

SUSTAINABILITY REPORT · 2021/22



A man with short brown hair, a light beard, and glasses is smiling and looking to his right. He is wearing a dark blue checkered suit jacket over a white button-down shirt. He stands in front of a large stack of yellow rolls of material, possibly fabric or paper, which are slightly out of focus. The lighting is bright and even.

„SUSTAINABILITY MEANS TO US THE BALANCE BETWEEN THE GROWTH OF OUR COMPANY AND OUR SOCIAL AND ENVIRONMENTAL RESPONSIBILITY.“

Julius Kirchner, President

1. PREFACE

Sustainability aspects are playing an increasingly important role in the strategic alignment of business and process development as well as the site and product portfolio. These have therefore been an integral part of our corporate values for many years.

We have defined non-financial as well as financial guard rails for corporate development and strategic corporate alignment. These are regularly reviewed. The regulations on compliance and corporate governance, which apply to our entire Group and are implemented in adapted form in the various countries where necessary, form the common basis of our global business activities. This naturally also includes the overriding issues of customer satisfaction, employee commitment, environmental protection, occupational safety and diversity. And, in addition, group-wide occupational health and safety, information security, quality, energy and environmental protection policies, the implementation of which is ensured by means of locally adapted processes or procedures where necessary.

In addition to all these aspects, it is our duty never to disregard the aspect of economic efficiency. Because only if we decide and act under economically sensible framework conditions is the company competitive, is sustainable corporate development possible and, ultimately, can the viability of the company and the jobs be ensured.

With the help of jointly defined goals, we realize the gradual reduction of our ecological footprint and increase the safety and health of our employees.

Information on these themes and many other measures can be found in this Sustainability Report.



Julius Kirchner
President



Dr. Torsten Habermann
Managing Director



Dr. Ulrich Schaarschmidt
Managing Director

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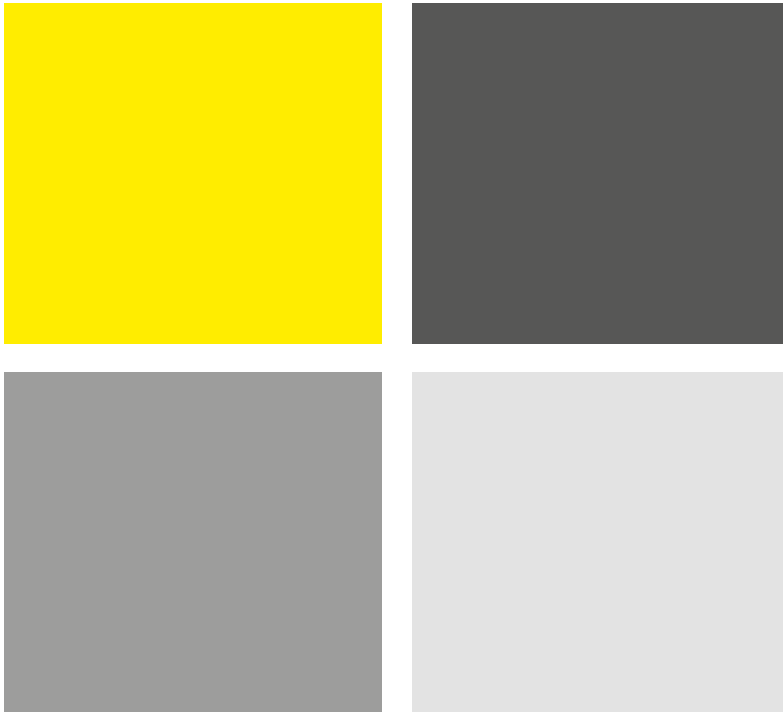
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FRÄNKISCHE – the family-run company





3. FRÄNKISCHE...

... is a leader in the development and manufacture of plastic and metal pipes and systems for the building construction, civil engineering, automotive and industrial sectors.

... is a family-run company established in 1906 and today managed in the 4th generation.

... produces 2.1 million meters of pipe per day.

... has 22 production and sales facilities worldwide.

... employs over 5,000 people worldwide.

... generated sales of around 634 million euros in business year 2021/22.

... processes over 13,000 articles.





OUR SITES

In business year 2021/22, FRÄNKISCHE had facilities in:

AFRICA

Ben Arous, **Tunisia** | Casablanca, **Marocco**

AMERICA

Anderson, **USA** | Silao, **Mexico** | Rochester Hills, **USA**

ASIA

Shanghai, **China** | Pune, **India** | Hangzhou, **China** | Changshu, **China**

EUROPE

Königsberg/Bavaria, **Germany (headquarters)** | Bückeberg, **Germany** | Schwarzheide, **Germany** | Okříšky, **Czech Republic** | St.-Leonards-on-Sea, **Great Britain** | Yeles/Toledo, **Spain** | Torcy-le-Grand, **France** | Mailand, **Italy** | Wels, **Austria** | Cluj, **Romania** | Mönchalt-dorf, **Switzerland** | Moskau, **Russia** | Istanbul, **Turkey**

This proximity to customers enables short distances and helps to reduce the energy consumption caused by transport and the associated CO₂ generation.



BUSINESS DIVISIONS AND APPLICATIONS

FRÄNKISCHE as an overall company consists of the two divisions BAU and FIP. These are in turn subdivided into business units.

The **BAU division** comprises the Drainage Systems, the Electrical Systems and the Building Technology divisions. Everything that needs to be transported safely from A to B flows through our pipe systems. Whether broadband expansion, mobility and energy transition, drinking water supply or extreme weather events - with our pipes and systems we meet the challenges of our time. They help maintain the natural water cycle, secure drinking water, air, electricity and data, and make living worthwhile. The target groups are construction companies, planners, installers, public authorities, operators of construction projects and trade.



The **FIP Division** is a solution provider of plastic tubes and systems for the automotive sector as well as for other industries. FRÄNKISCHE Industrial Pipes GmbH & Co. KG (FIP) is a wholly owned subsidiary of FRÄNKISCHE Rohrwerke Gebr. Kirchner GmbH & Co. KG, which is 100% owned by Otto Kirchner Beteiligungen SE.

Please refer to our website www.fraenkische.com for an overview of our product range.



DIVISION BAU





DRAINAGE SYSTEMS

The **Drainage Systems** division develops and manufactures products that maintain the natural water cycle by transporting, storing, cleaning and draining stormwater in a controlled manner. They are used, for example, in building construction, civil engineering, traffic route construction, industrial and commercial construction, airports, as well as gardening and landscaping.



ELECTRICAL SYSTEMS

Electricity and data have never been as important as they are today - without them, nothing works in our ultra-modern world.

The conduits and sealing systems of our **Electrical Systems** division create an infrastructure that offers the greatest possible flexibility, even with new demands on living space and technology.



BUILDING TECHNOLOGY

Sophisticated systems for drinking water and heating installations or optimal solutions for heat recovery ventilation (HRV): Depending on the requirements and installation situation, our **Building Technology** division provides high-quality and flexible system solutions that meet all requirements in terms of how easily the components could be installed, quality and safety.

DIVISION FIP





FLUID MANAGEMENT SYSTEMS

Almost all of the media-carrying systems in our **Fluid Management Systems** are tailor-made solutions developed individually to meet the needs of our customers. From the fuel system and windshield washer system to battery venting, brake vacuum line and cooling system: The functionality of entire engines and aggregates, but also of thermal management systems of energy storage systems, charging stations, battery and hybrid vehicles is based on the quality, tightness and resistance of the lines and pipes.

For this reason, corrugated and smooth tubes, braided and knitted hoses, as well as connectors with integrated functional technology must meet the highest standards.

