



your global specialist

Sustainability and Responsibility

2022 report



Contents

Introduction

- 03 **A message from the Management Board**
- 04 **Our sustainability and ESG successes**
- 05 **Klüber Lubrication at a glance**

Magazine

- 07 **On the path to sustainability: faster, higher, further – including in climate protection**
- 09 **Sustainability: thinking one step further**
- 10 **Greater efficiency for better climate protection**
- 11 **Digital solutions boost sustainability for users**
- 12 **Always in sight – our handprint with customers**
- 17 **Protecting biodiversity is a top priority**
- 19 **EcoVadis Gold – recognition and motivation for us**

Facts, figures & dates

- 21 **About this report**
- 22 **Sustainability as part of corporate responsibility**
- 24 **SDGs – focus on the biosphere, society and economy**
- 26 **Our materiality matrix provides guidance for our ESG activities**
- 29 **Energy: efficient consumption and conversion to renewables demonstrate responsibility**
- 31 **CO₂eq emissions and climate neutrality – the key challenge of this decade: Scope 1 and 2**
- 33 **An even greater challenge: working together to reduce Scope 3 emissions in the supply chain**
- 35 **Water and waste – important elements of optimal resource use**
- 36 **Safety and protection for our employees, temporary workers and third parties**
- 38 **Sustainable and ethical procurement**
- 40 **Site certifications**
- 41 **Our training enables our employees to work sustainably with a focus on customers**
- 42 **Respecting diversity and promoting inclusion are cornerstones of our corporate culture**
- 43 **Compliance is based on integrity and ethics and strengthens our reputation**

- 45 **GRI-Index**
- 48 **Legal notice**

A message from the Management Board

Dear readers,

We are pleased to present you with our seventh sustainability report. Over the past year, we have continued to make significant progress towards meeting our long-term goal: to steadily improve our ecological footprint and handprint and thus play our part in reducing environmental impact.

An important tool for this – which was expanded again in 2022 to achieve targets – is our handprint, i.e. the contribution we make to the sustainability goals of our customers. This shows that our business model – which has always been aimed at helping our customers reduce energy, wear and waste – goes hand in hand with global sustainability targets.

We also made strong progress at our own sites on six continents in 2022. Hence, our target of reducing our own CO₂eq emissions by 75 % by 2025 was achieved and exceeded last year, far ahead of schedule. We have decided to offset the remainder through relevant projects. Thus, the figures show that Klüber Lubrication has been climate neutral for Scope 1 and 2 emissions at our sites since 2022. With the active support of our suppliers and customers, we are working on achieving Scope 1, 2 and 3 climate neutrality by 2045. We have adopted an appropriate strategy and have already specified the first key sub-targets.

We are proud of the external awards we have received for our systematic activities – particularly the second gold medal from EcoVadis, a leading provider of business sustainability ratings.

Our customers, employees, suppliers and other stakeholders are increasingly interested in our sustainability and corporate social responsibility achievements. We have therefore expanded this report for the first time and transformed it into an environmental, social and governance (ESG) report. It now contains more information on social and ethical corporate governance matters as well. We are also reporting based on the new rules of the Global Reporting Initiative (GRI).

We are delighted that you are interested in our path towards a more sustainable and humane future, and we hope you find this report inspiring.

We thank all of our employees for their enthusiastic and tireless support in improving our sustainability indicators.



Claus Langgartner
Speaker of the Managing Board,
Executive Vice President Sales/Marketing

Markus Murmann
Executive Vice President
Finance/Administration

Dr. Martin Schmidt-Amelunxen
Executive Vice President Technology/R&D

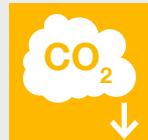
Our sustainability and ESG¹ successes

EcoVadis Gold rating



Klüber Lubrication ranks among the top 4 % of more than 100,000 companies assessed worldwide; EcoVadis carbon management level "Advanced"

Absolute CO₂ eq reduction -76 %



Compared to 2019 for Scope 1 and 2. The target of -75 % by 2025 was achieved ahead of schedule in 2022

Scope 1 and 2 GHGP² climate neutrality achieved in 2022



Achieved through CO₂ eq reduction and offsetting projects for currently unavoidable residual emissions

Scope 3 calculated with specialised external consultant



Climate intensity of Scope 1, 2, 3 calculated and improved by 11 % per tonne of product since 2019

Sustainability strategy 2045 developed



Including Scope 1–3 climate neutrality

Ethical procurement 2.0 introduced



First risk assessment completed

Expectations of our suppliers regarding climate neutrality communicated



Specific targets worldwide defined

Sustainability Product Portfolio Segmentation:



Better than target of 35 % for the second time, with 39 % outperformers

Energy savings in 2022 for customers through KlüberEnergy projects:



438 GWh, equivalent to 67,000 tonnes of CO₂eq; 2025 target: 350 GWh achieved in 2021; new target for 2025: 800 GWh

Target of 5 training days per employee exceeded



The number of training days averaged 5.43 per person

Diversity: 25.9 % women in KL management positions



2025 target: 25 %, exceeded again

Compliance Management System



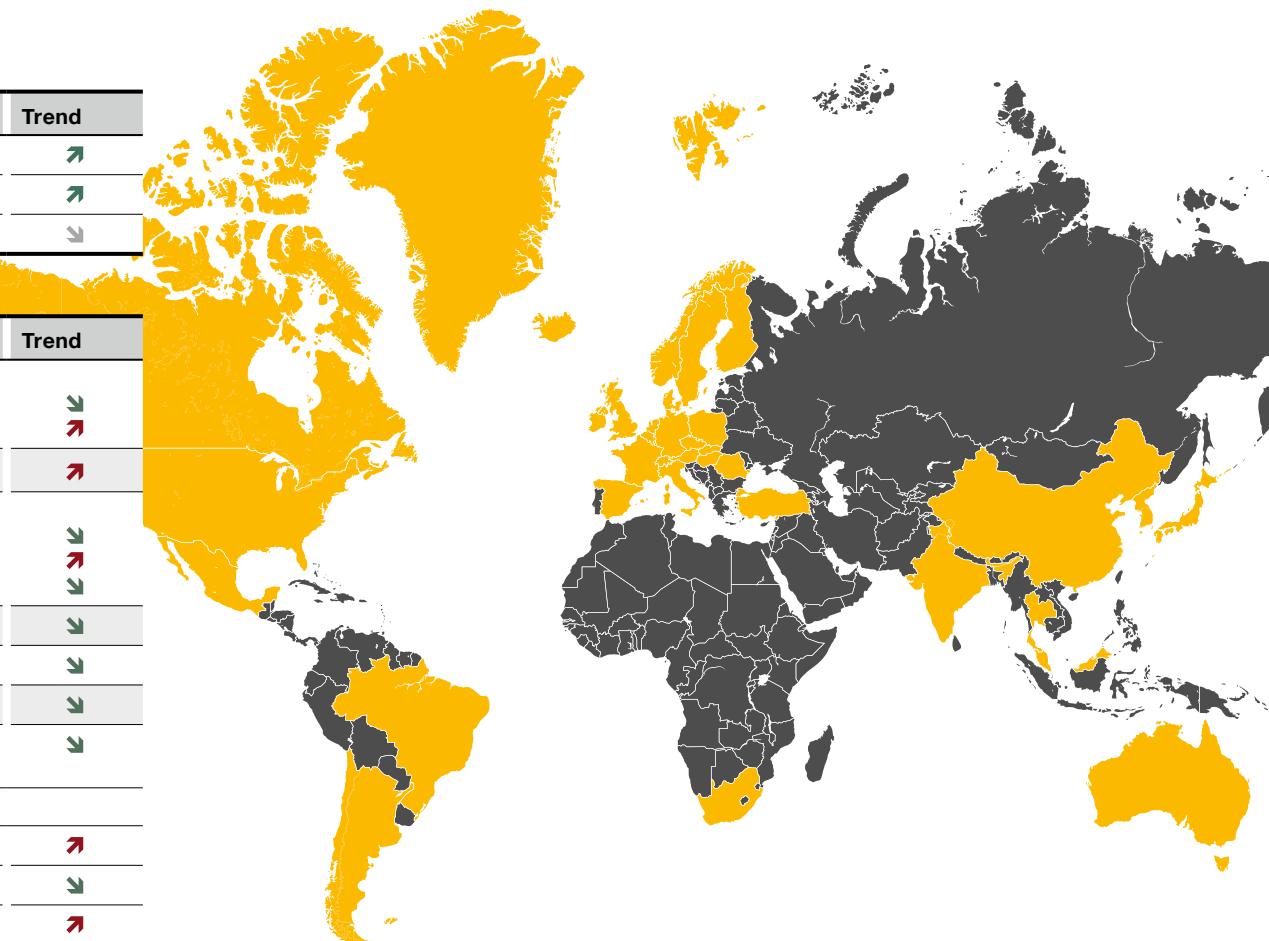
Structural plan further developed

¹ ESG: environmental, social and governance.; ² Greenhouse Gas Protocol

Klüber Lubrication at a glance

General performance indicators and sustainability indicators

| General performance indicators | 2021 | 2022 | Trend |
|---|----------------|----------------|-------|
| Sales (€ million) | 841 | 983 | ↗ |
| Employees | 2,457 | 2,524 | ↗ |
| Temporary workers | 100 | 91 | ↘ |
| <hr/> | | | |
| Sustainability indicators | 2021 | 2022 | Trend |
| Energy-related CO₂ emissions per tonne of product | | | |
| Scope 2: indirect energy | 54 | 51 | ↘ |
| Scope 1: direct energy | 57 | 64 | ↗ |
| Total CO₂eq Scope 1 and 2 per tonne of product | 111 | 115 | ↗ |
| <hr/> | | | |
| Absolute CO₂eq emissions in tonnes | | | |
| Scope 2: indirect energy | 4,723 | 4,287 | ↘ |
| Scope 1: direct energy | 4,785 | 5,493 | ↗ |
| Scope 1: solvents | 15,528 | 1,937 | ↘ |
| Total CO₂eq Scope 1 and 2 in tonnes | 25,036 | 11,717 | ↘ |
| Scope 3 | 743,844 | 698,299 | ↘ |
| Gesamt-CO₂eq Scope 1–3 | 768,879 | 710,017 | ↘ |
| Specific CO ₂ emissions: tonnes of CO ₂ eq Scope 1–3 per tonne of product | 9.4 | 9.0 | ↘ |
| <hr/> | | | |
| Total waste generated per tonne of product [kg/t] | 56.8 | 66.8 | ↗ |
| Total water consumption per tonne of product [m ³ /t] | 0.82 | 0.76 | ↘ |
| Work accidents per 1 million workhours (WRIFR) | 1.64 | 2.5 | ↗ |
| Training days per Klüber Lubrication employee | 4.05 | 5.43 | ↗ |



Magazine

On the path to sustainability: faster, higher, further – including in climate protection

Sustainability: thinking one step further

Greater efficiency for better climate protection

Digital solutions boost sustainability for users

Always in sight – our handprint with customers

Protecting biodiversity is a top priority

EcoVadis Gold – recognition and motivation
for us



On the path to sustainability: faster, higher, further – including in climate protection

Our objective of becoming climate neutral shows that corporate success and responsible action can go hand in hand. Quickly achieving climate neutrality and continuing to build on our contribution to a greener tomorrow through specialty lubricants for our customers are the core aspects of Klüber Lubrication's long-term climate protection strategy. It is going to take more than one isolated approach to achieve our goals. That is why we are pursuing a multifaceted strategy, as Markus Hermann, Sustainability Manager, explains.

Klüber Lubrication is a chemical company.

Is that not a disadvantage to start with when it comes to such ambitious CO₂ emissions targets?

Markus Hermann: Not at all. It is true that we are part of the problem, and we are working on minimising our impact – our footprint. But Klüber is also part of the solution because we can make a real difference through our products. Their main purpose is to minimise friction as much as possible. This, in turn, saves energy and reduces CO₂ emissions for our customers and their products. That is our handprint, which is far bigger than our footprint. We have aligned our strategy with the requirements of science and credibility: to act faster, focus on higher targets and continually broaden our field of action. In short: faster, higher and further – including in climate protection.

What exactly does this path look like?

Markus Hermann: For our sites worldwide, we have defined a four-stage plan which we take further forward every year based on the successes we have achieved: increase energy efficiency, switch to green energy, use new technologies and offset the remainder. To make our contribution to this pivotal decade for climate protection, we have set an ambitious target for the 2020s: reduce CO₂eq by 75 % by 2025, compared with 2019.

Where is Klüber Lubrication currently with its “faster, higher, further” plan?

Markus Hermann: Much to our surprise, we achieved this target in 2022! Our teams around the world have succeeded in lowering our CO₂eq emissions by an incredible 76.1 % in just three years – from 49,000 to 11,700 tonnes CO₂eq per year. My sincere thanks go to everyone around the world for their persistence, focus on solutions and innovative power! We have now increased our new target to -90 % by 2030.

How have you achieved that?

Markus Hermann: Well, it all began with a major negative shock. At the end of 2019 we discovered that a solvent used for cleaning had huge greenhouse gas potential, and this had caused our carbon footprint to triple. We have reported on this extensively in previous reports. It really motivated us to act. Most of the improvement was achieved by us working at record speed to find and test alternative solvents to quickly replace the old one. Basically, we took a technological leap forward.

Have you also been able to make progress with regard to energy?

Markus Hermann: Yes, on a global scale! We are working on increasing energy efficiency through energy audits and by exchanging information on successful measures. Our production facilities have contributed enormously to our success regarding green energy through generation of their own solar power and conversion to green electricity from dedicated plants, where possible. By 2021, we had already exceeded our 2025 target of 50 % green electricity, and today we are at 76 %. We have therefore increased this target to 100 % by 2030.



Markus Hermann, Sustainability Manager, Klüber Lubrication

And what about oil and gas?

Markus Hermann: After switching to green electricity, the next big challenge is to shift the other 50 % of our energy consumption away from gas and oil to non-fossil energy sources. That includes heating for our buildings and our required process heat as well. We are working on our first pilot projects in this regard. Our aim is to achieve 60 % green energy by 2030. We have a fair chance!

“Our business model is part of the solution on the path to global climate neutrality.”

What is the situation with offsetting? Are you already pursuing that?

Markus Hermann: After it became clear that we would achieve a significant reduction in CO₂eq at our sites, Klüber Lubrication also committed itself to offsetting our sites' annual residual emissions (Scope 1 and 2) from 2022. Together with experts from our parent company Freudenberg, we have selected and purchased offset projects based on the criteria of the Foundation Development and Climate Alliance, which we have joined. With these projects, we have taken care to ensure that other targets of the UN SDGs are also achieved, such as education, local jobs and the protection of biodiversity. We will not achieve absolute climate neutrality from the corresponding CO₂ certificates, but we will achieve at least a calculated climate neutrality. We don't want to engage in greenwashing – we want to make real contributions!

Is this as far as the CO₂ neutrality strategy can go?
Markus Hermann: No. A credible strategy also needs to consider Scope 3 sources under the Greenhouse Gas Protocol. Here, the entire product life cycle needs to be examined, from the extraction of raw materials through to their processing, transportation and ultimately their disposal, or preferably recycling. Other requirements for the provision of our services must also be accounted for and reduced, such as business trips, employee commutes and service processes. Many of us have direct leverage over minimising business flights and particularly air freight! With around 700,000 tonnes of CO₂eq, Scope 3 emissions are a huge chunk.

It was therefore an important milestone of our sustainability commitment that, in the Sustainability Board in December 2021, we pledged to pursue climate neutrality by 2045 for Scope 3 emissions as well, in line with the German government's climate target. That marked the start of Klüber's conversion – away from fossil fuels and towards non-fossil energy sources and raw materials. To achieve all this, we need the active support of our customers and suppliers around the world.

What do you mean by the active support of suppliers?

Markus Hermann: We expect our suppliers to play an active part in achieving the UN's sustainability goals, reducing their emissions and also providing us with relevant data, e.g. on the CO₂eq footprint of their products. However, it is equally important that they develop innovative products for and with us in order to make lubricants more sustainable – and expand their positive effects for our customers. Using our Sustainability Scorecard, we manage the development of new products and the refinement of our existing product portfolio – going far beyond climate protection!

And how can customers actively contribute to the achievement of climate targets?

Markus Hermann: Well, they need to be prepared to test innovations and incorporate them into their production and products and also share any likely additional costs – at first at least. And do so quickly. Luckily, many of our customers also have similar climate neutrality targets and are calling for our contribution. What is astonishing is that many of them are not aware what great support lubricants can provide for their production and products.

