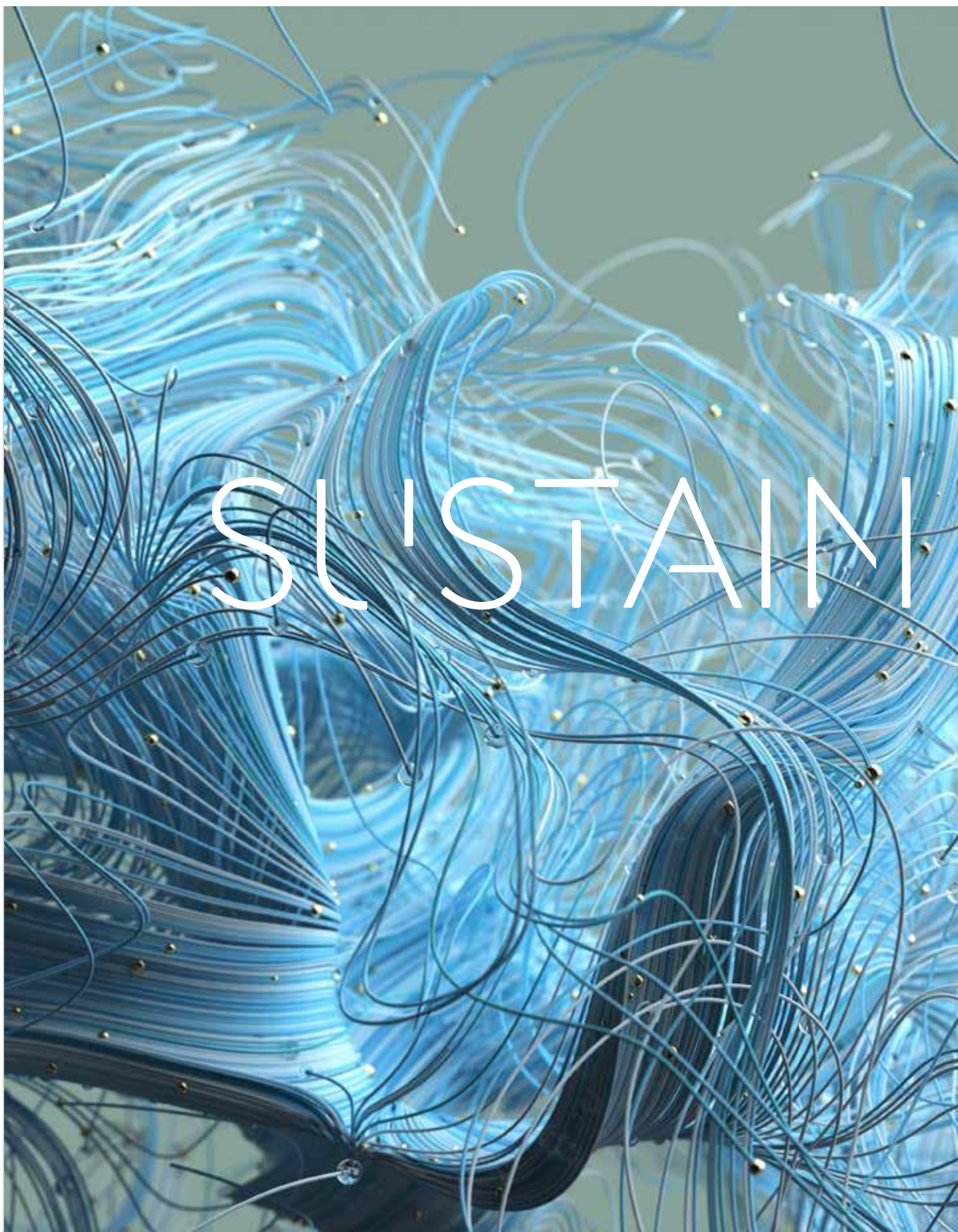
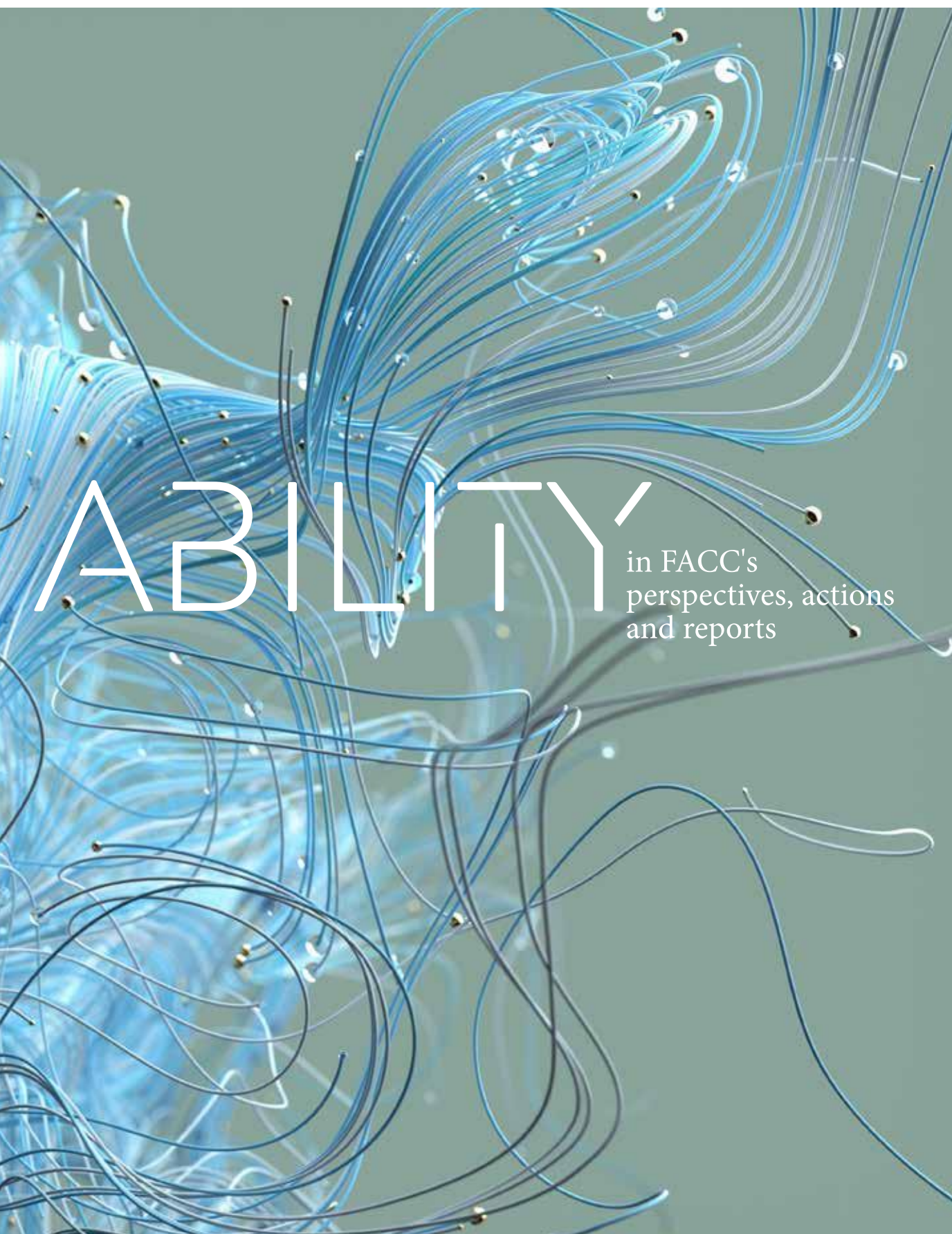




