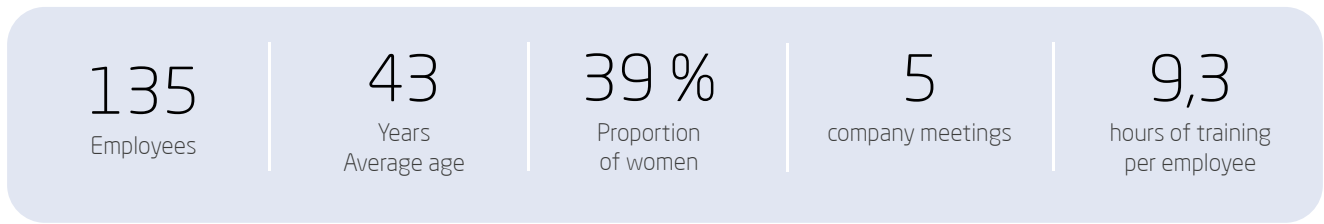


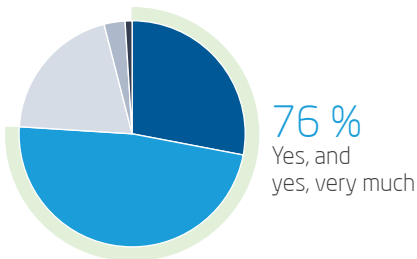
KEY FIGURES AT A GLANCE

SOCIAL RESPONSIBILITY

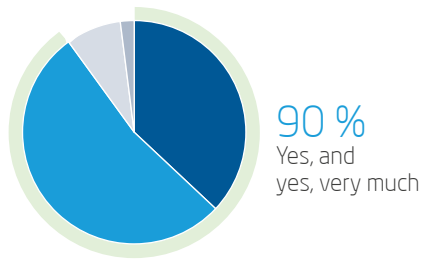


Excerpt from our employee survey 2022

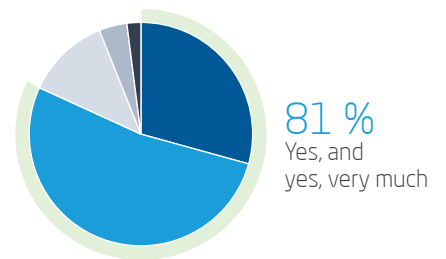
I find my work varied enough.



The collaboration with my colleagues is good.

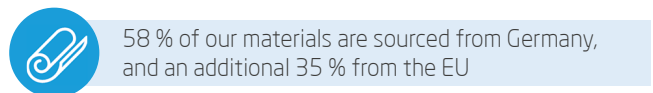
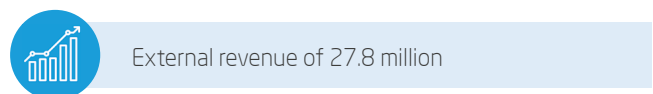
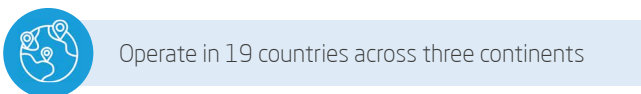
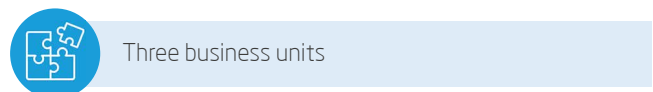
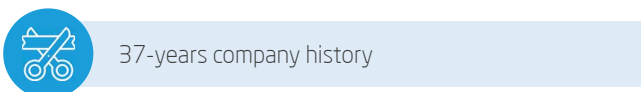
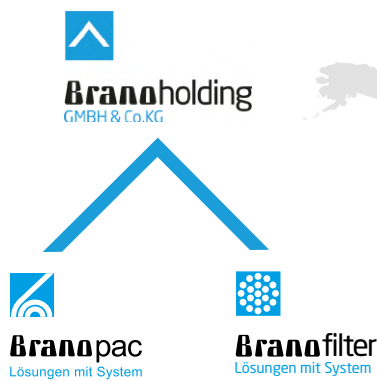


I can balance work and family/leisure time well.



KEY FIGURES AT A GLANCE

ECONOMIC RESPONSIBILITY



KEY FIGURES AT A GLANCE
ECONOMIC RESPONSIBILITY

Selected goals from our BRANOGreen strategy

FSC-Certification
2022

Publication of Scope 3
2024

Climate-neutral production
2025



218.651 kWh

of self-generated solar power, which has saved the equivalent of 73 tons of CO₂, compared to the electricity mix in Germany. This is equivalent to the amount of CO₂ that 5,860 beech trees absorb in one year.

- 16 %

reduction in electricity consumption compared to 2020.



- 36 %

reduction in Scope 1 and 2 emissions compared to the base year of 2015.

79 %

Our share of renewable energy, consisting of self-generated solar power, district heating, and purchased electricity mix, accounts for 79% of our energy consumption.



100 %

carbon-neutral household bags.

- 25 %

less waste than in 2020.



A requirement for sustainable printing of reporting is



A climate-neutral report achieved by offsetting the emissions generated during the printing process



FSC-certified paper



Recycled paper



Small print run of 100 copies

Editorial

Dear readers,

This is the fourth edition of our sustainability report, in which we, at BRANOfilter, share our progress and projects in all business areas and describe how we integrate, embrace and promote sustainability within our company.

Back in 2013, we first documented and published our efforts and commitment to sustainability. As BRANOfilter has grown and evolved since then, our endeavors have also advanced in accordance with our guiding principle of „for a clean future.“

Long-term development towards improvement always requires periodic assessments, new thinking, insights, corrections, discipline, practice, patience and perseverance. We know where we stand, we are aware of our goals and we are eager to face whatever challenges lie ahead.



We continuously track various key figures to translate our progress into concrete and comparable data. We are proud to report that greenhouse gas emissions, according to Scope 1 and 2, were reduced by 178 tons in the reporting year 2022 compared to the base year (2015). Once again, we have successfully decreased our CO₂ emissions and have taken another step towards our goal of carbon-neutral production (see Chapter 5 - Environmental Policies).

Sustainability is not a goal that can be easily achieved overnight with enthusiasm and good intentions - it is a journey. It requires hard work and perseverance.



Tina Reyinger
Management Trainee

On the path towards our goal, we are also focusing on capturing Scope 3 emissions, which include emissions along our upstream and downstream value chain, such as waste generated in operations, employee commuting, and the use and disposal of sold products. This particular aspect, which requires significant efforts from our entire supply chain, will be included in the next sustainability report, scheduled for release in 2025. The report will primarily address carbon-neutral production at our site in Dietenhofen.

We deliberated extensively on whether to publish this report as a printed medium in addition to the online version. However, the decision to print comes with certain compromises: The print run is limited to only 100 copies, and this report is printed on recycled paper certified according to FSC® standards. In addition, we have offset any unavoidable emissions resulting from the printing process itself and the production of necessary materials (paper, ink) through a certified regional offset project.

For BRANOfilter, sustainability means acting socially, environmentally and responsibly, while being committed, climate-neutral, fair, long-term oriented. We are proud of the numerous changes we have been able to drive within our company since the last report. Join us on our journey.

Yours faithfully,

Tina Reyinger
Management Trainee

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Foreword by the Management

Dear readers,

We look back on the business year of 2022 that was turbulent in many respects, bringing forth various challenges for BRANOfilter, as well as for many other companies across all sectors. The expected normalization after the easing of the COVID-19 pandemic did not occur and the political and economic conditions have significantly changed due to the conflict in Eastern Europe. Coupled with the energy crisis and significant inflation, it creates the feeling of facing (another) ultimate stress test for the economy. Nevertheless, we are proud that BRANOfilter has faced all adversities, maintained its position in the market, and adapted to new circumstances.

We look toward Eastern Europe with shock and disappointment, witnessing the horrific war initiated by Russia against Ukraine. Besides expressing our sympathy for the affected people and hoping for a swift end to the war, we are also concerned about the economic consequences. The prevailing conflict not only indirectly affects supply chains and procurement markets but also directly impacts our customers. For many of them, and consequently for us as well, strategically important markets have collapsed due to the situation in Russia and Ukraine. As a result, our revenue slightly declined in the reporting year, following strong years of growth.



We look eagerly and anxiously towards China. In addition to our headquarters in Diethofen, Middle Franconia, and a facility in the Czech Republic (Hlinsko), we have another subsidiary located in the southern part of the People's Republic (Ningbo). While Europe had (almost) returned to normality in the first quarter of 2022 regarding the pandemic, COVID-19 continued to dominate the daily life of our Far East branch throughout the reporting year.

The country remained in lockdown for most of the time, entire cities were sealed off, schools were closed, and millions of people isolated themselves in quarantine. Our facility also had to suspend operations completely on two occasions. As a result, not only did we miss out on personal exchanges between our locations for the third consecutive year, but we also had to deal with resulting delivery difficulties.

We look cautiously toward the procurement markets, which are not recovering as expected due to crises and inflation. The costs of energy and certain raw materials have risen sharply, and for the first time in a long while, we are facing the problem of high inflation in Europe. This not only affects our procurement activities but also dampens sales expectations in the consumer goods markets that are crucial to us.

With sustainable manufacturing processes and innovative technology, we will already achieve carbon neutrality in our production by 2025. We see ourselves as pioneers and inspirers in this regard, for our customers and suppliers.



Reinhard Enzelberger
Managing Director

We look to this sustainability report with excitement. In its fourth edition, we provide updates on the progress made since the release of the previous report two years ago. To systematize our efforts for environmental and climate protection, we launched „BRANOGreen“ in 2022. The core of this strategy is our goal to achieve carbon neutrality in production at our Diethofen site starting from 2025. The key driver for continuously reducing our CO₂ emissions is the use of renewable energy sources.

This sustainability report focuses on the mentioned crises, the sustainability discourse, as well as digitalization, all of which necessitate changes in our value chains. These changes present us with opportunities to explore new paths and harness new potentials.

One opportunity is the relocation of the value chain back to Europe and the associated strengthening of it. By preferentially sourcing materials from Europe, we not only support the domestic economy but also reduce environmental impact through shorter transportation routes. This allows us to be more flexible in responding to customer demands and changing market requirements, while also becoming more independent during times of crisis.

In the reporting year, BRANOfilter has once again proven itself as a forward-thinking and resilient company. Despite all the challenges, we have maintained a stable business performance. Therefore, we confidently look forward to the year 2023, primarily because we have a strong team that we can rely on. On behalf of the entire management, we extend our special thanks to our employees for their contribution to the positive development of the company and their exceptional commitment in a challenging environment.

Medium-sized companies can make a significant contribution to sustainability not only in social but also in ecological terms.

Regional networks, short supply chains and a high degree of adaptability are strengths that distinguish us in particular.



Sebastian Melz
Managing Director

Together, we have demonstrated that while the ubiquitous changes and associated tasks can challenge us, they do not have to permanently set us back.

Join us on the next pages to discover what drives us and how, despite the ongoing challenges, we aim to continue our success story.



We wish you a pleasant read.

Reinhard Enzelberger

Reinhard Enzelberger
Managing Director BRANOfilter GmbH

Sebastian Melz

Sebastian Melz
Managing Director BRANOfilter GmbH

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BRANOfilter GmbH

We provide filtration solutions for a clean future and we have a long-standing tradition in doing so. For over 37 years, we have been developing and manufacturing high-quality filtration systems for households, industries and crafts. Today, BRANOfilter is an internationally positioned company with the core competence to deliver customized solutions tailored to our customers' needs. Quality and customer satisfaction are our top priorities.

Organizational Profile

„For a clean future.“ Since 1985, BRANOfilter has dedicated itself to making its contribution to this goal. Over the course of our company history of 37 years, we have evolved into an internationally operating company that continues to pursue this mission. In 1875, the paper wholesale company Brangs & Heinrich was founded, which later developed into the BRANO Holding GmbH & Co. KG after 110 years. The corporate group has since consisted of two wholly-owned subsidiaries, BRANOfilter GmbH and BRANOpac GmbH. Today, we operate as a global company in 19 countries across three continents.

BRANOfilter has its headquarters as an independent company in Dietenhofen. In 1998, another location was established in Hlinsko, Czech Republic, focusing on the production of paper filtration bags. Six years later, BRANOfilter expanded with another subsidiary in Ningbo, China, to better serve the Asian market. As part of the BRANO group, we benefit from a broad network in Europe, the USA, and Asia to ensure the cost-effectiveness of our production and access to global markets.

1875
Establishment paper
wholesaler Brangs & Heinrich

1985
Establishment BRANOfilter
GmbH in Dietenhofen

1998
Establishment
BRANOfilter CZ in Hlinsko

2004
Establishment
BRANOfiltration in Ningbo

As filtration experts, we offer our customers not only development and production but also our quality commitment with individually tailored filter products to meet our customers' needs. Across all business units, we were able to achieve an external revenue of 27.8 million EUR in the reporting year 2022. Together with our 253 employees, we produced over 50 million filter bags. In addition, we developed and manufactured numerous other filtration solutions for our nearly 150 customers in 2022. With our longstanding experience, we provide systematic solutions - for a clean future.



Business units

Over the course of 37 years, in collaboration with our subsidiaries, we have established various business units in the filter industry and continuously adapted them to meet the needs of our customers. Our business units BRANovac, BRANohvac, and BRANoscience are complemented by our sustainability strategy BRANogreen (see Chapter 2 - Sustainability Strategy) to embed sustainability efforts in all departments.