Depending on the application, they must be heat- or cold-resistant, flexible or rigid, and resistant to acids and lubricants.

PROTECTION SYSTEMS

Cables in automotive and industrial applications are exposed to extreme stresses such as heat and cold, humidity, moisture, abrasion and impact or other chemical and mechanical influences.

The products of our **Protection Systems** division protect, guide and bundle these cables and wires and are developed precisely to meet the requirements of our customers.



OUR VALUES

FAMILY COMPANY

Respect, trust and cooperation characterize our culture. We work together as a team and each individual contributes to the success and viability of the company.

FRÄNKISCHE offers a familiar and creative working environment, in which the employees with their individual abilities are the center of attention. Different working time models allow for a healthy balance between family and career. Our employees appreciate this. Many of them have remained loyal to us for decades. We are proud of this.



LONG-TERM ORIENTATION

We grow solidly while remaining independent in order to leave a healthy company and secure jobs to the next generation. We maintain long-term business relationships based on trust with our customers. For us, sustainable growth means solidly increasing the value of the company, maintaining high standards of governance and compliance, and creating the greatest possible customer value through high-quality, durable products and solutions.

MARKET ORIENTATION

We are also continuously expanding our strong market position internationally. High-quality, customer-specific developments and comprehensive service guarantee precisely tailored solutions.

Because as diverse as the areas of application for our products are, the requirements that our customers place on us every day are just as varied and demanding. We attach great importance to quality - in all areas of the company. We pass on our know-how to our junior staff, the future of our company.




SUSTAINABILITY

We take responsibility for the region and our environment. Therefore, we use resources wisely and contribute to increasing the attractiveness of the region.

As an innovative and sustainable family-owned company, FRÄNKISCHE wants to drive the energy turnaround and actively supports climate protection. Our environmental management is aimed at keeping the impact of all processes on nature as low as possible.





4. CORPORATE SUSTAINABILITY

Sustainability in corporate strategy

We understand sustainability as the balance between the growth of our company and our social and ecological responsibility. In this way, we aim to ensure stability, safeguard the future of our company, and contribute to the sustainable development of the economy and society.



For us, sustainability is not just about the environment, it goes much further: it also involves, for example, responsibility for employees and the region, and taking account of future generations. This is particularly important to us as a fourth-generation family-run company. That is why sustainability is also a main pillar of our strategy program, with which we are positioning FRÄNKISCHE in a future-oriented and responsible manner.



STANDARDS AND GUIDELINES

Our corporate sustainability management is guided by various sets of rules. The external framework is provided by the principles of the UN Global Compact (UNGC), a worldwide initiative of the United Nations for responsible corporate governance and global justice. We also align our activities with international agreements, e.g. the outcomes of the UN climate protection conferences or the UN Sustainable Development Goals (SDGs). FRÄNKISCHE currently contributes to 15 out of the 17 SDGs.



Our main compliance regulations, which apply throughout the Group, include the following:

- Guidelines on leadership and cooperation
- Code of business conduct
- Corporate guideline on fair competition
- Guideline on gifts, other benefits and anti-corruption
- Corporate guideline prevention of money laundering and terrorist financing
- Guidelines on information security, data protection and media
- Corporate responsibility with energy policy, statement of principles on Occupational Safety, Quality Policy, Safety Policy and Environmental Policy.

Corporate processes are safeguarded by a control and risk management system and by Group-wide governance regulations, e.g.

- contract management
- financial guidelines
- procurement guidelines
- quality management standards

A wise use of raw materials, resources and energy is just as much a matter of course for us as examining potential environmental pollution and hazards. To ensure the effectiveness of the environmental and energy management systems, there are annually updated environmental and energy targets as well as programs formulated for this purpose, the implementation of which is measured.

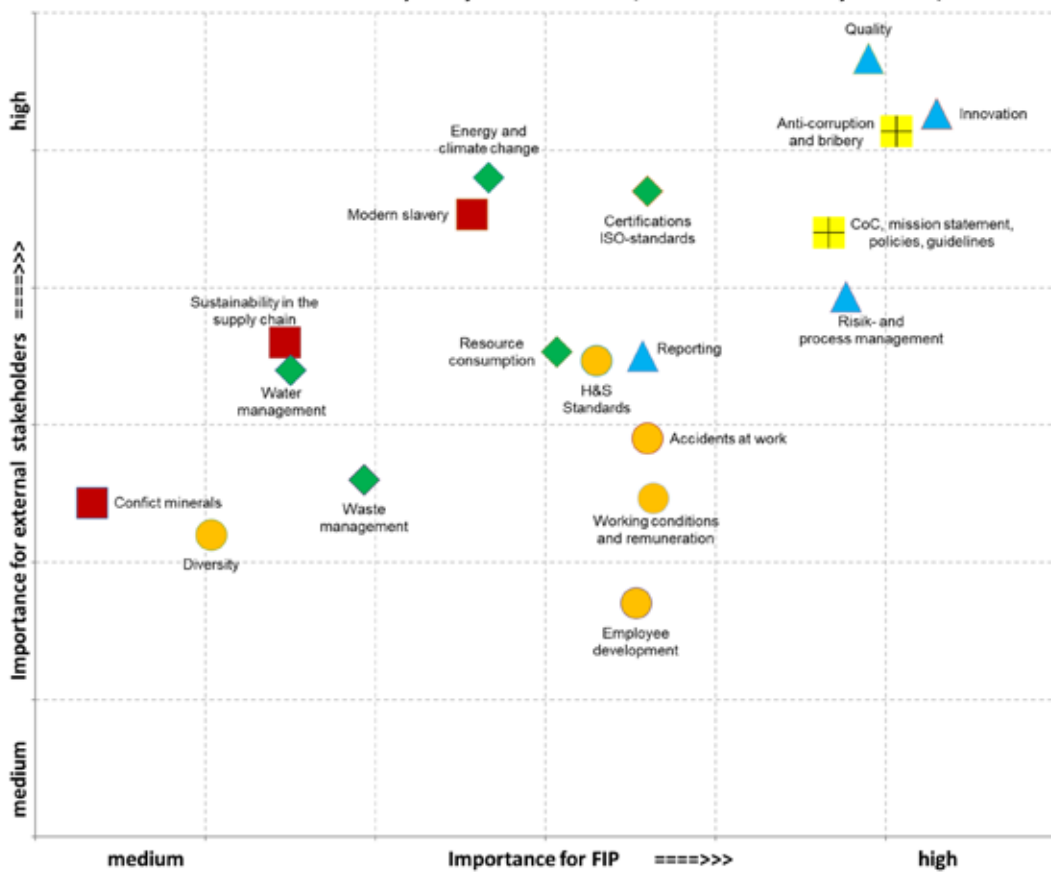


STAKEHOLDERS AND KEY SUSTAINABILITY FACTORS

Our global activities have an impact on various external and internal stakeholders. These include in particular customers, employees, owners, suppliers and business partners, as well as legislators and authorities in the countries in which we operate. In order to be able to set priorities correctly, a materiality analysis was carried out.

Themes that are relevant to our stakeholders and to FRÄNKISCHE were identified:

Result of the materiality analysis FRÄNKISCHE, based on financial year 2021/22



Key aspect groups	
	Sustainable business-growth
	Environmental aspects
	Compliance & Governance
	Human rights
	Social aspects



REPORTING


Currently, local management is mainly responsible for reporting on sustainable processes and indicators.

Data on environmental performance and energy consumption are collected at the main plants, reported to headquarters, summarized and reported to the management board. This is done, for example, in the course of environmental and energy management reviews.