What positive effects do innovative products have for the customer?

Markus Hermann: Specialty lubricants are the greener alternative for our customers. They reduce the friction and wear of components, extend their service life and increase their energy efficiency in use. Our digital solutions and services, like the EfficiencyManager, also play a role here. All this helps to conserve valuable resources and reduce waste and CO₂ emissions – by a factor several times that of our own emissions and the footprint of our products. Our business model is therefore part of the solution on the way to global climate neutrality.

What is your motto for Klüber Lubrication's contribution to sustainability?

Markus Hermann: Ultimately, we can only achieve a significant reduction in CO₂ emissions together. That's why we want to encourage all of our suppliers, partners and customers to work together on the path to greater sustainability. We need ambitious targets and quick successes, and we must continually expand our areas of action. Protecting our biodiversity and water reserves is just as much part of sustainability nowadays as social factors and good corporate governance. That's why our new motto is “faster, higher, further – for climate protection and sustainability”.

“Faster, higher, further – for climate protection and sustainability.”



Sustainability: thinking one step further

Thanks to new solvents in production, Klüber Lubrication has been able to significantly reduce its Scope 1 CO₂eq emissions in recent years. The solvent-based share was still over 32,500 tonnes in 2019 but fell to 1,937 in 2022. This was also a major factor in enabling us to achieve our 2025 target of a 75 % reduction in CO₂ emissions ahead of schedule in 2022, i.e. within just three years (see diagram). "How did we manage that? Through the close cooperation of Research and Development, Production and other departments. By working together, a new substance was found in 2020 which not only delivers the required performance but also cleans more efficiently and protects our climate", says Markus Hermann, Sustainability Manager at Klüber Lubrication. A kilogram of the solvent originally used in our production had a global warming potential of around 10,000 kilograms of CO₂eq. With the new solvent, this impact was reduced to 55 kilograms of CO₂eq.

Klüber Lubrication has now switched almost completely to the new solvent for cleaning in the production process and is even going a step further. "We didn't just want to reduce our own carbon footprint, we also wanted to help our customers achieve sustainability targets faster", says Gabriele Wirtensohn, Product Portfolio Manager. "For this reason, we investigated solvent alternatives for use in products too and examined whether they were suitable for customers' requirements."

Other ingredients, same effect

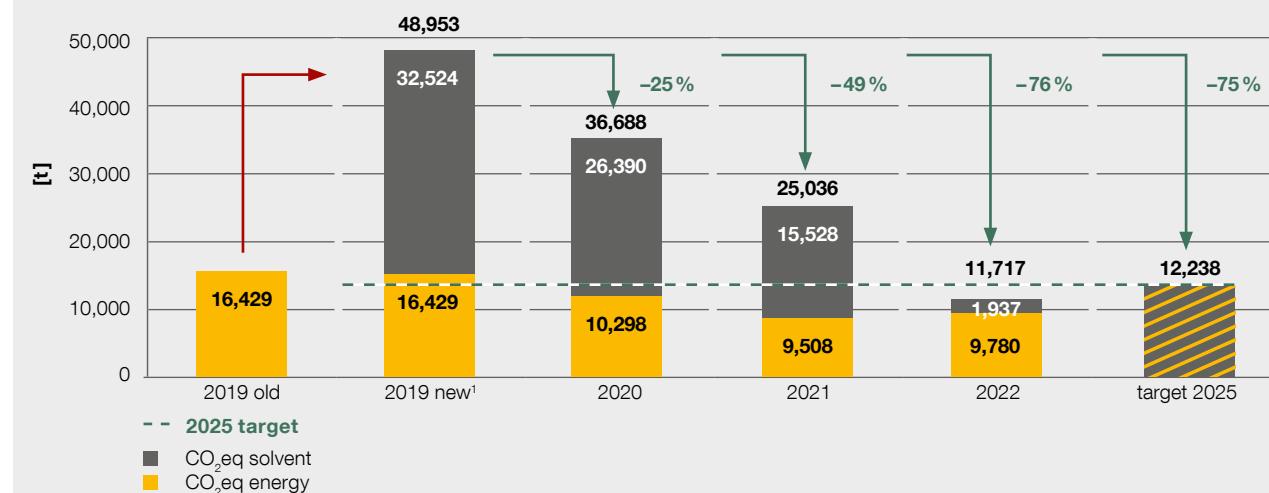
Solvents ensure that lubricants are optimally distributed in Klüber products. Before the solvent evaporates, even hard-to-reach areas are wetted with a thin film and are thus effectively protected with lubricants. Solvents also reduce the quantity of lubricants that is actually used. "Each of our products was tested by developers in a separate raw material exchange project. Here, it was important to clarify whether the performance of the product stayed the same," explains Gabriele Wirtensohn. Among other things, the wetting behaviour had to be identical, with comparable evaporation of the solvent guaranteed. "We achieved this, and the change also enabled us to reduce the global warming potential to

3 % of the original GHG emissions", says the Product Portfolio Manager proudly.

"This result is incredible! By replacing the old solvent in our special lubricants, we were able to help our customers save a total of over 47,000 tonnes of CO₂ equivalent. That almost corresponds to Klüber Lubrication's total CO₂ emissions (Scope 1 and 2) in 2019. We're therefore making a significant contribution towards protecting our environment", she states.

Such innovations are made possible thanks primarily to the commitment of our employees, with 200 working in just the Research and Development department alone.

CO₂eq emissions, basis of report and 2025 target



Greater efficiency for better climate protection

Companies worldwide are increasingly having to meet higher regulatory requirements in terms of sustainability and climate protection. In addition, they are frequently also setting themselves the goals of preserving the environment and reducing their own carbon footprint. To achieve this, they are increasingly monitoring their own CO₂ emissions and, equally, they expect suppliers to play their part in improving the sustainability of the entire supply chain. At Klüber Lubrication, we have already responded to these new requirements.

With our EnergyEfficiency service, we help customers significantly boost the efficiency of existing machines, thereby saving energy, CO₂ emissions and related costs. For example, in several customer projects we have been able to show that the energy output of a wind turbine can increase by more than 2% if Klüber Lubrication's lubricants are used in gearboxes. Maintenance intervals are longer, and friction and noise are reduced. In addition, less lubricant is needed, which means operating costs are reduced and the efficiency of materials and resources is increased.

To leverage the full potential of a system, KlüberEnergy analyses and logs the starting situation so that an accurate comparison can be made later on. Based on this analysis, our experts select a suitable specialty lubricant from the product range. If necessary, an optimised lubricant is developed by Klüber Lubrication's R&D department.

Frequent energy savings of up to 8 %

Usually, however, suitable products for specialised use are already available. Use of these lubricants significantly extends the replacement intervals, which in turn reduces annual waste disposal volumes. To clearly demonstrate the savings to our customers, we provide evidence which has been accurately measured and is in line with international standards. This means our customers have a solid basis for investment decisions and can introduce the improvement measure as part of their ISO 50001 certification.

The savings generated and documented with the Klüber Energy service amounted to approx. 438 GWh in 2022, equivalent to 67,000 tonnes of CO₂. This is more than the maximum emitted at our locations in one year – 49,000 tonnes in 2019. It is also more than eight times our own global energy consumption of 50 GWh. We thus achieved our self-imposed target for 2025 much earlier than expected – in 2021. We have set ourselves a new target for 2025: savings of 800,000 MWh. This exclusively includes energy savings that we make possible as part of KlüberEnergy service projects and are able to prove based on the measuring method used.

The wind energy industry is not the only industry that can make substantial savings and improve energy efficiency by using Klüber Lubrication lubricants. Be it the food industry, roller presses in cement works or drinks manufacturers: the KlüberEnergy analysis helps customers make significant savings regarding the energy consumption of machines. In particular, reducing friction through targeted use of Klüber



Lubrication's specialty lubricants enables electricity savings of up to 8 %. Other benefits are longer replacement intervals and less wear to the machines. "Never change a running system" is a popular saying, but anyone who wants to consistently incorporate sustainability and environmental protection into their production units nowadays needs to ensure all potential is utilised. We can objectively prove what savings are possible by changing lubricants and therefore help to reduce our customers' carbon footprint and protect the environment. The switch usually pays off within four to six months," says Iraja Ribeiro, Global Senior Advisor, Energy Efficiency and Sustainability.

Digital solutions boost sustainability for users

Cost savings thanks to better energy efficiency and reduced wear: these benefits of high-quality specialty lubricants have always had a positive effect on environmental performance. New digital solutions enable lubricants to be used even more efficiently: the most suitable lubricant is used effectively in the right quantity in the correct place.

Keeping a focus on all lubricants, planning maintenance in good time and detecting wear early – digital solutions around the lubrication point make maintenance processes measurably more efficient and enable a more economical and sustainable use of resources.

Neither too much nor too little

With LuCA (Lubrication Condition Analysis) we have developed a solution that enables the optimal time for a lubricant change to be determined. This prevents increased wear and unnecessary lubricant consumption. The oil and grease analysis service in Klüber Lubrication's laboratories provides information about composition, impurities and wear, as well as oxidation and aging of the lubricants. Officially introduced in October 2022 and very quickly and enthusiastically received by our customers, LuCA creates the basis for highly efficient maintenance processes and effective predictive maintenance according to the principles of risk management and Total Productive Maintenance (TPM).



No travel required – experts on site

Instant live support for customers from our global network of tribology experts, service engineers and other technical specialists – made possible by Remote Expert. The new, innovative support service using visual inspection technology and remote access to the plants thus prevents travel-related CO₂ emissions. Not only that, but users also receive first-class, competent support without delays caused by travel times. This optimises processes, reduces potential downtime and thus also contributes to an efficient and sustainable use of resources.

In focus: Total Productive Management (TPM) and energy efficiency

Our customised digital solutions not only support users in implementing TPM but also help them achieve their sustainability targets. The lubrication points are given a QR code and recorded in the EfficiencyManager¹. They provide an instant overview of the state of the components. The precise information about the wear point acquired with this method reduces the danger of incorrect lubrication as well as under/over lubrication. Using additional measuring equipment, electricity consumption can also be measured and the potential for saving energy determined. The new digital measures thus contribute towards reducing costs and also boost sustainability for users.

¹ The EfficiencyManager is a professional web application for managing, documenting and monitoring all lubrication processes in production.

Always in sight – our handprint with customers

Sustainability Product Portfolio Segmentation (SPPS)

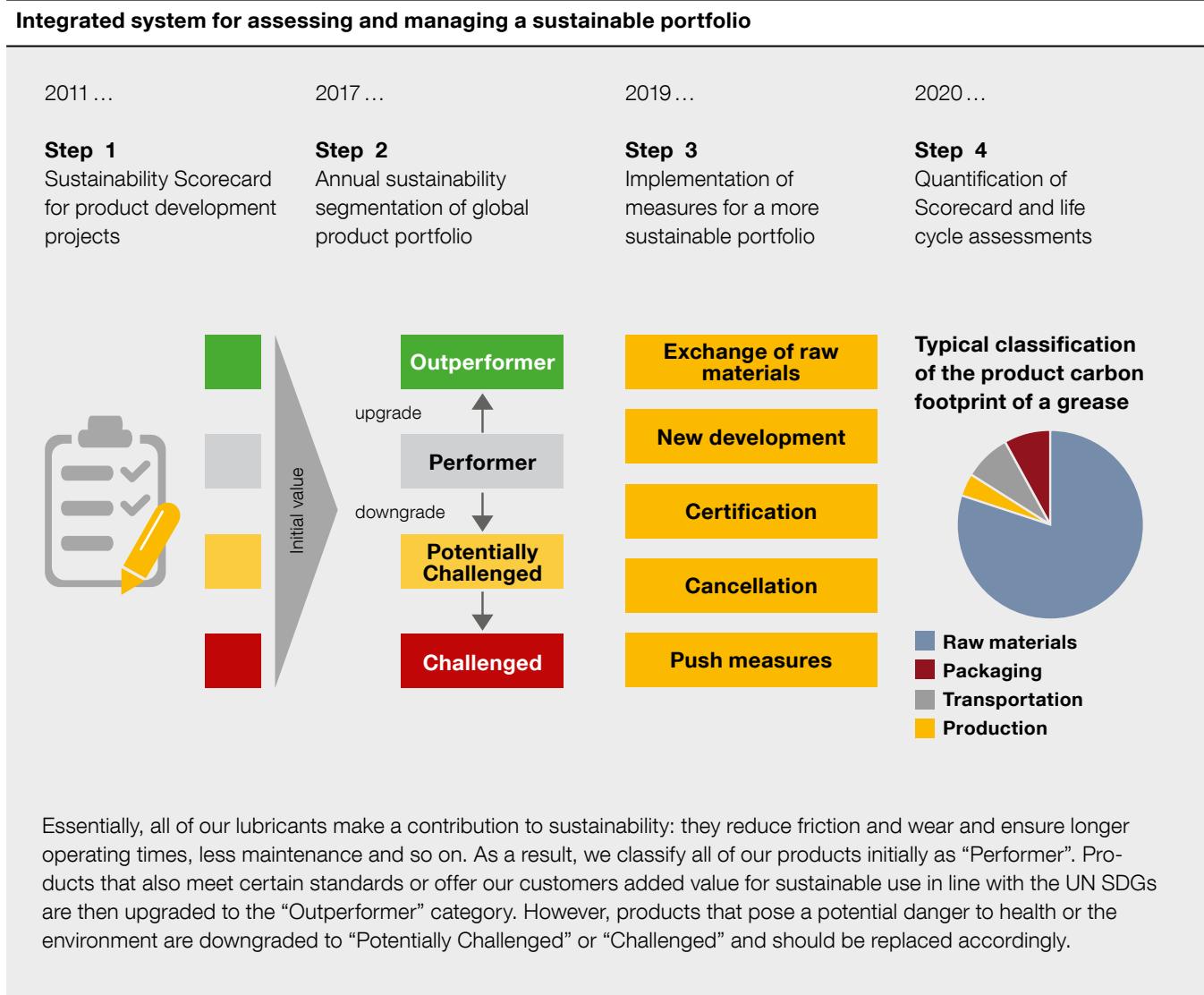
Sustainability is becoming an important issue for companies across more and more industries. The issue is also becoming more significant thanks to new laws and stricter limit values. Klüber Lubrication is always keeping its eye on the increasing sustainability demands and fast-paced, constantly changing legal requirements.

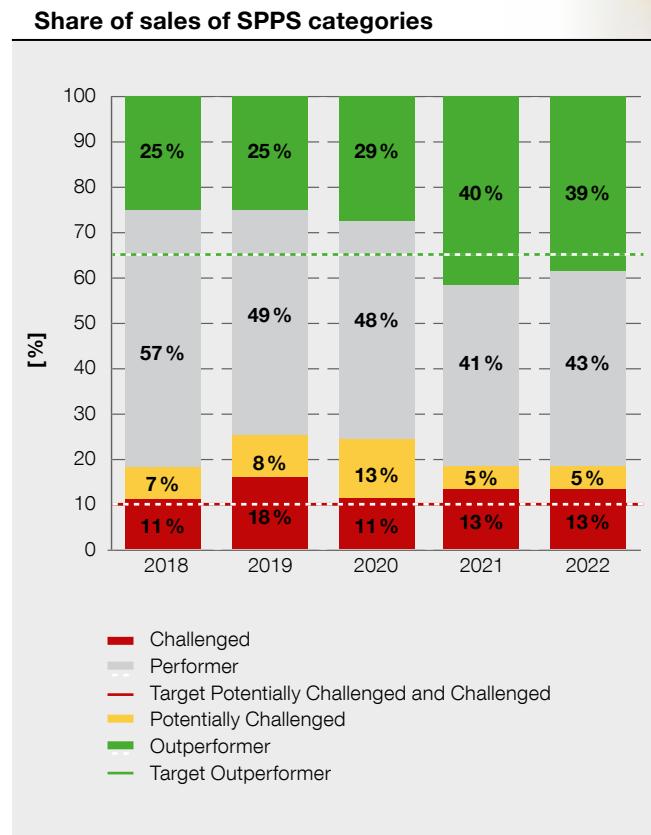
Back in 2011, we introduced criteria for evaluating the sustainability of product development projects (step 1).

With the aim of significantly increasing the contribution of our products to our sustainability targets and those of our customers, we have been refining these criteria since 2017, based on the recommendations of the World Business Council for Sustainable Development (WBCSD), and carrying them over to our existing product portfolio.