Our BRANovac business unit has been producing paper and nonwoven bags for household and industrial vacuum cleaners from the very beginning. Additionally, the division offers a variety of solutions for motor protection and exhaust filters for large and small electrical appliances, as well as many other specialized applications. Customer-specific developments, innovations, and a well-thought-out quality concept shape the business field and make us a strong partner in the industry.

BRANohvac is dedicated to the field of filters for heating, ventilation, and air conditioning systems, as well as other industrial filter solutions. The focus here, triggered by the pandemic, is on the production of products that serve individual protection. To support this segment, we are part of a cooperation that focuses on the development and production of mobile air purifiers for indoor spaces. BRANofilter contributes to this by developing the filtration solution as well as assembling components of air purifying units.

In addition, within the framework of BRANoscience, we provide our customers with the services of our in-house laboratory, our know-how, and our qualified development, research, and testing personnel. We offer consulting services for product design, analytics, and prototyping for all filtration applications. With the extensive experience of our experts, we accompany our customers from planning and development to the construction and production of individual filter solutions. Our focus is on innovation, quality, and the optimization of our solutions, with sustainability playing an increasingly important role in the development. The challenge lies in balancing sustainability with other components effectively.



Supply Chain

The BRANOfilter GmbH places great emphasis on considering and continuously reducing potential ecological, economic, and social impacts within its business activities. For this purpose, our suppliers and business partners are carefully selected, analyzed, and evaluated. We align our sustainability values and goals with our suppliers through our code of conduct.



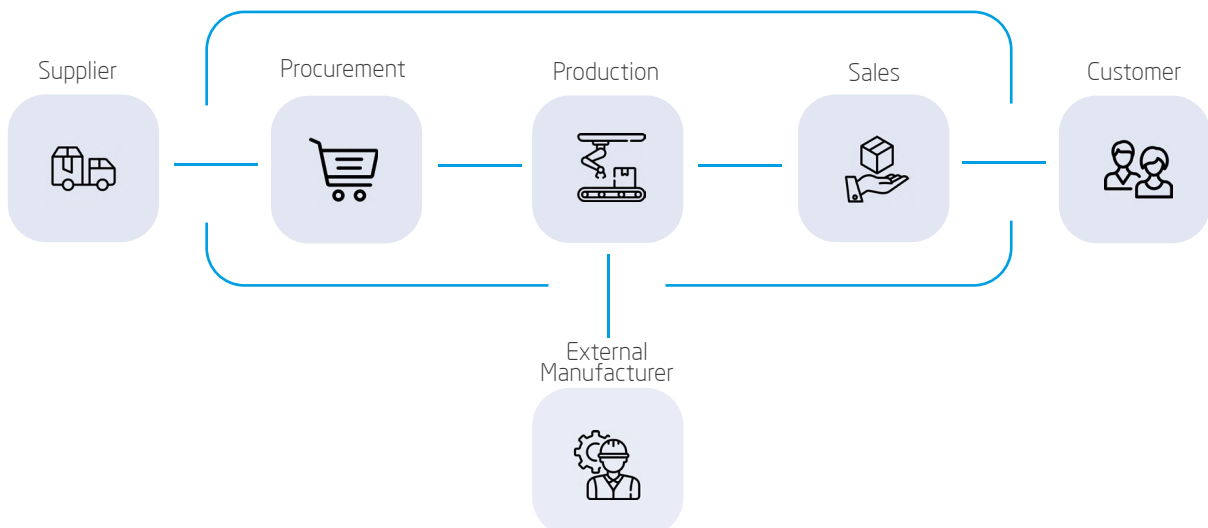
The benefits of collaborative supplier relationships and a regional supplier network have never been as evident as in the past three years. Despite global crises, we have been able to source our approximately 840 materials from our 120 suppliers without major difficulties. With a purchasing volume of 15.6 million EUR, we were able to source nine millions EUR of materials from Germany and an additional three million EUR from the EU. In comparison to 2020, we increased the value share of German suppliers for our main raw material, filter fleece, from 68 % to 75 %.

However, the proportion of suppliers from the European Union has decreased from 100 % to 93 %. The main reason for this is the UK's exit from the EU. Due to the very low proportion of materials we source from outside the EU, we not only save CO₂ emissions through short transport routes but also provide our customers with security and flexibility during a crisis. Through ongoing dialogue with suppliers and business partners along the supply chains, we have been able to respond flexibly to raw material shortages resulting from crises by implementing monthly quotas, avoiding bottlenecks, reducing delivery times, and maintaining overall supply security.

To counter the challenges of current order planning, we have implemented a new production planning system. This enables us to optimize resource utilization, produce more efficiently, and respond even faster to customer requirements.

In parallel with this project, a batch management system has also been introduced to support and improve logistical processes. We consider both systems to be significant steps in the digitization and optimization of our production. We have also made progress in digitization at our facility in Hlinsko, Czech Republic, with the implementation of the ERP system used in the German main plant. The system ensures greater transparency, process optimization, and timely information along the entire value chain. As a result, our global locations are increasingly coming together digitally.

1 | 1 Supply Chain BRANOfilter 2022



The Ukraine conflict has only affected us through challenges from secondary sources, as we do not source materials from suppliers in Russia or Ukraine. However, there have been significant challenges that will continue to accompany us in 2023. For example, rail transport had to be switched to sea freight from China, which had a negative impact on our CO₂ reduction goals. The lack of raw materials has affected delivery times. Certain materials were less in demand than forecasted due to the loss of customer markets. The raw material crisis resulting from the Ukraine conflict, gas shortages, and the surge in gas and electricity prices have had a significant impact on our value chain. We were able to mitigate the effects primarily through our in-house energy production and connection to local heat suppliers. However, we could not offset the cost increases passed on to us by some suppliers with highly energy-intensive processes. Increased diesel and gasoline prices, as well as a shortage of personnel in the transportation industry, have further complicated our procurement market situation.



The largest focus area in our value chain is the search for sustainable materials. Our focus lies on recycled, renewable, and low carbon footprint materials. Our challenges in this context include the availability of materials and customers' willingness to pay, as more sustainable products are often more expensive than the ones we currently use. Another aspect is the in-house handling of many production steps. This allows us to save on transportation costs and CO₂ emissions while also being more responsive to customer needs. Additionally, we aim to further expand our supplier network within the European Union to minimize emissions and enhance supply chain security.

Sustainability remains the key factor that guides us throughout the entire supply chain and drives us to explore new paths. Only by doing so can we remain competitive in the long run, meet our customers' satisfaction, and contribute to societal prosperity.



Despite these numerous challenges, we were able to reliably supply our customers in 2022 with the usual quality. In fact, we improved our value for on-time, quantity-compliant, and quality-compliant delivery by 0.6 % in 2021 and maintained it despite the difficult conditions in 2022. This excellent result is attributable to close communication with our suppliers as well as the high commitment demonstrated by our employees and external manufacturers.

1 | 2 On-time, quantity- and quality-compliant delivery
BRANOfilter 2022

Year	Value
2022	97,1 %
2021	97,1 %
2020	96,5 %

Due to our FSC® certification in May, we have fully transitioned to FSC-certified filter papers and boards in our procurement throughout the year. The goal is also to switch to FSC-certified packaging (see Chapter 5 - Environmental Guidelines).

Responsible Corporate Leadership

The management bears overall responsibility for the economic, environmental, and social impacts, ensuring compliance with laws and internal policies.

The managing directors are Sebastian Melz and Reinhard Enzelberger. Both have been with the company for several years and hold the role of managing director indefinitely. They are supported by two authorized officers and the management team, supervised by the shareholders' meeting. The members of the management act in the best interest of the company and make decisions based on the established values and goals of the organization, guided by the given political, economic, and social frameworks. The shareholders are directly involved in decisions of fundamental importance for the company and relevant stakeholders are informed.

Although the companies within the BRANO group are currently management-led, they are family-owned. The management team of BRANOfilter consists of department heads, the two managing directors, and the authorized officers of the organization. The holding company appoints the management team in consultation with the representatives of the company. The operational management of the business, including all economic, environmental, and social decisions, is the responsibility of the members of the management. The shareholders provide guidance in the management of the company, and significant business transactions, such as major investment projects, require their approval.

The decisions of the management are continuously monitored by the shareholder, BRANO Holding GmbH & Co. KG, particularly during the annual shareholders' meeting. During this meeting, the management presents the significant changes and challenges of the past year, including the defined strategy and outlook for the upcoming year, and takes responsibility for the decisions made. The management provides reports on the achievement of goals and the effectiveness of the management system at least twice a year as part of the management review. The monthly financial and environmental reports allow for immediate detection and response to unusual changes. However, important decisions and changes are discussed in a timely manner. The sustainability reporting also serves as a summary report of the important milestones achieved.

The close collaboration between the management and the sustainability report authors enables transparent knowledge transfer for all involved parties, reflected in the report. This networking ensures that the management acts in a competitive manner, avoids conflicts of interest, and adheres to the defined social, economic, and environmental principles of our organization.



To embed and control sustainability values and goals within our company, internal representatives have been appointed to address specific areas. They support the management in ensuring compliance, conducting reviews, and continuously improving the organization in areas such as quality, compliance, occupational reintegration management, General Equal Treatment Act (AGG), data protection, fire protection, environment, energy, occupational safety, and medical care. In addition, cross-functional projects are assigned to monitor and complement the achievement of sustainability goals.

The members of the management team also actively engage outside the organization. For example, one of the authorized officers serves as a voluntary member in the IHK Committee Ansbach, the „Committee for Securing Skilled Workers,” and the „Committee for Research, Technology, and Industry.” This allows us to exchange ideas with other organizations on similar labor market issues. Another authorized officer is a member of the „German Commission for Electrical, Electronic & Information Technologies” standardization committee, enabling active participation in the development of standards and incorporating the experiences and challenges of BRANOfilter GmbH directly.

Values, Norms, and Principles

Principles and guidelines within the company are generally determined or adjusted by the BRANO Holding group. Once the principles are published, it is the responsibility of the management to ensure their implementation throughout the supply chain.

Guidelines

The entire operation of the organization is based on four pillars of guidelines: social responsibility towards our employees, responsibility towards our customers and suppliers, commitment to our quality standards, and sustainable responsibility for our environment. All principles are aligned with the social, economic, and environmental values of the company, taking into account the relevant local legislation. Compliance with these principles is crucial at every stage of the value chain. New employees are generally informed about these guidelines, and they are accessible to all stakeholders of the organization, including within this sustainability report.

BRANOGreen

The guidelines are complemented by the sustainability strategy BRANOGreen, which aims to integrate sustainability management vertically, horizontally, and across functions into our organizational structure (see Chapter 2 - Sustainability Strategy).

Leadership guidelines

In 2022, comprehensive leadership guidelines were developed as part of leadership development. These guidelines represent a commitment to principles and behaviors of the organization for responsible corporate conduct. The goal is to establish a consistent modern understanding of leadership to create a fair and productive work environment for our employees. Transparent communication of leadership values and goals to our employees is prioritized in our sustainability strategy. Throughout 2023, the guidelines will be fully integrated and communicated throughout the organization.

Supplier code of conduct

Before qualifying a new supplier, their values and standards are compared with our own. Once the comparison reveals no conflicting values, a supplier code of conduct is signed, binding both parties to comply with the principles.

The contract covers the obligations necessary for responsible business conduct, including the commitment to human rights. External manufacturers are audited at least once a year to ensure transparency on both sides. No negative impacts or violations have been identified to date. In line with the Supply Chain Act, we plan to voluntarily update our supplier code of conduct in 2023.

Code of conduct

The code of conduct for integrity and compliance regulates the legally compliant behavior of our employees in their daily business activities. Everyone has the right to work in a protected environment. All employees are required to adhere to the code of conduct and promptly report any violations. Violations are subject to sanctions. This is particularly applicable to the management, who have a role model function in implementing compliance principles. All breaches are reported to the HR department, and appropriate consequences are determined in collaboration with the management.

In addition to the guidelines, the management of BRANOfilter, together with the BRANO Holding, establishes the sustainability strategy of the company. In the event of non-compliance with the principles, either the management or the BRANO Holding is promptly informed, and appropriate consequences are decided upon. The severity of the offense and the willingness to take immediate action are taken into account. The management urges the leadership to report breaches of contracts by internal and external stakeholders directly. The responsibility for managing impacts is not delegated but rests with the management.

The management is responsible, among other things, for reviewing and approving the reported information in the sustainability report, including the organization's material topics. Reporting is regularly reviewed by the leadership and management, and ultimately approved by the management.

Strategic Alignment

In the reporting year, we began developing the future strategy for BRANOfilter until 2025. Strategic goals were developed in workshops with representatives of the management team. The resulting overarching objectives focus on four areas: revenue growth, sustainability, diversification, and becoming an employer of choice. These strategic objectives serve as the basis for deriving annual management goals. Compliance and the success of the strategy are regularly monitored through quarterly reports and separately reviewed by the management.

1 | 3 The four focus areas of the management strategy BRANOfilter 2022



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- 22 Selection of Key Topics

Sustainability Strategy

For BRANOfilter, sustainability or sustainable development means meeting the needs of the present without compromising the ability of future generations to meet their own needs. When applying this definition to companies like BRANOfilter, three dimensions of sustainability emerge: environmentally sustainable, socially equitable and economically efficient. In simple terms, we strive to use production materials efficiently, promote fair working conditions throughout the supply chain, and manage our business in a way that ensures the long-term sustainability of our location in Dietenhofen. These three main areas are also reflected in the chapter headings of this sustainability report: Quality, Collaboration, and Environment.

BRANOgreen

We launched BRANOgreen in 2021 to align our sustainability approaches and goals across all areas of our company. The aim is to harmonize all external and internal sub-projects within a unified sustainability strategy, thus understanding the collective efforts as the combined impact of many small improvements.