Ultimately, the positive trend at the reporting sites is shown by decreasing CO₂ emissions in relation to sales development. In order to calculate CO₂ emissions and make the trend comparable, no change in the energy mix has been taken into account for the calculation to date. This would show an additional real CO₂ reduction.

Measurable indicators for other aspects, particularly in the area of social and employee-related compliance, are currently recorded on a decentralized basis. In the future, suitable indicators and procedures will have to be identified and introduced on a uniform global basis.



5. ECONOMIC SUSTAINABILITY

- means to us that a company can be run on a lasting and long-term basis.
- requires healthy corporate growth.

Within the "Economic Sustainability" theme, our activities are presented with reference to SDGs 1, 2, 3, 5, 7, 8, 9, 11 and 17.



As an owner-managed, family-run company, we focus on healthy, sustainable and balanced growth that benefits the company, its employees and society in the long term.



For us, sustainable growth involves solidly increasing the value of the company, maintaining high standards of governance and compliance, and creating the greatest possible customer value through sustainable and high-quality products and solutions. The basis for increasing the value of the company is a positive economic development of the company.

Our growth is also illustrated by the increase in the number of employees. This rose from around 3,500 in April 2017 to over 5,000 employees (as of business year 2021/22).

By building and further developing production facilities worldwide according to "state of the art" design specifications, we promote the internationality of our company, create jobs locally, in cooperation with local authorities and in strict compliance with applicable local laws as well as our compliance rules. In combination with fair, locally adapted remuneration systems, we thus also contribute to poverty reduction and food security. Local supplier structures are used wherever possible.

Further information on our economic development is contained in the Group financial statements with integrated Group management report published in the German Federal Gazette.



COMPLIANCE

COMPLIANCE-MANAGEMENT AND ANTI-CORRUPTION

FRÄNKISCHE obligates all employees to act with responsibility and integrity. We comply with all relevant laws and ensure that corruption is prevented. Our employees must always act in accordance with company regulations and legal requirements.

To ensure compliance with legal and ethical requirements throughout the Group, we began on establishing a compliance system for the Group in business year 2015/16. Compliance activities are based on the Code of Conduct, in which external and internal requirements are summarized and communicated throughout the Group, taking into account existing corporate values and guidelines.



In addition, annual training courses have been introduced for employees and management.

By implementing compliance management togetherwith corporate policies (governance) and embedding it in local conditions and requirements, we are also contributing to SDGs 5 and 11.



Further information, e.g. on risk management and the financial position, is contained in the financial statements of the Group of Companies with integrated Group Management Report published in the Federal Gazette.



CODE OF CONDUCT

A significant project to improve the perception of compliance was the introduction of the Code of Conduct. The Code of Conduct describes responsible and legally compliant activities at FRÄNKISCHE and takes into account the company's self-image.



Based on corporate values and objectives and in compliance with international conventions and laws, as a family-run company we want to see the principles of the "principle of the honorable businessman" upheld and implemented in all areas of the company and in all activities.

In order to identify misconduct at an early stage, we introduced a company-wide whistleblower system in 2016 that gives employees the opportunity to report possible compliance violations, both digitally and anonymously.



RISK MANAGEMENT SYSTEM

Significant risks are evaluated in the course of the semi-annual early risk identification process and the operational risk reporting system.

The Internal Audit department was established at the beginning of the business year 2015/16. It provides independent and objective auditing and consulting services aimed at creating added value and improving business processes. It supports the organization in achieving its goals by using a systematic and targeted approach to evaluate and help improve the effectiveness of risk management, controls, and management and monitoring processes.

The risk management system, the internal controls over accounting-relevant processes, and the control, management and monitoring processes are key audit matters for internal auditing.

In addition, management self-assessments are carried out every three years, as part of which the compliance environment and significant risks are assessed in self-reflection.



Chances and risks are also summarized in the financial statements of the Group with an integrated Group management report, which is accessible via the Federal Gazette.

The following certified management system standards are currently in place at the production facilities

- ISO 9001: all production facilities
- IATF 16949: all FIP production facilities
- IRIS/TS22163: FIP production facility in DE
- ISO 50001: all production facilities in DE
- ISO 14001: FIP production facilities in DE, CZ, CN, US, MX, RO
- ISO 45001: FIP production facilities in CZ, CN (Shanghai)



SUSTAINABLE PRODUCT DEVELOPMENT

Future-oriented and environmentally friendly innovations for the benefit of our customers are fundamental for our sustainable growth. The aim is to develop needs-based solutions for new global trends and sustainable, environmentally friendly products, technologies and processes.

With our many years of experience in the development and manufacture of plastic pipes in single and multi-layer designs, we have the product and process know-how to be able to realize such complex applications in an ecologically justifiable and economical manner.

We see chances for new products and markets in the central issues of



our society, such as broadband expansion, the mobility and energy transition, urbanization, autonomous driving, and industrial thermal management. With our products and systems and continuous further developments, we offer solutions for these challenges.





6. ENVIRONMENTAL SUSTAINABILITY

- means for us using natural resources only to the extent that they can regenerate.
- is the basic prerequisite for economic and social stability.
- is certified in accordance with ISO 14001 at the facilities in DE, CZ, CN, US, MX, RO of FRÄNKISCHE Industrial Pipes by external inspection bodies.
- is certified according to ISO 50001 at all German production facilities by external inspection bodies.

Within the "Ecological Sustainability" theme, our activities are presented with reference to SDGs 3, 6, 7, 11, 12 and 13.





We are pursuing a clear growth strategy, which initially goes hand in hand with a growing ecological footprint and rising emissions. At the same time, we face up to our responsibility and regard environmental protection as an important corporate objective in our globally positioned company. Our environmental management is geared to minimizing the impact of all processes on nature. In accordance with the UN Global Compact, environmental protection is supported by a precautionary approach at our company.



POLICY STATEMENT

In the area of environmental sustainability, the following guidelines apply:

- Ongoing measures to increase environmental protection as part of our certified environmental management system.
- Reduction of environmental impacts through our products and processes within the framework of economic efficiency and technical feasibility.
- Efficient use of environmental resources and energy.



- Efficient use of water in our water-intensive cooling processes.
- Waste avoidance takes precedence over waste separation and disposal.
- Compliance with all legal obligations regarding environmental protection, occupational safety and other requirements. The applicable national standards are our minimum requirements in this regard.

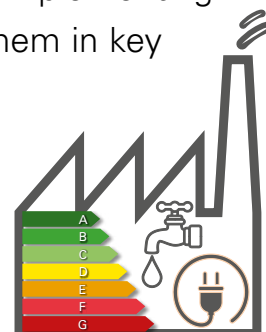


KEY FIGURES

We use water and energy consumption as well as waste generation and CO₂ emissions as key performance indicators (KPIs) for environmental protection. These are tracked and reported by all relevant FIP production facilities, only the relatively small sites in Tunisia and Morocco, each with about 35 employees, are excluded from the coverage.

For several years, it has already been an "obvious" goal to improve the key figures of each individual facility by implementing appropriate measures. Performance-based targets have not been set at this time. The basic mission for the facilities and their management is:

- Saving energy, water and CO₂ in relation to sales by implementing measures at all production facilities and presenting them in key performance indicators.
- Reduction of the relative waste volume.