SUSTAIN



ABILITY

in FACC's
perspectives, actions
and reports



Living

SUSTAIN-
ABLY
IS IN
OUR

NATURE

MAKE IT EASY FOR OURSELVES

Making sustainability a reality.

*Above all else, we see mobility as a journey into the future. This is why we are constantly developing fresh ideas to counteract the climate crisis. It is also researching innovative technologies to save resources, further reduce CO₂ emissions and make more efficient use of energy. For us, however, sustainability is much more than just the *ecological aspect*: it is about the quality of life of our employees, which FACC safeguards by treating them with respect and promoting their health. We are fully aware of our responsibility towards people and the environment, and are happy to take on this challenge.*

After all, living sustainability is in our nature.



“CSR
is the tree trunk
where all
the ROOTS
converge.”

Patrick Doppler, Mag.iur., Senior Manager Export Control and CSR

Our commitment to sustainability

Sustainability has been an integral part of FACC's corporate strategy and all our decisions since the company was founded. In order to underline how important this is, we are also integrating the Sustainability Report into our Annual Report this year. We have assumed the responsibility of acting in line with our ambitious ESG goals in all areas. In addition, we have committed to becoming CO₂ neutral by 2050 as part of the European Green Deal.

Our values, sense of responsibility, integrity and respect also govern our relationship with our employees as they are the foundation of our success and are extremely important if our company is to develop and thrive. We are therefore taking this opportunity to introduce and quote them in their respective departments.

Collaborating with a large number of specialist departments is extremely enriching and an absolute necessity for us. This is because no CSR department in any company can achieve progress on its own. We are the trunk of the tree, so to speak, while the specialist departments with their expertise and commitment form the roots.

A tree that is in full blossom.

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FLIGHT PATH

Sustainability Master Plan

With about 3,456 employees, a turnover of more than 700 MEUR, and locations around the globe, FACC ranks among the leading companies of the civil aerospace industry. However, given this major importance, the company also bears special responsibility for its customers, business partners, employees, society and the environment. FACC's Sustainability Master Plan sums up the most important measures on FACC's way towards a sustainable future.

TARGETS

50% quota of women
for scholarships and
apprenticeships

50 %
SOCIAL



Actively encouraging
women to pursue a career
in the technology and finance
sectors by means of two
annual school campaigns

2 x PER YEAR
SOCIAL



15-20
SOCIAL

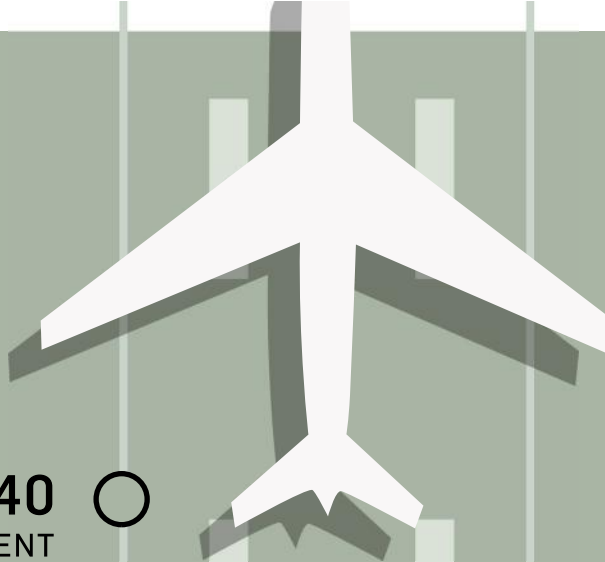
Maintaining a mix of
15 to 20 nationalities at
all management levels



**CODE OF
CONDUCT**
GOVERNANCE

Zero violations against
FACC's Code of Conduct





2040 ○
ENVIRONMENT
Carbon-neutral
manufacturing
by 2040

○ **2030**
ENVIRONMENT
40% fewer CO₂
emissions by 2030
(compared to 2008)

○ **2024**
ENVIRONMENT
100% LED lighting
by 2024, starting with
sites in Austria

● **2023**
GOVERNANCE
Expanding the CSR ratings
of our suppliers in order to
comply with the German
Supply Chain Act and any
future European legislation

● **2022**
GOVERNANCE
Providing more training
programs and promoting
awareness of CSR and
compliance by 2025

● Green energy and energy efficiency

FACC is a pioneer in the use of energy from renewable sources. The company has been using geothermal energy for some 20 years. In recent years, the Group has also invested in developing other sustainable energy sources. Since the beginning of 2021, electricity for its Austrian locations has been sourced exclusively from hydropower, and for 2024 extensive photovoltaic systems are scheduled to be installed in addition to the already existing facilities. However, FACC has also recently taken effective measures in terms of consumption, by completely converting its production sites to LED lighting, for instance.