All employees and managers have developed the strategy under the coordination of the executive management and share responsibility for its implementation. Our sustainability strategy adopts a cross-functional, integrative approach and considers various topics ranging from procurement, production, and sales to environmental protection, energy and climate, as well as skilled workforce, health, and social cohesion. In addition to the global sustainability goals of the United Nations (Agenda 2030), BRANOgreen emphasizes its focus on a target horizon until the year 2030. Numerous statements from our stakeholders have been incorporated into the strategy.

Sustainability thrives on participation, and BRANOgreen relies on the broad involvement of different parties. To raise awareness about sustainability, each employee receives the environmental guidelines upon joining the company, which are outlined in Chapter 5. The guidelines succinctly describe the most important expectations and requirements for BRANOfilter.

Every strategy is divided into main objectives, sub-objectives, and indicators. Our (sub-) objectives are diverse, and to achieve them, we will invest in a variety of projects over the next two years. Among these investments is the main project of achieving carbon-neutral production at the Diethofen site by 2025. This means that BRANOfilter will minimize its own emissions and compensate for unavoidable emissions through certified offset projects. Compensation is necessary because, despite the increase in energy efficiency, the use of self-generated green energy, and many projects for machine and process optimization, it is not possible for a manufacturing company like BRANOfilter to eliminate all CO₂ emissions. Unavoidable emissions include waste from bag production, water consumption, copy paper, and residual waste.

After the implementation and optimization phase, any remaining unavoidable CO₂ emissions will be offset through compensation projects. For BRANOfilter, offsetting is not the solution, but an important part of our efforts for an intact environment. Finding suitable and transparent partners for offsetting is a central goal for 2023. Other projects within the BRANOgreen strategy, such as the installation of a small wind turbine, FSC® certification, and the expansion of the photovoltaic system, are described in Chapter 5, „Environmental Guidelines.“



Corporate Social Responsibility

Corporate Social Responsibility (CSR) refers to the economic, environmental, and social management of a company, as well as its economic activities guided by the principles of sustainable development. The focus lies on the social responsibility towards employees and the general public. BRANOfilter does not have a separate CSR policy; instead, these principles are embedded in our code of conduct, BRANO strategy, and corporate principles.

An example of our economic responsibility is the financial support provided to employees through company pension schemes. In terms of ecology, one of our priorities is the utilization of renewable energy. In the first half of 2023, we will install two charging stations for electric vehicles, powered by the electricity generated from our photovoltaic systems and available to all employees. Socially, our core principles include equal opportunities and fair income distribution, adhering to the principle of equal pay for equal work as stated in Article 23 of the Universal Declaration of Human Rights.

These measures apply to BRANOfilter itself, but our focus extends beyond our organization to engagement and collaboration with external stakeholders. In our local community, we prioritize regional projects and support local initiatives and associations. In line with Sustainable Development Goal 11, our aim is to strengthen our location and the rural region through these efforts.



In the reporting year, we were proud to be the official sponsor of the Ansbach City Run for the first time. In addition to providing financial support for the event itself, it was particularly important to us to encourage our employees to participate. Each employee had the freedom to choose between the 7 km, 10 km, or half marathon distances, with BRANOfilter covering the registration fee. Our goal as an employer was to motivate our employees to focus on their own health and strengthen the bond between departments through participating together in the City Run. In the end, the BRANO team in 2022 consisted of nine colleagues, and we aim to maintain the same team strength and be part of the event again in 2023.

2 | 1 Local initiatives and associations supported in 2022

BRANOfilter 2022



Workshops for People with Disabilities



AWO in Markt Erlbach



Lebenshilfe in Lenkersheim



People among People non-profit organization



Partner of Ansbach University



City Run Ansbach; WLB Sports Ansbach e. V



Gymnastics and Sports Club TV 09 in Dietenhofen



MBS ANSBACH

Ansbach Mechanical Engineering School

Identification of our sustainability topics

Sustainable Development Goals (SDGs)

In 2015, the member states of the United Nations adopted the 2030 Agenda for Sustainable Development. It serves as the global framework for environmental and development policies until 2030. At the core of the agenda are 17 goals with 169 targets for sustainable development, known as the Sustainable Development Goals (SDGs). The SDGs cover all policy areas, including economic, social, environmental, and financial policies, as well as agriculture, consumer policies, transportation, urban planning, education, and health.

The implementation of the 2030 Agenda raises questions about how to define prosperity and social progress, how to achieve sustainable economic practices, and how to translate the principles of solidarity and global responsibility into concrete social action within the limits of the planet.

The Agenda 2030 and the SDGs provide a framework for societal transformation, but innovations thrive on participation. While necessary changes can be mandated „from above“ by the United Nations and politics, their implementation depends heavily on the involvement of businesses worldwide, both large and small, such as BRANOfilter.

We recognize the importance of the SDGs, support them, and strive to achieve them. Our sustainability strategy closely aligns with the following SDGs, as they provide a unified framework for sustainability activities within our company.



1 No Poverty

We are not just an employer but also a reliable partner in all life situations. We support and assist our employees through income security, payment of minimum wages, and company pension plans. When employees face unexpected challenges in their personal lives, we provide financial and supportive assistance.

3 Good Health and Well-being

Through our product portfolio, we have a positive impact on the health of our customers, and through our business practices, we contribute to the well-being of our employees. To ensure that our employees at BRANOfilter feel mentally and physically well, we provide benefits such as 30 days of vacation, standing desks to improve ergonomics, employee events, flextime, and flexible work models.

4 Quality Education

In the annual employee review, identifying individual training needs is a central topic. We aim to support and enhance the strengths of all employees. BRANOfilter also partners with external training programs, including those that can be pursued while working, to provide ongoing professional development. By investing in our employees and increasing their expertise, we are also investing in the long-term sustainability of BRANOfilter itself.

5 Gender Equality

Transparency, diversity, and appreciation are important values in our company philosophy. We provide equal opportunities to all individuals and select our employees based on their qualifications. In the workplace, we emphasize fair wage structures and strive to promote work-life balance through flexible working hours and remote work arrangements. We do not tolerate any discriminatory behavior, and there have been no reported incidents in the past three years. Gender equality at BRANOfilter also includes employees with disabilities. We have been partnering with workshops for disabled individuals for years, ensuring equal opportunities through equal tasks and compensation whenever possible.

8 Decent Work and Economic Growth

We contribute to sustainable economic growth by combining science and technology, driving innovation. „Good jobs“ at BRANOfilter are characterized by permanent employment contracts, appropriate occupational safety measures and our strong team spirit. Sustainable and long-term business relationships along the value chain, respect for human rights, and adherence to labor and social standards further enhance this commitment.

11 Sustainable Cities and Communities

Since its inception, BRANOfilter has been based in the rural municipality of Diethenhofen in Middle Franconia, Germany, with a population of approximately 5,600. We aim to contribute to making this rural area attractive and livable by ensuring sustainable job opportunities and supporting local associations and initiatives through material and financial donations.

12 Responsible Consumption and Production

Efficient resource utilization, waste reduction, and emissions avoidance are central aspects of this SDG. At BRANOfilter, these indicators play a crucial role from the product development process in our R&D department to the loading of finished products onto trucks. We continuously optimize our production processes and associated technical systems, aiming to be a competent partner for our customers in the development of new and sustainable prototypes.

13 Climate Action

Our climate action initiatives are consolidated under BRANOgreen. We pursue numerous goals and projects, such as improving efficiency in the supply chain, optimizing internal transportation routes, and implementing a sophisticated waste, packaging, and logistics concept. As part of our commitment to continuous improvement, we will disclose our Scope 3 emissions in our upcoming sustainability report for the first time.

2 | 2 Sustainable Development Goals

BRANOfilter 2022



Dialog with Internal and External Stakeholders

In addition to the SDGs, the stakeholders of BRANOfilter play a crucial role in determining the material topics for the sustainability report. Many significant challenges are best addressed through mutual support within the team. Therefore, close and continuous communication with our stakeholders, both internal and external to the company, is of great importance to BRANOfilter.

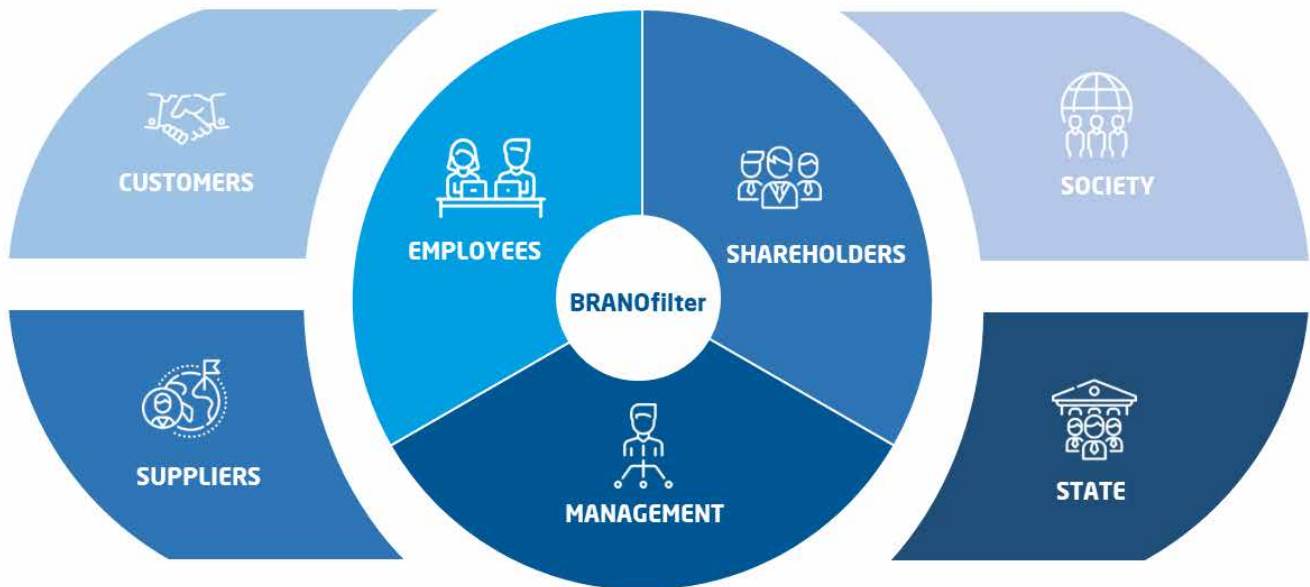
We aim to understand the expectations and assessments of our stakeholders, incorporate their input into the development of our business processes, and work together on innovative solutions for the future. This dialogue also serves as a catalyst for important innovation processes within the company and in society at large. Additionally, engaging in dialogue with stakeholders helps us identify opportunities and risks for BRANOfilter and our business areas at an early stage, enabling proactive action.

Involving stakeholders, jointly identifying relevant topics, and responding through appropriate measures is our holistic approach. The inclusion of stakeholder groups is done in a topic- and occasion-specific manner, such as during the annual shareholders' meeting or in day-to-day interactions with employees, customers, and suppliers.

The selection of stakeholders was based on the groups identified in the previous report, which were reviewed and revised by the relevant sustainability working group. With the exception of the „Government“ and „Society“ groups, we were able to directly involve all stakeholder groups in the process.

2 | 3 Overview of Internal and External Stakeholders

BRANOfilter 2022



Selection of material Topics

Approach to selecting material topics

The reporting of key sustainability topics is an integral part of BRANOfilter's sustainability reporting according to the Global Reporting Initiative (GRI). This process involves identifying, assessing, and determining the material topics that describe the most significant impacts of BRANOfilter's business activities on the economy, environment, and society. In the context of human-related issues, this also includes the impact on human rights. In total, we have identified 15 topic areas.

1. Understanding the Organizational Context

In the sustainability reporting working group, we have developed a comprehensive overview of our activities and business relationships, the sustainability context in which they take place, and an overview of BRANOfilter's stakeholders. This is an ongoing process that is regularly expanded, reviewed, and continued as part of our ongoing business operations.

2. Determination of Actual and Potential Impacts

We have determined the actual and potential impacts on the economy, environment, and people, including the impacts on human rights, across our activities and business relationships. To identify these impacts, we utilize various sources such as customer satisfaction studies, internal and external audits, our complaint management system, supplier evaluations, the Sustainable Development Goals (SDGs), as well as the sustainability reports of our customers and suppliers. The perspectives of our employees and shareholders were included through a survey. Negative impacts are caused by our activities and directly linked to our products through our business relationships. To assess our positive impacts, we have evaluated the ways in which our activities contribute to sustainable development, such as through our products, investments, procurement practices, and employment practices.

3. Assessment of the Significance of Impacts

In a workshop conducted by the Sustainability Working Group, we assessed the significance of each identified impact of BRANOfilter in comparison to other impacts. The assessment was done using a scoring system ranging from 0 to 5, with 5 indicating the highest rating and thus describing the greatest impact. The topics from the previous sustainability report from 2020 were also taken into account during the evaluation.

4. Prioritization of the most significant impacts for Reporting

The assessed significance serves as the basis for prioritizing the impacts. By setting priorities, we determined the material topics for this report. All recorded impacts that were rated 3.5 or higher on the scoring scale are included in the list of material topics. Some impacts have been grouped into thematic areas, which are reflected in the chapter headings of the report.

Our material Topics

The following list represents the aspects that BRANOfilter considers significant. Listed in descending order of significance, the 15 thematic areas are as follows. The chapters of this report describe our activities related to the identified topics and the progress that has been made or planned. The color-coded marking visualizes the thematic categorization, which is reflected in the chapters: Quality Guidelines (blue), Collaboration Guidelines (orange), Environmental Guidelines (green).

