

ESG-REPORT '23

BUSINESS SUSTAINABILITY KEY METRICS

- NOVEMBER 2023 -



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WELCOME TO OUR FIRST ESG-REPORT

Ecological and economic sustainability have always been anchored in the company's DNA. Hennecke GROUP's ESG strategy aims to create long-term sustainable added value for its customers that is ecologically compatible, socially fair, economically rewarding and thus future-proof. Based on values and key figures, successes are continuously monitored and future areas of development identified at an early stage.

The central idea is that a company can only operate sustainably if it takes "the three P's" into account: People, Planet, Profit – values that already largely correspond to today's ESG. ESG is a key priority at Hennecke. This is why sustainability, as a fundamental element, is right at the top of Hennecke's strategy pyramid. Our ESG strategy is broken down step by step across all levels, to each individual department, employee and product. Thus, with its release, all products and services of the future get defined, new machines developed and old ones phased out. The focus is always on the customer. To make it an easier endeavor for our customers to achieve ESG goals, we are continuously improving our product and service portfolio and adapting it to current and, especially, future requirements. The result: even more efficient products characterized by lower energy requirements, higher precision and improved raw material efficiency.

ESG values are the basis of our actions in all areas: In line with our Vision & Mission and in compliance with our Core Values, we want to be able to explain to future generations with a clear conscience how we do business in the Hennecke GROUP. We take responsibility – for our company, our employees, the society and our environment with the products and services we offer to the market.

To summarize: With the transformation to the Hennecke Business System, ESG is a central element of the company and a key success factor. This proves that sustainability is not necessarily a constraint, but rather a win-win approach. After all, sustainable business practices lead to long-term, predictable and secure actions. This provides security not only for the company itself and its employees, but also for customers, service providers, suppliers and other partners.

“
Since 2020,
we've been
investing
up to 5 percent
of our annual
turnover in
ESG-related
topics.
”



ENVIRONMENTAL

We save resources and make a contribution to our environment



SOCIAL

We offer a great place to work



GOVERNANCE

Hennecke's responsibility to conduct business ethically and compliantly



Thomas Wildt - CEO

WHO WE ARE



WELCOME TO FASCINATION PUR WORLDWIDE

With a large annual budget for research and development, the core brands of the Hennecke GROUP produce high-quality machines, plants and systems for a wide portfolio of polyurethane processing technologies. Today there is barely a product idea in the area of multi-functional materials that cannot be realized by the companies of the Hennecke GROUP. The Hennecke GROUP is the parent brand for all corporate divisions and unites the product portfolios of the Hennecke Polyurethane Technology, Hennecke-OMS and Hennecke Roll Forming Technology trading brands, as well as the network of production sites and subsidiaries around the world.

Together with its international trade and service partners, the Hennecke GROUP supports its customers with a comprehensive sales and after-sales portfolio as well as competent consulting and engineering services in local languages. Since 2016 the leading investment company Capvis from Switzerland supports the Hennecke GROUP in its further internationalization and the development of new market segments.

Key facts:



Hennecke GROUP product portfolio:

- » HIGH AND LOW PRESSURE METERING MACHINES
- » ELASTOMER MACHINES
- » SLABSTOCK LINES
- » SANDWICH PANEL LINES
- » MOLDED FOAM LINES
- » TECHNICAL INSULATION LINES
- » ROLL FORMING LINES
- » TANK FARM TECHNOLOGIES
- » ENVIRONMENTAL TECHNOLOGIES

Hennecke GROUP 360°SERVICE portfolio:

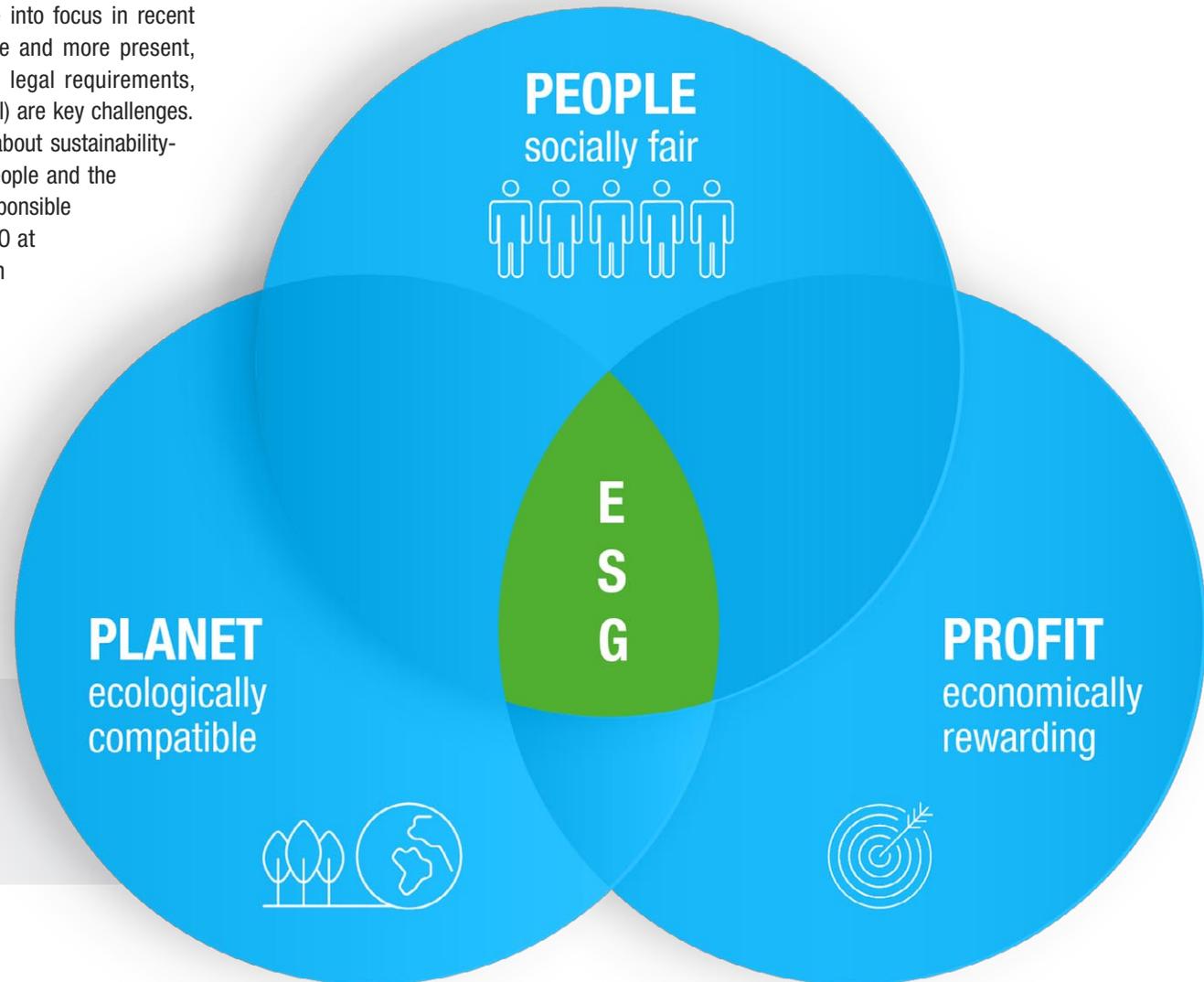
- » TRAININGS
- » SPARE PART SERVICE
- » REPAIR SERVICE
- » CONNECT
- » PREVENTIVE SERVICE
- » RETROFIT
- » ENVIRONMENTAL SERVICES



SUSTAINABILITY STRATEGY

WHY ESG MATTERS

Sustainability and corporate responsibility increasingly came into focus in recent years. Particularly climate change, which is becoming more and more present, as well as the constantly rising energy costs and specific legal requirements, such as the reduction of CO2 emissions (European Green Deal) are key challenges. This is why it is important for companies to be transparent about sustainability-related opportunities and risks concerning their impact on people and the environment. Thus Hennecke's senior management team is responsible for ESG, which is a priority for the company. Thomas Wildt, CEO at Hennecke, says: "ESG has a positive impact on the business in terms of profits, people and the planet. In the short-term it is an expense, but when it is done correctly, there is a positive return on that investment in all three areas."