The focus was on the clear evaliability and measurability of the criteria with regard to the effect of our products on people and the environment, as well as sustainable production and resource conservation – in line with the UN SDGs.

Since then, we have been applying these criteria of our Sustainability Product Portfolio Segmentation (SPPS) in our integrated approach as a system for the existing product portfolio and, equally, for product development. In this way, we were able to create a quantified scorecard from the qualified scorecard (step 4), which we are continuously developing further. As a result, multiple measures for sustainable product improvements have already been implemented (step 3); these can be tracked using our key figures. We are thus also supporting the targets of the Responsible Care initiative, whose Charter we recognise.





We have set ourselves the goal of ensuring that we impact the environment as little as possible with our products, facilities and all our activities, and we are making an active contribution towards preserving biodiversity and ecosystems. To achieve this, we pursue the LCA (Life Cycle Assessment) approach and are developing a methodology for determining the carbon footprint of our products, which will then be included in our quantified scoring (step 4).



This integrated system lays the foundation for a comprehensive analysis and representation of our impact on the ecosystem. It also provides solutions for reducing our carbon footprint. The aim is to minimise our environmental impacts over the long term and protect our ecosystem and biodiversity.

Using less or running longer saves resources

Less is more. Not just for lubricants, but also when it comes to replacing machine components. After all, ensuring reliable lubrication while using less lubricant reduces raw material consumption, use of materials and waste, as well as procurement and disposal costs, therefore improving your carbon footprint.

Another criterion for evaluating our lubricants is their capability to optimise the service life of a component, such as gearboxes or rolling bearings. A good lubricant helps to prevent downtime caused by premature wear, ensuring that machines can run efficiently until the end of their intended service life. This can significantly delay the need for replacement wear parts, helping to reduce costs for maintenance and spare parts. This reduces the use of raw materials throughout a machine's or component's running time, as well as the amount of lubricant waste after use.



Example:

Repairing a generator or changing rolling bearings in a wind turbine are a particular challenge for service staff, not least due to the extreme height involved. So, what if the components – with a little extra care – ran longer and more efficiently again and needed to be serviced less often? For example, treating the generator bearings with a special cleaning lubricant could remove residues which result in a stronger resistance in the bearing, increased energy demand and higher operating temperatures. When deposits have been removed after cleaning, the component can then run several times longer with the right operational lubricant. This not only saves money and resources, but also proactively reduces risks in the workplace.

Sustainable, safe and efficient food production

That may sound like a diet plan, but these products protect both the health and the wellbeing of consumers and help our customers achieve more sustainable production. Lubricants used in the food industry and in the provision of drinking water need to be safe for end consumers. We help to ensure this by meeting NSF standards and drinking water regulations and by producing our lubricants in line with ISO 21469¹. To avoid endangering human health, it is essential to minimise the risk of contamination with MOSH/MOAH² from lubricants. For this reason, we evaluate our formulas and also analyse our customers' production and maintenance processes. Protection is thus guaranteed for the user in production and for the end consumer.



Example:

Be it drinks, meat, baked goods or one of many other foodstuffs: without refrigeration they all spoil, cannot reach consumers or cannot be produced in the first place. That is why refrigeration compressors are also a core element of food-production. They therefore have special importance, which is also reflected in the operating and energy costs (Total Cost of Ownership – TCO). By switching from mineral oil-based compressor oils to fully synthetic special oils for the food-processing industry, we have frequently already been able to increase oil change intervals fivefold and significantly reduce the operating temperature of the compressors. This enables the service life of the component to be increased and energy requirements to be reduced by more than 7 % in many cases.

Costs can be recovered after just three months and the environmental benefit is apparent immediately in the form of resource conservation, as less material consumption for oil and machines also means less waste. For example, a 7 % energy saving for a typical production facility with 25 compressors equates to a saving of 737.5 kWh and 562.5 t of CO₂ per year. A change that takes into account two important issues at the same time: food safety and sustainability!

¹ ISO 21469 regulates the use of lubricants in the food, cosmetics, pharmaceutical and animal feeds industries.

² MOSH/MOAH are hydrocarbon compounds. MOSH: Mineral Oil Saturated Hydrocarbons. MOAH: Mineral Oil Aromatic Hydrocarbons.

Naturally high performers

Essential criteria for the evaluation of our products are their effect on the environment and their compliance with corresponding regulations. Our “Outperformer” products excel here. They are partially biodegradable and meet numerous environmental standards, including Ecolabel¹, OSPAR² and EAL³, for the protection of both land-dwelling and marine life.

In addition to the use of packaging made with a proportion of recycled materials, which saves resources, the renewable raw materials used offer a further advantage: they absorb and retain carbon dioxide (CO₂) during the growth stage. In doing so, they improve the carbon footprint of the lubricants and thus that of the lubricant users and their finished products as well. That is what makes these lubricants the perfect choice for anyone aiming for CO₂-neutral production.



Example:

Bridges create connections and help overcome obstacles. But sometimes they become obstacles themselves – for example, where a large ship has to pass under a low bridge. Ideally, the bridge should be able to temporarily make way for the ship. Even if the bridge is small, large forces are involved in moving it, and these can only be fully effective with the precise lubricant for the task. In addition, because of the proximity to water, there is a requirement for good corrosion protection coupled with good environmental compatibility. We have put a lot of effort into achieving this and have had these products certified with the EU Ecolabel.

In addition to working so well in the open gears at the bridge, these products can be used in many other applications in the maritime sector – from tourism to ocean freight. Wherever the challenge is great and any possible contact with the environment requires a special level of protection, Ecolabel-certified high-performance lubricants enable components to function without friction and with minimised risk to bodies of water.

¹ Goods carrying the EU Ecolabel meet strict environmental criteria.

² OSPAR is an international convention for the protection of the North Sea and North-East Atlantic. It regulates what may be discharged or introduced into these waters.

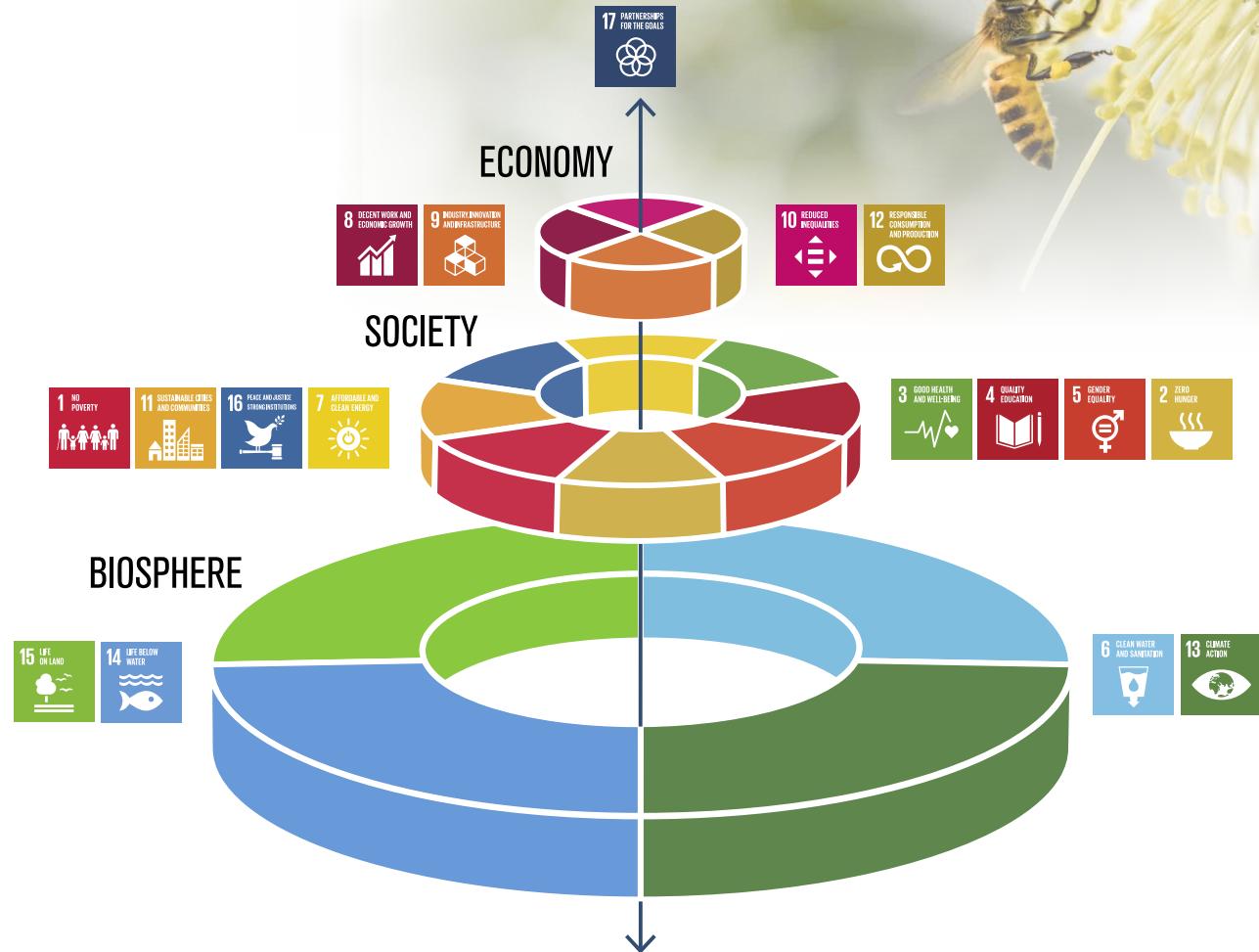
³ EAL (Environmentally Acceptable Lubricants) are environmentally compatible lubricants as defined in the Vessel General Permit issued in the US.

Protecting biodiversity is a top priority

Healthy, biologically diverse ecosystems are not only worthy of protection in themselves – they are also an integral prerequisite for the effective functioning of our society and economy. They are responsible for many processes that secure the foundations of our life, such as good air and water quality, a regulated climate, food and much more. The preservation of biodiversity is therefore a top priority, which is why we have decided to adopt the SDG structure of the Stockholm Resilience Centre. This means: the targets at the “society” and “economy” levels can only be achieved sustainably when the SDG biosphere targets have been sufficiently met (see diagram).

We have set ourselves the goal of ensuring that we impact the environment as little as possible with our products, facilities and all our activities, and we are making an active contribution towards preserving biodiversity. In 2022, we integrated products into our HSE¹ risk standard and environmental impact assessment with its tools in order to guarantee a holistic view from both a location and a product perspective. This integration of our established systems lays the foundation for a comprehensive analysis and representation of our impact on our ecosystem and for solutions to reduce our biodiversity footprint – to minimise our environmental impacts over the long term and protect our ecosystems.

After taking a closer look at the impact we are having on biodiversity and where we can actively drive forward change, we identified three areas of action:



¹ HSE – Health, Safety and Environment.

Products

Our lubricants can be used for many different purposes and are often used in places where they may come into contact with the environment – and therefore may also have an impact on biodiversity. But effective risk management and environmental protection start much earlier and are more extensive. In 2011, Klüber Lubrication therefore started using its RD Sustainability Scorecard, which helps product developers analyse and optimise the entire life cycle of a product. For example, when choosing raw materials – which have a substantial influence on the performance of the lubricant – care is taken as far as possible to choose materials that have only a small impact on people and the environment. Since 2017, the criteria for these have been refined based on the recommendations of the World Business Council for Sustainable Development (WBCSD) and carried over to our existing product portfolio. It is these criteria of our Sustainability Product Portfolio Segmentation (SPPS) that we have been applying ever since through our integrated approach for our existing product portfolio and, equally, for product development.

Essentially, all of our lubricants make a contribution to sustainability: they reduce friction and wear and ensure longer operating times, less maintenance and so on. They generally make a positive handprint contribution and conserve resources.

We have also developed a range of additional positive criteria to determine whether products stand out positively thanks to outstanding sustainability characteristics, in line with the UN SDGs. For example, we have introduced biodegradable product lines which were developed primarily for application fields in which leakage into the environment cannot be entirely ruled out, such as in the marine sector. These products have certifications such as Ecolabel, OSPAR or EAL. Products that are proven to reduce lubricant consumption and thus generate smaller quantities of waste also minimise the impact on the biosphere. We call these products “Outperformers” and identify and specifically promote them with our SPPS system.

However, products that pose a danger to health or the environment are identified using negative criteria, which we then try to remedy quickly and systematically.

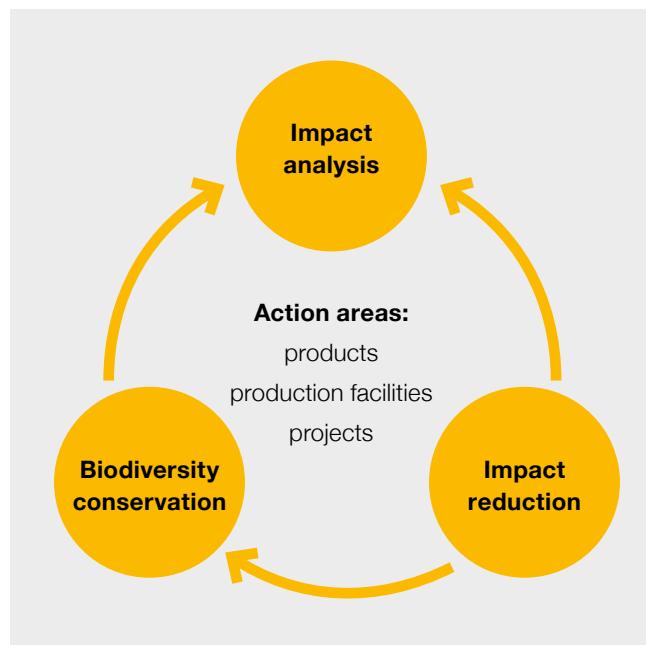
Production facilities

It is our aim to understand our impact on the biodiversity at our sites and in the surrounding environment so that we can develop measures to minimise negative effects and promote positive effects. For example, our site in New Hampshire (USA) is directly adjacent to an area that is inhabited by a particular type of bat. To ensure that the local diversity and livelihood of the bat is not too severely affected, site management has decided that the areas in which we are not obliged to monitor surface water quality for maintenance measures should be left to develop freely in harmony with nature. This extensive, gent-

le maintenance preserves the natural biodiversity, creating a place on our premises where food can be obtained by insects and, in turn, the bats – thus preserving the natural food chain.

Projects

Every year, our sites get involved in various local sustainability projects. This gives our employees the opportunity to actively participate, pitch in and often learn more about the relevance of biodiversity. For example, through planting local trees at various sites such as in Spain and Germany or supporting the protection of marshland near Munich with a donation from the prize money of an environmental project. Beehives belonging to local beekeepers can also be found at many of our properties.



EcoVadis Gold – recognition and motivation for us

Klüber Lubrication has a long tradition of purposeful sustainability management. In 1996, our headquarters had its environmental management system certified under EMAS¹, being the first company in Munich to do so. By participating in an EcoVadis assessment, Klüber took this commitment to a new level.

"2022 was a particularly important year for our sustainability management," explains Markus Hermann, Sustainability Manager. "We received the gold medal for the first time, which put us among the top 6 % of over 90,000 companies assessed by EcoVadis worldwide. For our organisation, this was an important external confirmation which has given us confidence in ourselves – for example, in discussions with customers about ways to achieve greater sustainability. Ultimately, we are part of the solution with our special lubricants!"

„The opportunity to participate in an interview with EcoVadis as part of a joint webinar was very rewarding for both sides. Participation was very high due to our customers' strong commitment to sustainability, and we also gave different companies the chance to understand why sustainability is important and how we should deal with it. We were able to show how important a sustainability rating like EcoVadis is and what opportunities it offers for the planet, the company and the supply chain.

Patrick Pariente Pons, Sales Engineer at Klüber Lubrication Iberica.

EcoVadis is highly respected worldwide

The fact that Klüber was awarded the gold medal again in 2023 with an even better result shows that the company is on the right track. Nevertheless, there is still a lot to do: "EcoVadis gives us extremely valuable feedback on where and how we can improve. The gold medal in 2022 strongly motivated our employees to support sustainability even more intensively," says Hermann. "The medal is recognition for our global sustainability team and for the decades of work carried out by many people, which we are continuing to build on."