2 | 4 List of Material Topics

BRANOfilter 2022

	Work-Life-Balance
	Occupational safety and health protection
	Customer orientation
	Product development and innovation
	Energy management and efficiency
	Corporate social responsibility
	Employee development
	Compliance
	Risk management
	Product safety and customer health
	Partnerships for achieving goals
	Resource management and waste disposal
	FSC®
	Diversity and equal opportunities
	IT security and data protection

03

- 25 Product Safety and Customer Health
- 26 Marketing and Labeling
- 26 IT Security and Data Protection
- 27 Partnerships to Achieve Goals
- 28 Product Development and Innovation
- 29 Risk Management
- 29 Customer Orientation

Quality guidelines

Quality is relative. Subjectively, a product can be perceived completely differently by different end consumers. While one consumer may appreciate a cardboard holder on the dust filter bag for their vacuum cleaner, as it reduces the amount of PP plastic used, the same holder may confuse another household as it differs in shape and color from what they are accustomed to. Objectively, both bags meet the same requirements for performance and quality. In our quality guidelines, we have documented our understanding of quality. This path is complemented by shared values and common goals that we have developed together with our employees. The guidelines frame this chapter and provide insights into our daily actions and objectives.

Product Safety and Customer Health

As an internationally operating company, we reach and interact with people of various age groups and social backgrounds. That is why BRANOfilter is committed to delivering safe and high-quality products. By upholding this commitment and maintaining the associated high quality of our products, we clearly differentiate ourselves from our competitors in the market. We pursue a holistic approach to product safety and customer health by delivering safe, top-quality products based on technologically advanced solutions. At the same time, we ensure the responsible use of our products. Our products are dependable in active use and easy to handle. These characteristics are achieved through our expertise, the use of cutting-edge technologies, and scientific knowledge to provide safety and maximize performance.

Important components of this quality policy include regular quality reviews, ongoing training of our employees, and the implementation of improvement suggestions.



Excerpt from the quality guidelines

Our production facilities in Germany and China have a certified quality management system in accordance with the globally recognized quality standard ISO 9001:2015. We have teams dedicated to monitoring compliance with our high-quality standards in all of our facilities. BRANOfilter has established the „zero-defect principle“ as the benchmark for product quality at all locations.

To ensure the production of safe products, both the manufacturing process and the raw materials are of crucial importance. We prefer to source our nonwoven fabrics from Germany and Europe to keep transportation distances short and to align with legislation that meets our requirements. Many of our raw materials are certified according to OEKO-TEX® STANDARD 100. This globally recognized seal represents textiles that have been tested for harmful substances, ensuring customer trust and high product safety. When necessary, we consistently educate and raise awareness among the participants in the supply chain, emphasizing the importance of high quality, environmental, and social standards, which are documented in our supplier code of conduct.

Once the raw materials arrive at the production facilities, they are inspected at predefined intervals based on the supplier relationship, past deviations, and the nature of the product itself.



Within our production process, we continuously reduce scrap rates and product defects. All our efforts are monitored, examined, and evaluated using key performance indicators such as material utilization rate and complaint rate. If necessary, potential improvements are identified and implemented.

Customer health and product safety are of paramount importance in BRANOfilter's quality management system. The quality management department works closely with the management team. We continuously develop our quality system, and it is considered a success that there have been no product recalls for the past four years. Furthermore, in 2022, there were no violations related to the health and safety impacts of our products and services.

Marketing and Labeling

In general, BRANOfilter places great emphasis on transparency and credibility in its communication, as well as compliance with regulations and rules. The requirements for product labeling are constantly evolving, and our quality management consistently keeps track of these changes. To ensure that our products comply with all current laws, we design packaging and articles in consultation with our customers, ensuring their correct labeling at all times. Our goal is to present the necessary information for purchasing decisions as accurately, simply, and concisely as possible.

After the sale, we ensure complete traceability of production batches through a code system on product labels. This enables us to meet both the prescribed legal regulations and the requirements of our customers. Adhered standards and product/material certificates can be viewed on our website (<https://www.branofilter.de/einkauf.html>) and are also available upon request on a per-order basis.

To inform about the social, economic, and environmental impacts of BRANOfilter and our products, we utilize various channels. One such channel is our presence on various social media platforms. In order to further connect with our industry of air filtration worldwide, we have added a company page on LinkedIn during the reporting year. Additionally, we have begun using our social media profiles to provide information about our sustainability strategy and the responsibilities of our different apprenticeships.

The goal of our quality policy is the error-free and timely fulfillment of all our customers' requirements for products and services.

Excerpt from the quality guidelines

Another channel is our website. At www.branofilter.de, you can find extensive information about our company, and under the Sustainability tab, the current sustainability report and its previous versions can be downloaded free of charge, with this fourth edition also available in English.

IT security and data protection

Data loss often happens faster than expected - not only due to viruses and malware, but also through hardware and software errors or a simple mistake by the user. To prevent such loss, the security of our IT systems is essential as the foundation for effective data protection.

Every employee bears responsibility in their role for achieving our quality objectives. Their insights and personal care are essential for continuous quality improvement

Excerpt from the quality guidelines

We protect information and systems from various threats and handle all information with utmost care. When the data involves personal data, we also apply the rules of data protection according to the Federal Data Protection Act (BDSG) and the General Data Protection Regulation (GDPR).

Data protection is integrated into all relevant business processes at BRANOfilter, with clear defined responsibilities and detailed instructions in our code of conduct. Our employees are regularly trained and informed through workshops and presentations about new guidelines and developments related to data protection, actively involving them in the successful implementation of data protection. Every individual has the right to the „protection of their private sphere“ and thus the protection of their privacy. Through our IT security and efforts in data protection, we ensure compliance with this human right. In the reporting year, there were no violations of the protection of (customer) data once again.

3 | 1 Overview of IT Security Parameters BRANOfilter 2022



Partnerships to achieve goals

The SDG „Partnerships for the Goals“ is the 17th and final sustainable development goal. It focuses on the collaboration between nations. At BRANOfilter, we interpret this goal in a more specific way: We aim to develop sustainably together with external partners in Germany, Europe, and worldwide, forging long-term and lasting relationships for this purpose.

One external partner is our customers. Sustainability is a complex and comprehensive topic with many directions and possibilities. Some of our customers proactively request alternative raw materials or initiate developments. We have been accompanying many of our customers for years and are well acquainted with all products. This is the ideal basis for collaborating on innovations. Additionally, we consider our suppliers as external partners. As a processor of nonwoven fabrics and other raw materials, maintaining close contact with our suppliers is crucial. When a new idea arises within our company, such as the combination of recycled plastics for a pre-filter, projects and ideas are implemented across company boundaries with external partners on both the customer and supplier side. This also extends to the areas of raw material and material development.

In return, we contribute to our suppliers by providing our facilities and expertise for the testing of newly developed materials. Joint ideas can be developed in the laboratory, tested on a pilot scale, and implemented in the industrial-scale production.

As a third external partner, we consider research institutions such as institutes, foundations, universities, or colleges. Specifically, we are partners with the Maschinenbauschule Ansbach and the Hochschule Ansbach. In our development department, we test various new bag structures and continuously improve our filtration systems. The development and testing of innovative materials and possibilities challenge and support our employees. For complex questions, we rely on external support. We have collaborative projects with research institutions in areas relevant to BRANOfilter, such as sustainable materials and air filtration. The aim is to explore new application areas and products, incorporating our knowledge in filtration.

We hold our suppliers to the same high standards as ourselves and support them in pursuing our shared goals..



Excerpt from the Quality Guidelines

3 | 2 Overview of Partnerships BRANOfilter 2022



Product development and innovation

Filter solutions are an integral part of our offerings and constitute the largest portion of our business. Our dust filter bags, exhaust and motor protection filters, as well as room air filters, can be as small as a matchbox or even larger than a pallet. However, regardless of their size, the end product is always the same: clean air, free from harmful pollutants, dust, dirt, allergens, and impurities.

Dust filter bags may seem simple at first, but raw materials and manufacturing processes are highly technologized and complex. Especially the high requirements, such as energy-saving regulations at the EU level (energy label) and other sustainability aspects, necessitate a highly complex material usage and require forward-looking product development.

Product development describes the process of creating a product. For us, it starts with the analysis of future trends and customer needs, followed by technological idea generation and development, and culminates in market introduction.



An important trend is the increased awareness of companies and end consumers regarding the sustainability of products. Sustainability can be interpreted and applied in various ways, resulting in a wide range of product variations. In addition to bag structures made from renewable and/or recycled materials, the focus is also on the carbon footprint of components and production processes. Within our research and development, we continuously work on implementing these demands and staying one step ahead of the market.

We see continuous improvement as a means to keep our processes lean, cost-effective, and efficient.



Excerpt from the quality guidelines

It is possible to manufacture components of the vacuum cleaner bag such as the retaining plate and spunbond nonwovens entirely from PET recycle, for example. The recycle is derived from disposable PET bottles and undergoes further recycling in the vacuum cleaner bag. In general, bags are made of (recycled) nonwoven fabrics composed of very fine plastic fibers. Improper disposal of bags can quickly lead to the generation of microplastics. They need to be thermally processed, which also allows for a significant portion of fossil energy to be utilized. Furthermore, a dust filter bag removes microplastics from the environment, and this effect is sustained with proper disposal.



Renewable materials such as FSC®-certified paper and cardboard or viscose are also used in our bags. In addition to the retaining plate, the bag itself can be made of a material called filter paper. One challenge is to compensate for or completely neutralize the weaknesses of paper in terms of filtration properties compared to fully synthetic materials. Another challenge is the procurement of materials, as this filter paper primarily requires trees with long virgin fibers that do not grow in Europe. BRANOfilter carefully assesses which materials are truly more sustainable from the perspective of the CO₂ footprint and consistently relies on cellulose from FSC-certified sources

Risk management

In the face of increasing global uncertainties, it becomes increasingly important to be aware of risks, which is also a prerequisite for avoiding their occurrence. There are risks that affect BRANOfilter from external sources, such as market developments and political decisions like bagless vacuum cleaners and discussions surrounding plastic reduction. And there are risks that originate from BRANOfilter and impact the environment, such as the proper disposal of our waste. Our goal is to identify significant risks for the entire company in order to take countermeasures, precautionary measures, and perform controls. By addressing potential risks, BRANOfilter can influence its own future and to some extent determine it in advance, as risks are based on the interplay between future events and business decisions.

The entire management at all levels of BRANOfilter engages with possible scenarios at least once a year. The results are presented in the SWOT analysis, and strategies are derived from it in joint workshops by the executive team. Our risk management helps identify and limit operational, legal, and process-related risks through a preventive action plan. The examination also includes the interactions between the risks. The management process is aligned with the quality standard ISO Norm 9001:2015, which we are also certified in. In addition to operational processes and departments, environmental processes are also taken into account. This allows for the identification and control of potential threats at the point of origin, primarily within individual departments and business areas. They bear primary responsibility for initiating corrective and in particular, preventive measures to reduce or control risks.

A risk can also have positive consequences and is then referred to as an opportunity. Both risks and opportunities influence our business actions and are subject to our management decisions.

Customer orientation

Providing the right solution, in the right quality, at the right time, and at the right price: that's what we offer to our customers. However, our focus on customer needs, in short, our customer orientation, starts much earlier. We aim to be one step ahead of our customers and anticipate their information and product requirements. Within this framework, we work daily on innovations, advancements, and changes to existing and new products. In doing so, we gradually increase our customer orientation and set new standards, both internally and externally.

Air filtration in all its aspects is our core business, and it is more important than ever to closely align ourselves with our customers and understand their requirements and needs. In the reporting year, the quality of our indoor air remained at the center of societal discourse due to the ongoing COVID-19 pandemic. The pandemic, along with the Russian military aggression and the associated changes, brought not only unexpected events and outcomes but also numerous opportunities.

Achieving quality objectives is part of our leadership responsibility. Leading by personal example, fostering trust, and adopting a cooperative leadership style strengthen employees' quality awareness.



Excerpt from the quality guidelines

Despite the challenging business environment, our customers remained committed to their strategic goals and continued to pursue joint projects. This emphasizes our position as a reliable and strong development partner. Together, we work on the best solutions and achieve shared successes. We have quickly and flexibly supported our partners in this difficult and completely unpredictable situation, and we will continue to support our customers and suppliers in the future, especially considering the uncertain development of markets and supply chains. For us, clean air is a human right and the fundamental prerequisite for a healthy life.

04

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- 33 Employee Development
- 34 Shaping the Work Environment
- 35 Work-Life-Balance
- 36 Occupational Health and Safety

Collaboration Guidelines

Our „Guidelines for Collaboration“ describe our shared understanding of leadership and cooperation and provide a binding framework for action, regardless of tasks and responsibilities. The guidelines are meant to serve as goals and commitments for employees and managers. They aim to provide orientation, motivation, and contribute to aligning perceptions and decision-making processes based on common reference points. This strengthens collegial collaboration and enhances everyone’s ability to constructively embrace future challenges and avoid motivation-impairing conflicts. The guidelines frame this chapter.

Diversity and Equal Opportunities

At the end of the reporting year, BRANOfilter employed 135 employees. They come from different cultures, social backgrounds, religions, generations, and belong to different genders. In 2022, 14 new employees were hired, including three apprentices.