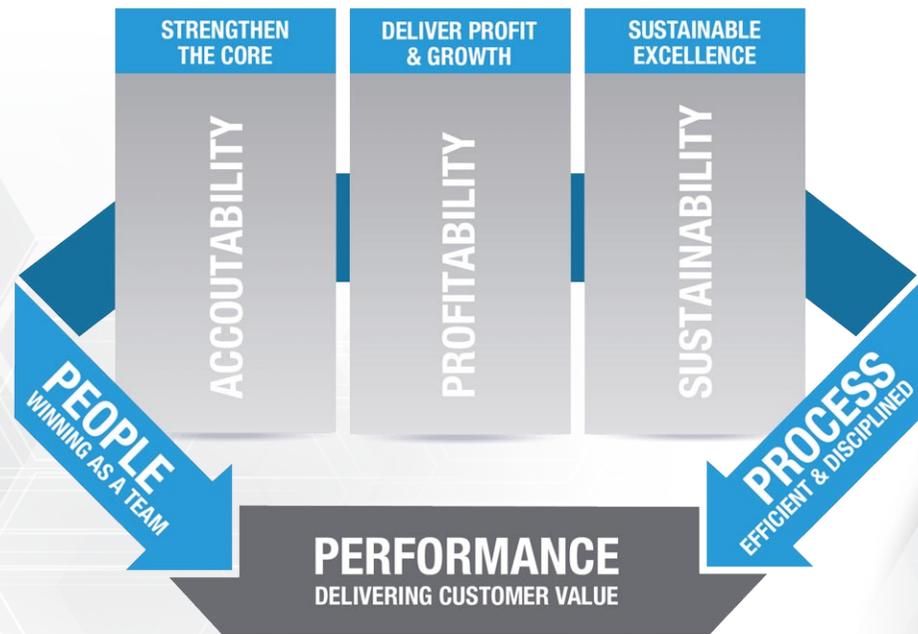


The "three P's" – People, Planet and Profit – are fundamental elements of Hennecke's corporate strategy.

SUSTAINABILITY STRATEGY

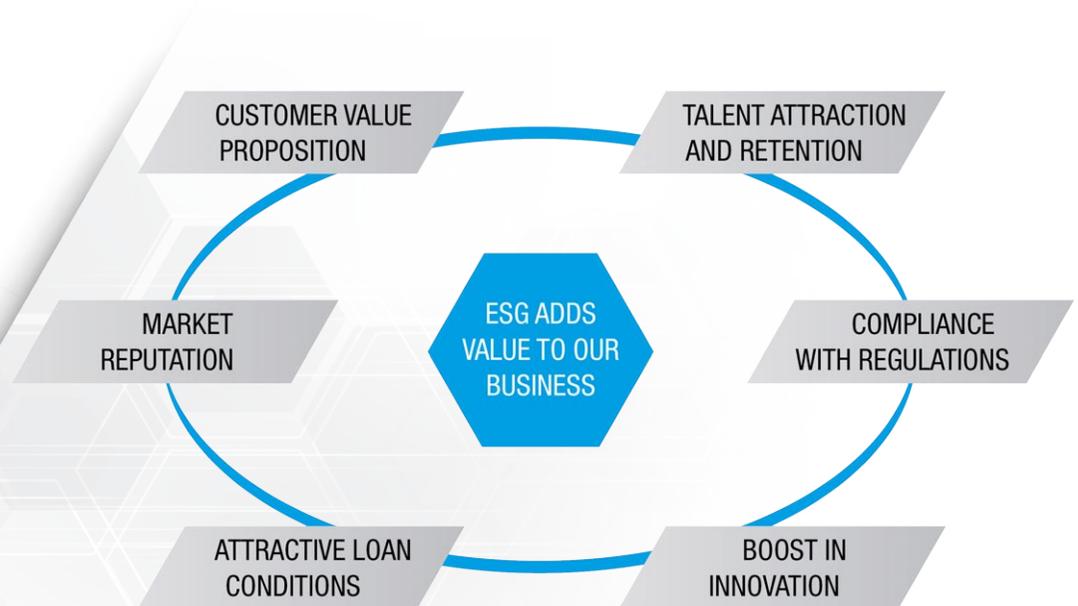
Since the introduction of the Hennecke Business System in 2019, the concept of sustainability has been firmly anchored in our company. The success of the Hennecke Business System is based on employee and process orientation as well as on the 3 steps of the strategy: 1. Accountability, 2. Profitability and 3. Sustainability.