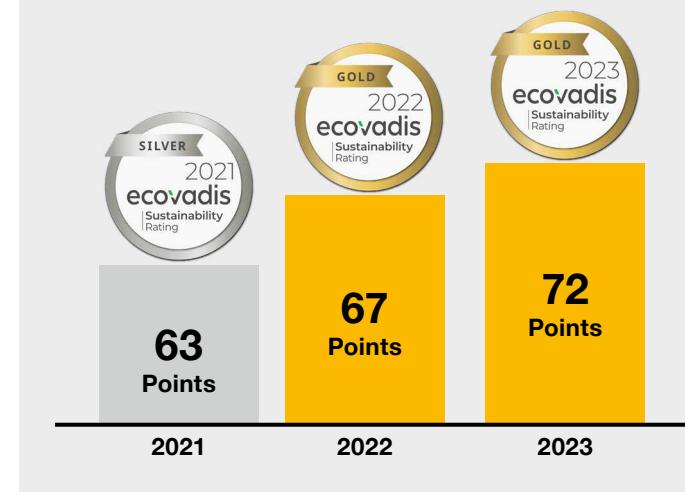
„Sustainability is becoming increasingly important for manufacturing companies in India and South-east Asia. "Decision makers are placing particular emphasis on ensuring that suppliers meet high requirements. EcoVadis plays a key role here because it has a very prestigious reputation."

Akshay Rajeev, Head of Marketing Communications and Product Management, Klüber Lubrication India.

Since being awarded its first gold medal in March 2022, Klüber has also received very positive feedback from customers. This is primarily because EcoVadis is regarded as a global brand with a high degree of credibility. "Worldwide, our customers are showing a strong interest in EcoVadis and our rating," says Hermann. "Our field staff in our over 30 subsidiaries are very pleased about that too."



In September 2022, Markus Hermann and Ludovic Perrot, head of the French subsidiary, gave an interview on BMF TV, France's most-watched news channel, in which the main topics were saving energy with special lubricants and the EcoVadis gold medal.



„EcoVadis Gold is like getting your first car, only much more environmentally friendly. It has enabled us to move further and faster along the road to sustainability.

Dr. Wallace Zhang, Head of Business Development at Klüber China.

¹ Eco Management and Audit Scheme.

Facts, figures & dates

About this report

Sustainability as part of corporate responsibility

SDGs – focus on the biosphere, society and economy

Our materiality matrix provides guidance for our ESG activities

Energy: efficient use and conversion

CO₂eq emissions and climate neutrality

Working together to reduce Scope 3 emissions in the supply chain

Water and waste

Safety and protection for employees

Sustainable and ethical procurement

Our training enables our employees to work sustainably with a focus on customers.

Diversity and inclusion

Compliance is based on integrity and ethics and strengthens our reputation



About this report

In recent years, our customers around the world have shown an increasing interest in our achievements and solutions in the area of sustainability. We have therefore significantly expanded the scope of this seventh report. For the first time, we are not only reporting in detail on environmental issues, but also on social matters, good corporate governance and sustainable, ethical procurement.

This sustainability and ESG¹ report was compiled with reference to the standards of the Global Reporting Initiative 2022 (GRI)² and the Greenhouse Gas Protocol. Unless otherwise specified, in this document the activities of all Klüber Lubrication Group companies in which it had a financial majority as of December 31, 2022, are reported³. The sections on economic, social and governance matters have been compiled in line with the GRI index.

The Klüber Lubrication Management Board is responsible for the content and issuing of this voluntary report. It was assisted by the Sustainability Manager and selected representatives of the Innovation and Sustainability Board and the Sustainability Steering Team. This document is publicly available on our website.

The current year under review is 2022. We usually publish our key figures for a five-year period. We correct past key figures if the total has changed by more than 10%. An updated sustainability report is published annually. Rounding may result in differences in figures and percentages. The relevant report topics are decided upon in an iterative process by the Sustainability Steering Team with input from the Management Board, the Sustainability and Innovation Boards and the Responsibility Council.

We take the following into account:

- the 10 Principles of the UN Global Compact,
- the UN Sustainable Development Goals (SDGs)
- the requirements of our stakeholders as presented to us through ratings, among other things (e.g. EcoVadis, NQC SAQ, Sedex, CDP)
- the standards of the GRI 2022
- the EU's Corporate Sustainability Reporting Directive
- the Greenhouse Gas Protocol
- the "Environment and ESG" materiality matrix, based on the double materiality principle (see there)
- recommendations from associations (e.g. UEIL, WBCSD)

To improve the informative value and comparability of our key figures over the years, the values, where appropriate, are based on production quantities and on hours worked by our employees. When interpreting key figures, it is important to note that we extensively expanded the reporting basis in 2019 through new logistics centres in Germany and the USA and in 2020 through the integration of Traxit with its plants in Germany, the USA and China. Historic comparability of the figures is therefore limited. For energy and CO₂eq, we have ensured comparability as from our base year 2019. In purchasing, integration of Traxit in our systems is at an early stage, which is why the corresponding figures are not included here.

To ensure a clearer understanding of the key figures, please note that, as a specialty lubricant manufacturer, Klüber Lubrication is not active in mass markets, e.g. for motor oils, and rarely produces high-volume products. We frequently produce many small batches of highly specialised lubricants. Our portfolio has a high proportion of greases from energy-intensive production.

Our Scope 1, 2 and 3 GHG emissions were determined based on the GHG Protocol Corporate Standard for 2019–2022. Scope 1 and 2 were determined and calculated based on consumption data of solvents and energy. Consumption data for the sales sites was only updated for the two largest sites in 2022. At the end of 2021, we had an external review to assure our correct understanding of the GHG protocol and of our calculations. We immediately implemented the recommendations received still in 2021. The correct understanding of our Scope 3 calculation of 2019 was reviewed in 2022 by a renowned consulting firm. Including in previously estimated areas, the values for all relevant categories were calculated for 2019, 2020 and 2021 according to a refined methodology. We determined the underlying consumption data on a worldwide level. A qualified estimate was made for any gaps. We made a projection for 2022 mainly based on our production volume using the 2021 production quantity-related emission factors. For business trips and upstream leased capital assets (such as company cars) we used higher factors from 2019. Optimisations for solvents were only partly taken into account in order to ensure a conservative calculation.

Questions and suggestions on this report should be directed to our Sustainability Manager, Markus Hermann, at:
Sustainability_Responsibility@Klueber.com

¹ Environment, Social and Governance.

² For the GRI, see also the GRI index with many references and our GRI use statement.

³ An overview of our global sites is available at: <https://www.klueber.com/global/en/company/locations> Note: The minority holdings in Japan and South Korea are not included in our report.

Sustainability as part of corporate responsibility



Freudenberg values and principles

Fields relating to sustainability

Operative processes within the value-added chain
(e.g. relating to the UN Global Compact)

Operative processes not relating to value creation

In the Freudenberg Group¹ the broad term "sustainability" in the sense of ESG – environmental, social and governance – has been incorporated under the term "responsibility", which is very important to the family company, and structured both methodically and organisationally (see illustration). At Klüber Lubrication, we have established a Responsibility Council in addition to our Sustainability Team. The Responsibility Council is responsible for comprehensively structuring and driving forward issues and presenting an overall picture of our global activities to our customers, rating agencies and other stakeholders. Our Sustainability Manager, who leads both units, ensures there is close integration. We regard our accreditation from renowned sustainability ratings provider EcoVadis, who awarded us gold medals in 2022 and 2023, as confirmation of the effectiveness of our long-term, systematic approach.

The "Values and Principles" of our parent company, the Freudenberg Group, define corporate social responsibility, as shown in the diagram (left), and provide the framework for the design of our sustainability programme.

Via Freudenberg, we participate in the UN Global Compact. Its principles on human rights, labour standards, environmental protection and anti-corruption are also embedded in our "Values and Principles". Compliance with regulatory and ethical principles is the basis for our own code of conduct. We carefully choose suppliers to ensure ethically sound procurement management. We take a proactive and forward-looking approach to compliance with the important regulatory requirements for our industry, such as REACH². As a company in the chemical industry, we also follow the guide-

lines of „Chemie“, the sustainability initiative of the German chemical industry association (VCI), and have committed ourselves to following both the German and the international Responsible Care guidelines. In addition, Klüber Lubrication is one of the founding members of the sustainability initiative in the German Association of the Lubricant Industry (VSI). We have also supported the Foundation Development and Climate Alliance since 2022.



¹ Klüber Lubrication is part of the Freudenberg Group and a member of its Freudenberg Chemical Specialities (FCS) Business Group.

² One of several European chemical regulations. REACH stands for Registration, Evaluation, Authorisation and Restriction of Chemicals.

Organising sustainability

The guidelines, strategy and current goals to be achieved with regard to sustainability, as well as the organisation for their implementation, are set out by the interdisciplinary Sustainability Board, on which the Speaker of the Board, the Exec. V.P. Sales and Marketing and the Exec. V.P. Technology and R&D are all represented. Support is provided by the Global Sustainability Steering Team, which offers expertise from various specialist departments. Across regions, the footprint and handprint coordinators bring together central and regional perspectives and implement our strategies locally. This ensures that matters relating to central functions and matters from the various regions and sites around the globe are all heard and considered. It also helps to establish an effective communication structure which facilitates the dialogue and mediation of the various contexts within the far-reaching subject of sustainability. The Sustainability Steering Team reports to the Sustainability Board twice a year, proposes measures for further development of strategies and goals, and can call upon it at any time on urgent matters.

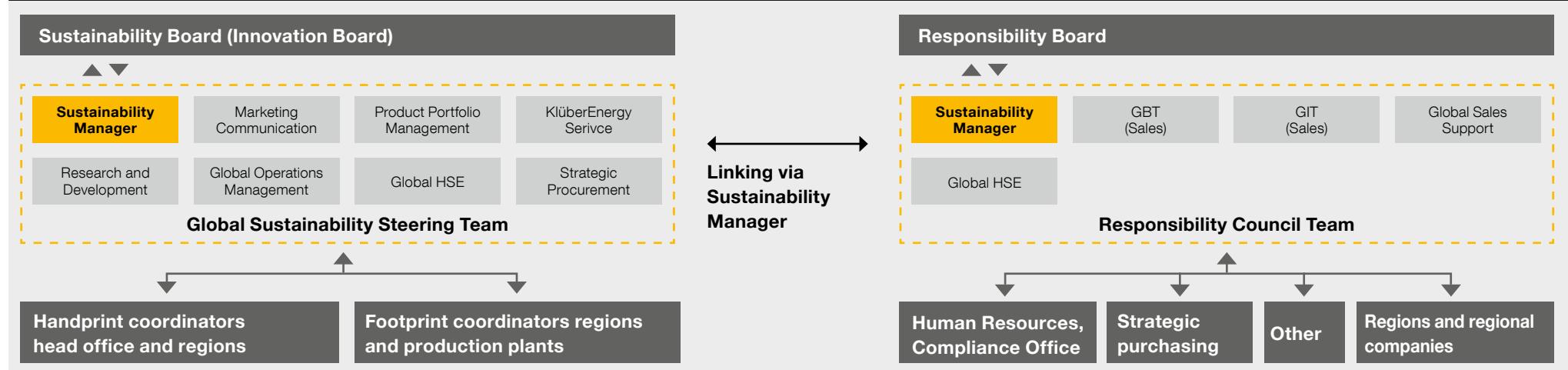
No sustainability without responsibility

Other areas of corporate responsibility – such as equality, anti-discrimination, working conditions, human rights and social commitment, as well as issues relating to ethics, labour law and chemical law, are all managed directly by the Management Board with the relevant departments and global management structure. Since 2021, assistance has been provided here by the Responsibility Council led by the Sustainability Manager who reports twice a year, and also on an ad-hoc basis, to the Management Board – the Klüber Lubrication Group's highest controlling body. This ensures full consideration of all relevant targets under the UN Sustainability Goals (SDGs). We obtain valuable support and input on all of these topics through communication with the central functions and other subsidiaries of our parent company Freudenberg and also through exchange with its respective companies and functions. We are delighted that EcoVadis awarded us gold medals in 2022 and 2023 for our sustainability management activities. This means that Klüber Lubrication is in the top 4 % of over 100,000 companies assessed worldwide.

Global social commitment

We have a societal responsibility in all the countries in which we operate. We sometimes set up social projects ourselves, or we take part in initiatives led by our parent company, Freudenberg. For example, our employees support the social programme e², which was launched by Freudenberg in 2015. e² stands for education and environment and the programme promotes relevant projects wherever Freudenberg does business. A sub-category of the "We all take care" awards conducted across the Group by Freudenberg recognises projects that demonstrate a high level of social responsibility in a particular way, e.g. through improving living conditions, workplace safety or environmental protection. Initiatives from our employees have already received a number of awards.

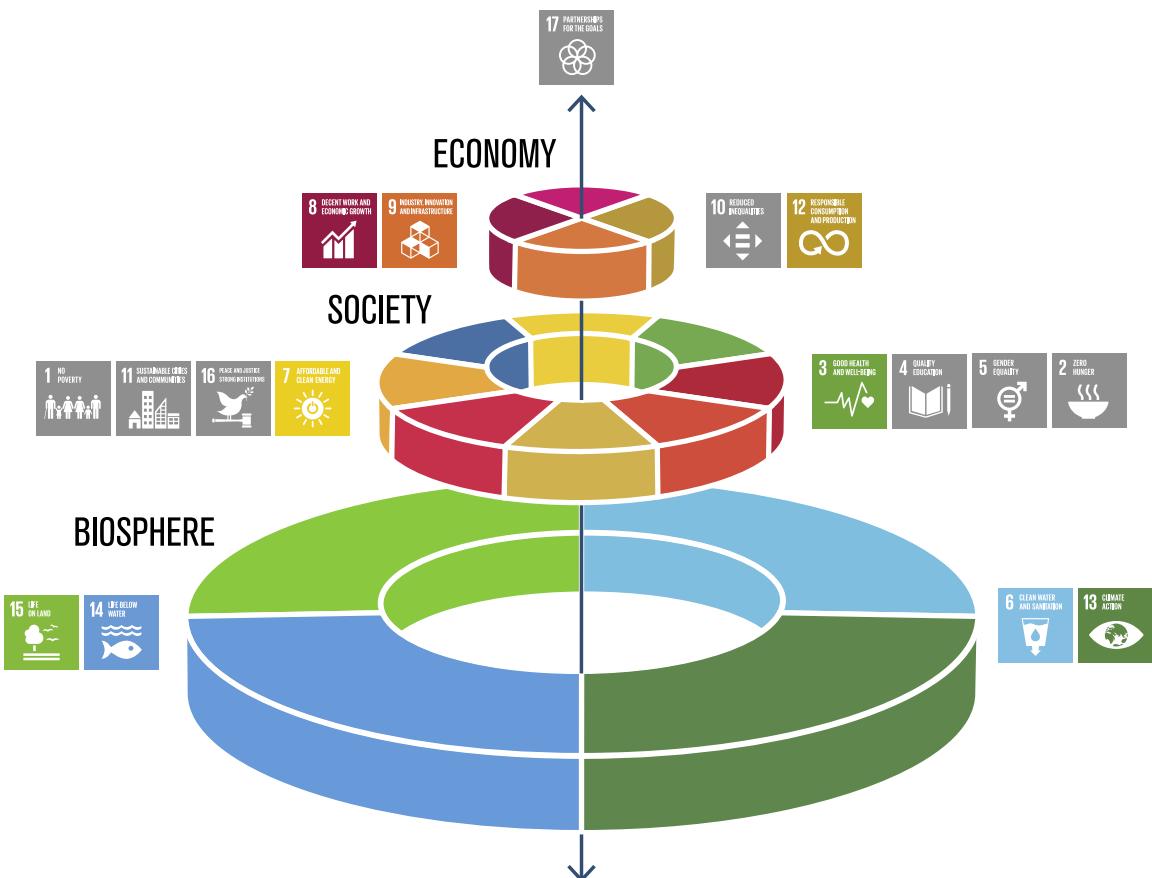
Our sustainability organisation



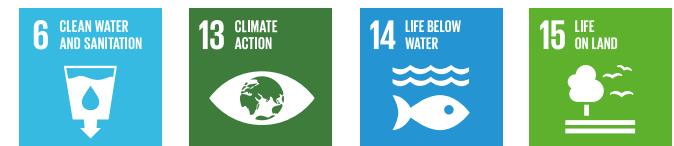
SDGs – focus on the biosphere, society and economy

We are consistently committed to the UN Sustainable Development Goals (SDGs). Using the targets and indicators of the 17 SDGs, we have analysed which SDGs Klüber Lubrication can contribute to relevantly and directly along the value-added chain.