4 | 1 Distribution of employees by gender

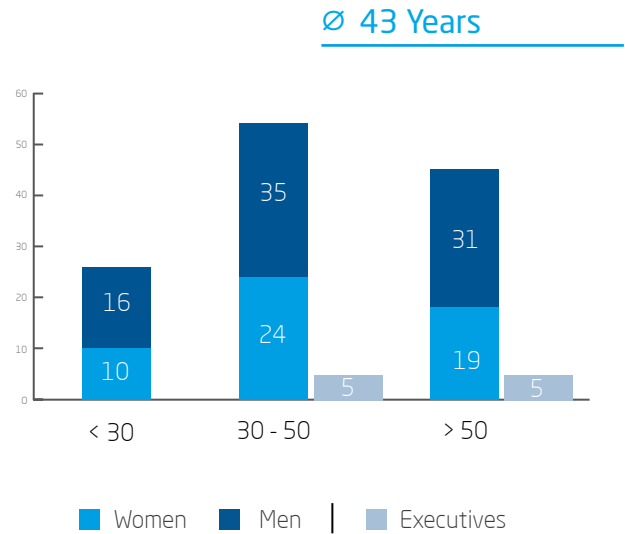
BRANOfilter 2022

	Women	Men	Total
Number of employees	53	82	135
Including new hires	8	6	14

The fluctuation rate in the reporting year was 14%, which is lower than the industry average of 17.1% in the manufacturing sector (source: Statista.de). However, it is exceptionally high for us. In addition to an increasing number of employees retiring, we are increasingly faced with apprentices discontinuing their training. Younger workers are also increasingly seeking new challenges. Our goal is to address these issues with meaningful measures.

4 | 2 Distribution of employees by age group and gender

BRANOfilter 2022



We are pleased with the results of the employee survey conducted during the reporting year, where 74% of the participants rated the statement „the working atmosphere at BRANOfilter is familial and cooperative“ as „yes“ or „yes, very“. The same applies to the result that 74% of respondents „enjoy“ or „enjoy very much“ going to work.

4 | 3 Results from the employee survey 2022 „This is what makes our team/workforce strong.“

BRANOfilter 2022



As an employer, we want to create an environment where everyone is treated with respect and without prejudice. This is embedded in our company principles and formulated as a mandatory „Code of Conduct for Integrity and Compliance“ for all employees. Each employee receives the code upon starting their career at BRANOfilter and commits to its fulfillment.

In case of violations of the code of conduct or instances of discrimination, employees can always approach the compliance officer, the officer responsible for the General Equality of Treatment Act, their supervisor, or any other trusted person. A dedicated mailbox is available for anonymous reporting of violations. Neither through this channel nor through any other means have there been reported violations in the past three years.

Inclusion already plays a significant role in the hiring process. Individuals with disabilities are integrated into the company and work processes in an uncomplicated manner. The percentage of people with disabilities in the overall workforce exceeds the minimum requirement in the reporting year. Additionally, we have been working sustainably and successfully with workshops for people with disabilities as external suppliers for many years. These workshops are located within a radius of 50 km, thus preserving regional value creation. Through independent work, we integrate people with disabilities into a normal work routine and provide them with an earning opportunity.

BRANOfilter operates in a highly technology-driven environment, and women are still underrepresented in technical professions. This is reflected in a female representation of approximately 39% in our company. Out of a total of 10 managerial positions, only one is held by a woman. However, she is a member of the top management as a proxy. Nevertheless, we remain committed to increasing the representation of women in leadership positions. To ensure overall succession planning, since 2020, we have been offering the „Assistant to the Management“ trainee program. In the reporting year, this position was filled by both a male and a female candidate. The program has received consistently positive feedback, and one trainee has already completed the entire project.

The cornerstones of successful collaboration are tolerance, mutual support, fairness, and recognition of others.



Excerpt from the Guidelines for Collaboration.



Employee Development

For the success of BRANOfilter, it is crucial to attract qualified and motivated employees, as well as to develop and retain their talents within the company. However, recruiting itself has become challenging in the face of demographic changes and a shortage of skilled workers. Therefore, we pursue various strategies to be perceived as an attractive employer and to train our own talent while also retaining young professionals and experienced employees in the long term.

This journey begins with interested students. For several years, we have been exhibitors at apprenticeship fairs in the district. In the reporting year, we were present at the „Ausbildungsbörse contact Kernfranken“ in Heilsbronn and the „Junge Talente“ fair in Ansbach with our team, which includes former apprentices. For the year 2023, we plan to establish a more intensive cooperation with the Diethofen secondary school. We offer various entry opportunities for students and other interested individuals who want to start their careers at BRANOfilter, ranging from company visits, internships, apprenticeships, and Co-op programs to trainee programs. Additionally, we provide opportunities for students to write bachelor's and master's theses on practical topics.

Within our company, we offer apprenticeships in industrial



business management, packaging technology, machine and plant operation, mechatronics, as well as specialized logistics and warehouse management. We place great emphasis on enabling apprentices to work independently and take responsibility. In the reporting year, two industrial business management trainees and one machine and plant operator trainee began their apprenticeships.

The decline in potential apprentices is also noticeable for us. The apprenticeship rate in the reporting year is 5%, the lowest in years, and we aim to increase it.

The retention rate of apprentices at BRANOfilter is very high. Currently, numerous positions, including leadership positions such as the finance department, are occupied by former apprentices. Career and advancement opportunities were rated as „good“ or „very good“ by 48% of the participants in the employee survey, which is a satisfactory result considering our structure and company size.

In the reporting year, we were able to hire an industrial business manager after the successful completion of their apprenticeship. Apprentices who complete their apprenticeships at BRANOfilter with a grade point average of 2.0 or better are eligible for a two-week internship at our subsidiary in China. With this trip, we want to thank our graduates for their excellent performance, appreciate their work, and broaden their horizons.

In times of strong competition and a shortage of skilled workers, we must focus on the qualification and development of our workforce. As part of an annually structured employee

discussion, a performance evaluation is conducted along with a review of the past collaboration and suggestions for improvement through goal-setting. To ensure a consistent evaluation process, the discussions are based on a standardized qualification profile that was updated and improved in collaboration with the managers in the reporting year. An important goal of the performance evaluation is the identification of training needs. On average, 9.3 hours per employee were allocated for further training in the reporting

year. The long-planned development of first-level managers was carried out through several in-person modules in the reporting year. In addition to adhering to jointly developed leadership guidelines, topics such as general communication and conflict conversations were addressed. The development of the second-level managers is planned for the coming year.

Shaping the Work Environment

A constructive and trusting collaboration between managers and employees is essential for retaining qualified personnel in the company.

In order to be perceived as an attractive employer, we offer flexible working hours and the option to work from home. We support parents with a childcare cost subsidy, and for approximately two years, we have offered the opportunity to lease a BusinessBike. Every permanent employee can lease a bicycle through the company, whether it's an e-bike or a racing bike. Currently, more than 23% of the workforce takes advantage of this offer. We are pleased to note that an increasing number of employees now commute to work by bicycle.

In addition to an employer-funded model, we support the retirement provision of our employees with additional offerings. Our events such as the summer festival and the Christmas party were finally able to take place in the reporting year. They continue to be highly popular and strengthen the sense of unity among our employees. It is important to us to support our employees with issues beyond the scope of work. We offer counseling sessions and provide contact with appropriate counseling services. We handle these matters confidentially and seek solutions.

To improve collaboration, we place great emphasis on good communication between and within all areas and levels of the company. We communicate corporate decisions, strategic initiatives, and structural changes transparently through regular company meetings, which are held at BRANOfilter as needed but at least once per quarter. In 2022, five company meetings were held, during which the management provided detailed information about the financial situation, projects, challenges, and other current topics. Subsequently, the staff's questions are thoroughly answered by the managers and department heads.

As part of our long-established company suggestion program, employees can submit suggestions for improvement of any kind, which are internally coordinated, reviewed, and implemented as soon as possible. In the reporting year, suggestions were received and efforts are being made to implement them. Employees whose suggestions are accepted receive a bonus.

Our starting salaries are above the statutory minimum wage and are supplemented by voluntary shift allowances. When it comes to comparable requirements, tasks, and responsibilities, we do not differentiate in terms of compensation. Individual salaries remain the same each month and do not include performance-based components. Additionally, we reward our employees with special payments that are based on the company's financial situation. In the reporting year, we were able to pay all employees holiday bonuses and full salaries as Christmas bonuses. Furthermore, all employees received a profit share resulting from the successful business year of 2021.

We are not bound by any collective bargaining agreement and are not affiliated with any labor union. Therefore, in collaboration with the respective managers, we review salaries once a year.

4 | 4 Benefits for Our Employees

BRANOfilter 2022



Flexible working hours



Home office



Childcare cost subsidy



Business bike leasing



Individual retirement provision



Company events



Counseling sessions



Company meeting



Suggestion program



Special payments and Shift allowances

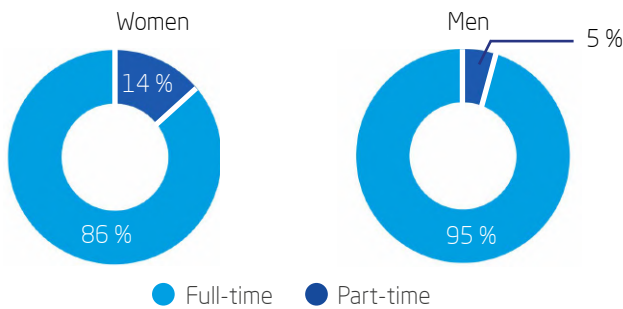
Work-Life-Balance

To better reconcile work and private life, we respond flexibly to the needs of our employees. If necessary and feasible within the company, a part-time model can be implemented, including temporary arrangements upon request. One employee took advantage of the opportunity to reduce working hours while pursuing a part-time Master's degree during the reporting year.

The daily working hours of all employees are documented through a time tracking system, which allows for a certain degree of flexibility in accumulating and reducing hours. To ensure the well-being of our employees, the accumulation of overtime is limited. If too many overtime hours accumulate over an extended period, various solutions for reducing them are discussed in a joint conversation between the supervisor and the employees.

4 | 5 Ratio of Part-time to Full-time

BRANOfilter 2022



In spite of all our efforts and providing 30 days of annual leave, if someone still requires a longer leave of absence from BRANOfilter, we offer the possibility of a sabbatical.

The confirmation that our efforts to achieve a balanced relationship between personal and professional demands have been successful was revealed in the employee survey. When asked „I can balance work and family/leisure time well,“ 81% responded with „yes“ or „yes, very well.“

Part-time models can also be utilized during parental leave. In the annual comparison, it is evident that an increasing number of fathers are availing themselves of the opportunity for paternity leave.

4 | 6 Parental Leave

BRANOfilter 2022

	Women		Men		Total	
	%	absolute	%	absolute	%	absolute
Employees on parental leave	4 %	5	3 %	4	7 %	9
Of which on parental leave/inactive contract	100 %	5	0 %	0	56 %	5
Of which returned in 2022	0	0	100 %	4	44 %	4
Of which resigned	0	0	0 %	0	0 %	0

Occupational Health and Safety

For the safety and health of our employees, we continuously work on improvements. We also place great emphasis on preventive health protection.

Health protection

All employees can seek advice from our company doctor regarding health protection, health promotion, and preventive measures. All relevant occupational medical examinations, both voluntary and mandatory, are offered. At the beginning of the reporting year, COVID-19 was still a prevalent issue. To make it easier for our employees to regularly provide a rapid test, we established our own internal rapid testing center. Although the mask mandate at the workplace was lifted in May, we continued to provide masks free of charge for self-protection.

We exclusively purchase materials and supplies from suppliers that meet our requirements and have been carefully evaluated. This helps us avoid purchasing raw materials that are produced or processed in hazardous environments. The requirements for raw materials are specified in our factory standard.



Occupational safety

The Occupational Safety Committee (ASA) meeting takes place at least twice a year, where our company doctor and occupational safety officer, as external service providers, along with internal representatives, discuss the latest regulations on occupational health and safety and initiate measures to improve the well-being and safety of our workforce. All permanent employees, temporary workers, and agency personnel are involved.

Regular workplace inspections are conducted by the occupational safety officer and the company doctor together with our internal safety officers to identify potential hazards. Safety is particularly important in areas such as production and logistics, where there is an increased risk of accidents. To ensure and improve the well-being and safety of our workforce, it is not sufficient to merely introduce measures and rules; they must also be practiced by all employees because safety benefits from everyone's participation. Therefore, new employees receive comprehensive training on occupational safety and health protection during their onboarding, and safety briefings are repeated annually for all others.

We learn from our mistakes and help each other achieve continuous improvement in our performance.



Excerpt from the
Collaboration Guidelines

In 2022, there was one work-related accident, resulting in a recordable injury rate (RIR) of 0.8. Compared to the previous reporting year of 2020, where there were no accidents and the rate was zero, the number has changed negatively. We have analyzed this and implemented corresponding measures to prevent a recurrence. Part of the ASA meetings involves conducting and revising risk assessments, including those related to psychological hazards. Due to the situation in the reporting year, a risk assessment for remote work, for example, was conducted to assess risks and hazards.

At BRANOfilter, trained first aid and fire safety teams are present in all areas, and their knowledge is regularly refreshed through training sessions. Evacuation drills are conducted regularly. Additional representatives are assigned in specific areas, such as fire safety, electrical safety, work platforms, as well as for equal treatment and compliance. They are directly involved in exchanging relevant information.

Overall, occupational safety at BRANOfilter is subject to a continuous improvement process influenced by both legal requirements and insights from daily work processes and procedures.

