

VALUES & PRINCIPLES

FREUDENBERG GROUP

GUIDING PRINCIPLES

FREUDENBERG GROUP

The Guiding Principles and the Conduct and Behavior serve as the basis for all other guidelines and instructions in the Freudenberg Group.

VALUE FOR CUSTOMERS

We are committed to anticipating, understanding and meeting our customers' needs and expectations.

As a diligent supplier with a passion for detail, we provide indispensable support to make our customers successful. We deliver superior value through our commitment to quality, service and reliability, supported by our global presence.

We are committed to anticipating, understanding...

...means feeling a personal responsibility for understanding our customers' needs and expectations. We listen carefully and respond to customers' specific needs by delivering convincing ideas and innovative solutions.

Passion for detail

The history of Freudenberg goes back to handcrafted leather products. Leather products demand the utmost attention to detail in every one of up to one hundred individual steps to assure the high quality of the product in respect of appearance, surface feel and durability. Today each step in all of our complex production processes is still essential for optimum quality and therefore needs careful and diligent attention. This attitude needs to be maintained in all of today's business areas.

**...supported by our
global presence...**

Our proximity to our customers is a key success factor in meeting our customers' needs and expectations, as well as in understanding and anticipating trends in local and global markets and turning them into opportunities for our business according to our customers' needs.

It is the responsibility of every Business Group to incorporate the fundamentals of this Guiding Principle into a customer-oriented business strategy.



INNOVATION

As a multinational company of German origin competing in global markets, our established tradition of innovation and renewal benefits our customers. Constant innovation in everything we do is essential for our long-term financial success. We are leaders in continuous improvement, and our culture encourages and rewards creativity and initiative from all our employees.

As a multinational company of German origin...

...the company assures a strong focus on high quality and technology. This symbolizes the high standards for all our global businesses. Today, Freudenberg develops innovations around the globe.

Renewal...

...is another key element of Freudenberg's innovation culture. Freudenberg has pioneered a number of fundamentally new technologies and products. Changing portfolio and structures is a long-established and proven part of our ability to manage renewal processes.

Continuous improvement

We must not only strive for new and improved processes and products, we must also innovate in everything we do, whether in administrative and logistical processes, in communications or in the way we lead and develop our people. In this context, we also focus on constant improvements in our environmental impact across the whole value chain.

Improvements include not only sporadic pioneering innovations but also a constant series of small steps. Our products make our customers' products more effective. Thus, by continuously improving our products, we improve our customers' products. Examples of these innovations can be found in every Business Group.

...our culture encourages and rewards creativity and initiative from all our employees.

We encourage all associates to make improvements because many small improvements often add up to big effects. We create within our organization an environment and an open-minded culture which foster global cooperation and the sharing of ideas.

Managers are obliged to implement continuous improvement processes. Due to the importance of innovation, every Business Group strategy must also include a market-driven innovation road map.

LEADERSHIP

Entrepreneurship is our heritage and the foundation of our success. We continue this tradition through delegated responsibilities, freedom of action and personal accountability.

We believe in solid leadership based on personal example, modesty, putting trust in people, and promoting team spirit. We are committed to developing our future leaders within the Freudenberg Group in order to safeguard this style.

Entrepreneurship is our heritage and the foundation of our success.

It is the responsibility of our management to ensure that the principle of entrepreneurship applies to every employee. Associates are expected to be open to new ideas and necessary changes and to be willing to tackle new tasks. Individual initiative is key, as is the willingness to accept responsibility and put it into practice. For executives, this includes the willingness and ability to develop and execute a business strategy. Leadership and authority should derive from meaningful contribution, a professional attitude and exemplary personal behavior, rather than from hierarchy.

We continue this tradition through delegated responsibilities, freedom of action and personal accountability.

We must all learn to delegate appropriately and to assume responsibility by putting trust in people. Our leadership culture expects from all associates the readiness to embrace personal accountability for work results wherever such responsibility has been delegated and freedom of action applied. Finding the right balance between necessary control and adequate delegation is a constant challenge.



We believe in solid leadership based on personal example, modesty...

Responsible leadership manifests itself in personal example. Managers must be role models in their behavior and their personality. Performance management, as well as the process of providing and requesting candid feedback, strengthen the workforce and enable organizations to achieve higher performance. It is essential to evaluate performance on an individual basis in order to support willingness to improve and to encourage people to develop into more challenging roles.

...putting trust in people and promoting team spirit.

Leadership creates trusting relationships between associates and executives and between individual members of staff. This trustful cooperation also includes respectful relations to all levels of employee representatives.

Trust is the basis for teamwork, and for delegating and assuming responsibility. Farsighted leaders understand the challenge of demographic changes and the importance of diversity. They will support employees who might reasonably need a specific work environment or other reasonable accommodation in order to perform their role effectively. They help associates to balance career and family in order for the company to attract and retain talent. They show recognition and offer career perspectives in a supportive environment.

We are committed to developing our future leaders within the Freudenberg Group...

This offers opportunity and challenge for younger associates but also for senior professionals. We motivate all associates to show particular commitment towards the company. Our goal is to develop the strong majority of senior management from our associates within the Freudenberg Group. But recruitment from external sources must not be ruled out, since including people from outside can open new perspectives.

The 4-eyes principle is an essential part of our Corporate Governance and not contradictory to the delegation of responsibility.