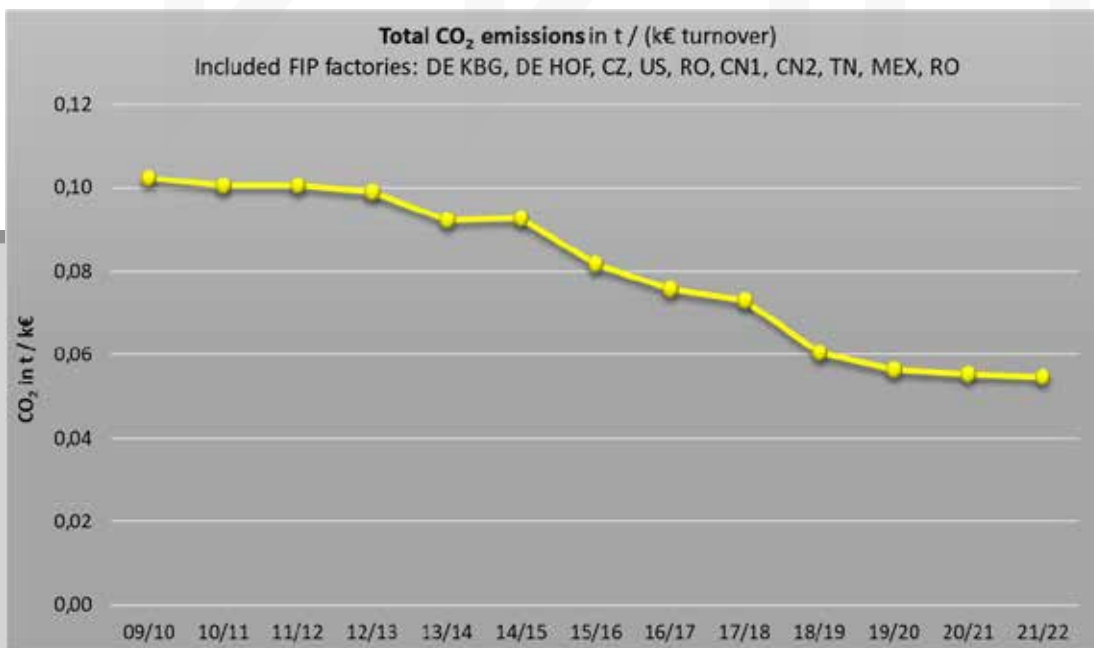
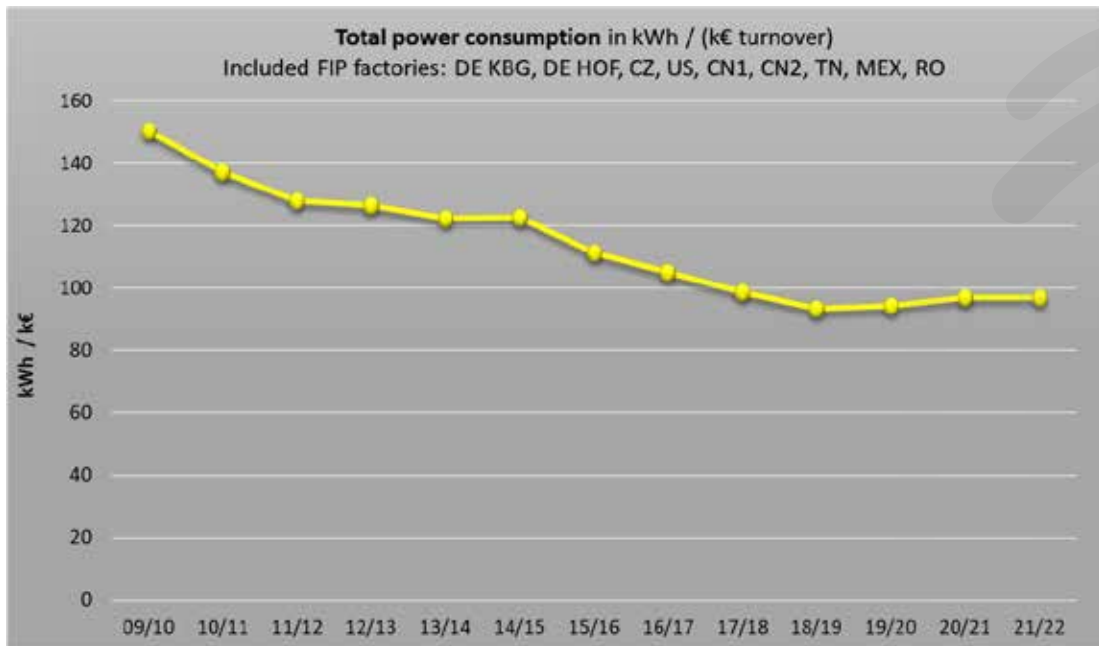
To expand the (FIP) capacities in Königsberg/DE, a new production hall with logistics center and offices was completed and put into operation in 2020. The investment sum of more than EUR 20 million shows our willingness and conviction of products and processes to invest in modern manufacturing and logistics environments as well as in the people and the region. With the new hall, our products can be manufactured and stored in a more environmentally friendly and protected manner. In addition, internal transport routes are shortened, which contributes to environmental protection. With state-of-the-art ventilation, exhaust and lighting technology, these new buildings have created a modern, safe, pleasant working environment.

As part of our environmental management program, the mills formulate programs and measures each year to improve environmental performance. This achieves improvement in small but continuous steps. These programs, measures and environmental performance are tracked and evaluated at least annually as part of management reviews.

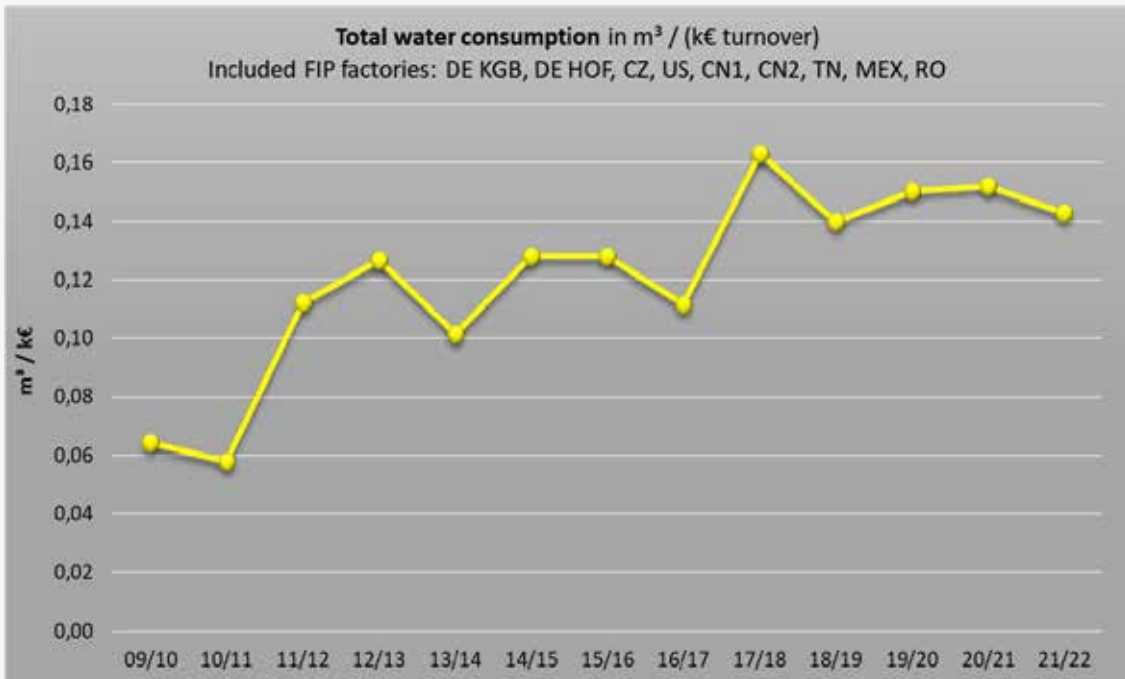


GRAPHICS FOR THE ECOLOGICAL PARAMETERS

The slight increase in energy consumption from business year 2018/19 is due to the start-up of new, but still energy-intensive machines and processes such as thermoforming. In addition, as many new projects are in the run-in and/or ramp-up phase, sales are not yet at the planned level. This in turn leads to a deterioration of this relative indicator.