Health measures

During the reporting period, we were once again particularly challenged by the COVID-19 pandemic and responded to the requirements arising from the global pandemic, taking responsibility for the health of our employees. Home office models were expanded without complications, and an ample supply of masks and self-tests was provided. Consequently, the absenteeism rate due to COVID-19 was very low, and processes continued to run smoothly.

A leader is only as good as their employees. If this unity is disrupted, the causes must be understood and the disruptions resolved through a trustful conversation between the parties.

Excerpt from the Collaboration Guidelines



Some health-promoting measures had to be postponed due to distancing regulations. However, health days focusing on specific topics are planned again for the year 2023.

4 | 7 Elements of occupational safety and health protection
BRANOfilter 2022

Working conditions

A pleasant and healthy work environment, along with good working conditions, significantly contribute to the motivation and performance of employees. Therefore, in the reporting year, we started converting all our office workstations to height-adjustable desks. The action will be completed by early 2023. To provide our workforce with a modern and appealing work environment, office spaces are being gradually renovated. Renovation work for sanitary facilities and changing rooms is also planned.

To strengthen internal cohesion and team-building efforts, our outdoor barbecue area has been redesigned. It now serves as a recreation area for breaks and as a location for events. The redesign was a project initiated by the management team. One result of our employee survey was the request for lounge chairs. Currently, the management is examining the implementation, which is expected to take place in spring 2023.

To provide our employees with more job security, we place great importance on concluding indefinite employment contracts. In the reporting year, a total of four employees had fixed-term contracts, of which two were young individuals in the trainee program, which already aims for continued employment in a suitable position.



05

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Environmental guidelines

For a clean future. Since our founding in 1985, we have been working towards this vision. Not only do our products have a positive impact on air quality, but the entire value chain, from resource procurement to manufacturing processes to end-user utilization, must meet our commitment to act sustainably and responsibly. Environmental protection and sustainability are part of our business strategy, complemented by our environmental policies. These guidelines succinctly describe our values regarding the environment and are provided to every new employee at the beginning. They frame this chapter.



In the reporting year, we took another major step towards sustainability and obtained FSC® certification. The „Forest Stewardship Council®“ is an international certification system for more sustainable forest management, and the FSC labeling on wood, cardboard, and paper products represents transparency and credibility worldwide. The certificates are awarded by an independent certification body, a non-profit organization. The certificate remains valid for five years, with annual surveillance audits by the certifier. Since the successful evaluation, BRANOfilter has a certificate number and is authorized to use the FSC logo on all products that meet the standard. The goal of FSC is to ensure the use of forests in accordance with the social, economic, and ecological needs of current and future generations. Forests are not overexploited, clear-cutting is avoided, biodiversity is promoted, and the use of pesticides is restricted. As a result, forests are more stable in a changing climate and can sequester more CO₂ as an ecosystem in the long term.

In addition, FSC places great importance on compliance with occupational safety, social criteria, and health protection throughout the entire value chain. Occupational safety is overseen by our safety officer and company doctor. Social aspects are embedded in the BRANOfilter code of conduct, and health protection is part of our ASA meetings (see Chapter 4 - Guidelines for Cooperation).

Our certificate is a product chain certificate (Chain of Custody, abbreviated as „CoC“). It covers wood and paper products in which all stages along the supply chain are FSC-certified. Products can be traced from the forest owner to our customers.

Through certification, we take even more responsibility for sustainable resource procurement while maintaining established quality and performance standards. Certification according to FSC is possible for new and recycled cellulose fibers. With this step, we also aim to expand our sustainability focus to forest-based product components and their supply chain. This commitment demonstrates our dedication to forest preservation in line with our vision of „a clean future.“

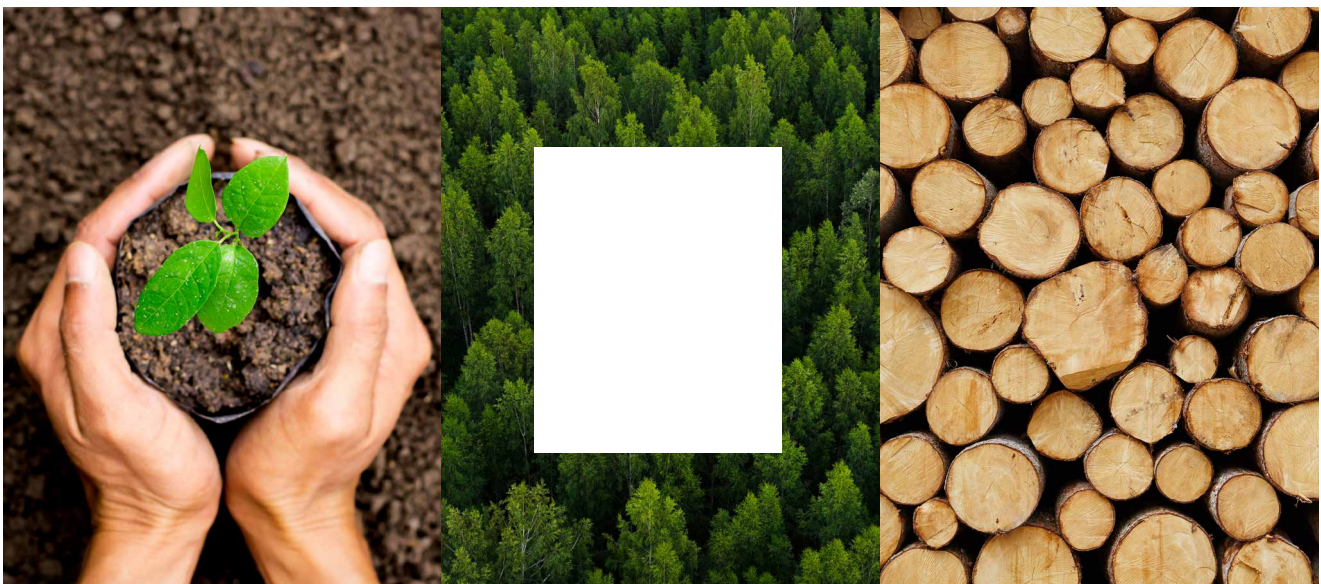
We promote the environmental awareness of our employees to protect the environment and use resources sparingly together.



Excerpt from the environmental guidelines

We pursue a holistic approach for our certification: The cellulose content in our products should come from FSC-certified sources. The transition applies to all products that have at least one component made of forest-based materials such as wood, paper, and cardboard. At BRANOfilter, these include cardboard holding plates, product packaging or complete paper filter bags. Internally, we enhance our employees' knowledge through training sessions held annually and as needed. Work instructions, procedures, and forms related to FSC are integrated into our quality management system.

Our facility in Hlinsko (CZ) is also involved in this process. There, we manufacture high-quality filters made of paper and cardboard holding plates, which offer a renewable alternative to nonwoven fabrics and plastic holding plates as forest resources.



Energy Management and Efficiency

The term „energy management“ refers to the systematic recording and analysis of energy consumption, as well as the subsequent planning and implementation of optimization measures to increase energy efficiency. Energy efficiency generally describes the ratio of a specific benefit, such as light, to its energy input. This means that the less energy is required to illuminate a lamp, the more energy-efficient it is.

We handle energy, raw materials, and water with care. The usage of these resources is measured and evaluated in relation to our objectives. If necessary, corrective and improvement measures are derived.

Excerpt from the environmental guidelines.



Electricity

Electricity is an essential source of energy in our production and therefore one of the most important resources for us. From the start-up of machines to the lighting in the production halls, packaging of products, and shipping to customers - nothing functions without electrical power.

In this regard, obtaining electricity from CO₂-free renewable energy sources is particularly important to us. For this reason, at the end of 2020, we installed an additional PV system with nearly 30 kWp alongside our existing 240 kWp photovoltaic system at our Plant 2 (Industriestraße 16, Diethenhofen). By 2024, we plan to further expand with an additional 250 kWp on another roof of our production halls. Thanks to the self-generated electricity, we were able to reduce CO₂ emissions by more than 73 tons of CO₂ equivalents in the reporting year. This is equivalent to the amount of CO₂ absorbed by 5,860 beech trees in a year.

5 | 2 Power generation and consumption in kWh

BRANOfilter 2022

	2020		2021		2022	
Solar power	185.503	Self-production 229.812 Electricity used 44.309	163.691	Self-production 201.795, Electricity used 38.104	175.402	Self-production 218.651, Electricity used 43.249
Grid power	1.038.643	Energie mix with 60,3 % of renewable energy sources	1.044.295	Energie mix with 65,0 % of renewable energy sources	848.275	Energie mix with 57,2 % of renewable energy sources
Total	1.224.146		1.207.986		1.023.677	

5 | 1 Photovoltaic system

BRANOfilter 2022

	2020	2021	2022
Total power generated in kWh	229.812	201.795	218.651
Prevented CO ₂ equivalents in kg ^{1, 3}	76.992	67.597	73.253

Our employees can use the self-generated electricity to charge their e-bikes (see Chapter 4 - Guidelines for Collaboration). In spring 2023, two charging stations will be installed on our company premises to charge our fleet of electric or hybrid vehicles, which will also draw power from an on-site photovoltaic system.



The expansion and understanding of the energy transition are important to us and part of our management approach. However, before generating and using green electricity, it is crucial to continuously reduce electricity consumption in relation to output and keep all energy consumption as low as possible. For the demand that cannot be met by our self-generated electricity, we cover it with a purchased energy mix, which consisted of 57.2 % renewable energy sources in the reporting year.

¹ https://www.umweltpakt.bayern.de/energie_klima/fachwissen/217/berechnen-sie-ihre-treibhausgasemissionen-mit-co2-rechner

² <https://www.handelsblatt.com/technik/energie-umwelt/klima-orakel-wie-viele-baeume-sind-noetig-um-eine-tonne-co2-zu-binden-3201340.html>

³ Compared to the electricity/heat mix in Germany

Heat

Heat energy is the second important resource for BRANOfilter. We aim to continuously reduce our heat consumption through energy-saving measures, although weather conditions have a significant impact on our demand when comparing between years. Additionally, over the past three years, there have been (positive) special effects due to the COVID-19 pandemic and the associated remote work/home office.

In the reporting year, we started the energy-efficient renovation of the research and development area, as well as the sales and personnel office. Doors, windows, and air conditioning systems were replaced, renewed, and the exterior walls were insulated from the inside. These measures will lead to a reduction in heat demand in the affected rooms in the coming years.

To meet the required heat energy, BRANOfilter sources district heating from 100% renewable energy sources. As a result, our location has been completely free from the use of fossil fuels for heat generation since 2019.



Total Energy

We are continuously improving the efficient use of all forms of energy and saving energy wherever possible.

5 | 3 Total energy consumption in kWh

BRANOfilter 2022

	2020	2021	2022
Solar power	185.503	163.691	175.402
Renewable energy as a proportion of grid electricity	628.379	678.792	485.213
District heating	559.395	801.204	693.941
= Total renewable energy	1.373.277	1.649.953	1.356.253
Nuclear energy	83.091	81.455	79.738
Coal	247.849	163.954	178.986
Natural gas	77.898	102.341	93.310
Other fossil fuels	11.425	11.487	9.331
= Non-renewable energy	410.263	359.237	361.365
Total energy consumption	1.783.541	2.009.190	1.717.618

Energy Efficiency

BRANOfilter reports energy efficiency as the ratio of total energy consumption to external revenue. It has improved compared to previous years.

The specific energy consumption in kWh per 1.000 bags, shown in the table below, serves as a reference and for illustration purposes. The values are not directly comparable as we manufacture bags of different sizes and complexities. Industrial bags are usually larger than household bags and therefore require more time, material input, and electricity.

5 | 4 Revenue-adjusted energy efficiency
BRANOfilter 2022

	2020	2021	2022
Total energy consumption in kWh	1.717.618	2.009.190	1.747.540
Revenue in T EUR	26.800	29.600	27.800
Energy efficiency in kWh/T EUR revenue	67	68	62

5 | 5 Specific Energy Consumption in kWh/1.000 bags
BRANOfilter 2022

	2020	2021	2022
Electricity	31	28	29
District heating	14	18	19
Oil	0	0	0
Total	45	46	48



CO₂-Neutral Household Bags

To align our sustainability approaches and goals in all areas of our company, we launched BRANOfilter in 2021 (see Chapter 2 - Sustainability Strategy). Our share of renewable energy, consisting of self-generated solar power, district heating, and purchased energy mix, accounts for 79 % of our energy consumption. As a result, BRANOfilter has been able to meet its production of household bags using sustainable energy sources since 2020, making them completely CO₂-neutral.



Climate Balance & CO₂ Emissions

Since 2016, BRANOfilter has been publishing a comprehensive CO₂ balance. Through annual updates, we gain insights into the areas where adjustments can be made to reduce greenhouse gas emissions. Additionally, we can monitor our progress towards achieving our emission reduction goals. The balance sheet distinguishes three emission scopes.

We consider the environment as an essential part of our quality of life and are committed to its preservation. We rely on sustainable solutions that reconcile ecology and economy. Therefore, we are committed to responsible management of natural resources.



Excerpt from the Environmental Guidelines

Scope 1 encompasses direct greenhouse gas emissions. At BRANOfilter, this includes the fleet, volatile gases such as nitrogen oxides or sulfur oxides, and fossil fuels.

Scope 2 refers to indirect energy-related greenhouse gas emissions from purchased energy sources such as electricity and district heating.

Scope 3 includes all CO₂ emissions along the value chain, from transportation and product use to disposal. Currently, only partial primary data is available for energy consumption and emissions in the upstream and downstream value chain. The collection of Scope 3 data at the Diethenhofen site is one of the goals for the next sustainability report.