The HBS is our common language, providing all employees with the processes and tools to drive a culture for success with profitable growth and long-term sustainable customer value following the equation **people + process = performance**. We measure and control the performance of our business against our value drivers.



The Hennecke Business System (HBS) was introduced in 2019 to create an agile and self-learning organization.

The Hennecke GROUP's ESG strategy enables us to create long-term and sustainable added value for our customers, employees and stakeholders. We identified various focus areas that benefit from our ESG-related activities. We apply ESG-related value drivers and KPIs to review our success and identify potential areas for future development in a timely manner. An annual external audit helps us to better comply with the ESG criteria and drive ESG improvements, e.g. projects related to the [Sustainability Development Goals](#) of the United Nations.



Key areas that benefit from our ESG endeavours



ENVIRONMENTAL

The environmental aspect addresses two dimensions: the company's own consumption of raw materials and energy in production as well as the development of technologies that enable customers to produce even more resource and energy-efficiently with our machines and systems.

Moreover, we are getting ready to have our greenhouse gas emission reduction targets validated by the Science Based Target Initiative (SBTi). This initiative supports companies to align their actions with the goals of the Paris Agreement. International companies commit to a gradual reduction with the aim of becoming CO2 neutral by 2050.



Hennecke GROUP targets to reduce its Green House Gas (GHG) emissions and aim to reach net zero CO2 footprint by 2050.



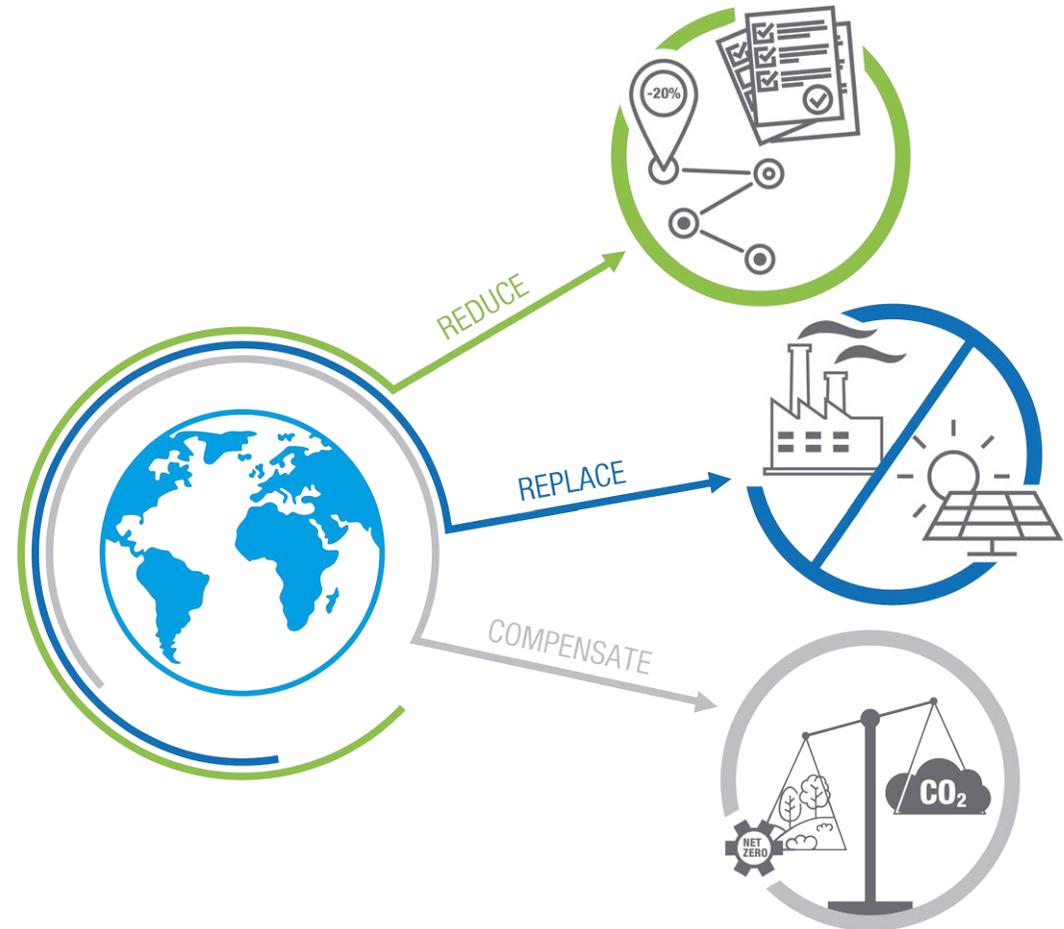
Increasing Renewable Electricity > 50 % of electricity consumption is obtained from renewable energy sources by 2024 (produced and / or purchased).



