in many of its locations prepare for professional life. Through career information days, the regular Girls' Day, MINT initiatives and the School 2000 initiative, we aim to inspire more school children to pursue qualified technical careers in particular. As part of the German federal government's "Sustainable Education" program, REHAU offers its trainees the opportunity to actively design a sustainability project, which is an integral part of their training. Project topics are many and varied, ranging from corporate volunteering in social institutions to sales of fair trade chocolate to clean-up days and tree-planting

initiatives at our factory sites.

In May 2018, REHAU became the first company in the Nuremberg region to introduce the RECUP deposit scheme at its Erlangen site, which enabled it to save around 9,500 single-use cups by the end of the year. Further measures to promote everyday workplace sustainability are planned and will be gradually implemented.

Together with our employees, we are helping to fight leukemia and polio, donating EUR 0.10 from every hot drink sold at our in-house espresso bar at the Erlangen site. The proceeds help add potential new donors to the German bone marrow register (DKMS). Since 2018, REHAU trainees have been supporting the Deckel drauf e.V. initiative to fight polio. Plastic bottle caps are collected and sold to recyclers and the proceeds invested in polio vaccinations.

 Fighting blood cancer

Our social activities support projects around the world. In the period under review, our trainees in Brazil supported a facility for people suffering from cerebral palsy, a movement disorder caused by brain damage in early childhood. REHAU also covered the part of the cost of medicines in another facility for socially disadvantaged children and young people.

The Maggie Shelter project run by DMOA, a team of Belgium architects and engineers, gives displaced people in conflict regions a safe shelter and enables access to health care and education. REHAU supported the project's construction of an education center for Yazidi children in Camp Sharya in northern Iraq by providing modern panel heating systems.

 More about Maggie Shelters

Years of drought have left Cape Town and large parts of South Africa threatened by a huge water shortage. At REHAU's Port Elizabeth site, the employees built a small wall construction that enables 500 liters of water from condensation to be collected and reused every month.

Then there is the Hof International Film Festival in Upper Franconia, a pioneering local cultural project and an alternative approach to helping young people. This prestigious event has received financial support from REHAU and the Unternehmerinitiative Hochfranken for many years. Of similar duration is REHAU's role as main sponsor of the Luisenburg-Festspiele cultural project in Wunsiedel. REHAU ART is a meeting point for dialog, art and history. The communication center provides information about the history of REHAU and the development of polymer processing, while the REHAU ART space hosts rotating exhibitions. The neighboring art gallery displays a permanent exhibition of works by the Swiss artist Franz Gertsch. We hold regular concerts, readings and cabaret evenings in the space.

-  REHAU ART
-  Find out more about our social involvement in the areas of art, culture and science

**GRI 413-2: Operations with significant actual and potential negative impacts on local communities**

We are not aware of any REHAU operations with significant actual or potential negative impacts on local communities. We support social projects around the world as part of our sustainability initiatives. In doing so, we aim to improve conditions in the local area and actively support the achievement of the Sustainable Development Goals (SDGs).

# Report profile

This Sustainability Report evaluates the activities of the REHAU Group in 2017/2018 and, where specifically mentioned, REHAU AG + Co, and provides an overview of our values, goals and sustainability activities.

For the first time, this report is based on the standards of the Global Reporting Initiative (GRI). We want to offer our stakeholders transparent information about our main areas of activity, our measures, targets and key figures.

We are currently in the transition phase between the REHAU 2020 strategy – the basis for our 2015/16 Sustainability Report – and our 2030 sustainability strategy. The new sustainability strategy indicates how we can better connect and expand our sustainability knowledge in order to integrate the topic of sustainability more firmly into our business divisions and processes. The targets and KPIs relating to sustainable growth, climate protection, the circular economy and diversity set out our most important areas of activity, which in turn form the basis of this Sustainability Report.

To offer a holistic reflection of our business activities, we have provided further GRI information in addition to the topic-specific GRI information associated with our main areas of activity.

→ See GRI 102-47: List of material topics, p. 52

All environmental key figures refer to REHAU Group production sites, unless otherwise indicated. The factory in Rosario has not been taken into account thus far.

In all its locations, REHAU operates according to internationally applicable standards such as ISO 9001 and IATF 16949 in the automotive sector, and according to relevant industry/customer standards and quality guidelines. Our own in-house guidelines, methodological standards and tools provide a further basis for profitable, high-quality development, product manufacturing and service provision.

REHAU conserves resources across its production, sales and administration functions. Starting in 2011, all of our production sites have gradually been certified according to the ISO 14001 environmental management systems standard. Currently, 98 percent of our production volume is manufactured in factories that are certified according to the 14001:2015 standard.

In addition to numerous internal guidelines and policies, we adhere to the ten principles of the UN Global Compact. We have not yet officially signed the UN Global Compact, but will do so in the near future. Our 2030 sustainability strategy and the four above-mentioned guiding principles are based on the United Nations' Sustainable Development Goals (SDGs). REHAU considers itself responsible for contributing to the SDGs. This report documents the relevant SDGs for each area and demonstrates how REHAU is contributing to sustainable development.

-  UN Global Compact
-  UN's Sustainable Development Goals

In the areas of occupational safety, health, energy consumption and emissions, external auditors have confirmed the accuracy of the data. The content of the report has also been verified by the responsible technical employees.