BRANOfilter's carbon dioxide emissions at the Diethenhofen site were 318 tons in 2022. This represents a reduction of 58 tons compared to 2020 and 178 tons compared to the base year 2015. We aim to continue this positive trend and further reduce our CO₂ emissions by 2025, with the goal of achieving carbon neutrality in production at the Diethenhofen main plant.

The calculation of Scope 1 CO₂ emissions from direct energy combustion is based on emission factors provided by the Bavarian State Ministry for the Environment and Consumer Protection. The Scope 2 CO₂ emissions from district heating were also calculated using these factors. The emissions from electricity were determined using emission factors provided by N-ERGIE Netz GmbH specifically for BRANOfilter. No CO₂ compensations were considered in the determination of Scope 1 carbon dioxide emissions. Furthermore, no air pollutant emissions occur or escape during the business processes in the production.

5 | 6 Energy Consumption

BRANOfilter 2022

In t CO ₂ equivalents		2020	2021	2022
Scope 1	Fossil fuels such as natural gas, heating oil, gasoline, diesel, or coal used in production	0	0	0
	Flee	33	17	37
	Volatile gases	0	0	0
	Total	33	17	37
Scope 2	Electricity	289	219	220
	District heating	54 ⁵	72	61
	Cooling energy, steam	0	0	0
	Total	343	292	281
Total Scope 1 & Scope 2		376	309	318
Reduction compared to the base year 2015 in tons		- 120	- 187	- 178
Reduction compared to the base year 2015 (496t) in %		- 24 %	- 38 %	- 36 %

⁴https://www.umweltpakt.bayern.de/energie_klima/fachwissen/217/berechnen-sie-ihre-treibhausgasemissionen-mit-co2-rechner

⁵Here it came to a correction

Current Projects

Energy Management and Efficiency

The continuous reduction of energy and material usage at all manufacturing stages to a minimum, as well as the ongoing improvement of efficiency within production, are driven forward by continuous optimization projects with priority. The following are the key projects aimed at improving overall plant efficiency and reducing energy consumption

We handle energy, raw materials, and water sparingly. The consumption of these resources is recorded and assessed in relation to our objectives. If necessary, corrective and improvement measures are derived.

Excerpt from the Environmental Guidelines



Compressed Air

As part of the latest sustainability report, a project was implemented to reduce compressed air consumption and improve its generation efficiency. The newly acquired energy-efficient compressor was put into operation in August 2021. This system can be regulated according to current demand. The regulated operation has reduced electrical peak loads by approximately 23 %. The hydraulic integration of the compressor into the heating system increases overall plant efficiency by utilizing the waste heat generated during compressed air production, thus reducing the demand for district heating. While the heat input of the compressor is not measured, the efficiency of the new system is significantly higher compared to the previous setup. However, the electricity consumption per cubic meter of compressed air is recorded, and with the installation of the new system, it has been reduced by 8 %.

All three compressed air procurement systems and the conditioning units are optimally coordinated through a centralized control system. The electrical sub-distributions throughout the production area are gradually being renewed and equipped with energy monitoring systems and a bus system. In the final stage of implementation, all sub-distributions will be integrated with the building automation, allowing control and monitoring of all electrical consumers. By continuously connecting all relevant production equipment to our MES (Manufacturing Execution System), we create the conditions to capture the machine status of each unit in real-time during production and optimize overall equipment effectiveness (OEE) through analysis tools.

Stamping

An essential component of household and industrial bags is the holding plate used to secure the bag in the vacuum cleaner. These plates are made of plastic or cardboard. At all our manufacturing sites, we produce cardboard holding plates, and models made from recycled paper are a sustainable and attractive solution. In order to meet future production requirements for cardboard holding plates in Diethenhofen, this production area was restructured in the reporting year. The layout concept was optimized to improve material flow. The resulting free space can be utilized for expanding production capacity and as storage space. With the additional space, we no longer need to rely on external storage capacities in the future, allowing us to reduce storage costs. The elimination of transportation to external storage saves 2,2 tons of CO₂ equivalents annually.⁶



Central Extraction System

During the production of filter bags, there are waste material sections that were previously collected through several individual decentralized extraction systems. When a collection bag was full, the respective production unit had to be stopped, and the bag had to be emptied. In the reporting year, a new centralized extraction system was installed in one of the production halls. This will result in up to 50 % energy savings in the future. Furthermore, by eliminating the need to empty collection bags, machine downtime and start-up-related waste are reduced. The extraction system is equipped with a compressor that compresses the extracted waste material, significantly reducing its volume. As a result, the mass-based capacity in the disposal presses increases, and fewer trips to the waste disposal company are required, positively impacting disposal costs. In addition to the mentioned efficiency improvements and cost savings, the production staff is relieved by eliminating the emptying process and machine restarts.

⁶<https://www.bgl-ev.de/images/daten/emissionen/vergleich.pdf>

Resources and Waste Management

Driverless Transport System

The newest team member in our logistics department is a driverless transport system (AGV, Automated Guided Vehicle). It is a floor-based conveying system with its own drive, safety technology, and navigation system. The AGV is used for automating standardized in-house finished goods transport. By operating 24/7, valuable human resources are freed up and can be profitably utilized for other complex tasks. The implemented safety technology, which is at a very advanced technical level, reduces property damage due to collisions and significantly enhances pedestrian safety on mixed traffic routes.

Small Wind Power System

Since our self-generated electricity is not sufficient to meet the demand, especially during the sun-deficient autumn and winter months, we are examining the feasibility and economic viability of a small wind power system at our site. BRANOfilter presented the construction project to the Markt Dietenhofen in the reporting year and received initial positive feedback. The expected start of construction is 2024.

5 | 7 Successful Projects

BRANOfilter 2022



Compressed Air



Stamping



Central Extraction System



Driverless Transport System



Small Wind Power System

We consider it our corporate responsibility to use resources and energy efficiently. The quality of a product is a crucial factor in its durability, and the more sustainable a product is, the more positive its overall ecological balance. BRANOfilter positions itself as a market leader in terms of quality, and our customers know and appreciate our high standards.



To conserve resources and minimize waste, we continuously optimize our workflows and production processes. In 2020, an extensive project was initiated to develop new standards for relevant specifications, providing production with drawings with manufacturing-friendly tolerances. The primary goal is to manufacture products that meet the customer's requirements 100 % and reduce production-related waste to a necessary minimum.

To detect deviations in the manufacturing process early and avoid unnecessary waste in production, we have established a small quality inspection team, which inspects our products once per shift. Extensive training for the production and quality teams enhances their understanding of the quality requirements of our products, and corrective measures can be implemented directly. Replacing outdated sensor technologies with modern image-processing systems enables us to achieve 100 % error detection and renders technology-induced safety mechanisms (i.e. increased pseudo rejections in the manufacturing process) unnecessary in the plant control. By utilizing state-of-the-art techniques such as Moldflow analysis and FEM calculations, we also ensure optimal injection molding design for complex plastic components.

Waste

BRANOfilter is a manufacturing company, and complete waste avoidance is not possible in this industry. A company-internal environmental key performance indicator (KPI) report is published once per quarter, which presents the current status of relevant KPIs such as waste quantities, electricity, district heating, compressed air, fresh water, and wastewater. The quantitative measurement of waste quantities is linked to measurable goals for waste reduction. We constantly work on new and innovative solutions to reduce the waste generated by our company and close material cycles. This includes, for example: Reducing the use of paper and cardboard and sourcing the remaining needs from certified responsible forestry (FSC®) and recycled materials whenever possible. We have reduced our plastic consumption by bundling our vacuum cleaner bags with paper wrappers instead of plastic.

We aim to avoid or minimize environmental impacts such as waste, wastewater, emissions and noise.

Excerpt from the Environmental Guidelines

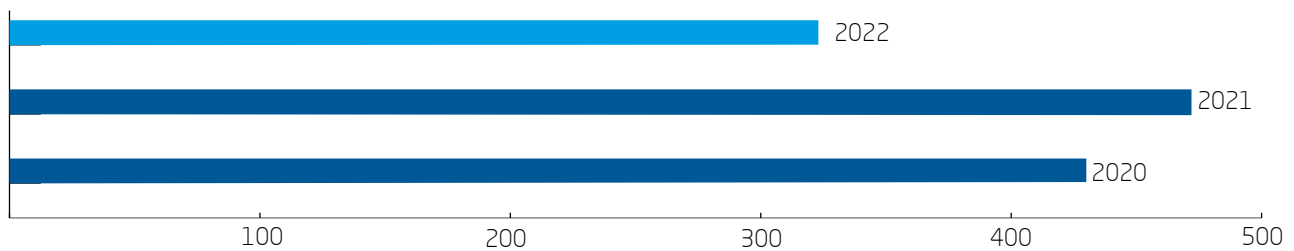


Non-avoidable waste is separated and handed over to the waste disposal companies in labeled collection containers to ensure that the contained valuable materials can be recycled in the subsequent disposal process. The waste balance of the last three years shows an overall decrease in waste quantities.

In addition to waste reduction at the Diethofen site, we also focus on close collaboration with our partners in the value chain, including suppliers, customers, and waste management companies. Approximately 48 % of the waste generated in our activities consists of remnants from our nonwoven fabric and safety bag production, which are completely thermally utilized. 4 % of our waste is paper and cardboard, mainly from packaging and punching waste, which is recycled back into the paper cycle. 2 % relates to plastic foils, which are partly attributed to upstream steps in the value chain (packaging) and also generated by our own packaging station. Another significant area is the waste resulting from our product packaging in the downstream value chain. Where possible, we use reusable packaging.

5 | 8 Total waste volume in tons

BRANOfilter 2022



5 | 9 Waste by composition in tons

BRANOfilter 2022

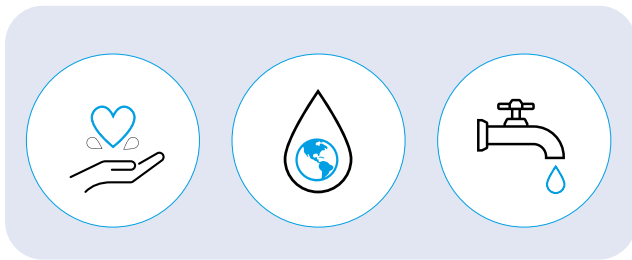
	2020	2021	2022
Substitute fuel (nonwoven fabrics and paper/meltblown combinations)	201	229	155
Plastic foils	9	13	7
Residual waste	3	4	4
Hazardous substances	0	0	13
Paper/cardboard	217 ⁷	226	144
Total	430	472	323

⁷ Here it came to a correction

Water and Wastewater

Managing water consumption in our business processes is an essential part of our environmental protection measures. Water is a vital resource, and sustainable and responsible use must be ensured.

In the 2020 sustainability report, we reported on the installation of an ultrasonic cleaning system for cleaning components used in tampon and flexographic printing. Previously, the affected parts were cleaned individually by hand under running water until 2021. In practice, we have implemented a washing machine that operates with heat and specialized cleaning agents. The washing water is used in a closed system within the facility and is periodically replaced and disposed of by a specialized company. The goal of reducing water, cleaning agents, and time required to clean the relevant parts that accumulate during each job change and at the end of the day has been achieved.



The production of all BRANOfilter products is carried out without direct water consumption. Within a closed circuit, water resources are used in production, for example, as a coolant in ultrasonic welding, and only a minimal amount is discharged.

5 | 10 Water consumption

BRANOfilter 2022

	2020	2021	2022
Total water consumption of freshwater (± wastewater) in liters	401.000	279.000	261.000
Specific water consumption in m ³ per 1 million vacuum cleaner bags produced in Diethenhofen	10,2	6,6	7,3

Additional water consumption occurs through the use of sanitary facilities and the cafeteria. Our sanitary areas are equipped with water-saving devices. The water is not contaminated with chemicals, so it is returned within household-standard municipal wastewater.

We actively engage in dialogue with our customers and suppliers on all environmentally relevant aspects and collaborate with authorities and scientific institutions.



Excerpt from the Environmental Guidelines

The overall consumption of freshwater (equivalent to wastewater) at the Diethenhofen site is 261,000 liters in 2022. A comparison with previous years shows a continuous decrease in water consumption. Besides the commissioning of the new cleaning system, the decrease in water consumption can also be attributed to the increased use of the option to work from home. The specific water consumption in m³ per 1 million bags is 7.3 in the reporting year, which is 11% higher than the previous year. The specific water consumption in m³ per 1 million vacuum cleaner bags serves as an indicator and for illustration purposes. They are not directly comparable as we manufacture bags of different sizes and complexities. Industrial bags are usually larger than household bags and therefore require more time, material, and electricity. The data on water consumption is based on the annual billing from the utility provider. No water-hazardous substances are used throughout the operation.

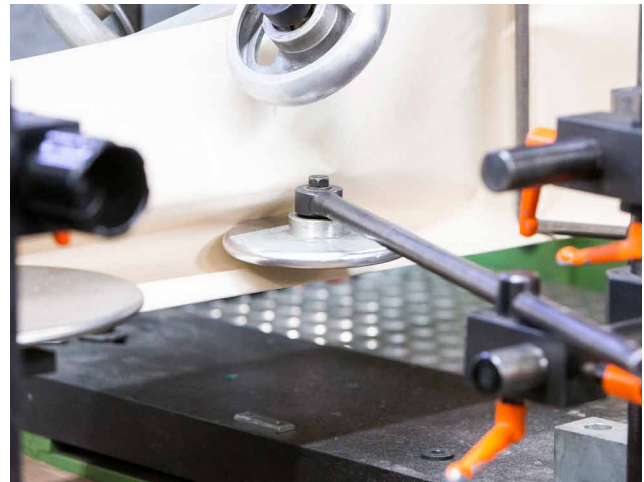
Materials

The materials used by BRANOfilter for the production and packaging of our bags are primarily paper or nonwoven materials, and for the retaining plates, we use plastics or cardboard. In collaboration with our customers and suppliers, we develop solutions, and our research and development department continuously works on innovations. Where possible, we reduce packaging and the material usage for the bags themselves, transition from conventional materials to sustainable alternatives, and increase the use of recycled fibers and plastics. However, the perfect material or the optimal solution that meets all our sustainability requirements does not yet exist. Therefore, BRANOfilter is dedicated to finding individual solutions for different products and packaging to make them more environmentally friendly. At the same time, the challenge lies in ensuring that the dust filter bags maintain their high functionality and quality. The material usage for products and primary packaging was recorded for the first time in the reporting year and is based on supplier data.