Design to reduce customers' GHG emission. Each new product is required to perform better than the previous solution in terms of its ESG properties.



We are committed to waste elimination and recycling. We target to reduce the waste, which is generated in our production sites year over year.



REDUCE, REPLACE, COMPENSATE

To achieve this goal, we are pursuing three approaches. The first is to significantly **reduce** our own energy consumption. This is accomplished for example, by switching to energy-saving LED lights or modernizing old heating systems. Secondly, fossil fuels are gradually being **replaced** by energy from renewable sources. This is being done on the one hand by increasing the electricity from renewable sources, but also by producing our own electricity. Generating the entire energy consumption in a CO2-neutral way is a major challenge, which is why a third step is to investigate suitable measures and projects to **compensate** the remaining CO2 emissions.



ENVIRONMENTAL

KEY CONSIDERATIONS...



Product lifecycle



Environmental impact of operations



Product quality & safety



Supply chain control



We align our vision, mission and strategy with the Sustainable Development Goals of the United Nations.

ADDRESSED IN OPERATIONS (FY 22/23)



Energy Management & Audits.



Switch to LED Lights at Hennecke Italy.



Insect protection and biodiversity at all production sites.



Additional photovoltaic capacities in Jiaxing, China.



Fleet migrating towards hybrid and electrical vehicles.

ADDRESSED IN STATE-OF-THE-ART OFFERING (FY 22/23)



Optimized machine / process efficiency. Launch of Next Generation Metering Machines (2023).



Reducing energy consumption.



Highest quality due to Hennecke's HX pump and latest nozzle generation.



Extended machine lifetime through predictive maintenance, retrofit and reparability.



"Blue Intelligence" a whole package of measures for mechanical, hydraulic and thermal efficiency.



Reusability of PUR material waste in the production process using the ECOFILLER PLUS.



Collaboration in R&D on bio-based polyols using our LABFOAM machine.



SOCIAL

The focus is on people. The social aspect is about the people at and around Hennecke: the employees, as well as partners, customers and suppliers. We are also connected to the neighborhood and the communities. Our employees are the company's most valuable asset, which is why we continually offer a wide range of opportunities for further training and professional development. All Hennecke employees have the right to a healthy, safe and secure working environment, thus we are committed to ensuring high safety standards for our employees and visitors at our production sites. In compliance with our Core Values we value diversity and actively create and promote equal opportunities for all our employees. We take all internationally recognized human and social rights seriously.



Hennecke aims to be a certified Great Place to Work. On our journey towards this goal, we measure and manage the company's performance in this regard according to the following objectives:



Retention of People: Turnover < 5%



Career Development: Internal Fill Rate > 70%



Safe work environment: Zero accidents & mental wellbeing

The Great Place To Work® model



Credibility

- Communication
- Competence
- Integrity



Pride

- Personal Job
- Team
- Corporate Image



Respect

- Support
- Collaboration
- Caring



Camaraderie

- Intimacy
- Hospitality
- Community



Fairness

- Equity
- Impartiality
- Justice

TRUST

Great Place To Work®

FEEDBACK IS A GIFT!

Together with the research and consulting institute Great Place to Work (GPTW), the corporate and workplace culture is analyzed, made visible and further developed. The valuable feedback from our employees shows us how to increase commitment, employee loyalty and employee satisfaction. The first employee survey was conducted in 2021, and since then 170 specific measures have been implemented across the GROUP with the aim of achieving Great Place to Work certification in 2025. The second survey at the end of 2023 shows an extremely good participation rate of 88% within the Hennecke GROUP, which indicates that employees have trust in the company.