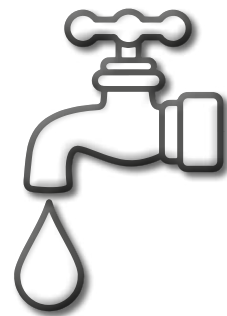
Despite the slight increase in energy consumption, CO₂ emissions are decreasing. This illustrates that FIP is fundamentally on the right track despite its energy-intensive processes.

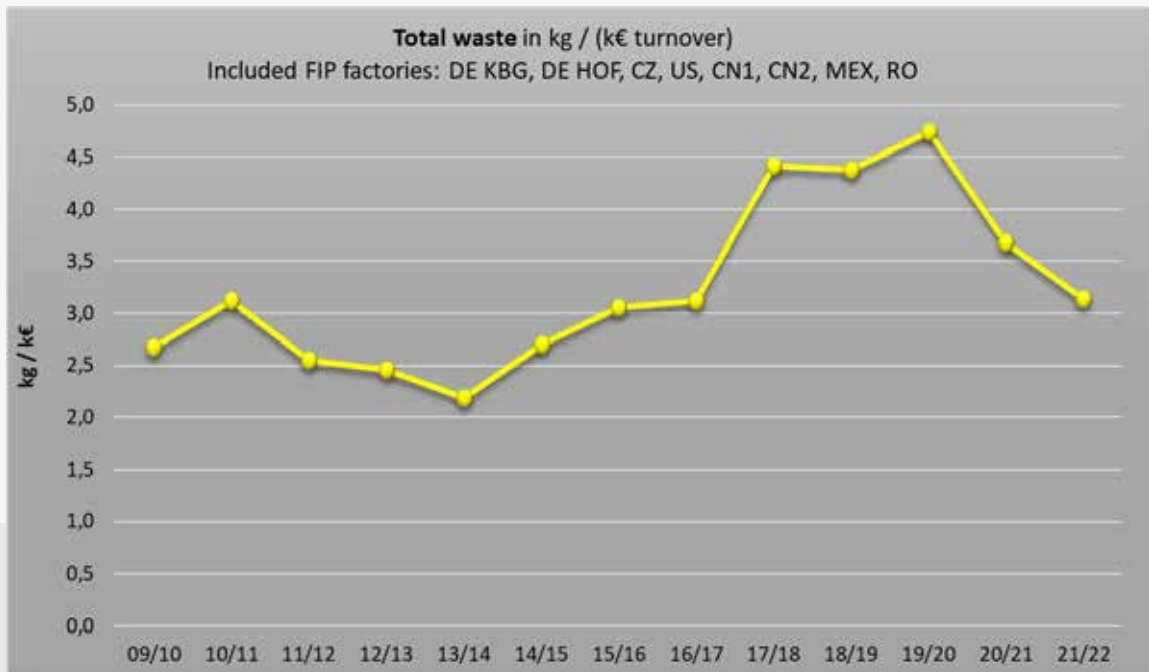


The significantly increased water consumption in business year 2017/18 was caused by a leak in the general water supply line at our Shanghai facility. Based on regular KPI assessments, we were able to identify this irregular consumption and start a root cause analysis. The leak was found and the water supply line was repaired. The slight increase in water consumption in business years 2019/20 as well as 2020/21 can be explained by filling the new cooling system storage tanks at the new Western plant in Königsberg twice.

In addition, the Königsberg facility was required by law to carry out hy-

giene flushing of the drinking water networks, which will be required annually in the future and will thus steadily increase water consumption. We are also pleased to report that the new Changshu facility is growing considerably. The significant increase in water consumption can be explained by considerable infrastructure and capacity expansions and a more than doubling of the number of employees. It remains to be seen what effect this enormous growth will have on the "relative water consumption" indicator.





There were two main reasons for the increase in waste volumes in business year 2017/18. At our plant in Mexico, our recycling partner terminated the contract and no new recycler was found for the waste, meaning that a very large proportion of it had to be disposed of. However, the increased volume of waste is also due to increased scrap caused by more frequent set-up processes. Unfortunately, the trend toward smaller, more frequently changing production batches is causing an overall increase in startup scrap, which is

clearly shown in the chart up to business year 2019/20. The reasons for the significant downturn in business year 2020/21 will have to be further observed and analyzed. In any case, it will be necessary to coordinate more optimal lot sizes in the future with regard to costs, warehousing, customer needs and production requirements.





CERTIFIED ENVIRONMENTAL MANAGEMENT SYSTEM

In order to provide a suitable basis for the implementation of our environmental objectives and targets and to be able to monitor the ecological impact of our activities, we maintain an environmental management system (UM) in accordance with the internationally recognized ISO 14001 standard at all FRÄNKISCHE Industrial Pipes production facilities.



At the end of 2018, six out of ten production facilities had been ISO 14001:2015 certified in a multi-site system. Two facilities (Romania and a new plant in China) had been initially multi-site system certified in 2019. After a small plant in Hofheim/DE had been closed and integrated into the new halls in Königsberg, 7 out of 9 FIP facilities have now been UM-certified. These have a stable UM management system, which was confirmed by the successful re-certification in 2021. No UM certifications are currently planned for the two small plants in Tunisia and Morocco.

In 2020, the FIP management set out the regulations for the multi-site system in writing and updated them in 2021. In particular, this commits the respective local management to compliance with the regulations of the environmental management system.



CONSUMPTION OF RAW MATERIALS

We are helping to reduce material consumption through implementing various projects, for example through thin-walled single- and multilayer systems or by replacing heavier or more ecologically questionable materials by our plastic solutions. Furthermore, we are increasingly trying to use renewable raw materials such as PA 11 or PA 6.10, which are essentially based on renewable castor oil.

To reduce CO₂ emissions and promote the circular economy, we also use recycled materials and conduct research and development activities with regard to bio-plastics and renewable additives and fillers.



Plastic pipes are extremely durable and high-quality industrial goods. Plastic pipe systems stand for sustainability and can be used for up to 100 years and then recycled. They are a supporting component of a modern infrastructure.

Especially for durable capital goods, plastic is the ideal material basis, because it can be used to cover the central, vital areas of our infrastructure: water and power supply, as well as air and data exchange.



PROJECTS TO CONSERVE RESOURCES AND REDUCE CLIMATE-RELEVANT EMISSIONS

- Use of company cars with CO₂ emissions of max. 222 g CO₂/km, by 2026 of max. 125 g CO₂/km (maximum combined consumption according to WLTP).
- Investment in new, modern production hall with logistics center in Königsberg/DE.
- Installation of photovoltaic systems on unused areas/roofs in Königsberg/DE. The photovoltaic system on the roof of the Western plant alone can generate 720,000 kWh of green electricity per year.
- Operation of two combined heat and power plants for efficient energy generation in Königsberg/DE. In 2021, these produced approx. 12.2 million kWh of electricity and approx. 12.6 million kWh of heat (for heating, cooling and steam boilers).
- New, energy-saving air compressor (Königsberg/DE): savings of 20,000 kWh/a.
- Use of packaging made from regenerated materials.