● Changeover to e-mobility

FACC provides its employees with electric cars for their commute to work. To benefit from this service, employees need to have a relatively long commute and form car pools. The costs are borne almost entirely by FACC, and the charging current is generated in-house by photovoltaic systems feeding the e-charging stations. In the months to come, FACC will also electrify its existing vehicle fleet. Thus, company cars for executive employees will gradually be replaced by hybrid and electric vehicles.

● Transformation to a circular economy

In its research activities, FACC focuses on processing ecologically compatible materials. These include, for example, biobased synthetic fibers and resins, as well as recyclable thermoplastics. FACC's goal is to transform into a sustainable circular economy whereby products are manufactured with a minimum use of resources, and can be recycled at the end of their life cycle.

● Supplanting fossil energy sources

Currently, fossil fuels account for just under 30 percent of FACC's energy mix. This figure is to be further reduced in the medium term. At the moment, various projects are being examined. Various projects are currently under review. Autoclaves, for example, could be heated using solar energy or waste heat from production could be fed into district heating networks. Last but not least, FACC is evaluating the use of electricity and heat storage containers.

● Attractive employer

FACC is a highly attractive employer and a magnet for people from Austria and abroad. At present, the Group employs personnel from 45 different countries. The proportion of women in the workforce is approximately 30 percent, which is very high when compared to the industry as a whole.

● Diversity and responsibility

FACC consciously promotes diversity within its workforce and cultivates a responsible, caring attitude towards its employees. In this way, the Group has succeeded in securing a favorable position for itself in a highly competitive labor market. Furthermore, the company intends to maintain this strategy in the future. FACC also actively promotes the economic regions in and around its locations.

● Continued development of good governance

FACC regards good governance not only as an obligation but also as an essential pillar of its corporate culture. Ongoing adjustments to new legal frameworks and standards ensure sustainable economic success. FACC's Code of Conduct was last updated and amended in the 2022 financial year.

● Zero tolerance towards corruption

Employees can anonymously report violations of the FACC Code of Conduct or general legal provisions via a dedicated whistleblower hotline. No violations were reported in the 2023 financial year. In addition, FACC organizes information campaigns to raise awareness of good governance and CSR among its employees. FACC is currently working on an internal CSR rating of its most important suppliers. Around 250 of them have already been assessed in terms of their CSR activities as part of the initiative. This figure is now to be gradually expanded in order to gain an overview of the entire supply chain.

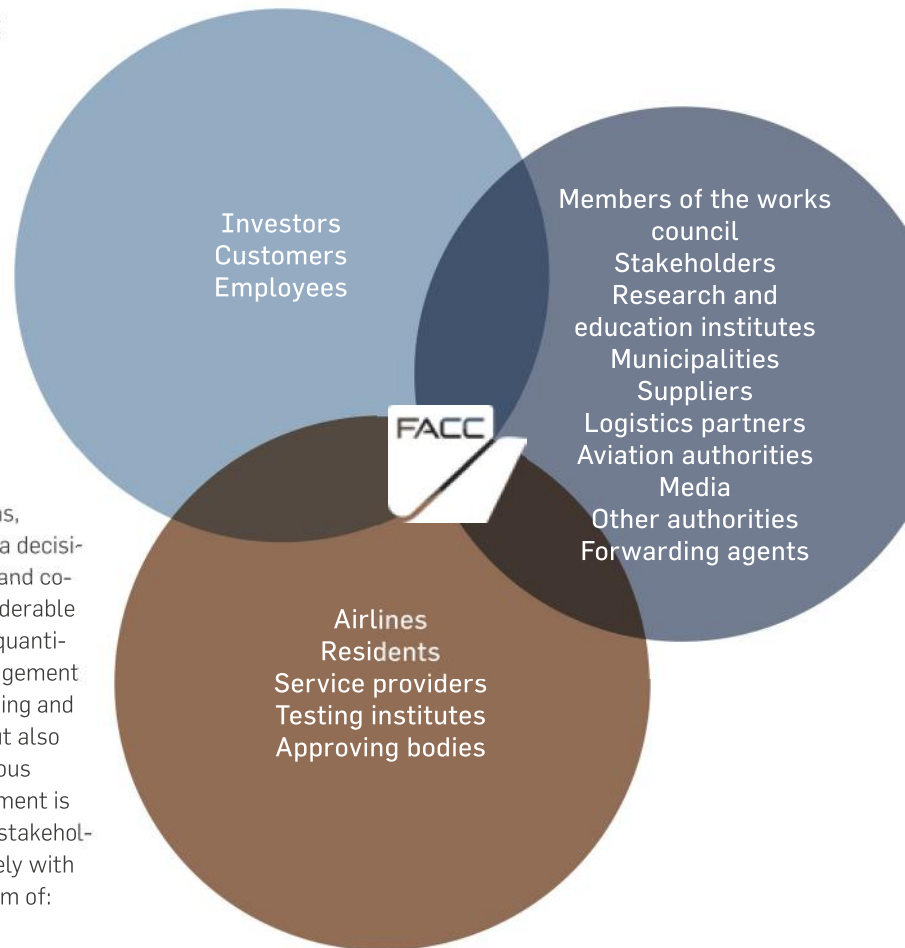
STAKEHOLDER

Strategy of FACC

If ambitious visions and goals are to be sustained even under challenging conditions, the commitment of all our stakeholders is a decisive factor for success. Open dialog, debate and co-operation with all stakeholders offer considerable (growth) potential in both qualitative and quantitative terms. Consistent stakeholder management not only lays a solid foundation for developing and implementing joint ideas and strategies, but also forms the basis for long-term and prosperous development. FACC's stakeholder management is rooted in the field of CSR. In practice, our stakeholder management staff cooperate extensively with various specialist departments, with the aim of:

- Increasing the understanding of stakeholder management throughout the company
- Updating the "stakeholder map" on an ongoing basis
- Providing a detailed analysis of mutual stakeholder expectations through regular surveys in line with EN 9100 certification.
- Developing a new materiality analysis to meet the requirements of the Corporate Sustainability Reporting Directive (CSRD)

The insights obtained in the process are intended to advance ideas and projects, and to facilitate necessary decisions. At the same time, the stakeholders' trust thus gained is expected to strengthen the entire company. In total, the key stakeholder groups identified are indicated in the following diagram. The stakeholder survey is conducted at intervals of several years in which FACC employees are interviewed. Their answers to the question of



which groups of people are relevant to FACC (suppliers, customers, investors, authorities, etc.) give rise to stakeholder mapping and clustering. Representative stakeholders are then selected from this cluster, interviewed and their responses collated. From this cluster, representative stakeholders are selected and questioned, with their responses being compiled. The FACC employee survey is repeated at regular intervals and the list of stakeholders is subsequently updated. The answers obtained in the new survey are compared with the answers from the previous one. FACC then surveys the relevant stakeholders anew and later analyzes their concerns in order to be able to take appropriate measures.

The FACC stakeholder dialog

As this dialog is geared towards each stakeholder's specific communication and information needs, it does not follow a fixed schedule. To reach as many interested parties as possible and to receive valuable feedback, communication

Stakeholders	Topics	Forms of contact
Aviation authorities	– Flight safety – Aircraft noise reduction – Good governance – Training and development of employees	– Direct communication regarding the approval as a manufacturer of aircraft components (POA/DOA/MOA) as well as the approval of FACC's management – Direct communication regarding specific issues such as flight permits (e.g. EHang) – Audits – Meetings
Other authorities (e.g. district authorities, embassies)	– Good governance – Stable and fair jobs	– Residence permits and visa applications – Meetings – Audits
Works council		Regular and direct coordination
Customers	– Occupational health and safety – Flight safety – Aircraft fuel efficiency	– Contracts covering all work packages – Regular meetings on site at customers' or FACC's premises – Visiting aviation fairs – Phone calls – FACC Service Portal
Investors	– Aircraft fuel efficiency – Training and development of employees – Good governance	– Annual General Meeting – Conferences and roadshows – Investor talks – Trade fairs – Financial communication
Research and education institutes	– Occupational health and safety – Training and development of employees	– Joint research projects – Supervision of graduate and doctoral students
Suppliers	– Flight safety – Stable and fair jobs – Social impacts along the supply chain	– Supplier conferences – Aviation fairs – Regular meetings at suppliers' and FACC's premises to ensure contract performance – FACC Service Portal – WKO (Austrian Federal Economic Chamber) events – Supplier audits
Logistics partners and forwarders	– Social impacts along the supply chain – Customs clearance	– Direct communication via Marketing and Customs department

is conducted via various channels and platforms, depending on the target groups and topics concerned.

Stakeholders	Topics	Forms of contact
(Potential) Employees	– Stable and fair jobs – Occupational health and safety – Training and development of employees	– Emails – Executives – Works meetings – Management days – Employee app – Corporate magazine – Bulletin board – Advertising space (posters, lock screens, screens in production) – Social media – Summer party – Christmas party – Flight Club – Parties for people celebrating jubilees – FACC Leonardo – CEO breakfast
Municipalities	Waste and water consumption	– Emails – Meetings – Phone calls
Approving bodies / testing institutes	Special tests	Commissioning, e.g. by CoLT
Service providers	– Repair / maintenance activities at customers on behalf of FACC – Catering service for employees	– Contracts – Meetings
Insurances	– Risk analyses – Compliance – Occupational safety	– Contracts – Emails – Phone calls
Banks		– Contracts – Emails – Phone calls
Media		– Contracts – Emails – Phone calls