We are focusing on nine SDGs, which we have grouped together in the categories of biosphere, society and economy. The illustration below from the Stockholm Resilience Centre is particularly useful for practical work and for understanding the SDGs.



Biosphere:



Protecting our biosphere is crucial for conserving resources for future generations. We have therefore set ourselves the goal of reducing the environmental impact of our chemical products, facilities and all our activities and preserving biological diversity. We are encouraging more wild, natural areas on our company premises to create habitats for native plants and animals. We also support afforestation projects located near production plants, with native trees in Spain and Germany, for example. Also, when selecting CO₂ offset projects, e.g. the Agrocortex South Amazon forest protection project in Brazil, the protection of biodiversity is an important criterion for us. Climate protection is a core component of our sustainability management activities.

Society:



Affordable, clean energy is essential for a well-functioning society. Klüber is playing its part here by promoting sustainable power generation. In 2018, we set ourselves the ambitious target of increasing the proportion of electricity we obtain from renewable sources to 50 % by 2025, and we underpinned this with a package of relevant measures. We significantly exceeded our target ahead of schedule in 2021 with 73%, increased it to 76% in 2022 and have upped it again to 100 % by 2030. In addition, we are aiming to increase the proportion of green, non-fossil energy in our total energy consumption from 38 % currently to 50 % by 2025. We are protecting the health of our employees through extensive occupational safety initiatives. We avoid using substances that are hazardous to health in our products – many of which are even certified for use in food production. Some of our products are also important components of medical equipment. Health and safety have a lot to do with our enterprise purpose and economic activity, however.

Economy:



Our substantial contribution to SDGs 8, 9 and 12 consists of promoting and demanding resource and energy efficiency along the value-added chain and leveraging our innovative power to create new solutions. Beginning with the selection of raw materials and our purchasing decisions, we make a direct contribution towards reducing negative effects on the environment and improving safety and health protection.

We follow this principle when designing and modernising our production facilities, and when developing and manufacturing our products. Our production plants are certified in accordance with the relevant standards. Independent audits of environmental management and occupational health and safety are carried out at all locations. More and more of our products are also winning awards for their environmental compatibility. We have set ourselves the goal of minimising the proportion of products with problematic sustainability features and increasing the high proportion of products with positive sustainability features. Innovation, together with stakeholders, along the entire value-added chain is key to

tackling huge sustainability challenges. Innovation and a pioneering spirit are core competencies that we are particularly proud of and support accordingly.

To create innovations, especially in the sustainability field and, above all, implement them quickly, we maintain a constant dialogue with our customers and suppliers. In line with our shared responsibility for ethical behaviour along the entire supply chain, our suppliers are required to achieve comprehensive goals and provide evidence.



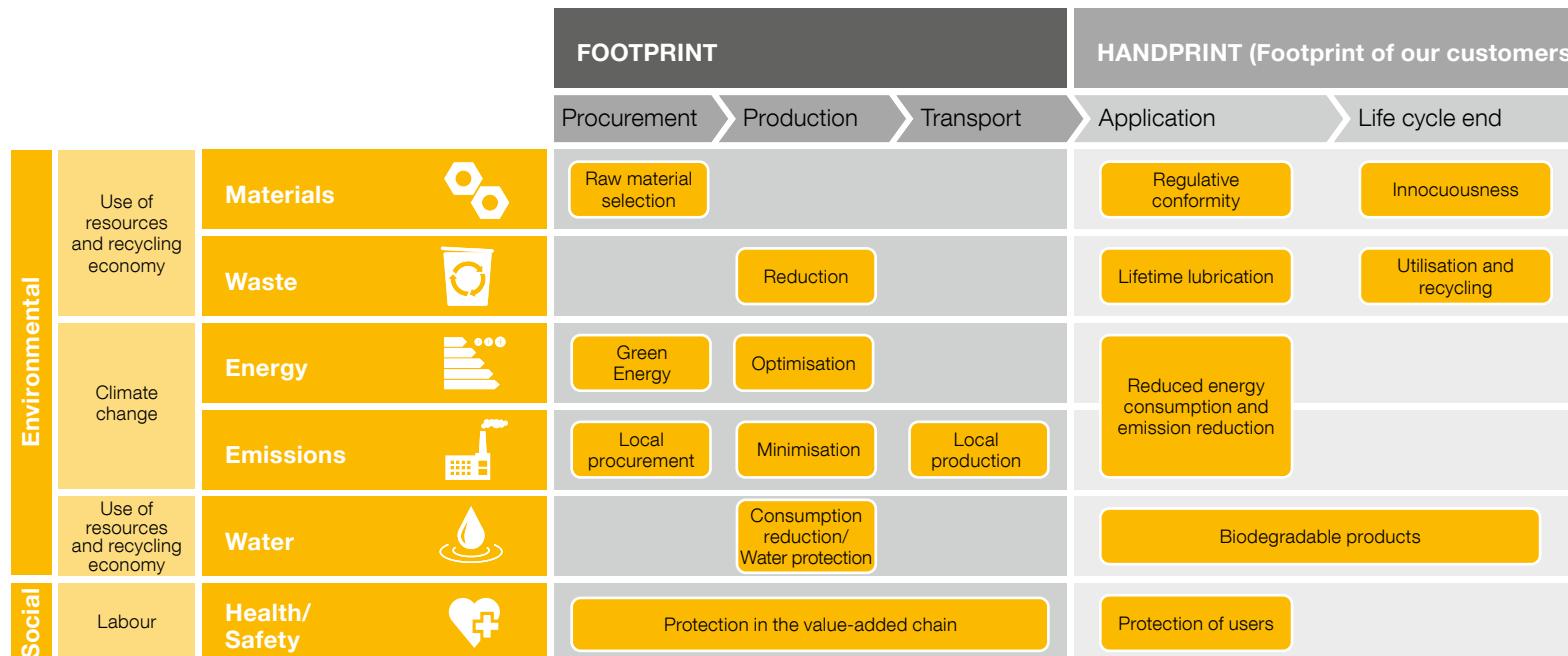
Our materiality matrix provides guidance for our ESG activities

Since both the internal and external expectations and requirements of Klüber are constantly changing, we regularly review the important issues we have identified and update them. We carried out the first formal materiality analysis on aspects relating to sustainability in 1996 with the introduction of our environmental management system in accordance with the EU's Eco-Management and Audit Scheme (EMAS). We were the first company in Munich being EMAS certified externally. In this analysis, we examined the topics

relevant for us as a company (internal) and for our stakeholders (external) and set out how we specifically aimed to develop them further. By expanding our global environmental management system and the internationally recognised certification of all our sites in accordance with ISO 14001, we are regularly updating these considerations.

The Freudenberg Group became a signatory to the UN Global Compact in January 2014. It is a voluntary agreement

with currently around 22,500 members – including more than 12,000 companies from over 160 countries – who have pledged to do business in a value-driven, sustainable way. We are guided by the UN SDGs – Sustainable Development Goals. In this context, the materiality matrix below was created and subsequently updated at regular intervals. In addition to our footprint, it explicitly shows the handprint¹ and important action areas.



The diagram shows the potential benefits to be gained with regard to both footprint and handprint. The vertical bar on the left shows the fields of action or materialities.

¹ By "handprint" we mean aspects with which we help our customers reduce the footprint of their sites and their products through our products and services.

Facts, figures & dates | Our materiality matrix provides guidance for our ESG activities

ESG standards are continuously evolving. These include the standard of the Global Reporting Initiative (GRI), which has been important to us for years, and the new European Sustainability Reporting Standard (ESRS). These now call for the double materiality analysis regarding environmental, social and corporate governance issues. In the double materiality analysis, companies report on how they are impacted by sustainability factors (outside-in) and how their activities impact sustainability factors (inside-out). Since Klüber is actively involved in the Freudenberg process to assess

double materiality, partial results have already been acquired and a supplementary materiality matrix developed. This now systematically represents our previous actions and helps us identify and optimise important action areas (see diagram). This matrix currently serves as a guide for us and is the basis for the information published in this report. Due to the detailed consideration of selected HSE topics identified as essential, the original matrix is retained as a supplement to the new matrix and continues to apply.



ESG materiality matrix

| Environmental | Climate change | Energy |
|----------------------|---|--|
| | | Emissions (Scope 1, 2, 3) |
| Social | Resource use and recycling economy | Materials |
| | | Waste |
| Corporate governance | Work forces (own and partly from the value-added chain) | Water |
| | | Health and safety |
| Corporate governance | Management | Diversity and equal opportunities |
| | | Working conditions (own and value-added chain) |
| Corporate governance | Business conduct (ethics) | Management structure |
| | | Risk management |
| Corporate governance | Competition law | Internal audit |
| | | Anticorruption |

Stakeholder engagement



The identified stakeholders are of particular interest to Klüber because Klüber's actions as a manufacturing company have an impact on them. At the same time, however, these stakeholders also influence the actions of the company. For this reason, two-way communication is very important so that all stakeholder groups are heard, and their needs and expectations can be addressed. We communicate with stakeholders mainly via our external publications such as the homepage or the sustainability report, via internal reports, surveys and via face-to-face

interaction at trade fairs and information events, for example. When communicating with stakeholders and implementing the sustainability strategy, Klüber takes account of legal requirements such as the Supply Chain Act, global standards like the GRI and rating platforms like EcoVadis, NQC and Sedex.

Vulnerable groups are taken into account within the stakeholder group suppliers, and in the field of our employees.

In our stakeholder engagement activities, we pursue the following aims:

- continuous exchange of relevant information, e.g. on new regulations or internal rule changes and requirements
- ensure transparency
- maintain dialogue and thus obtain stakeholder feedback and expectations
- identify new trends and associated opportunities and risks
- adapt, renew and further develop the materiality matrix and the strategy regarding stakeholder expectations or binding requirements, with a particular focus on the sustainability strategy

Energy: efficient use and conversion to renewables demonstrate responsibility

Our goals

We have set ourselves the goals of improving energy efficiency and using more green energy. This includes increasing the proportion of sustainably generated electricity to 50% of our total consumption by 2025. We exceeded the 76 % mark ahead of schedule in 2022. A new target was therefore required: we are now aiming to use 100% sustainably produced electricity by 2030.

We want to increase the proportion of green energy to 60% of our total energy consumption by 2030 and 90% by 2045.

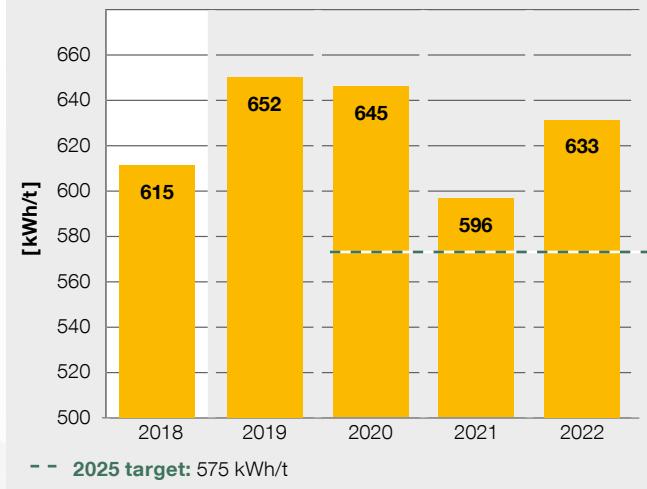
After a steady increase, we experienced consolidation in 2022 owing to challenges in the energy sector, among other things.

We are aiming to reduce energy consumption per tonne of product from 652 to 575 kWh by 2025. We suffered setbacks here in 2022 because our success at focus locations was unfortunately overcompensated for by the return of employees to the sites after the pandemic, data correction and the reduction of production quantities.

Our measures

By 2022, we had conducted external energy audits at the sites which were using 80 % of our energy and formulated actions based on the results. We aim to have our smaller sites analysed by 2026. A promising initiative within our European sites consists of ensuring that the demand for process energy is more effectively matched to actual need.

Energy consumption per tonne of product



Other important initiatives include: exchanging best practice, expanding energy monitoring activities, converting all lighting to LED, optimising compressed air consumption including loss reduction, replacing energy-intensive systems, enabling the demand-driven provision of heat for production processes, conducting a feasibility assessment of the use of waste heat from production processes and ensuring

employees are involved in and informed about reducing energy consumption.

When sourcing green electricity, we ensure we purchase from dedicated plants (power purchase agreements) and try to continue increasing its share, obtaining certificates of origin. There is also our own generation: in addition to

the current systems in India and Mexico, we are planning the installation of solar panels in Spain, France, Italy and Belgium in the coming years.

Results and recommendations

After coping with the upheaval caused by the energy crisis in 2022, we must resume our focus on switching to green, non-fossil energy supplies – particularly where we now use gas – and increasing energy efficiency.

Key figures: energy

| KL Group including sales sites | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---------------|---------------|---------------|---------------|---------------|
| Total direct energy (gas oil, renewable energy, self-generated energy) (MWh) | 18,575 | 25,032 | 23,030 | 23,066 | 25,067 |
| of which renewable/self-generated | 0 | 0 | 780 | 808 | 349 |
| Total indirect energy (electricity, steam, district heating) (MWh) | 18,887 | 24,902 | 24,157 | 25,868 | 25,080 |
| of which renewable | 2,236 | 4,687 | 12,871 | 18,759 | 19,223 |
| Total energy in MWh | 37,462 | 49,934 | 47,187 | 48,934 | 50,147 |
| Total renewable energy, including self-generated | 2,236 | 4,687 | 13,651 | 19,567 | 19,223 |
| Renewable (green) electricity as % of indirect energy and self-generated electricity | 12 % | 19 % | 55 % | 73 % | 76 % |
| Renewable energy as % of total energy | 6 % | 9 % | 29 % | 40 % | 38 % |

CO₂eq emissions and climate neutrality – the key challenge of this decade: Scope 1 and 2

Our goals

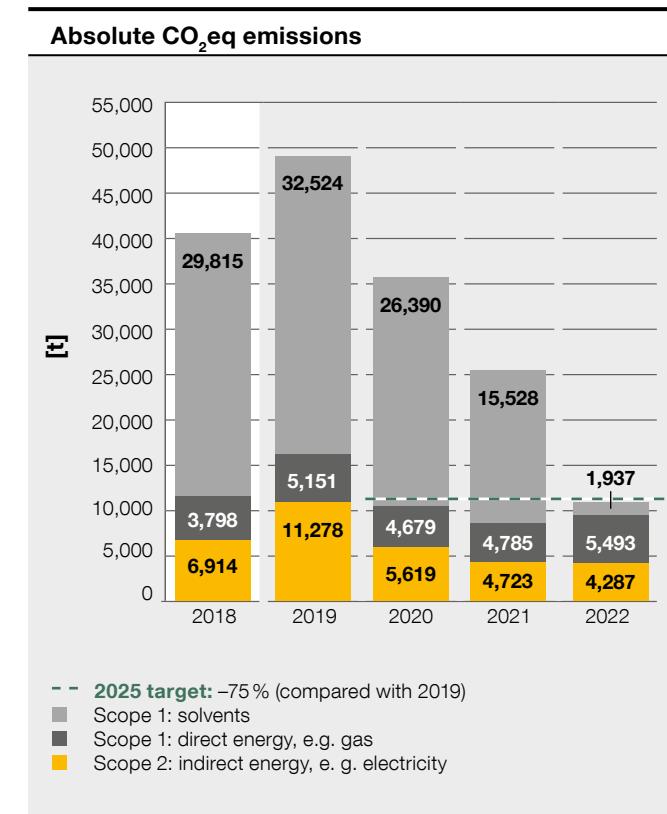
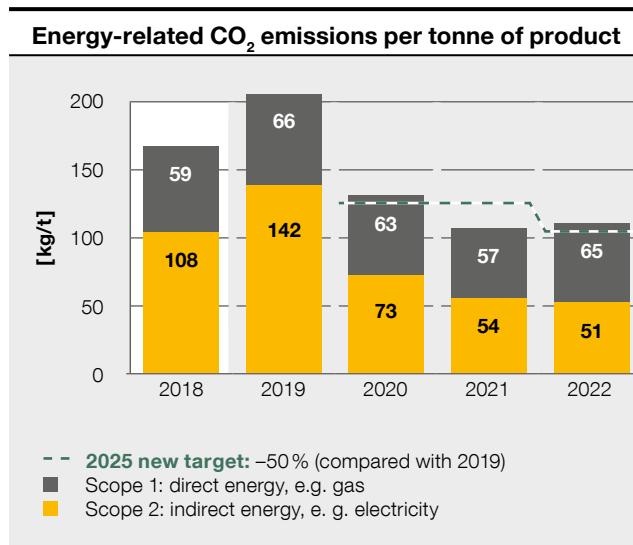
In 2019, Klüber Lubrication's Innovation Board set the target of reducing our energy-related CO₂ emissions per tonne of product by 40 % by 2025. In 2021 – just two years later – we had already achieved a reduction of 47 %. We have set ourselves a new target for 2025: a reduction of 50%, compared to our 2019 emissions.