- Use of energy-efficient production machinery and equipment, e.g. replacement of a chiller in Königsberg/DE (savings of 21,000 kWh/a) or installation of a more efficient rotary plant (Schwarzheide/DE).
- Expansion of cooling tower system for plastics production (Königsberg/DE): savings of 67,000 kWh/a.
- Installation of energy-efficient LED lighting with motion detectors in various halls and offices in Königsberg/DE.
- Cooling support by water spray in the summer months.
- Preparation of a CO₂ balance sheet for the Torcy-le-Grand (France) facility to obtain an overview of emissions at the facility and derive measures for operational climate protection.
- Project to draw up and implement a sustainable, future-oriented energy concept for the Königsberg facility. This concept will include the use of photovoltaic systems, wind power, battery storage, hydrogen generation, hydrogen-powered vehicles, feeding hydrogen into the combined heat and power plants or into the city grid, which will generate enormous potential for CO₂ savings.

SUSTAINABLE SOLUTIONS

With our flexible, robust or lightweight plastic pipe systems, we replace products made of metal, concrete or rubber. In this way, our system solutions contribute to more energy-efficient and resource-conserving management, reduced emissions, and lower environmental impact, thus promoting SDGs 6, 9, 11, 12, and 13.





USE OF REGRANULATES

By using modern manufacturing processes, we use the least amount of material possible while maintaining product requirements. Where permitted and technically feasible, we use regranulates for the manufacture of construction or industrial products or recycle manufacturing scrap into the production process in order to conserve resources. In the drinking water supply, only virgin material without recycled content is permitted for reasons of hygiene, health and environmental protection, and safety.

DRINKING WATER

Drinking water is the most important nutrient and cannot be replaced by anything else. That is why installation technology is of utmost importance. Our durable multilayer composite pipe system guarantees the highest quality standards for the best drinking water hygiene. All materials used are hygienic, harmless to health and lead-free.

CO₂-NEUTRAL PRODUCTS

We were the first manufacturer to receive the life cycle assessment for electrical installation conduits from the Institute Construction and Environment (*Institut Bauen und Umwelt e. V. (IBU)*). Some of our corrugated plastic conduits are also available as eco-balanced variants. We have analyzed every single component and processing step of the eco-balanced products - the formulation, the packaging of the supplied materials, the shipments of the conduits, and even the consumption of compressed air and cooling water. By using regenerates, up to 60% less fossil raw materials are consumed and up to 47% CO₂ is saved. To offset carbon dioxide emissions in manufacturing, we plant trees.

ELECTROMOBILITY AND RENEWABLE ENERGIES

More climate protection, new markets, less dependence on fossil fuels: mobility will be thought anew in future. The further development of electromobility is a forward-looking theme for German industry. From energy generation with wind turbines and solar panels to the transport and storage of energy and the installation of charging stations - our products are used in all areas.

MEDICAL TECHNOLOGY

Our emission-free corrugated tubes for medical technology guarantee high flexibility as well as stability, are odorless, contain no toxic pollutants and have been produced and packaged to a high hygienic standard. Our products are used in hospitals, for example, as ventilation tubes for respirators and anesthesia equipment.

HEAT RECOVERY VENTILATION OF LIVING SPACE

A healthy indoor climate plays an important role: because fresh air not only ensures well-being, but also has an influence on our health. Fresh air with sufficient oxygen can not only prevent headaches - the regular exchange of air also prevents the spread of pathogens, as ventilation keeps the concentration of viruses and bacteria in the room air low.

A residential heat recovery ventilation takes over the continuous air exchange in the whole house or apartment. Used room air is automatically exchanged with fresh outside air. The outside air is filtered so that no pollutants, pollen or viruses enter the living spaces.

CABLE PROTECTION

In the course of mechanization, the laying of cables underground has become the norm in industrialized countries, mainly due to the ever-increasing use of networks. The use of cable protection conduits is indispensable in this context. They provide mechanical protection and allow the various media to be assigned. At the same time, they serve as empty conduits for the subsequent insertion of additional cables. Cable protection systems also extend the service life of products, which thus need to be replaced or exchanged less frequently, thus conserving resources. Lightweight conduit systems for fluid or thermal management reduce vehicle weight and help reduce fuel consumption and emissions. In the case of electric vehicles, plastic conduits also reduce weight, which ultimately again leads to lower environmental impact.

DISPOSAL OF PLASTIC PRODUCTS

If not disposed of properly, there is a risk that microplastics could accumulate in nature and enter the human food chain. The potential effects on ecology, animals and humans are currently being increasingly portrayed in the international press.

It is imperative to avoid the accumulation of particles in nature by disposing of plastic products properly or recycling them. Under no circumstances should they be carelessly "disposed of" in nature or in waterbodies. Wherever possible, we label our products so clearly that they can be disposed of, separated or recycled appropriately at the end of their lives.

SUPPORTING THE NATURAL WATER CYCLE

Returning stormwater to the natural cycle in an ecologically and economically sensible way is the central task of our stormwater management. To this end, we have developed a holistic solution approach that encompasses the following aspects: Transport, treatment, storage and discharge.

Stormwater runoff from sealed surfaces can be problematic for receiving waterbodies or groundwater because of its discharge volume or constituents. Our high-performance, underground stormwater treatment systems allow for targeted pollutant disposal.

LIVABLE AND CLIMATE-FRIENDLY CITIES

Urban heat islands, heavy rainfall and flooding: Dense development and the increasing sealing of surfaces lead to cities heating up more and more, while at the same time there is no space for stormwater to seep away and evaporate. FRÄNKISCHE focuses on making optimal use of surfaces: For example, underground treatment and storage structures for stormwater are developed above ground as parking spaces, and green roofs reuse stormwater in an ecologically sensible way. In this way, the natural stormwater balance can also be restored in cities - the key to cooling urban heat islands and simultaneously counteracting flash floods.



7. SOCIAL SUSTAINABILITY

- means for us constant commitment to society.
- includes, among other things, fair working conditions and a secure basic income.
- offers interesting opportunities for further training.
- includes the maintenance and care of occupational safety at all facilities.

Within the "Social Sustainability" topic, our activities are presented with reference to SDGs 1, 3, 4, 5, 8, 10, 16 and 17.



In business year 2021/22, FRÄNKISCHE employed more than 5,000 people worldwide. They are our key to success. We therefore support and promote their professional training and personal development and protect their health.



Social sustainability is practiced at FRÄNKISCHE, for example, through:

- Transparent communication via an employee app with which we reach almost all employees in the DACH region. This is to be rolled out internationally in the foreseeable future. In addition, employee magazines and newsletters provide regular news updates.
- Silent mailboxes and anonymous employee surveys enable employees to participate.
- Employee events (e.g. sports festival, open day, Christmas party), action days and team building, e.g. plant fire department, medical team, running team, promote employee satisfaction.
- The employee foundation supports employees in need or their families financially or with non-cash benefits (Königsberg/DE).



WORK AND BEHAVIOR STANDARDS

FRÄNKISCHE strives to create a working environment for all employees worldwide that is free of discrimination both during recruitment and employment. In addition, freedom of association and the right to collective bargaining are to be ensured. These principles are anchored in the Compliance Rules, in particular "Guidelines and Mission Statement" and in the FRÄNKISCHE Code of Conduct.

We support the qualification of our employees and undertake to comply with the respective national standards with regard to remuneration and minimum wage, occupational health and safety, and working and vacation times.



Since January 2019, compliance requirements have been communicated and trained more intensively using e-learning. In addition, face-to-face training sessions led by external specialists were held on particularly relevant requirements, e.g. EU GDPR.

Our employees can choose among a range of flexible working time models such as part-time, flexitime and trust-based working time as well as mobile working. In this way, we aim to contribute to a better work-life balance. In recent years, we have made working hours more flexible and introduced more employee-friendly shift models at various facilities. In addition, we offer vacation care for employees' children at the Königsberg/DE facility, for example.