PEOPLE

As a family company, we are devoted to our employees' well-being and personal development. We reject all forms of discrimination and harassment and show understanding and respect in our dealings with each other.

We promote a multi-cultural environment where employees work together in worldwide teams to enrich our culture and capability. We believe in the value of enduring relationships with customers, suppliers and industrial partners.

Family company

Freudenberg is a family company not only in the sense of belonging to a family of shareholders, but also in that all members and associates of the Freudenberg Group should and can have a sense of belonging to a large, international family. The highly personalized and value-oriented style of the Freudenberg family gives all associates a unique framework for making this ideal a reality.

In the past, members of the family on the Management Board have set standards by their personal performance and served as role models for future leaders. Today's managers must be willing to continue in this spirit. Both family members and non-family members have to live up to the same professional standards.

Employees' well-being and personal development

We want to treat our associates with respect and bind them to the company on a long-term basis. When promoting the personal development and qualifications of our associates, we specifically highlight issues relating to personal behavior; accentuating shared responsibility and the need to support one another.

We promote a multi-cultural environment...

A liberal spirit, practiced tolerance, diversity and mutual respect are firm parts of our tradition.

Enduring relationships

The history of Freudenberg's strategic alliances shows a number of outstanding examples which demonstrate the long-lasting value of mutual trust. Long-term relationships contribute to mutual trust if they are based on shared values and go beyond shared commercial interests.

This is why all Business Groups are expected to establish and maintain consistent employee development.

RESPONSIBILITY

Our company and its family shareholders together are committed to protecting the environment and being responsible corporate citizens in all countries and communities in which we do business. We take all possible care to ensure the safety of the workplace and of our products.

As a family company, we strive for the highest standards of personal behavior. Fairness and integrity guide our conduct amongst ourselves, towards our business partners and the general public.

Protecting the environment

We assume responsibility for making our activities as environmentally compatible as possible. It is our duty to use carefully and protectively the natural resources



we need for our processes, products and services. We dispose of residual substances that we can neither avoid nor recycle in a responsible manner. The protection of the environment is strongly positioned in Freudenberg's business practices. It is our target to continuously reduce the consumption of resources through optimized business processes.

Responsible corporate citizens

Corporate citizenship is lived inside and outside the company. Freudenberg wishes to make an active contribution towards the society and accept responsibility. We support numerous local projects and initiatives providing concrete aid in the spirit of responsible corporate citizenship, which improve the quality of life of our associates, neighbors and stakeholders.

Safety of the workplace

We are committed to integrating health protection, occupational safety and process safety into our day-to-day working routine. The strong commitment of all Freudenberg associates is lived within the whole group and is a responsibility of everybody. The "We all take care" initiative was born of this commitment and encourages every single associate to contribute his/her ideas and suggestions for improvement, thus generating a culture in which everyone feels a responsibility for safety at work and environmental protection.

Safety of our products

The responsibility for safe products begins with product development. To analyze and avoid risks for potential users and ultimate consumers is as important as the selection of appropriate raw materials, reliable suppliers and partners. Product responsibility includes also the legal obligation of a manufacturer to ensure a safe manufacturing process. Finally, product responsibility also means ensuring environmentally sound disposal.

...highest standards of personal behavior... fairness and integrity...

All associates are required to avoid risks to people and the environment and to strive to exceed applicable laws and regulations (i. e., to perform and behave in such a manner where compliance with the minimum standards required by applicable law is never in doubt). Strict compliance with laws is a must and does not allow any room for tolerance. Freudenberg fosters a culture of dialog and transparency with its stakeholders, which ensures that responsible conduct is lived and consistently further developed. Dialogs are conducted on a basis of mutual trust and respect.

Our managers are obliged to use a systematic development process which assures compliance with all applicable safety, environmental and customer specifications.

Our everyday operations are regularly reevaluated and improved with know-how and technology to actively develop environment-friendly products and services. We systematically optimize processes in order to reduce waste and energy consumption.

We do not tolerate and take measures to avoid illegal or unethical conduct.

We encourage our business partners, (sub)-contractors and suppliers to act in accordance with the “Responsibility” principle.



LONG-TERM ORIENTATION

After more than 160 years, the Freudenberg Group is and will remain a wholly owned family enterprise. We strongly believe that our long-term business orientation is a major strength that benefits our customers and partners.

While we are not averse to reasonable risks, financial prudence and solidity will continue to determine the scope and speed of our strategic development.

Freudenberg has a long and successful tradition of worldwide cooperation, alliances and partnerships which enable us to better serve our customers and strengthen our competitive position.

Financial prudence

As a 100 percent family-owned company, we have to generate funds from our own resources and profits. This solid financial approach is one of Freudenberg's great strengths.

Worldwide cooperation, alliances and partnerships

The history of Freudenberg is particularly marked by strategic alliances and joint ventures. Those partnerships throughout the world are based on shared values, on shared commitments as well as on mutual respect and trust.

Developing this policy consistently will remain essential for our future success in significantly improving our innovative capacity and market strengths.

To assure long-term success, every Business Group is expected to assess its business risks regularly through routine risk management processes. Strategic review processes are performed periodically to adjust to long-term market trends and risks. Intellectual property in a broad sense is a core element of our long-term success. Adequate protection is therefore essential and has to be ensured by every Business Group.



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July 2015

Item No. FRE1005EN