SOCIAL

KEY CONSIDERATIONS...



Employee health, safety and wellbeing



Being a great place to work



Employee retention & development



Leadership development



We align our vision, mission and strategy with the Sustainable Development Goals of the United Nations.

ADDRESSED IN OPERATIONS (FY 22/23)



Frequent employee feedback surveys.

Sustainable follow-up process in the focus areas.



Employee Performance & Development process: conferences and annual dialogue across all employees.



Global Leadership Academy – one Management team – one 'language'.



Various training programs for young professionals.



Local initiatives to support the communities.

Hennecke's GROUP Core Values



ZERO TOLERANCE FOR BREACH OF CORE VALUES



Open – clear – trustful communication.



Modern and well-equipped workplaces.

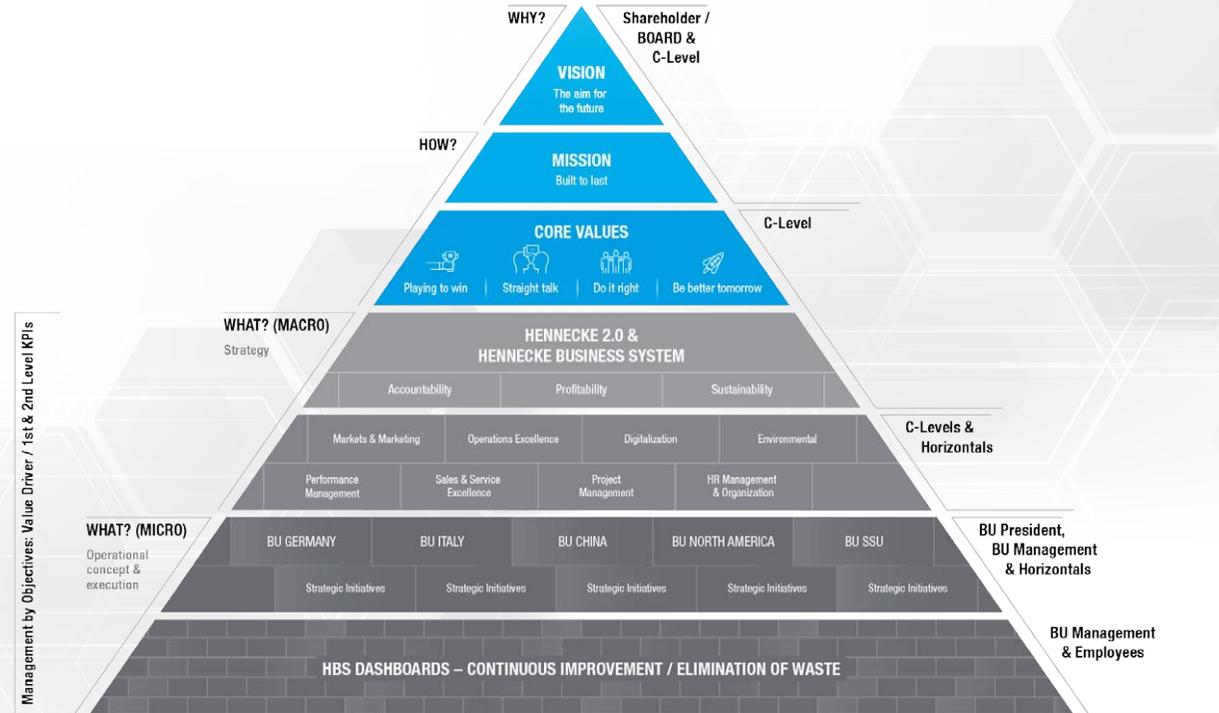


Various campaigns to promote health.



GOVERNANCE

The focus is on sustainable growth. The governance aspect describes the way in which the Hennecke GROUP is managed and controlled. Governance means complying with guidelines, laws and standards. In addition, this includes compliance with internal processes and procedures, in particular the Hennecke Business System is a key enabler in the execution of our strategy. Specific topics are corporate governance and culture, ethical principles, fair business relationships, integrity, transparency, composition of the Board of Directors, independent auditing and compliance. We receive independent attestation, for example, through the certification of our quality management system in accordance with ISO 9001:2015, to which Hennecke has been certified since 1997, and the certification of the energy management system in accordance with ISO 50001:2018.