EMPLOYEE TRAINING AND DEVELOPMENT

Our employees are key to our success. A core element of their development is a trusting exchange of views with their superiors. In an annual development review, employees and their superiors discuss in detail their performance and potential, learning needs, and possible development and career steps.

In this way, we aim to ensure that critical positions are filled consistently and to reduce corporate risk. At the same time, we enable our employees to develop individually.



We promote technical, leadership and management competencies, soft skills as well as knowledge in project management, IT, foreign languages and mental health through a wide range of further training opportunities. If required, additional external seminars are offered, especially to build up technical and methodological competence. Our differentiated training and continuing education programs give all employees the chance to develop their professional and interdisciplinary skills.

The Corona pandemic meant that many classroom training courses had to and could be replaced by online courses. This reduced travel expenses, which are associated with time and CO₂ emissions. Nevertheless, the effectiveness and efficiency of the training courses were maintained. In the future, we will offer online and classroom training in a balanced ratio.





DIVERSITY

We consider diversity (variety) to be an important success factor for the future viability of our company, as heterogeneous teams are better able to solve complex tasks. At all our facilities, we are committed to an open corporate culture based on integration and mutual respect.



For us, this also and above all includes the right of all employees to equal opportunities and equal treatment. That is why we are committed to gender equality throughout the company.





OCCUPATIONAL SAFETY AND HEALTH PROTECTION

Health protection and occupational safety are part of our company's traditional self-image and form an important basis for the company's success.

The Declaration of Principles on Occupational Safety formulates FRÄNKISCHE's claims and obligations for the health and occupational safety of all people working in and for the company.

In order to respect and maintain health as our most valuable asset, occupational health protection and the prevention of work-related illnesses and accidents at work are fundamental corporate goals. We recognize these as a significant responsibility of the management.

To achieve these goals, we strive to continuously improve the protection of our employees and their health. To this end, we provide the necessary means and resources and ensure that they are used efficiently.



All employees are obligated to protect their own health as well as the health of other employees by complying with specific measures, to participate in the prevention of accident and health hazards, and to contribute to the improvement of working conditions and the promotion of their own health.

Compliance with relevant statutory provisions and regulations, internal occupational health and safety requirements and legal requirements, standards and guidelines in the planning and procurement of plant, operating and work equipment are merely minimum requirements. These are supplemented by objectives and targets and measures derived from our principles of action.

Offers such as running and fitness courses, back training or seminars on smoking cessation and addiction prevention also promote the health of our employees.





RESPECTING HUMAN RIGHTS

We support and respect the protection of internationally recognized human rights within the sphere of influence and ensure that the company is not complicit in human rights abuses, in particular forced and child labor.



The prevention and ostracism of slavery and human trafficking is a matter of course for us. We explicitly state that we do not tolerate human rights violations and that violations will be unequivocally sanctioned. To prevent modern slavery and human trafficking in our business activities, we hold our entire management, all employees and our supply chain accountable.





SOCIAL COMMITMENT

As a family-owned company, we also see our responsibility in strengthening our environment to make it even more livable for everyone. We focus on increasing the attractiveness of the region, promoting education, culture and sports, and social commitment. This commitment benefits not only society, but ultimately also the company. We can thus help shape the framework conditions that have an important influence on the sustainable success of the company. In this type of sponsorship, long-term partnerships based on trust and sustainable action are important to us. That is why we provide targeted support for individual projects over many years.





Our social commitment includes:

- Donations of money and goods to local social and charitable institutions, organizations and projects, e.g. for socially disadvantaged children, youth and families, homeless people (DE, USA, MEX, CN, CZ). This also includes support of house-building projects and assistance to young students returning to regular schooling after Corona (USA).
- Cooperation with local kindergartens, schools and universities, e.g. company visits, teaching units with a practical technical focus, various internships, vacation jobs, student projects (DE, MEX, CZ, RO, FRA).
- Blood donation campaigns (USA, CN, CZ), free preventive health examinations and consultations (MEX).
- Environmental protection projects and activities in surrounding communities, e.g. litter collection at roadside sections, donation of waste separation containers for schools, reforestation of nature reserves (MEX, USA, FRA), funding of a water harvesting and soil conservation project (MEX).
- Collaboration with a local beekeeper (CZ, FRA) and a shepherd for eco-grazing (FRA).
- Support of clubs and voluntary associations, e.g. sports clubs, volunteer fire departments (DE, CZ).

The logo for ZVEI, consisting of the letters 'ZVEI' in a bold, blue, sans-serif font, with a red colon-like symbol to the right.The logo for bayme vbm, featuring the text 'bayme' and 'vbm' in a white, lowercase, sans-serif font, set against a solid blue square background.The logo for BdW, with 'BdW' in a bold, red, sans-serif font, and 'Beirat der Wirtschaft e.V.' in a smaller, black, sans-serif font below it, with a green horizontal line above the text.The logo for KRV, featuring the letters 'KRV' in a bold, black, sans-serif font, with a green circular outline around the letters.A large yellow square on the left side of the page, partially overlapping the horizontal line.

ORGANIZATION AND ASSOCIATIONS

We do not support any political organizations or parties. We are involved in some associations and societies representing the interests of various industrial sectors. However, FRÄNKISCHE is not represented in the respective political working groups, so no direct political influence is exerted through membership.



We are members of the following associations and organizations, among others:

- bayme vbm – Bayerischer Unternehmensverband Metall und Elektro e.V./Verband der Bayerischen Metall- und Elektroindustrie e.V.
- Beirat der Wirtschaft e.V.
- DIN – Deutsches Institut für Normung e.V.



- FSKZ – Fördergemeinschaft für das Süddeutsche Kunststoff-Zentrum e. V.
- IGU – Interessengemeinschaft der Unternehmer kleiner und mittlerer Betriebe e. V.
- IHK – Industrie- und Handelskammer
- ISU – Interessengemeinschaft Süddeutscher Unternehmer e. V.
- Kunststoff-Netzwerk Franken e. V.
- KRV – Kunststoffrohrverband e. V.
- VDA – Verband der Deutschen Automobilindustrie
- ZVEI – Zentralverband Elektrotechnik- und Elektronikindustrie e. V.



8. SUSTAINABILITY IN THE SUPPLY CHAIN

Within the "Sustainability in the supply chain" theme, our activities are presented in relation to SDGs 16 and 17.



The requirement for efficient energy use is part of the purchasing terms and conditions and is taken into account in procurement decisions, particularly for machinery, equipment and buildings, in order to support our energy and CO₂ targets.



FIP's purchasing conditions require suppliers to comply with the requirements of the RoHS and REACH regulations. Asbestos, biocides and radioactive materials are explicitly prohibited in packaging materials. This promotes the reduction of hazardous substances, increases occupational safety and health protection for our employees, and reduces the risk for customers and consumers.

Our general terms and conditions require all suppliers to comply with the Social Charter or the principles of the UN Global Compact. These explicitly require compliance with humane working conditions through appropriate limitation of working hours, observance of minimum wages and health protection, and in particular that suppliers take measures against child and forced labor.



Suppliers of FRÄNKISCHE Industrial Pipes are required to integrate and maintain an environmental management system. Furthermore, they are obliged to comply with the legal regulations for the protection of the environment and to take appropriate measures. Packaging must be carried out in compliance with relevant environmental protection requirements. Taking ecological aspects into account, an environmentally compatible form of packaging and the use of reusable packaging shall always be selected.