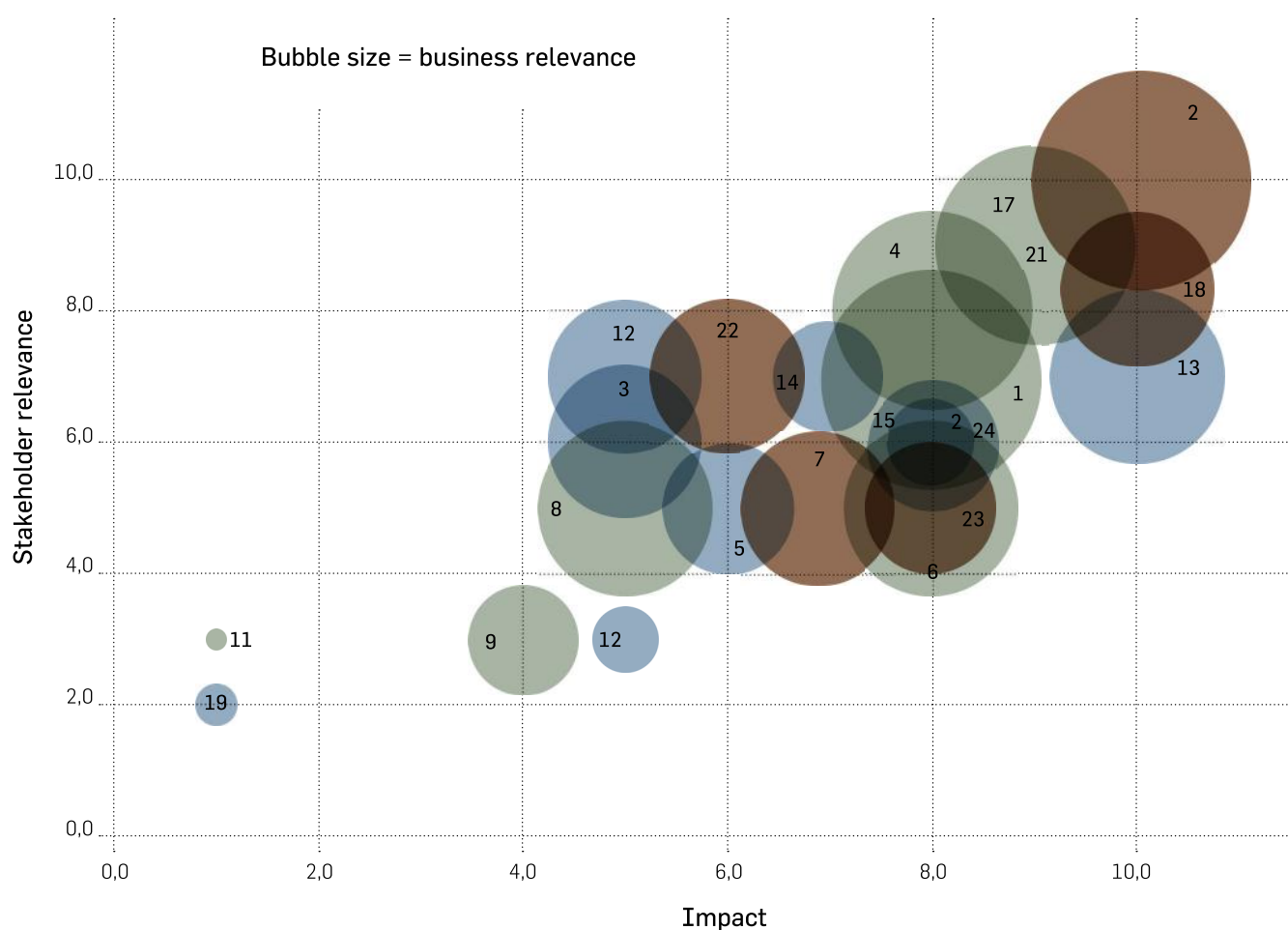
MATERIAL Issues

Like many other companies, FACC has also taken advantage of the introduction of the Austrian Sustainability and Diversity Improvement Act (NaDiVeG) to address the sustainability issues that are essential to its business model and its stakeholders more thoroughly and comprehensively than before. Therefore, in July 2017, all FACC department

heads, who were affected, analyzed the company's value chain in two workshops and examined its potential implications and risks for the environment, economy and society, focusing in particular on those issues stipulated by the NaDiVeG. In 2021, a re-evaluation was carried out based on empirical values. In 2023, COVID-19 ceased to be an issue,

The FACC materiality matrix

The result of the process described consists of a materiality matrix summarizing the impact (x-axis), stakeholder relevance (y-axis), as well as the business relevance (bubble size) of the various topics. In order to the material topics and business relevance, stakeholder interests were prioritized across all topics, while the impacts were prioritized within each of the topic clusters (environment, social, and governance). This ensured that all issues were given adequate consideration.



and the item was therefore removed. FACC has decided to include the stakeholder analysis in this form in the non-financial report for the last time. At the same time, the company is already working on the analysis and evaluation for the 2024 report in line with the provisions of the Corporate sustainability Reporting Directive (CSRD), which restrict the materiality analysis. In future, this report will be divided into two perspectives:

Inside Out (“Impact Materiality”): Which potential positive or negative impact does FACC have on the environment or society?

Outside In (“Financial Materiality”): Which opportunities or risks arise for FACC from the environment or society, also with regard to further developments?

In addition, the completeness and relevance of the topics covered were ensured through an analysis of relevant standards and reports from suitable peer groups.

This has resulted in a list of topics that are addressed in this report and discussed in more detail on the following pages:

Page		
ENVIRONMENT	1	Aircraft fuel efficiency
	4	Product durability and circular economy
	6	Materials and chemicals used
	8	Energy consumption and production-related emissions
	9	Emissions caused by transport and logistics
	12	Waste
	11	Water consumption
	21	Reduction of CO ₂ emissions
SOCIAL	3	Aircraft noise reduction
	5	Mobility increase
	12	Stable and fair jobs
	13	Occupational safety and health of employees
	14	Training and development of employees
	15	Employee diversity and anti-discrimination measures
	19	Residents and local communities
GOVERNANCE	2	Product safety
	7	Supply chain and its effects
	16	Economic responsibility and effects in the region
	17	Anti-competitive behavior and cartel agreements
	18	Good governance (responsible corporate governance)
	22	Diversification of the product range
	23	Import and export control
	24	Measures against bribery and corruption