Klüber Lubrication also set itself the ambitious target of reducing its CO₂eq emissions by 75 % by 2025 (Scope 1 and 2), compared to 2019. Much to our surprise, we also achieved this target ahead of schedule in 2022: we reduced CO₂eq emissions by an outstanding 76.1 %. But that is still not enough: Klüber Lubrication has committed itself to not only further reducing its annual remaining residual emissions, but also, from 2022 onwards, to offsetting them through external projects and thus becoming climate neutral.

Our measures

We implement our multi-step climate neutrality strategy every year. The priorities are: replacing solvents with high greenhouse potential, switching to high-quality green electricity, including in-house production, and carrying out energy efficiency measures.

At the end of 2021, we had our carbon footprint verified by external specialists in line with the Greenhouse Gas Protocol. Their recommendations were implemented with effect



for 2021. For our target of calculated climate neutrality in 2022, we selected offset projects in El Salvador, India and Brazil. These also support other SDGs as well as climate protection. They were selected by a team along with Freudenberg Business Services based on the criteria of the Development and Climate Alliance in the categories of CO₂ prevention and elimination.

Results and recommendations

The reduction of CO₂eq emissions at Klüber since 2019 significantly exceeds the SBT¹ (science-based target) by an average of –25.3 % per year. However, the rate of improve-

ment will be lower in the coming years because there is only another 24 % of the original amount left to improve. For the first time in its history, Klüber Lubrication has achieved “calculated climate neutrality” (Scope 1 and 2) because the significantly reduced residual emissions were offset in 2022.

Unfortunately, the term “climate neutrality”, as well as certain offset projects and providers, is the subject of public debate. We are monitoring this and reviewing our strategy.

Our offset projects



Ventus wind farm, El Salvador

Contributes towards promoting the energy transition in El Salvador²

The project involves the construction and operation of a wind farm in the municipality of Metapán in north-west El Salvador. In total, 15 wind turbines are being installed to generate renewable energy. The project supplies clean electricity to the grid, enough to meet the demand of around 80,000 households, and is thus helping to reduce the country's dependence on non-renewable resources and to cut down on emissions.

Project successes

| | |
|--|---|
| | 185,000 MWh per year generated on average |
| | 300 job opportunities created for local residents during the project construction phase |
| | 103,000 tonnes of CO ₂ eq saved per year on average |



Andhra Lake wind power project, India

Electricity for India's transition to a low-carbon economy

Located on Andhra Lake in the state of Maharashtra, India, this project involves the installation and operation of 63 wind turbines that produce green electricity. By replacing fossil fuel energy, the project reduces GHG emissions and supports the country's transition to a low-carbon economy. In addition, permanent and temporary jobs are being created here for local workers – this also improves local economic conditions in the region.

Project successes

| | |
|--|--|
| | 80,000 MWh of clean electricity fed into the grid on average every year |
| | Creation of jobs for local people during the installation and operation of the wind turbines |



Agrocortex South Amazon forest protection project, Brazil

Protecting the species-rich Amazon region from deforestation

This project protects over 186,000 hectares of the south-west Amazon rainforest in Brazil from deforestation caused in the past by livestock breeding and logging, both legal and illegal. As well as reducing emissions by preserving the forest's carbon stocks, the project also creates benefits for the surrounding communities and the biodiversity of the ecosystem.

Project successes

| | |
|--|--|
| | Meals for all employees were provided by the project organisation in order to prevent unnecessary fishing or hunting in the project area |
| | On-the-job training for employees, including in the areas of careful logging practices, safety at work, first aid and fire fighting |
| | 700 job opportunities created by the project, which boost the local economy and contribute to regional development |
| | 483,000 t CO ₂ eq on average prevented per year |
| | 186,219 ha of Amazon rainforest protected from logging |

¹ The Science Based Targets Initiative (SBTi) is a joint initiative between the CDP (Carbon Disclosure Project), the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). It aims to set science-based climate targets.

² Information according to project provider

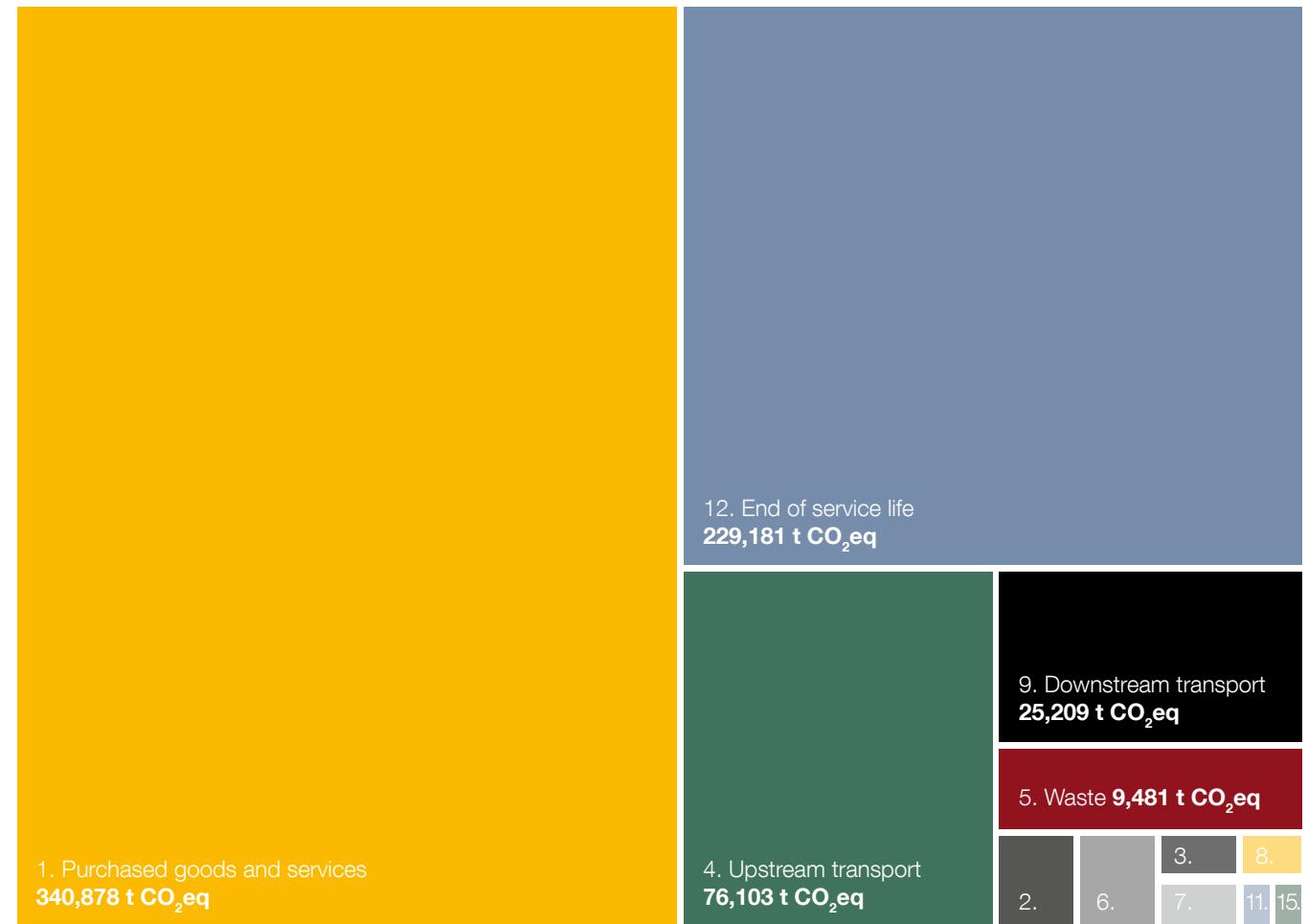
An even greater challenge: working together to reduce Scope 3 emissions in the supply chain

Our goals

Since 2019, Klüber Lubrication's Innovation Board has set out the following in our sustainability mission statement and our 2045 sustainability strategy: in conjunction with our suppliers, we strive to achieve ethical procurement and to continually improve our raw materials footprint. We also aim to optimise the sustainability of our product portfolio and new developments to improve impacts throughout their life cycles and for our customers. Klüber Lubrication is planning to become climate neutral as per Scope 3 emissions by 2045 as well.

- 2. Investment goods and services **4,756 t CO₂eq**
 - 3. Fuel-related and energy-related activities **2,600 t CO₂eq**
 - 6. Business trips **4,462 t CO₂eq**
 - 7. Employee commuting **2,378 t CO₂eq**
 - 8. Upstream leased equipment **2,695 t CO₂eq**
 - 11. Use of sold products **238 t CO₂eq**
 - 15. Capital expenditure **317 t CO₂eq**
- Total:** 698,299 tonnes CO₂ equivalent

Corporate Carbon Footprint 2022



Numbering corresponds to Scope 3 categories.

Our measures

In 2022, we worked with a renowned external consulting firm to define our Scope 3 emissions more precisely and formulate action plans. The focus here is on replacing environmentally harmful solvents and PFC-optimised (PFC = perfluorocarbons) raw materials and products. In 2022, we defined partial targets for Scope 3 for 2025, 2030 and 2045.

We continuously raise awareness of the importance of the Scope 3 action plan and require this topic to be included in the strategies of all Klüber Lubrication specialist departments, regions and sites.

We are continually improving our sustainability product portfolio management system and optimising GHG-relevant products, e.g. by replacing solvents with high GHG potential in products. In 2022, we were thus able to complete 8 out of 10 replacement projects and save 47,000 tonnes of CO₂eq Scope 3 annually, equating to around 90 % of the corresponding potential.

Results and recommendations

We have specified the climate neutrality obligation for Scope 1–3 as a key objective for all strategy reviews. The proper understanding of Scope 3 methodology and of our status has been secured. We have defined essential key resources and already approved some. Internal work to raise awareness continues to be required. In Scope 3 (2022), the categories “Purchased goods and services” and “End-of-life” (of products) account for 82 %, followed by “Upstream and downstream transportation”, which represent a further 15 %. Up to now, we have focused on obtaining certainty in relation to our Scope 3 accounting methodology and on realising potential for improvements with major impact.

It was new and informative for us to consider Scope 1, 2 and 3 together. Due to Scope 3's great dependence on production volumes, it makes sense to consider the relative emission intensity as a target: through a variety of our efforts, we succeeded in improving Scope 1, 2 and 3 emissions by approx. 11 % in relation to the production volume of 2019–2022. Together with our suppliers, partners and customers, we will work on further expanding these improvements – and ideally quickly so!

Specific carbon dioxide emission (emission intensity)

| CO ₂ eq in tonnes, Scope 1, 2 and 3 – total quantities | 2019 | 2020 | 2021 | 2022 |
|--|----------------|----------------|----------------|----------------|
| Scope 1 | 37,675 | 31,069 | 20,313 | 7,430 |
| Scope 2 | 11,278 | 5,619 | 4,723 | 4,287 |
| Scope 3 | 720,065 | 675,685 | 743,844 | 698,299 |
| Scope 1–3 | 769,018 | 712,373 | 768,879 | 710,017 |
| Specific CO₂ emissions: tonnes CO₂eq Scope 1–3 per tonne of product | 10.0 | 9.7 | 9.4 | 9.0 |
| Difference compared to previous year in % | | -3.0 | -3.9 | -4.4 |
| Difference compared to 2019 in % | | -3.0 | -6.7 | -10.8 |

Water and waste – important elements of optimal resource use

Our goals

In our guideline on quality, environmental protection, workplace safety, health and diversity, we have set ourselves the goal of reducing the environmental impact of all our activities and preserving biological diversity. In addition, we are working on further reducing relative energy and material consumption.

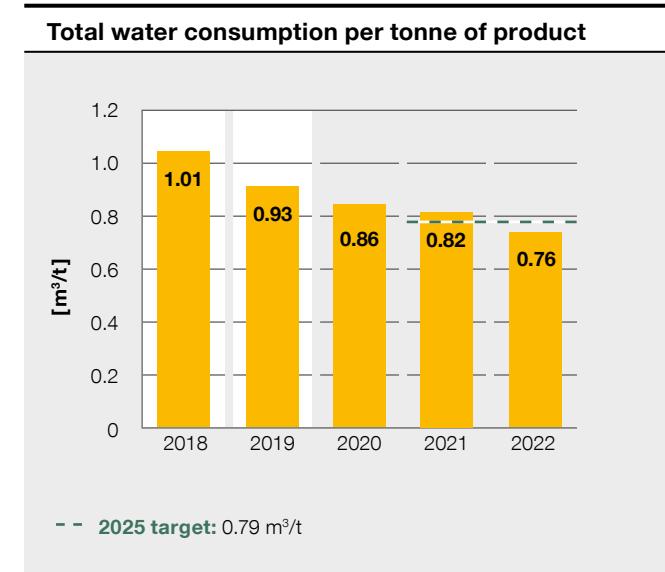
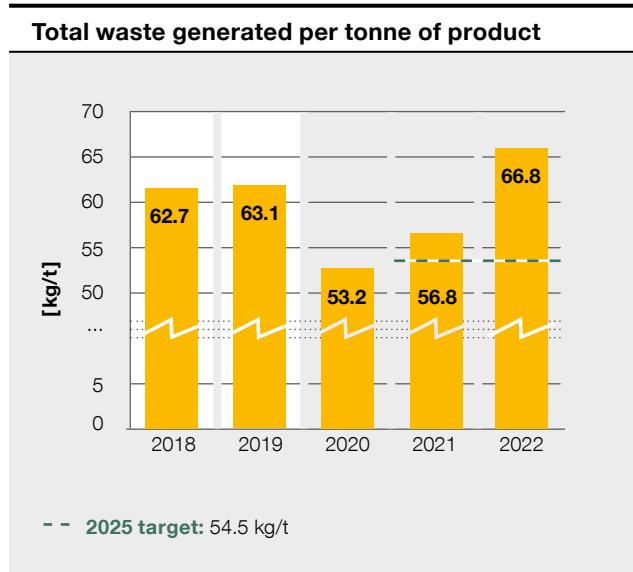
From 2021 to 2025, we want to reduce product waste by 4 % per tonne. We aim to reduce water consumption by 3.7 % in the same period.

Our measures

We are taking a decentralised approach: our sites are expected to work independently on cutting waste and improving their water consumption. An important element of all our HSE measures is the global exchange between our subsidiaries, which we have institutionalised in various forms.

To avoid waste and optimise recycling, we usually proceed as follows:

- Raise awareness and provide training for employees
- Separate waste in line with local regulations
- Minimise the length of filling lines
- Optimise cleaning procedures of production facilities
- Adapt production range to enable bigger sequences of batches with optimised cleaning
- Incorporate residual quantities in production, while observing relevant quality specifications
- Improve our warehousing to avoid storing goods for too long
- Re-use pallets



Innovative projects, such as minimising sample quantities or increasing cargo safety and waste reduction by using drum guards instead of one-way securing mechanisms, have spread quickly via global exchange.

Results and recommendations

With our generated waste per tonne of product, we have suffered a significant setback with an increase of 17.6 %. This is partly explained by improved data acquisition, as well as by pandemic-related effects on our supply and purchase markets (such as more consignments, less optimised packaging, returns and expired goods). In joint analyses with our sites,

we aim to understand the causes better so that we can define appropriate actions and initiate a turnaround.

With regard to water, we were able to continue the positive trend of previous years. We further increased our water efficiency per tonne of product and thus achieved our 2025 target ahead of schedule. In light of increasing water shortages in many countries, we are continuing to work on minimising consumption.

Safety and protection for our employees, temporary workers and third parties

Our goals

In the Freudenberg Group, we have been pursuing the “Zero accidents” campaign since 2003. To meet this target, Klüber is using an HSE management system that contains specific prevention measures for our processes and is continually improved with the global HSE team. Klüber has developed its own guideline on quality, environmental protection, workplace safety, health and diversity. Among other things, it states that we must consistently comply with laws, regulations, and internal and external system standards, as well as aim to provide safe and healthy workplaces. It also states that we aim to minimise risks for customers and hazards for employees.