 ISO certifications

The report is available in English and German. Further information about our company and our sustainability initiatives can be found on our website.

 [www.rehau.de/nachhaltigkeit](http://www.rehau.de/nachhaltigkeit)

Our last Sustainability Report was published in February 2018 and was titled "Report on sustainability. 2017 – an overview of facts and figures." The current Sustainability Report was published in February 2020 with the title "Sustainability Report 2017/2018." Our next report will be published in July 2020. The editorial deadline for this report was December 31, 2019.

**Editor's note:**

To improve readability, we have sometimes used the masculine form to refer to all genders. In doing so, it is not our intention to discriminate against other genders; all personal designations refer to all gender identities.

## Reporting method

**GRI 102-45: Entities included in the consolidated financial statements**

The entities included in REHAU AG + Co's Annual Report are described in detail in the Management Report for the 2017 and 2018 financial years in Chapter 4: Financial, asset and income performance and in the financial performance indicators.

 See the REHAU AG + Co Management Report for the 2017 and 2018 financial years (published on [www.bundesanzeiger.de](http://www.bundesanzeiger.de))

**GRI 102-46: Defining report content and topic boundaries**

In addition to internal data collection, external multi-stakeholder interviews and analyses of various sustainability reports were carried out for the first time in the context of this report in order to assess the key areas of activity. The results were chiefly a confirmation of the REHAU Group's existing areas of activity and its 2020 strategy. We took these stakeholder discussions, desk studies, analyses of the sustainability reports of key REHAU OEMs and the new political environment for the polymer industry as an opportunity to consider how our areas of activity will progress beyond 2020. The process of developing a 2030 corporate responsibility strategy began in February 2019. Through multiple interviews with the Supervisory Board, division heads and executive management, four key areas were identified, including measurement quantities and targets for the REHAU Group for 2025/2030.

Under GRI 102-47, we list all our areas of activity and the relevant topic-specific GRI standards which we have identified as significant for the report.

### GRI 102-47: List of material topics

Areas of activity	Topic-specific Standards	Page
Sustainable growth – long-term corporate strategy	GRI 201: Economic Performance	22 ff.
	GRI 203: Indirect Economic Impacts	24 f.
	GRI 205: Anti-corruption	14 f.
	GRI 414: Supplier Social Assessment	20
Driving forward the circular economy – environmentally friendly products	GRI 301: Materials	28 ff.
	GRI 306: Effluents and Waste	34 ff.
Accelerating climate protection – resource conservation	GRI 302: Energy	31 f.
	GRI 305: Emissions	33 f.
	GRI 307: Environmental Compliance	36
	GRI 308: Environmental assessment of suppliers	19 f.
Promoting diversity – social responsibility	GRI 401: Employment	38 ff.
	GRI 403: Occupational Health and Safety	40 f.
	GRI 404: Training and Education	41 ff.
	GRI 405: Diversity and Equal Opportunity	45 f.

To meet the transparency requirements for relevant ratings, we have expanded the report to include the following topic-specific standards:

- GRI 206: Anti-competitive behavior
- GRI 303: Water
- GRI 304: Biodiversity
- GRI 406: Non-discrimination
- GRI 407: Freedom of Association and Collective Bargaining
- GRI 408: Child Labor
- GRI 412: Human Rights Assessment
- GRI 413: Local Communities
- GRI 419: Socioeconomic compliance

## Report profile

### GRI 102-48: New presentation of information

Resource conservation: since 2016, the key figures are no longer based on one ton of output, but on factory revenue. This shift is due to previous “output” reference values distorting the difference between energy-intensive factories with large-scale injection molding machines and factories focusing purely on extrusion, for example. We generally consult both key figures internally. Following the transition to GRI standards, we will be reporting our direct GHG emission figures by gross volume in future.

### GRI 102-49: Changes to reporting

This Sustainability Report has been created according to GRI standards for the first time. The chapters of this report are structured according to the divisions of the GRI standards into General Disclosures and Topic-specific Standards (economic impact, environmental impact, social impact). The REHAU 2020 strategy is currently being developed into the 2030 sustainability strategy, on which parts of this report are already based.

→ Strategy, p. 10 f.

### GRI 102-50: Reporting period

1/1/2017 to 12/31/2018.

### GRI 102-51: Date of most recent report

The last report was published in February 2018.  
Reporting period: 1/1/2015 to 12/31/2016.

### GRI 102-52: Reporting cycle

Once a year from this Sustainability Report onwards, previously every two years.

**GRI 102-53: Contact for questions regarding the report**

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→ Legal notice, p. 54

**GRI 102-54: Claims of reporting in accordance with the GRI Standards**

The topics and key figures presented in this report are proved in accordance with the Global Reporting Initiative (GRI) standards "Core" option.

**GRI 102-55: GRI content index**

This report, which takes the form of a sustainability assessment, states the GRI standards used.

**GRI 102-56: External assurance**

In the areas of occupational safety, health, energy consumption and emissions, external auditors have confirmed the accuracy of the data.

→ For more information about the certifications awarded according to DIN ISO 14001; 45001; 50001, see Report profile, p. 51

**Legal notice****Publisher**

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AV0700 EN 03.2020

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