We depend to a considerable extent on high-quality and secured, reliable plastic raw material supplies and their problem-free processing. Therefore, FRÄNKISCHE Industrial Pipes focuses on the TOP 10 raw material suppliers. These have either provided an environmental management certificate or specific measures on sustainability or emissions as part of their sustainability concepts - which they usually also publish. Evidence of the top 10 suppliers is stored in the supplier certificate folders and is regularly checked to ensure it is up to date.



FRÄNKISCHE is also committed to the requirements of the "U.S. Dodd Frank Wall Street and Consumer Protection Act". Regarding the named conflict materials (gold, tantalum, tin, tungsten, columbite) from the Democratic Republic of Congo or its neighboring countries, we inform interested customers that by human standards no such materials can be used in our products.

We use to a large extent various plastics for the pipe systems, connectors and joints, as well as a few metallic materials in small quantities in the connecting elements or joints, in which the mentioned elements are not part of the alloy. Rubber products are used as sealing elements; there, too, the elements mentioned are not part of the mixture.

Suppliers are obliged via the purchasing conditions not to use minerals in their products that originate from the Democratic Republic of the Congo or its neighboring countries.



9. OUTLOOK

For the future, we will continue to set the following priorities in order to further develop the themes of sustainability and corporate social responsibility and to anchor them even more deeply in the company:

- Developing, refining and communicating the sustainability strategy.
- Defining and tracking more measurable targets in the area of ecology.
- Definition of uniform key figures for the BAU and FIP divisions.



- Optimization of CO₂ calculation, e.g. by taking into account the local (electrical) energy mix of the sites.
- Preparation for future sustainability-related obligations for companies, such as the implementation of the German Supply Chain Sourcing Obligations Act (LkSG) or the EU Directive on Sustainability Reporting (Corporate Sustainability Reporting Directive (CSRD)).

10. UN GLOBAL COMPACT INDEX

As stated in our Code of Conduct, FRÄNKISCHE is committed to the ten principles of the UN Global Compact:

International Conventions with Relevance for FRÄNKISCHE's Actions

- Principles of the Global Compact for a more social and environmentally compatible globalization (1999)
- OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997)
- ILO (International Labor Organization) Declaration on Multinational Enterprises and Social Policy (1977), ILO Declaration on Fundamental Principles and Rights at Work (1998; in particular with the following issues: prohibition of child labor, abolition of forced labor, prohibition of discrimination, freedom of association and right to collective bargaining)
- International Covenant on Economic, Social and Cultural Rights (1966)
- International Covenant on Civil and Political Rights (1966)
- European Convention for the Protection of Human Rights and Fundamental Freedoms (1950) and Universal Declaration of Human Rights of 1948 (UN) et al.

Figure from: FRÄNKISCHE *Code of Conduct*

In the following, the ten principles of the UN Global Compact are listed in an index and the implementation at FRÄNKISCHE is shown.

UN Global Compact Principles UN Global Compact Index	Implementation at FRÄNKISCHE	References, notes	
Human Rights			
1	Enterprises shall support and respect the protection of the internationally acknowledged human rights within the range of their influence.	We condemn any kind of discrimination, bullying and harassment, and stand up for ethical and moral behavior. This is set out in the code of conduct (CoC) and in guidelines. The CoC is present in the entire company and is conveyed as a mandatory module in training sessions by means of new group-wide e-learning. The CoC features annexes with relevant international conventions for conduct. General terms and conditions of purchase	- CoC page 4 - FRÄNKISCHE guidelines - CoC page 10 "Expectations towards Suppliers"
2	Enterprises must make sure that they are not complicit in human rights abuses.	In addition to the laws and regulations, we also observe and respect the cultural aspects and assume responsibility for our employees, the respective region and the environment. Wrongdoing can be anonymously and confidentially reported by any staff member to a neutral third-party whistleblowing unit. FRW General terms and conditions of purchase	- See item 1 - Whistleblowing guideline (presently under review by the legal department and commercial executives while considering a digital whistleblower system)
Occupational Standards			
3	Enterprises shall ensure freedom of association and effective acknowledgment of the right to collective bargaining.	Collective bargaining coverage of the Bavarian metal and electrical industry. Maintaining an employee representation (works council with full-time members, youth & training representation and representation of severely disabled persons) according to the Works Constitution regulations. Commitment to constructive communication and negotiation structures between employer and employee representatives.	- CoC page 5 - Company agreements - Management manual (employee representation) - Employment contracts of employees under the collective agreement - CoC page 5 "Dealing with Employee Representations" - CoC page 10 "Expectations towards Suppliers"
4	Enterprises shall take action against all types of forced labor.	Rejection of all types of forced labor. Whistleblowing unit (see also item 2)	- See CoC page 4 f. (see also item 2) - CoC page 4 "Fair Working Conditions" - Page 10 "Expectations towards Suppliers"
5	Enterprises shall stand up for the abolition of child labor.	FRÄNKISCHE particularly undertakes to observe convention 138 of the International Labor Organization concerning the minimum age for admission to employment as well as convention 182 of the ILO for the elimination of the worst forms of child labor.	- See CoC page 5 (see also item 2) - CoC page 4 "Fair Working Conditions" - CoC page 10 "Expectations towards Suppliers"

6	Enterprises shall take action against discrimination both during recruitment and employment.	It is exclusively the qualification and aptitude of an employee that are considered for their employment, remuneration and promotion. Whistleblowing unit (see also item 2).	- See CoC page 4 (see also item 2) - CoC page 4 "Discrimination" - CoC page 10 "Expectations towards Suppliers"
Environmental Protection			
7	Enterprises shall support handling environmental issues with a precautionary approach.	Adherence to the respectively applicable national environmental laws, regulations and standards in all business activities. Appointing an environmental management officer responsible directly to the business management. Regular ISO certifications by an independent third party (e.g., <i>Dekra</i>), among others, according to the ISO 50001 standard on energy management and ISO 14001 standard on environmental management	- See CoC page 5 Environmental protection - Management manual - Our environmental policy - Our energy policy - Safety/security policy - Procedural instruction I 22.2 Determination of Environmental Aspects I 22.5 Corrective and Preventive Action in Environmental Protection I 22.7 Environmental Aspects in Product Life Cycle
8	Enterprises shall pro-actively promote greater awareness in terms of environmental responsibility.	Expectations towards suppliers that they will also do their best to reduce the environmental burden and risks to a minimum, and to continuously improve environmental protection. Regular certifications by an independent accredited third party according to the ISO 50001 standard on energy and ISO 14001 standard on environmental management systems.	- See CoC page 5 Environmental protection - Our environmental policy - Our energy policy - I 22.2 Determination of Environmental Aspects I 22.5 Corrective and Preventive Action in Environmental Protection I 22.7 Environmental Aspects in Product Life Cycle
9	Enterprises shall support the development and expansion of environmentally compatible technologies.	Precautionary approach in all business activities (see items 7 and 8).	- See CoC page 5 Environmental protection - Our environmental policy - Our energy policy - Declaration on principles of occupational safety - I 22.2 Determination of Environmental Aspects I 22.5 Corrective and Preventive Action in Environmental Protection I 22.7 Environmental Aspects in Product Life Cycle
Anti-Corruption Activity			
10	Enterprises shall take action against all kinds of corruption, including blackmailing and bribery.	Prohibition of corruption according to the CoC. Prevention of any form of corruption and bribery according to the guideline. This topic is also a module in the new group-wide e-learning. Whistleblowing unit (see also item 2).	- See CoC page 7, prohibition of corruption, "Conduct in Competition" and "Donations and Sponsoring" - Our guidelines - Guideline "Gifts, Other Favors and Anti-Corruption" - Guideline "Prevention of Money Laundering and Terrorist Financing"



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