Significance of FACC products in terms of aircraft fuel consumption and emissions
Materials and technologies that have a positive impact on service life and enable a circular economy
Quantity and ingredients of materials used for production and packaging incl. chemicals
Consumption and emissions ascribed from our own production (excl. supply chain); carbon-free energy generation
Transport of resources, products and employees
Hazardous and non-hazardous waste from our own production; waste prevention and separation
Management of water used in production, especially for cooling and product testing
Measures to reduce CO ₂ emissions in production and along the entire supply chain in pursuit of the goal of carbon neutrality
Significance of FACC products in terms of aircraft fuel consumption and emissions
Contribution to greater mobility and globalization; making air travel affordable for everyone by raising efficiency and enabling a circular economy
Workforce fluctuation (turnover, skills shortage); observation of collective bargaining agreements and provisions on working hours as well as fair remuneration systems and non-hazardous packaging (incl. chemicals)
Accidents and sick leave; mental and physical stress at the workplace incl. hazardous vapors and materials in production
Employee qualification and advancement
Diversity in terms of contract type (blue-collar/white-collar), sex, age, nationality/origin, education, disability, etc., as well as protection against discrimination
Respectful relationship with local residents; promotion of local associations and activities
Product quality incl. product documentation and traceability of aircraft fuel consumption and emissions
Exerting a positive influence from an economic, ecological and social perspective, and enabling a circular economy.
Jobs; attractiveness of the region; taxes; investments; spatial development; cooperation with educational institutions
Fighting corruption and anti-competitive behavior in our own business activities and along the supply chain
Transparency; external and internal communication; crisis management; active learning, and further development as an organization
Expanding FACC's product range; developing new markets
Preventing military/terrorist use (export control); compliance with customs regulations for imports
Awareness-raising events on corruption; inclusion of ethical aspects in training materials; publication of ethical rules, e.g., in the form of a Code of Conduct

STAKEHOLDER

Management – Opportunities and Risks



ENVIRONMENT

Climate change & pollution

Greenhouse gas emissions, such as CO₂ emissions, are the primary contributor to climate change. This is an issue that affects us all from private individuals to companies. Since FACC is no exception, the following significant opportunities and risks have been identified for the company as a result:

1. Climate protection and adjusting to climate change

• Greenhouse gas emissions in FACC's own business operations (e.g., energy consumption for product manufacturing) pose an immediate challenge, but also in the long term. Both statutory legislation and the market agree that emissions must be reduced. FACC currently obtains almost 60% of its total annual energy consumption from sustainable sources. The company considers that low-emission production gives it a competitive advantage over its competitors, especially in the medium to long term. However, this opportunity also poses a risk should FACC fail to seize the opportunity and take necessary action in good time. Of course, the sword of Damocles in the form of rising emissions tax also continues to hang over its head.

• The negative effects of climate change on FACC (e.g. increased cooling demand due to hot spells, measures to prevent flooding, disruptions in the supply chain owing to natural disasters) pose a real threat in the long term. FACC is attempting to counteract this threat by constructing new, state-of-the-art buildings, modernizing existing production facilities and buildings and implementing intensive supply chain management/monitoring. The aim is to minimize risks and preempt them wherever possible. Although climate change also has a positive impact on FACC (e.g. a reduced number of heating degree days due to warmer winters), we do not view this as an opportunity. Our goal is to work in line with the legally binding Paris Agreement on climate change.

2. Pollution of air, water, soil, living organisms and foodstuffs

Environmental interests are also impacted by the nature of FACC's products. On the one hand, aviation components are usually used for several decades; on the other hand, however, it is almost impossible to recycle such components, and where



ENVIRONMENT

this is feasible, then only at great expense. Given the current state of technology, the circular economy is not yet possible for fiber composites, especially in the area of structural components for the aircraft industry. However, FACC is endeavoring to overcome this obstacle through a variety of research projects and the use of biobased prepregs.

3. Substances of concern affecting health, people, and the environment

The risks in this area result from the use of chemicals (REACH) and hazardous materials. However, they are minimized by consistently observing and complying with safety and health regulations. The issue of microplastics plays virtually no role in FACC's components.

ged by using maritime resources or by discharging sewage. However, FACC uses almost no water in its production processes, only in sanitary facilities. Therefore, this issue is not relevant for FACC.

Water and marine resources

The water consumed by companies may adversely affect surface water and groundwater and their resources. Additionally, water bodies may be dama-

STAKEHOLDER

Management – Opportunities and Risks



SOCIAL

Employees

The most important resource for a successful company is its staff. Therefore, the way employees are treated greatly affects the sustainable development of companies.

4. Working conditions

FACC strives to establish the best possible working conditions for its employees and to ensure health and safety (e.g., with the help of company doctors) at the workplace, the latter evidenced by annual audits and ISO certifications. The measures implemented include flexible work time models as well as German courses to improve integration and to support the self-empowerment of employees with a migration background. All this contributes to reducing and/or avoiding mental and physical health problems. **In this regard, a correlation is perceptible between well-trained, skilled and satisfied employees with low staff turnover and fewer accidents at work.**

5. Equal treatment and equal opportunities

Avoiding discrimination against individual employees, e.g., unequal treatment in terms of recruitment, remuneration, career opportunities, or training and development, increases workplace attractiveness, and is therefore of paramount importance to FACC.

FACC, therefore, places great emphasis on equal opportunities and inclusion, actively embracing diversity.

- Increasing workplace attractiveness through equal opportunities, diversity, and inclusion
- Helping to prevent discrimination towards employees (e.g., unequal treatment in terms of recruitment, remuneration, career opportunities or training and development)

6. Labor rights and respect for privacy:

FACC attaches great importance to ensuring that the personal privacy of its employees is safeguarded within the company by complying with the GDPR, and to preventing the violation of the right of its employees to personal privacy within the company by preventing cyberattacks and data theft. These are the responsibilities of the Compliance/ Legal and IT Security departments. FACC is well aware of the possible risks involved (penalties, data breaches, loss of reputation, etc.) and sees itself as a strong and reliable partner that is also appreciated as such by customers.



GOVERNANCE

Workforce in the value chain

Just as with the company's own workforce, the working conditions of employees in the value chain also have an impact on the sustainability of the company itself. The value chain maps the path a product/service takes from production to use.