5 | 11 Materials in tons
BRANOfilter 2022

	2022
Product	
Nonwovens and plastics	1.500
Filter papers and cardboard	630
Primary packaging	
Plastics	60
Paper and cardboard	590
Total weight	2.780
Of which recycled materials used (in %)	32

As an OEM manufacturer, we are not in direct contact with end consumers. Therefore, we do not directly take back products and packaging after their use phase. In Germany, the return and recycling of packaging are regulated by law. We comply with the regulations, license all packaging placed on the market, and ensure that all materials used can be easily disposed of by consumers through recycling bins for paper, yellow bags for recyclable materials, or residual waste bins with minimal effort.



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GRI 2-5	External assurance <i>Comment: The report has not undergone external review.</i>	
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GRI 2-25	Processes to remediate negative impacts	13, 14
GRI 2-26	Mechanisms for seeking advice and raising concerns	13, 14, 36
GRI 2-27	Compliance with laws and regulations <i>Comment: We comply with all legal minimum standards, and there have been no violations or fines.</i>	
GRI 2-28	Membership associations	13, 18
Stakeholder engagement		
GRI 2-29	Approach to stakeholder engagement	21
GRI 2-30	Collective bargaining agreements	34
Material Topics		
GRI 3 Disclosures on material topics		
GRI 3-1	Process to determine material topics	22

GRI	Standard and comments	Page
GRI 3-2	List of material topics <i>Comment: Changes to the list of material topics compared to the previous reporting period. New: Partnerships to achieve goals; FSC. No longer included in the reporting: Air quality; Climate protection and CO₂ emissions.</i>	23
GRI 3-3	Management of material topics <i>Comment: The management approaches are assigned to their respective chapters.</i>	

Economic performance indicators

GRI 201 Economic Performance

GRI 201-1	Direct economic value generated and distributed	9
GRI 201-2	Financial implications and other risks and opportunities due to climate change	29
GRI 201-3	Defined benefit plan obligations and other retirement plans <i>Comment: Pension information is not disclosed.</i>	
GRI 201-4	Financial assistance received from government <i>Comment: This metric is not collected.</i>	

GRI 202 Market Presence

GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage <i>Comment: The ratio is not captured.</i>	19, 34
GRI 202-2	Proportion of senior management hired from the local community <i>Comment: Applicable to all members of the executive leadership team.</i>	

GRI 203 Indirect Economic Impacts

GRI 203-1	Infrastructure investments and services supported	18, 39, 27
GRI 203-2	Significant indirect economic impacts <i>Comment: No impacts have been identified.</i>	

GRI 204 Procurement Practices

GRI 204-1	Proportion of spending on local suppliers	11
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GRI 205 Anti-corruption

GRI 205-1	Operations assessed for risks related to corruption <i>Comment: BRANOfilter regularly conducts internal audits.</i>	14
GRI 205-2	Communication and training about anti-corruption policies and procedures <i>Comment: Anti-corruption is part of the code of conduct.</i>	14
GRI 205-3	Confirmed incidents of corruption and actions taken <i>Comment: No cases are known.</i>	

GRI 206 Anti-competitive Behavior

GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices <i>Comment: There were no legal proceedings in the reporting year.</i>	
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GRI 207 Tax

GRI 207-1	Approach to tax <i>Comment: No information is available.</i>	
GRI 207-2	Tax governance, control, and risk management <i>Comment: No information is available.</i>	
GRI 207-3	Stakeholder engagement and management of concerns related to tax <i>Comment: No information is available.</i>	
GRI 207-4	Country-by-country reporting <i>Comment: No information is available.</i>	

Environmental performance indicators

GRI 301 Materials

GRI 301-1	Materials used by weight or volume <i>Comment: Non-renewable materials: nonwovens, plastics. Renewable: filter paper, paper, cardboard.</i>	48
GRI 301-2	Recycled input materials used	48
GRI 301-3	Reclaimed products and their packaging materials	48

GRI	Standard and comments	Page
GRI 302 Energy		
GRI 302-1	Energy consumption within the organization <i>Comment: Energy consumption is reported in kilowatt-hours (kWh). One kilowatt-hour is equivalent to 3,600 kilojoules (kJ).</i>	40, 41, 43
GRI 302-2	Energy consumption outside of the organization	43
GRI 302-3	Energy intensity	43
GRI 302-4	Reduction of energy consumption <i>Comment: Energy consumption is reported in kilowatt-hours (kWh). One kilowatt-hour is equivalent to 3,600 kilojoules (kJ).</i>	43, 44, 45
GRI 302-5	Reductions in energy requirements of products and services	42
GRI 303 Water and Effluents		
GRI 303-1	Interactions with water as a shared resource	47
GRI 303-2	Management of water discharge-related impacts <i>Comment: The water recycling process complies with the legal standards. The specific parameters to be monitored and their corresponding limits are specified in the respective discharge permits.</i>	47
GRI 303-3	Water withdrawal	47
GRI 303-4	Water discharge	47
GRI 303-5	Water consumption	47
GRI 304 Biodiversity		
GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas <i>KComment: The subsidiary Hlinsko in the Czech Republic (paper focus) is located in the Žďárské vrchy nature reserve. The Ningbo subsidiary in China (filtration focus) is not situated in a nature reserve or high biodiversity area.</i>	
GRI 304-2	Significant impacts of activities, products and services on biodiversity <i>Comment: We are not aware of any significant direct and indirect impacts on biodiversity.</i>	
GRI 304-3	Habitats protected or restored <i>Comment: BRANOfilter itself does not designate any protected habitats and currently does not have any habitat restoration projects.</i>	
GRI 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations <i>Comment: No information is available.</i>	
GRI 305 Emissions		
GRI 305-1	Direct (Scope 1) GHG emissions <i>Comment: The calculation includes the following gases: CO₂, CH₄, N₂O, FKW, PFKW, SF₆, NF₃.</i>	43
GRI 305-2	Energy indirect (Scope 2) GHG emissions <i>Comment: The calculation includes the following gases: CO₂, CH₄, N₂O, FKW, PFKW, SF₆, NF₃.</i>	43
GRI 305-3	Other indirect (Scope 3) GHG emissions	43
GRI 305-4	GHG emissions intensity <i>Comment: This metric is not calculated as the product range is heterogeneous.</i>	
GRI 305-5	Reduction of GHG emissions <i>Comment: The calculation includes the following gases: CO₂, CH₄, N₂O, FKW, PFKW, SF₆, NF₃.</i>	43
GRI 305-6	Emissions of ozone-depleting substances (ODS) <i>Comment: No information is available.</i>	
GRI 305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions <i>Comment: No information is available.</i>	
GRI 306 Waste		
GRI 306-1	Waste generation and significant waste-related impacts	46
GRI 306-2	Management of significant waste-related impacts	46
GRI 306-3	Waste generated	46
GRI 306-4	Waste diverted from disposal	46
GRI 306-5	Waste directed to disposal	46
GRI 307 Environmental Compliance		
GRI 307-1	Non-compliance with environmental laws and regulations <i>Comment: In the reporting year, there were no fines or non-monetary sanctions imposed.</i>	

GRI	Standard and comments	Page
GRI 308 Supplier Environmental Assessment		
GRI 308-1	New suppliers that were screened using environmental criteria <i>Comment: A percentage is not collected.</i>	14
GRI 308-2	Negative environmental impacts in the supply chain and actions taken <i>Comment: No information is available.</i>	
Social performance indicators		
GRI 401 Employment		
GRI 401-1	New employee hires and employee turnover	31
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	18, 19, 34, 36
GRI 401-3	Parental leave	35
GRI 402 Labor/Management Relations		
GRI 402-1	Minimum notice periods regarding operational changes	34
GRI 403 Occupational Health and Safety		
GRI 403-1	Occupational health and safety management system	36
GRI 403-2	Hazard identification, risk assessment, and incident investigation	29, 34, 36
GRI 403-3	Occupational health services	36
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	34
GRI 403-5	Worker training on occupational health and safety	36
GRI 403-6	Promotion of worker health	34, 36
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	36
GRI 403-8	Workers covered by an occupational health and safety management system	36
GRI 403-9	Work-related injuries <i>Comment: Occupational accidents are considered reportable if employees are absent for three or more days.</i>	29, 36
GRI 403-10	Work-related ill health <i>Comment: We document all work-related illnesses, provided they have been medically diagnosed and recognized. In the year 2022, we were not aware of any work-related illnesses among employees.</i>	
GRI 404 Training and Education		
GRI 404-1	Average hours of training per year per employee <i>Comment: We do not have the breakdown by gender or employee category available.</i>	19, 33
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	19, 32, 33
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	33
GRI 405 Diversity and Equal Opportunity		
GRI 405-1	Diversity of governance bodies and employees	31, 32
GRI 405-2	Ratio of basic salary and remuneration of women to men	34
GRI 406 Non-discrimination		
GRI 406-1	Incidents of discrimination and corrective actions taken	14, 32
GRI 407 Freedom of Association and Collective Bargaining		
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	11, 36, 12
GRI 408 Child Labor		
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	11, 36, 12

GRI	Standard and comments	Page
GRI 409 Forced or Compulsory Labor		
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	11, 12, 36
GRI 410 Security Practices		
GRI 410-1	Security personnel trained in human rights policies or procedures <i>Comment: We do not employ security personnel at the Dietenhofen site.</i>	
GRI 411 Rights of Indigenous Peoples		
GRI 411-1	Incidents of violations involving rights of indigenous peoples <i>Comment: For the reporting period, we are not aware of any substantiated violations of the rights of indigenous peoples in or by our facilities or our suppliers.</i>	
GRI 412 Human Rights Assessment		
GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	20, 14
GRI 412-2	Employee training on human rights policies or procedures	14
GRI 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	13, 14
GRI 413 Local Communities		
GRI 413-1	Operations with local community engagement, impact assessments, and development programs <i>Comment: During the reporting period, we did not have any operational facilities with significant negative impacts on local communities. Consequently, there were no notable programs for their engagement or support.</i>	18
GRI 413-2	Operations with significant actual and potential negative impacts on local communities <i>Comment: For the reporting period, we are not aware of any business activities with significant actual or potential negative impacts on local communities.</i>	
GRI 414 Supplier Social Assessment		
GRI 414-1	New suppliers that were screened using social criteria	14
GRI 414-2	Negative social impacts in the supply chain and actions taken <i>Comment: No negative impacts are known.</i>	14
GRI 415 Public Policy		
GRI 415-1	Political contributions <i>Comment: There were no political donations in the reporting year.</i>	
GRI 416 Customer Health and Safety		
GRI 416-1	Assessment of the health and safety impacts of product and service categories	25
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services <i>Comment: No violations are known.</i>	
GRI 417 Marketing and Labeling		
GRI 417-1	Requirements for product and service information and labeling	26, 48
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling <i>Comment: There were no reported violations.</i>	
GRI 417-3	Incidents of non-compliance concerning marketing communications <i>Comment: There were no reported violations.</i>	
GRI 418 Customer Privacy		
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	26
GRI 419 Socioeconomic Compliance		
GRI 419-1	Non-compliance with laws and regulations in the social and economic area <i>Comment: There is no case of non-compliance known.</i>	

About this report

In this sustainability report, BRANOfilter GmbH describes its measures, results, and key figures for the fiscal year of 2022 (January 1 to December 31, 2022). Our report follows the internationally recognized guidelines of the Global Reporting Initiative (GRI) and has been prepared in accordance with the GRI „Universal Standards“ and „Topic Standards.“ Due to the update of the „Universal Standards“ in 2021, the information is presented in a new or adjusted report format (GRI 1). An applicable industry standard was not yet available for BRANOfilter at the time of reporting.

The sustainability report of BRANOfilter GmbH was published for the reporting years 2013, 2016, and most recently in 2020. This current edition is the fourth edition. Unless otherwise stated, all information in this report refers to BRANOfilter GmbH at the Diethofen location.

We collect data about our employees; however, information regarding age groups, nationalities, and employees with disabilities is not further reported as it is not considered relevant. For the sake of readability, the simultaneous use of male, female, and diverse gender forms (m/w/d) is not employed. All personal designations apply equally to all genders. The abbreviated language form is solely for editorial reasons and does not imply any evaluation.

Information was collected electronically, partially through verbal inquiries or obtained from respective business units through invoices or meter readings. A small portion is based on estimated values. When adding up data, deviations may occur due to rounding.

This report contains statements regarding the future development of BRANOfilter GmbH. These statements represent assessments based on the information available at the present time. Actual developments may differ from the current assessments.

The sustainability report is available in German and English as a downloadable PDF on our website (www.branofilter.de), as well as in German in print. In case of discrepancies between the versions, the German document is the decisive version. The fourth edition was published in May 2023, and the next report is expected to be released in May 2025.

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