We aim to make sure that people in our sphere of influence do not come to any harm. This applies to anyone on our company premises, including temporary workers and contractors. It also applies to our employees when they are on premises belonging to other companies. Unfortunately, we were less successful in this regard in 2022, although there are indications that our good safety culture is improving further.

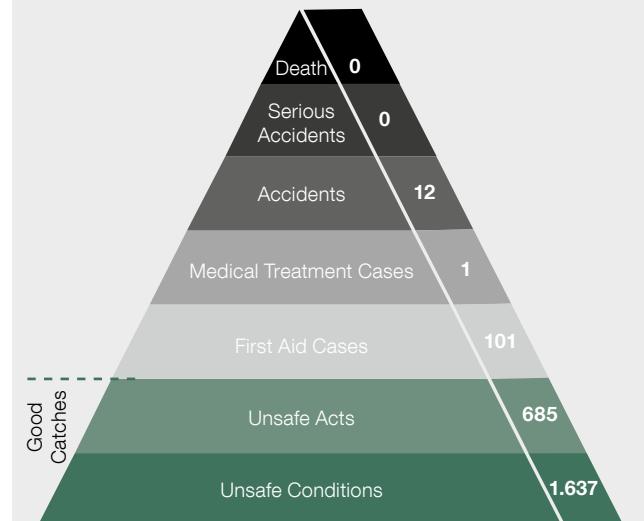
Our measures

We are pleased to report that we were able to further improve the number of “good catches”, the proactively recorded improvement potential for workplace safety: the number of these rose to 2,363 last year from 2,134 in 2021.

In the second half of the year in particular, we carried out more integrated Gemba¹ walks and put a specific focus on the high value of 5S methodology² for workplace safety through reducing risks to health and injuries due to confined space.

Local job safety analyses and job hazard analyses (JSA/JHA³) are being transferred to a global cloud solution to enable further cross-learning with regard to identified hazards and minimised risks – this includes health risks.

Accident pyramid 2022



Graphic representation of the various impacts of an accident. The accident pyramid stands on a wide base made up of recorded improvement potential (the “Good Catches”). In the second year of the coronavirus pandemic, more than 1,500 “unsafe acts” and urgent “unsafe conditions” were proactively identified.

¹ Gemba: in the sense of “workplace”

² 5S is a methodology that creates a safe, clean and uncluttered workplace and environment. In English, the 5S can be interpreted to mean: Sort, Set in order, Shine, Standardise and Sustain.

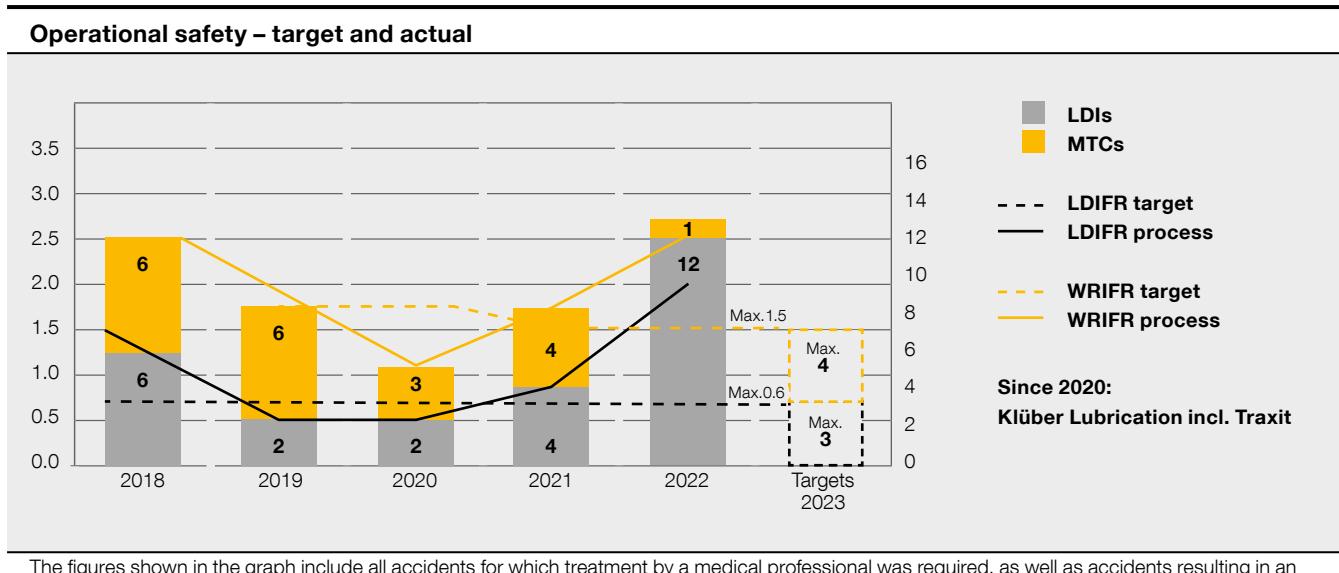
³ JSA: Job Safety Analysis; JHA: Job Hazard Analysis

Results and recommendations

Unfortunately, the number of work accidents resulting in a day or more of inability to work (LDI) was significantly higher than in the previous year. However, we are pleased to report that the total number of days absent fell. The number of days lost per LDI was also lower than 2021 – by 30 %.

A common cause of safety-related incidents was lack of space. This cause is located in unstable supply chains, which resulted in fewer reliable deliveries of raw and packaging materials as well as delivery peaks at our sites.

Although not all indicators show positive trends, the safety culture is continuing to improve further. Contributing significantly here are the increasing transparency of tried-and-tested practices and global cross-learning within our organisation. Our HSE experts will be able to reduce the time required for office work in the future and thus have more time for interaction with employees on site because of the mobile digital solutions which we began introducing as a global standard last year.



Glossary of occupational health and safety abbreviations

| Abbreviation | Meaning | Explanation |
|-----------------|--|---|
| WRI | Work Related Incident (employee or temporary worker) | Accident at work (employee or temporary worker) LDI and MTC |
| LDI LDI1 | Lost Day Incidents with 1 day or more of inability to work | Accident at work with 1 day or more of inability to work One of the key figures used to record the number of accidents of a severity requiring 1 or more days of interruption to work |
| MTC | Medical Treatment Case (employee or temporary worker) | Accidents with medical treatment that exceeds first aid (employee or temporary worker) One of the key figures used to record the number of accidents of a severity requiring more than first aid |
| LDIFR1 WRIFR | LDI1/WRI Frequency rate per 1 million work hours | LDI1/WRI Frequency rate per 1 million workhours Key figure used to record the frequency rate of accidents of a severity requiring more than first aid |

Sustainable and ethical procurement

Our goals

We aim to enforce ethical, legally compliant and sustainable behaviour throughout our entire supply chain. Our suppliers are expected to apply best practice standards which enable us to continuously improve the footprint and handprint of our products and our business, minimise risks, boost customer satisfaction and promote sustainability.

Our measures

Klüber Lubrication has long-standing business relationships with its raw material and packaging suppliers and is in regular contact with them. The suppliers are usually multinational, i.e. they have plants in different countries. Well over 50 % of our suppliers are based in North America and Europe. We seek to work with local suppliers within the country or the continent, as far as the international orientation of the company allows. Global and strategic suppliers are handled by lead buyers in the company's headquarters. Suppliers who are relevant for specific, individual production plants are taken care of by buyers in the respective plants.

We have set our own comprehensive standard for sustainable procurement; this is the basis for our work with our suppliers. A supplier code based on the UN Global Compact has therefore been in place since 2015. It is mandatory for existing suppliers and for new suppliers. When onboarding new suppliers, the response of the supplier is rated and assessed. To detect potentially negative impacts regarding the environ-

ment and human rights in the supply chain, we use the EcoVadis platform, which was introduced in 2022. With EcoVadis IQ, we are able to carry out a risk analysis in the supply chain and also gain an insight into further supplier assessments via EcoVadis ratings. Remedial and corrective action is also initiated in conjunction with the supplier, if necessary. This enables us to create transparency around corporate social responsibility issues in the supply chain.

In 2022, our parent company Freudenberg set up a complaints office which can also be used by Klüber suppliers. A process was established to deal with incidents relating to Klüber Lubrication. Previously, neither internal nor external complaints about incidents in the supply chain had been reported.

In Germany and Austria, we regularly award contracts to organisations supporting people with disabilities in order to make a contribution towards inclusion.

The sustainable use of resources is becoming more and more important for many people – whether they are private individuals, consumers or employees of Klüber Lubrication. For us as a lubricant solution supplier, it is not just about the lubricant itself – the packaging is also becoming increasingly relevant. The EU Green Deal and our own corporate sustainability targets require us to cut down on packaging waste and reduce the "CO₂ backpack" of our products. Through intensive collaboration with R&D, Purchasing and Product Management, it has been possible to introduce more containers made from recycled plastic (PCR).



This enables us to improve the footprint of our products, reduce environmental impacts and conserve fossil resources.

We are also involving our suppliers in our efforts to achieve our target of becoming climate neutral, including Scope 3, by 2045. We have identified milestones and key issues and have informed our suppliers about our goals and expectations – for example, that we calculate and continuously improve the carbon footprints of products. We also require our suppliers to do this.

We raise awareness of CSR topics among our lead buyers and enable them to regularly participate in training. In 2022, all lead buyers received basic training as part of the introduction of EcoVadis. More extensive, in-depth training is scheduled for 2023. The lead buyers have also included specific topics in their personal objectives for 2023 in order to contribute to sustainable procurement and drive it forward. We are continuously expanding our sustainable procurement management system.

Expectations of suppliers up to 2035

| | 2025 | 2030 | 2035 |
|--|-------|---|--|
| Product carbon footprint | 100 % | | Continuous methodological improvement including expansion to Life Cycle Assessment (LCA) |
| CO ₂ footprint ¹ | -30 % | -50 % | -75 % |
| Proportion of recycled material | 25 % | 50 % | 75 % |
| Green energy | 50 % | 75 % | 90 % |
| Responsible and ethical conduct | | Participation in EcoVadis assessments and achievement of >45 points | |

¹ Improvement per product, base year 2022

² Refers to all suppliers with whom a business relationship existed in 2022

³ Our definition of local means the same continent as the relevant production plant.

Results and recommendations

Suppliers must agree to abide by our code of conduct, have their own code of conduct that meets our expectations or be a signatory to the UN Global Compact. We do not work with suppliers who fail to meet this condition. All of Klüber Lubrication's raw material and packaging suppliers comply with this condition.

In 2022, a business relationship was started with 72 new suppliers for raw materials and packaging. All suppliers start in accordance with the above requirements and are also subject to a risk assessment with EcoVadis IQ on the topics of the environment and human rights.

Since the introduction of EcoVadis, we have had the EcoVadis assessment results for 23 % of all raw material and packaging suppliers² as of December 31, 2022. Our suppliers show better results than the EcoVadis benchmark.

| | Average of Klüber Lubrication suppliers | Average of all companies assessed by EcoVadis |
|-------------------------|---|---|
| Environmental | 59 | 45 |
| Labour and human rights | 57 | 48 |

We did not have to terminate any business relationships with suppliers due to serious problems relating to the environment or human rights. Other suppliers are continually invited to EcoVadis ratings, in line with the risk analysis.

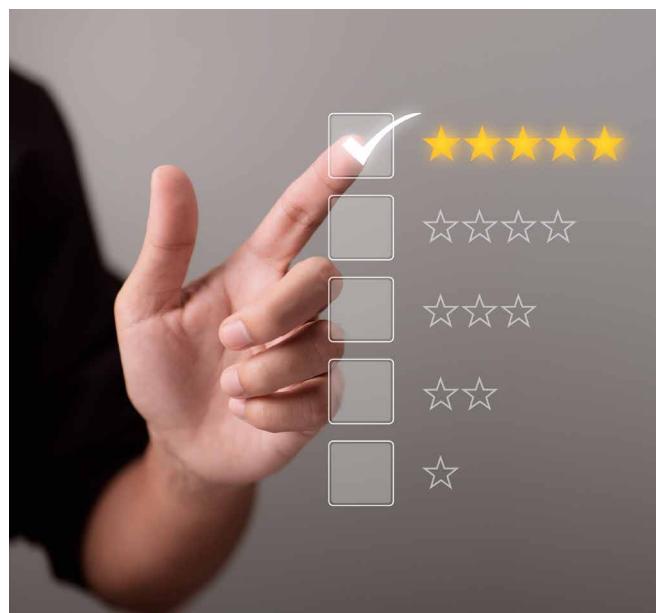
We seek to work with suppliers who are based in the same country or continent as the relevant production plant.

| Proportion of local ³ suppliers (raw material and packaging) | | | |
|---|---------------|--------|------|
| North America | South America | Europe | Asia |
| 92 % | 79 % | 97 % | 93 % |

Site certifications

Certification refers to a process that helps to prove compliance with certain requirements. Certifications are often awarded for a limited period of time by independent certification bodies, such as DNV or TÜV, who are also responsible for independently monitoring compliance with standards. To fulfil all the requirements of our customers and meet increasing demands in the quality and environment sector, Klüber Lubrication maintains certifications at all of its production facilities. Each production facility has different requirements with regard to its markets, customers or know-how and adapts its certifications accordingly.

With our subsidiary Traxit, which we acquired in 2020, we are pursuing a long-term integration plan which also includes the development of certifications.



| Location | Quality | | Environmental protection | Workplace safety | Food and pharma | |
|------------------|----------|------------|--------------------------|------------------|-----------------|---------------|
| | ISO 9001 | IATF 16949 | | | ISO 21469 | Kosher, halal |
| Austria | ✓ | ✓ | ✓ | ✓ | | |
| Belgium | ✓ | ✓ | ✓ | ✓ | | |
| Italy | ✓ | | ✓ | ✓ | | |
| Germany | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Spain | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Turkey | ✓ | | ✓ | ✓ | | |
| Argentina | ✓ | | ✓ | ✓ | | |
| Brazil | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mexiko | ✓ | | ✓ | ✓ | | |
| USA, Londonderry | ✓ | | ✓ | ✓ | ✓ | ✓ |
| USA, Tyler | ✓ | | ✓ | ✓ | ✓ | ✓ |
| China | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| India | ✓ | | ✓ | ✓ | | |
| Traxit Germany | | | ✓ | ✓ | | |
| Traxit China* | | ✓ | | | | |
| Traxit USA | | | | | | |

*Closure of one of two Chinese sites decided in 2022, and therefore no longer listed here.

Our training enables our employees to work sustainably with a focus on customers

Our goals

The aim of our training concept is to support the Klüber Lubrication vision and strategy as effectively as possible and thus drive forward the development of our company in a timely and targeted manner. Through continuous training, we enable both new and existing employees to efficiently acquire the necessary new skills and apply them in practice as quickly as possible. We place particular emphasis on reinforcing our employees' focus on customers.

In line with our principle of "never stop learning", we motivate our employees to participate in ongoing advance training and development. At the same time, we continuously adapt our training programme to requirements in order to create optimal added value and enhance the attractiveness of the programme.

To assess our training provision, we measure the satisfaction of participants, the quality of the training and the effectiveness of the training when implemented in practice. There is also the measured value of "training days per employee", which we have set at five days per year.

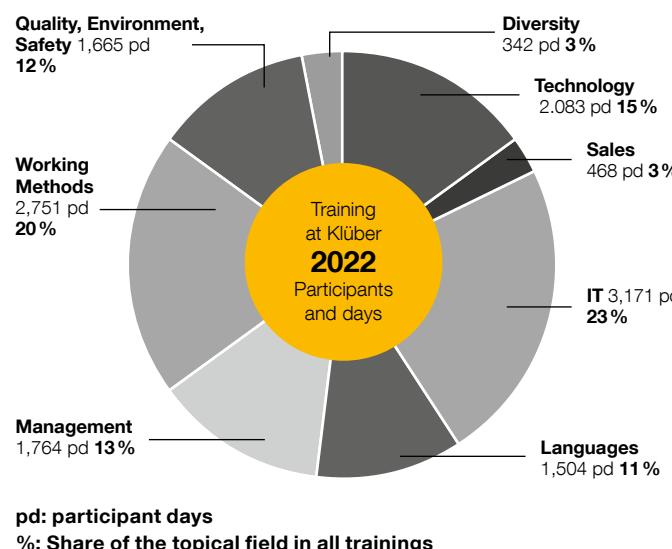
Our measures

We use the learning management system of our parent company Freudenberg and thus offer a global, interdisciplinary and cross-functional range of training. We also benefit from training content provided to us by Freudenberg.