FACC considers the Code of Conduct to be quite simply the most important document of all. It is constantly monitored by the Legal department and adapted as necessary. It constitutes the set of rules that govern the company's daily activities and actions. However, FACC is also aware that even the best internal values can only achieve their full effect if its business partners have at least similar values. For this reason, FACC has developed a Supplier Code of Conduct that communicates its system of values to all its partners.

For more details on the supply chain, please refer to page 92.

Local communities

FACC sees itself at all of its production sites as a company that strengthens the surrounding communities as well as the economy by promoting regional services and products or by creating new jobs.

Corporate governance

The general corporate policy of a company has a strong impact on its environment. As already mentioned, a good business climate and a corporate code built on trust and reliability have a positive effect, while a tendency towards corruption and bribery may have extremely severe repercussions.

FACC implements measures to prevent corruption, bribery, money laundering and the financing of terrorism by way of diverse training courses and self-assessments conducted by the Legal/Compliance department.



SUSTAINABILITY

Strategy

In the 2022 financial year, FACC took an important step in terms of sustainability by integrating its sustainability goals into the Group strategy, thus making them an integral part of the Group strategy and a requirement to be met when awarding bonuses to the Management Board. There is no doubt at FACC that the economy and society must act more sustainably. One other thing is clear to FACC: sustainable conduct in all dimensions - ecology (Environmental), society (Social) and upright management (Governance) - will ensure the company's long-term economic success.

Therefore, FACC continues to adhere to its concrete sustainability targets. **The most important goals include: establishing carbon-neutral production, promoting diversity, and strengthening CSR and a sense of responsibility within the company.** These objectives and other sustainability goals were defined as early as 2021 in a bottom-up process involving representatives from various specialist departments. Our targets are evaluated on an ongoing basis and updated and/or adjusted as necessary to respond to legal changes, on the one hand, and to set ourselves challenges and develop further, on the other.

Today, FACC's sustainability goals are central points of reference for all decisions made in the company, from research to organization, production and logistics.

ENVIRONMENT

Carbon-neutral production
by 2040

40 % reduction in
CO₂ emissions by 2030
(compared to 2008)

100 % LED lighting
by 2024 starting in
Austria

SOCIAL

Maintaining a quota of 50%
women for scholarships and
apprenticeships

Actively encouraging women to
pursue a career in the field of
technology and finance through
two school campaigns per year

Maintaining a mix of 15 to 20
nationalities at all
management levels

GOVERNANCE

Zero breaches of
the FACC Code of Conduct

Further increasing of
awareness of CSR
and compliance

Expanding the CSR ratings of
our suppliers in order to comply
with the German Supply Chain
Protection Act and future
European legislation

CSR management

FACC attaches great strategic importance and economic significance to sustainability, which enjoys a high level of recognition. For sustainability is also synonymous with progress and the future of the company. FACC deliberately used the COVID crisis in 2020 and 2021 as an opportunity to delve further into the topic of sustainability and Corporate Social Responsibility (CSR). As a result of this sharpened focus, the term "Sustainability Management" was changed internally to "CSR Management" in order to better illustrate the scope of this topic. Many people associate the term "sustainability" solely with environmental and climate protection but this approach is clearly too narrow.

The term "Corporate Social Responsibility", on the other hand, describes the overall social responsibility of a company that voluntarily addresses the social and environmental implications of its corporate activities as well as all interactions of the company with its various stakeholders. CSR must be actively promoted and professionally managed on the basis of a clear set of values, quantifiable goals, realistic deadlines, clearly defined areas of responsibility, agreed success criteria, and close teamwork. In early 2021, in order to oversee all these agendas, FACC created the position of a CSR manager who reports directly to the Management Board and collaborates with the Management Board in a steering committee to develop and refine FACC's CSR strategy. As a cross-cutting issue, CSR penetrates every inch of the company like a network of roots. Within FACC, the CSR topics are handled by a so-called core team, headed by the CSR Manager. The team is made up of one department head from each of the eleven core areas of Human Resources, Legal, Purchasing, Marketing & Communication, Customer, Controlling, Environment, Strategy, Quality, Operations and Health & Safety. To ensure diversity in the team, it (currently) consists of five women and six men. The team's task is to define corporate goals in the field of CSR and thus have a decisive influence on the corporate strategy. This bottom-up approach lent the entire goal-setting process a completely fresh and innovative aspect, always with a focus on the international principles, guidelines and standards of the CSR guideline ISO 26000, which is valid worldwide. In order to determine FACC's current position in terms of CSR

and to identify potential for improvement, FACC carried out a CSR assessment in collaboration with Quality Austria and eccos22® for the first time in November 2020. It was based on international standards for the independent verification of sustainable business practices and the evaluation of a company's innovation capacity and future viability. As a result of the assessment, FACC was awarded the international "eccos22® Excellence in Sustainability and Corporate Social Responsibility" quality seal and the "qualityaustria eccos22®" certificate. Furthermore, a reassessment was conducted in 2022 to analyze progress and prepare an interim report. The next major assessment will take place in April 2024.

Moreover, FACC became a member of the non-profit organization CSR Dialogforum in 2020. In August 2021, FACC's Plant 4 successfully passed a SMETA (Sedex Members Ethical Trade) audit, one of the most widely used procedures for verifying sustainable and ethical conduct in business relationships. The Sedex audit applies best practices in order to assess the ethical conduct of companies and covers the entire supply chain of a product along with all relevant processes. Unlike internal measures, this external audit is an independent review and evaluation and will be carried out again in 2024.



Global development goals

At the 2015 United Nations Sustainable Development Summit in New York, 193 UN member states unanimously adopted the Sustainable Development Goals (SDGs) for 2030. These 17 sustainability goals aim, among other things, to eradicate poverty and hunger around the globe by 2030. FACC has also explicitly committed itself to five SDGs in its business activities:

SDG 5: Gender equality



Equal opportunities constitute an important goal of FACC. Currently, there are 13 women on the Supervisory Board, the Management Board, and in other top management positions at FACC. In order to increase the proportion of women in the lower management levels, FACC showcases itself at job fairs as a company committed to gender equality, addressing high-potential female employees directly. FACC pays particular attention to recruiting more women.

