

SUSTAINABLE PROCUREMENT

GOVERNANCE & SUPPLY CHAIN



INNOVATING TOGETHER

OUR TARGETS

We aim to strengthen supply chain transparency and resilience by systematically identifying, assessing, and mitigating risks associated with high-risk suppliers. Our long-term ambition includes **80% decarbonization of the upstream supply chain by 2045**, and achieving a **fully regionalized supply chain by 2045**, thereby minimizing environmental impact and improving supply chain agility. In alignment with the European Packaging and Packaging Waste Regulation (PPWR), we also commit to reducing packaging by 20% and increasing recycled content in packaging to 50% by 2030, supporting circular economy principles and minimizing packaging waste across our operations. Furthermore, steps are taken to ensure that ethical and social values and guidelines are enforced through the supplier assessment.

Freudenberg Performance Materials will gradually strengthen its engagement and collaboration with key suppliers and suppliers with strong sustainability performance in the coming years. The aim is to share Freudenberg Performance Materials' ambitions, align on significantly lower emissions, and encourage suppliers to further develop their sustainability performance across the value chain.

OUR APPROACH

We collaborate with external partners to assess, monitor, and evaluate supplier Environmental, Social and Governance (ESG) performance through independent data verification. Mandatory questionnaires cover the key topics of Environmental Protection, Human Rights & Labor, Anti-Bribery & Anti-Corruption, Health & Safety, Supply Chain Responsibility. As a fundamental element of our sustainable procurement approach, the Freudenberg Performance Materials Supplier Code of Conduct (SCoC) applies globally to all manufacturing and service providers. We are committed to upholding high standards of responsible sourcing by ensuring **full SCoC coverage and acknowledgment among all targeted and newly onboarded suppliers**.

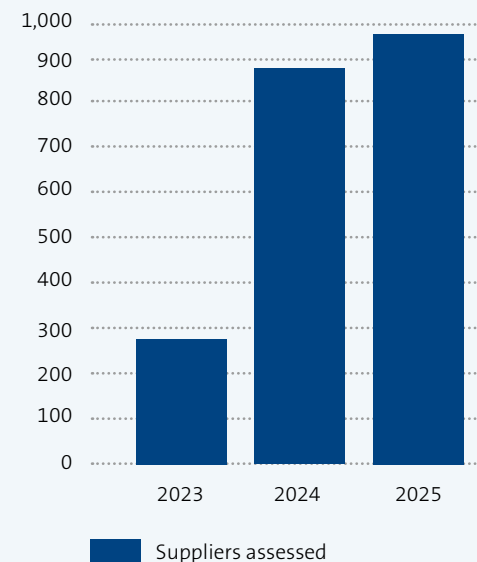
To further strengthen our supply chain sustainability, we aim to improve our SCoC compliance to up to **75% of our targeted supplier base by 2030**. Our SCoC outlines clear expectations regarding compliance with local laws and adherence to internationally recognized ESG standards. These principles are integrated into supplier onboarding, selection, and evaluation processes, promoting continuous improvement in sustainability performance across the supply chain. For suppliers who may be unwilling to engage with our preventive action plans, we are currently considering a range of possible responses.

These could include reduced volume allocation, more frequent or intensive audits, or, if necessary, the potential termination of the business relationship. As part of its strategic roadmap, clear targets for the Supply Chain and Raw Materials workstream were defined to guide responsible sourcing practices. Through the Supplier Collaboration Program for Sustainability, initiated by Freudenberg Performance Materials, selected key partners are being engaged in a structured dialogue to align sustainability ambitions across the value chain. Freudenberg Performance Materials has also been invited to participate in SPARK, a United Nations Global Compact program designed to help enterprises build practical sustainability capabilities and strengthen their sustainability practices. Through this program, Freudenberg Performance Materials has begun engaging selected suppliers to identify opportunities for future collaboration and joint sustainability initiatives.

In alignment with the PPWR, we initiated our compliance journey in 2025 by launching a comprehensive baseline assessment across all EU sites. This assessment aims to map current packaging volumes, material composition, and recycled content, as well as to identify reduction opportunities and compliance gaps against upcoming regulatory requirements.

In parallel, Freudenberg Performance Materials initiated preparations to assess the Carbon Maturity Level of tier 1 selected raw material supplier, aiming to drive low carbon transformation and transparency upstream.