Our mission is to create sustainable value for our partners and shareholders. We promote long-term profitability and good business practices along our entire value chain in line with the Hennecke Business System culture.



All Hennecke employees comply with the Code of Conduct and Core Values.
Whistleblowing process is effective, zero tolerance for violations.



All relevant Policies are in place and compliance is monitored.



Hennecke GROUP Business Units comply with HBS Performance Management
along its defined metrics and strive to meet performance targets.

HOW WE DO BUSINESS – CORPORATE STRATEGY

Our Hennecke GROUP strategy pyramid provides an overview of the correlation between our vision and mission, the core values, the strategy itself and the strong foundation of continuous improvement. The vision is aggregated from the macro to the micro level of our mission and thus to our day-to-day business. The comprehensive set of measures enables us to respond effectively to current and future challenges. With the corresponding transparency, we enable all employees to consider the internal processes and procedures in the execution of the strategy. The management levels responsible for compliance are visualized to the right-hand side of the pyramid.



GOVERNANCE

KEY CONSIDERATIONS...



Compliance with external and internal regulations



Whistleblowing



Confidential information and data protection



Fraud prevention



We align our vision, mission and strategy with the Sustainable Development



Goals of the United Nations.

ADDRESSED IN THE HENNECKE GROUP (FY 22/23)



Transparency in corporate governance as the basis for compliance: Strategy Pyramid



Roll out of Hennecke's Code of Conduct, training for all employees.



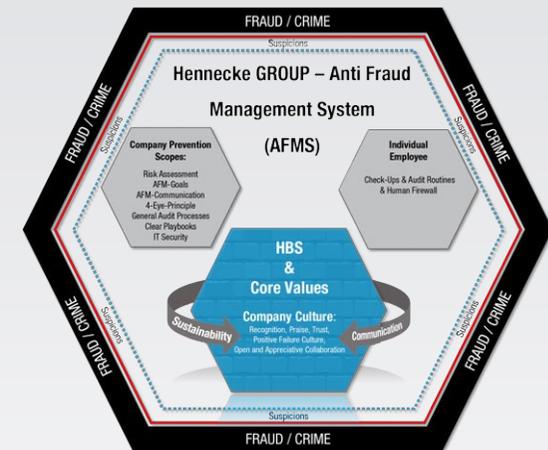
Effective whistleblowing process – zero breaches.



Comprehensive financial policy and training campaign for all managers.



The Hennecke GROUP Anti Fraud Management System (AFMS)



Based on strong key elements for maximum possible fraud avoidance:



Company culture (no rationalization)



Risk assessments and mitigation plans, Segregation of Duties (no opportunities)



Individual check routines for new, existing and former employees



IT security and data protection.

ESG ACCOMPLISHMENTS – 2022 / 2023 HIGHLIGHTS

In line with the new company's sustainability program the Hennecke GROUP accomplished many significant achievements in 2022 and 2023.



Replacement with energy-saving LEDs at all sites in 22/23



Installation of a photovoltaic system on the roof of the Chinese production facility in 2023



Standardized employee performance review and development process implemented in 2022



Development and launch of the GROUP Finance Policy in 2023



Launch of first global sustainability strategy in 2023



Conception and implementation of the Hennecke GROUP Anti Fraud Management System in 2023



Participation rate of 2nd GPTW employee survey increased to 88% in 2023. (2021: 81%)



~ 3% of annual revenue invested into R&D, 3,77 M€ in 2022



Improved transparency and communication of business strategy in 2022



Development and launch of the GROUP Code of Conduct in 2022/23



New modern and efficient heating and temperature control in Italy in 2023



Introduced Next Gen Metering Machines in 2023. Reduced energy consumption. Use of recyclable materials. Extended machine lifecycle

“ ONE TEAM - ONE OBJECTIVE ”



Find out more about our sustainability strategy on the Hennecke GROUP website or contact us by e-mail at any time if you have further questions about this ESG-report.



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