Our specific basic training includes introduction days for new employees and technical basic and product training. We

expand this with mandatory training, e.g. on IT security, data protection and GDPR or export control. Creating a diverse and inclusive work culture, preventing corruption, and sustainability are also among the training topics. Additionally, there is a range of training on required language and management skills as well as other soft skills.

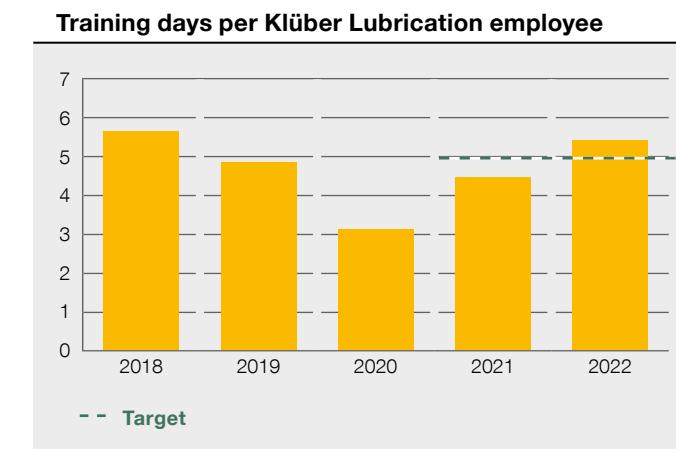
In our global organisation, we help our subsidiaries design and deliver local training. We encourage local training teams to share information and experiences with each other. We also provide international training at our headquarters in Munich.



Results and recommendations

In 2022, 104 % of all Klüber Lubrication employees worldwide took part in training activities. The figure is over 100 % because it also includes people who left the company during the year. The number of training days averaged 5.43 per person, i.e. more than one day above the figure of the previous year (4.05) and also above our self-defined target of 5 days. The increase is primarily due to digitalisation in the training field.

The trend for ever shorter, but more frequent, learning sequences continued in 2022. In our subsidiaries, training was expanded with local trainers. The completion rate for global IT security training was over 86.3 % in 2022.



Respecting diversity and promoting inclusion are cornerstones of our corporate culture

Our goals

As a company within the Freudenberg Group, we align ourselves with its management principles. This includes rejecting "all forms of discrimination and harassment. We show and demand understanding and respect when interacting with one another. We promote a multicultural environment where employees work together in worldwide teams to enrich our culture and capability."¹

¹ Freudenberg Guiding Principles.

Our measures

In order to meet our own requirements, we implemented the following measures, among other things, in 2022:

- Our Global Diversity Council and the Regional Diversity Councils in Europe, North America, Asia-Pacific, China and South America/Australia hold quarterly progress meetings
- Introduction of Freudenberg's Diversity and Inclusion Curriculum for all employees
- Promotion of gender diversity, e.g. through the creation of women's networks (as in Germany, South America and Turkey)
- Selection of a coaching provider with a special focus on the development of female candidates
- Commitment to find and invite (if qualifications are suitable) at least one female candidate for each position. We continuously monitor compliance with this requirement
- Increase ethnic diversity in the USA
- Investment in services provided by companies who employ people with disabilities

Results and recommendations

Klüber Lubrication has reached its target of increasing the proportion of women in management positions by 2025 and has raised it further.

Proportion of women in leadership positions

| 2025 target | 2020 | | 2021 | | 2022 | |
|-------------|--------|------------|--------|------------|--------|------------|
| | Number | Proportion | Number | Proportion | Number | Proportion |
| 25 % | 110 | 24.2 % | 124 | 25.4 % | 136 | 25.9 % |

We have increased the proportion of women in technical sales positions through successfully recruiting women for field staff positions in Germany, Eastern Europe and Turkey.



Compliance is based on integrity and ethics and strengthens our reputation

Our goals

A major factor for the success of Klüber Lubrication is its good reputation. Through our parent company Freudenberg, we are part of a value-based family of companies whose business is built on strong ethical principles. We therefore explicitly reject all illegal or unethical practices in our business operations.

A professional compliance management system helps us achieve this goal. Compliance is thus an integral component of our corporate strategy. We foster a culture of openness at all levels so that compliance remains an intrinsic part of our company DNA. Klüber Lubrication espouses the principles of the Freudenberg Code of Conduct and has developed a wide range of its own compliance guidelines. In addition, we adhere to the guidelines issued by our parent company, particularly the Freudenberg Guiding Principles, Freudenberg business principles, the Antitrust Guideline, the Anti-Bribery and Anti-Corruption Guideline and the Catalogue of Standard Internal Controls.



Our measures

Klüber Lubrication pursues compliance according to a structured plan. This includes the definition of the requirements of our compliance system, the risk analysis, the organisation, the compliance-specific processes and the integration of compliance in the company's specialist processes.

Requirements of a consistent compliance system

Compliance risk analysis

Compliance organisation

Internal compliance processes

Integration of compliance in specialist processes

Structural plan of Klüber Lubrication Compliance Management

In terms of requirements, the principles for delegating employer duties and competencies were rolled out globally in 2022. We thus took a further important step towards establishing a legally secure compliance management system.

In 2022, the focus of the risk analysis in this area was on combatting money laundering. We also carried out a very detailed self-assessment of internal control processes.

Klüber Lubrication has established the Freudenberg Group's first anti-money laundering management system and appointed a Klüber Money Laundering Coordinator. In addition, Klüber Lubrication has introduced its own anti-corruption guideline.

Investigating compliance violations and protecting whistleblowers are our top priority. Employees are regularly informed that information can be reported to the Compliance Office via a dedicated hotline or anonymously via the Freudenberg Ethics Office. In the past year, comments and violations continued to be processed strictly in accordance with the principles of our Case Management Policy.

External specialists help us evaluate our compliance management processes every year and integrate them into the corporate strategy.

Since compliance rules are only as good as their enforcement, we place great emphasis on the fact that a good compliance culture motivates employees to adhere to our rules. The Compliance Office's homepage is an important communication tool in this regard. We regularly publish articles on our intranet to raise awareness of critical topics such as conflicts of interest or corruption. A video message from the Management Board in 2022 affirms Klüber's commitment to behaviour which is unconditionally adherent to the rules.

As in previous years, all employees worldwide were also required to complete an e-learning course in compliance. Another important tool for establishing compliance in specialist processes is the compliance letter, which is used annually in a bottom-up approach by departments and subsidiaries to confirm that they are familiar with and are applying the compliance rules.

Results and recommendations

The success of our actions can also be measured by the fact that the number of enquiries and comments from employees has steadily increased. We see this as vital confirmation that awareness of the importance of compliance for the company has continuously developed.

GRI-Index

With this year's sustainability report, we are once again aligned with Global Reporting Initiative (GRI) standards and are reporting for the first time with reference to the GRI standards 2022. The corresponding GRI index is presented below. Information on

particular standards can be found on the corresponding pages of the sustainability report. We have also included links to relevant information on our website or noted information in the comment column. In the index, we also refer to the relevant contribution

to the UN Sustainable Development Goals (SDGs), which are an important foundation for our work in the areas of sustainability and responsibility.

| Statement of use | Klüber Lubrication München GmbH & Co. KG has reported the information cited in this GRI content index for the period 01.01.2022 - 31.12.2022 with reference to the GRI Standards. | | |
|------------------------------------|---|------------------------------|--|
| GRI 1 used | GRI 1: Foundation 2021 GRI 2: General Disclosures 2021 | | |
| GRI-Standard | Disclosure | Location | Comments |
| GRI 2: General Disclosures 2021 | 2-1 Organizational details | | 2-1-a Klüber Lubrication München GmbH & Co. KG 2-1-b Klüber Lubrication is a business division of Freudenberg Chemical Specialities GmbH and has belonged to the Freudenberg Group since 1966. The Freudenberg Group is based in Weinheim, Germany. 2-1-c Munich, Germany 2-1-d https://www.klueber.com/global/en/company/locations/ |
| | 2-2 Entities included in the organization's sustainability reporting | p. 21 | |
| | 2-3 Reporting period, frequency and contact point | p. 21 | 2-3-c Published in May 2023 |
| | 2-4 Restatements of information | | No significant changes or corrections were made. |
| | 2-6 Activities, value chain and other business relationships | ¹⁾ | |
| | 2-7 Employees | p. 5 | |
| | 2-8 Workers who are not employees | p. 5 | |
| | 2-9 Governance structure and composition | p. 23 | |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | p. 21, 23 | |
| | 2-13 Delegation of responsibility for managing impacts | p. 23 | |
| | 2-14 Role of the highest governance body in sustainability reporting | p. 21, 23 | |
| | 2-16 Communication of critical concerns | p. 23 | |
| | 2-17 Collective knowledge of the highest governance body | p. 23 | |
| | 2-22 Statement on sustainable development strategy | p. 3 | |
| | 2-23 Policy commitments | ²⁾ | |
| | 2-24 Embedding policy commitments | p. 23, 38, 39, 41, 43, 44 | |

¹⁾<https://www.klueber.com/global/en/company/klueber-lubrication-an-overview/>

²⁾https://www.klueber.com/ecoma/files/Guideline_HSE_EN.pdf <https://www.freudenberg.com/company/responsibility>

GRI-Index

| GRI-Standard | Disclosure | Location | Comments | SDG |
|---|--|-------------------------|---------------------------------|-----------------------------------|
| GRI 2: General Disclosures 2021 | 2-26 Mechanisms for seeking advice and raising concerns | p. 44 | | |
| | 2-28 Membership associations | p. 22 | Focus on sustainability and ESG | |
| | 2-29 Approach to stakeholder engagement | p. 28 | | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | p. 26, 27 | | |
| | 3-2 List of material topics | p. 26, 27 | | |
| GRI 204: Procurement Practices 2016 | 3-3 Management approach | p. 38, 39 | | |
| | 204-1 Proportion of spending on local suppliers | p. 39 | | 12 |
| GRI 205: Anti-corruption 2016 | 3-3 Management approach | p. 44 | | 16 |
| | 205-2 Communication and training about anti-corruption policies and procedures | p. 44 | | |
| GRI 302: Energy 2016 | 3-3 Management approach | p. 7, 25, 26, 29, 30 | | |
| | 302-1 Energy consumption within the organization | p. 7, 11, 30 | | 7 |
| | 302-2 Energy consumption outside of the organization | p. 31 | | 7 |
| | 302-3 Energy intensity | p. 29 | | |
| | 302-4 Reduction of energy consumption | p. 7, 29–31 | | 7, 12, 13 |
| GRI 303: Water and Effluents 2018 | 3-3 Management approach | p. 24, 26, 35 | | |
| | 303-5 Water consumption | p. 35 | | 6, 12 |
| GRI 304: Biodiversity 2016 | 3-3 Management approach | p. 17, 18 | | 3, 6, 9, 12, 13, 14, 15, 17 |
| GRI 305: Emissions 2016 | 3-3 Management approach | p. 26, 31 | | |
| | 305-1 Direct (Scope 1) GHG emissions | p. 31, 34 | | 13 |
| | 305-2 Energy indirect (Scope 2) GHG emissions | p. 33, 34 | | 13 |
| | 305-3 Other indirect (Scope 3) GHG emissions | p. 31, 34 | | 13, 17 |
| | 305-4 GHG emissions intensity | p. 31, 34 | | |
| | 305-5 Reduction of GHG emissions | p. 7, 9, 31, 34 | | 12, 13 |
| GRI 306: Waste 2020 | 3-3 Management approach | p. 26, 35 | | |
| | 306-2 Management of significant waste-related impacts | p. 35 | | 12, 14, 15 |
| | 306-3 Waste generated | p. 35 | | 12, 14, 15 |
| GRI 308: Supplier Environmental Assessment 2016 | 3-3 Management approach | p. 8, 38, 39 | | 12, 17 |
| | 308-1 New suppliers that were screened using environmental criteria | p. 38, 39 | | 12 |
| | 308-2 Negative environmental impacts in the supply chain and actions taken | p. 39 | | 12 |

GRI-Index

| GRI-Standard | Disclosure | Location | Comments | SDG |
|--|---|--|----------|----------------------------------|
| GRI 403: Occupational Health and Safety 2018 | 3-3 Management approach 403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment, and incident investigation 403-4 Worker participation, consultation, and communication on occupational health and safety 403-5 Worker training on occupational health and safety 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships 403-9 Work-related injuries | p. 26, 36 p. 36 p. 36, 37 p. 36, 37 p. 36, 37 p. 36, 37 | | 3, 8 3, 8 3 3 3 3 |
| GRI 404: Training and Education 2016 | 3-3 Management approach 404-1 Average hours of training per year per employee | p. 41 p. 41 | | 4, 8 |
| GRI 405: Diversity and Equal Opportunity 2016 | 3-3 Management approach 405-1 Diversity of governance bodies and employees | p. 27, 42 p. 42 | | 5, 12 |
| GRI 406: Non-discrimination 2016 | 3-3 Management approach | p. 38, 39, 42 | | 5, 12 |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 3-3 Management approach | 1) | | 8, 12 |
| GRI 408: Child Labor 2016 | 3-3 Management approach | p. 38, 39 ²⁾ | | 8, 12 |
| GRI 409: Forced or Compulsory Labor 2016 | 3-3 Management approach | p. 38, 39 ³⁾ | | 8, 12 |
| GRI 410: Security Practices 2016 | 3-3 Management approach | p. 38, 39 | | 3, 8, 12 |
| GRI 414: Supplier Social Assessment 2016 | 3-3 Management approach 414-1 New suppliers that were screened using social criteria 414-2 Negative social impacts in the supply chain and actions taken | p. 22, 38, 39 p. 39 p. 39 | | 8, 12 8, 12 8, 12 |
| GRI 416: Customer Health and Safety 2016 | 3-3 Management approach 416-1 Assessment of the health and safety impacts of product and service categories | p. 12, 22, 26 p. 12, 26 ⁴⁾ | | 3 |
| GRI 417: Marketing and Labeling 2016 | 3-3 Management approach 417-1 Requirements for product and service information and labeling | 5) 6) | | 3, 12 |

^{1), 2), 3)} https://www.klueber.com/ecomar/files/Ethical_standards_for_suppliers_EN.pdf

^{4), 5), 6)} <https://www.klueber.com/global/en/company/compliance-of-all-raw-materials-and-products-with-chemicals-law/>

Legal notice

Image sources:

Cover: © Naiyana Somchitkaeo, shutterstock
Page 3: © Klüber Lubrication
Page 6: © Naiyana Somchitkaeo, shutterstock
Page 7: © Alexander Jarczyk
Page 8: © Black Salmon, shutterstock
Page 10: © BBSTUDIOPHOTO, shutterstock
Page 11: © ra2 studio, shutterstock
Page 13: © ALPA PROD, shutterstock

Page 14: © dragancfm, shutterstock
Page 15: © dusanpetkovic1, Adobe Stock
Page 16: © portumen, shutterstock
Page 17: © MERCURY studio, shutterstock
 © Jerker Lokrantz/Azote
Page 18: © Hakim Graphy, shutterstock
Page 19: © BMF-TV
Page 21: © Tapati Rinchumrus, shutterstock
Page 25: © MERCURY studio, shutterstock

Page 27: © denismagilov Adobe Stock
Page 29: © petrimalinak, shutterstock
Page 32: © Benedikt, Adobe Stock
 © EcoAct
 © MarcusVDT, shutterstock
Page 38: © vegefox.com, Adobe Stock
Page 40: © UnderhilStudio, shutterstock
Page 42: © Klüber Lubrication
Page 43: © NicoElNino

Publisher and copyright:

Klüber Lubrication München GmbH & Co. KG

Reprints, in full or in part, only with source citation and sending a specimen copy and only after consulting with Klüber Lubrication München GmbH & Co. KG.

Products of Klüber Lubrication are constantly being developed. Klüber Lubrication München GmbH & Co. therefore reserves the right to change any technical data in this publication at any time without prior notice.

Klüber Lubrication München GmbH & Co. KG
Geisenhausenerstraße 7, 81379 Munich, Germany

Munich District Court
Commercial register no. HRA 46624

Klüber Lubrication – your global specialist

Innovative tribological solutions are our passion. Through personal contact and consultation, we help our customers to be successful worldwide, in all industries and markets. With our ambitious technical concepts and experienced, competent staff we have been fulfilling increasingly demanding requirements by manufacturing efficient high-performance lubricants for more than 90 years.