Environmental Impact
Number of suppliers assessed



80%

**Decarbonization of the
Upstream Supply Chain by 2045**

91%

Asia

46%

Africa

37%

South America

80%

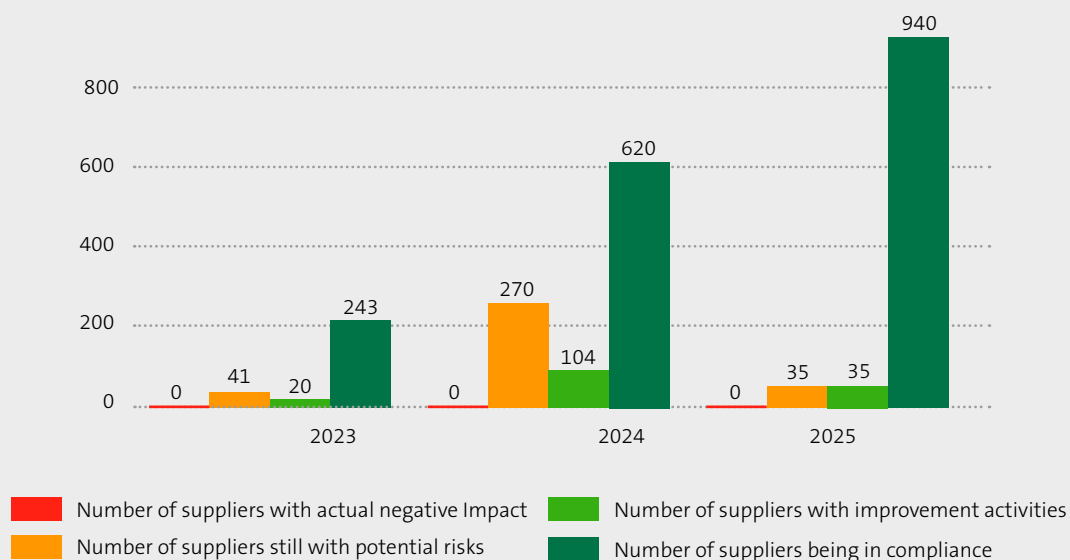
Europe

74%

North America

Share of local purchase value

Number of suppliers with Significant Environmental Impact and Agreed Improvements



RESULTS AND FURTHER ACTIONS

In 2025, Freudenberg Performance Materials strengthened its sustainable procurement framework through the successful rollout of its Supplier ESG Risk Assessment, covering over 13,310 suppliers via the external partner platform. Freudenberg Performance Materials significantly advanced its sustainable procurement practices in 2025 by assessing 975 selected suppliers for environmental impacts - an increase of 10% compared to 2024. Preventive supplier actions were taken with 35 suppliers identified as having potential negative impacts, representing 3.5% of those assessed, while 940 suppliers were found to be compliant. These figures reflect a significant decrease in the number of suppliers identified as high risk compared with 2024. In parallel, Freudenberg Performance Materials assessed 935 selected suppliers, representing 37% of a broader pool of suppliers, focusing on Social and Anti-Bribery & Anti-Corruption impacts. This reflects a growing emphasis on ethical standards, labour practices, and human rights considerations across global operations. For suppliers identified with elevated risk levels, preventive actions were recommended, such as requesting certifications, implementing improvement plans, and conducting third-party audits. Out of the 935 selected suppliers, Freudenberg Performance Materials also monitored the extent of procurement of raw materials, packaging, and merchandise from local suppliers across its main operating regions. In this context, local refers to suppliers within the same operating region.

In 2025, 24% of our targeted suppliers signed our SCoC, showing initial progress, and we will continue working to increase compliance toward our 2030 target. The figures presented shown on the left side highlight Freudenberg Performance Materials' strong regional sourcing across Europe, Asia, and North America. In 2025, the share decreased compared to 2024, mainly reflecting the first-time inclusion of Heytex data following its acquisition in 2024, alongside a broader application of dual sourcing strategies. At the same time, the results indicate continued potential to further strengthen local supplier engagement in other regions. Overall, regionalized inbound supply chains still account for a substantial 80% of total procured volume, underscoring our commitment to resilient, lower-emission, and locally anchored sourcing. To support decarbonization, Freudenberg Performance Materials began assessing the Carbon Maturity Level of selected tier 1 raw material suppliers. In 2025, 85 suppliers were included in this assessment. The results show varying maturity levels and highlight both encouraging progress among advanced suppliers and further potential to improve data transparency and support suppliers in their decarbonization journey. Overall, the 2025 results demonstrate meaningful progress in sustainable procurement, supplier ESG risk management, responsible sourcing, regionalized supply chains, packaging compliance, and supplier decarbonization. Going forward, Freudenberg Performance Materials will continue to strengthen supplier engagement, improve reporting requirements, and drive collaborative sustainability initiatives across the value chain.

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