SDG 9: Industry, innovation and infrastructure



With its products and innovations, FACC makes an important contribution to innovation and infrastructure in the entire industry. It also makes a significant contribution towards conserving resources and increasing eco-efficiency for its customers by continuously developing and improving its technologies.

SDG 8: Decent work and economic growth



Decent work is a fundamental principle of FACC. In Austria, national regulations guarantee occupational health and safety at the workplace. Child labor and forced labor are not accepted at any of FACC's international locations. Through numerous initiatives and measures, the Group also offers its employees the opportunity of workplace health promotion. What is more, FACC passes on its high standards to its suppliers via its Code of Conduct.

SDG 12: Sustainable consumption and production



FACC stands for sustainable production and pursues the goal of maximum ecological efficiency with its products. Sustainability is the guiding force in the manufacture of its products, and the focus in its maintenance shops lies on resource-saving repairs rather than on replacing parts. In its environmental management, the company pursues an integrated approach and assesses the possible impact of its production processes and products on the environment right from the strategic corporate decision-making stage.

SDG 13: Climate protection measures



FACC's product development is geared towards substantial fuel savings and thus also towards a considerable reduction in CO₂ emissions. By continuously reducing the weight of its components, the company is making the greatest possible contribution to sustainable aviation. Its commitment in the field of urban air mobility is another significant contribution in this context.



OUR ENVIRONMENTAL STRATEGY



REDUCING ENERGY CONSUMPTION

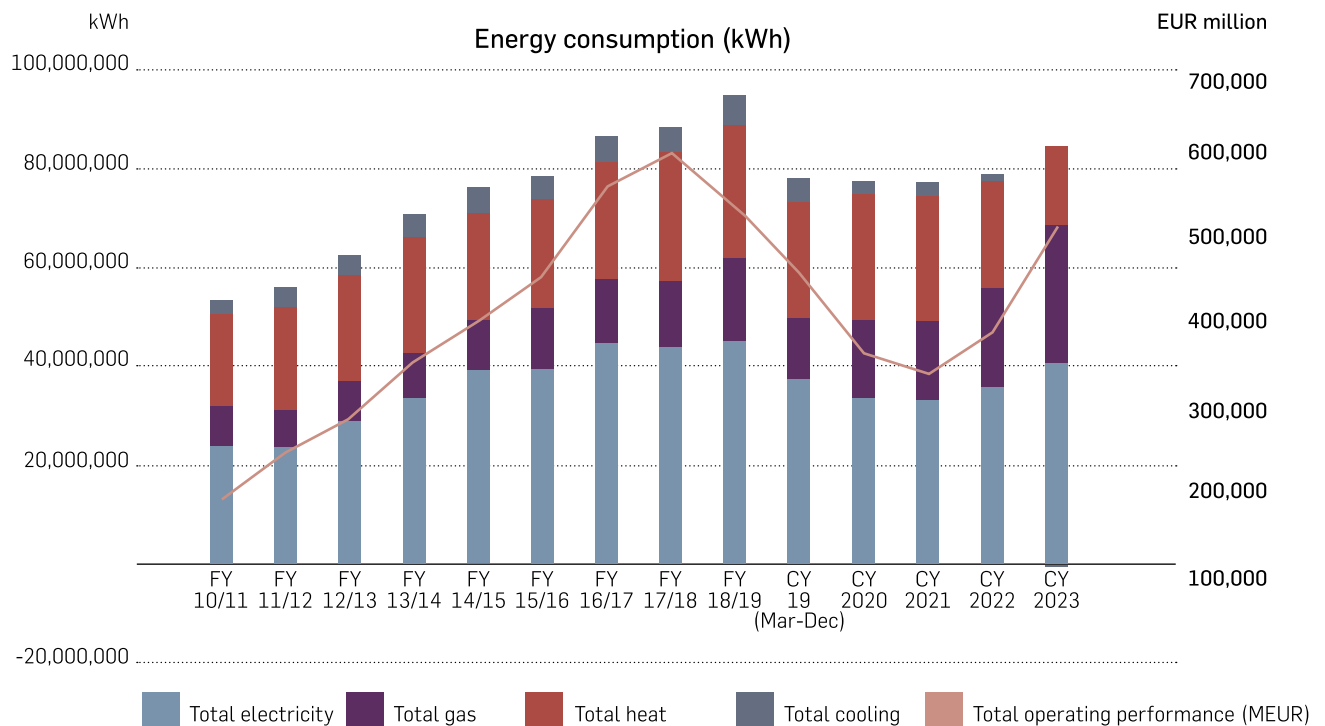
and production-related
emissions

MOVING TOWARDS CARBON-NEUTRAL PRODUCTION

FACC aims to make its production entirely carbon-neutral by 2040. By 2030, the Group's manufacturing operations are expected to emit about 40 percent less CO₂ than in the reference year 2008. With its measures to improve energy efficiency and to make greater use of renewable energy sources, FACC is well on track toward achieving these targets.

CONTINUOUS OPTIMIZATION

FACC also achieves ongoing improvements through measures such as energy monitoring, the use of control systems, the central monitoring of technical building systems, the continuous further optimization of plant utilization, and the ongoing systematic optimization of all processes. FACC is currently assessing the CO₂ footprint of its Austrian sites and expects the findings to provide insights into the potential for reducing CO₂ emissions in its supply chain.



EFFICIENT LIGHTING

FACC is taking a very ambitious and confident approach to achieving its CO₂ reduction targets. Admittedly, is also dependent in some areas on technological developments over which it has no direct control, such as developments in the area of energy-saving manufacturing technologies. Nevertheless, it has already set an important course. For example, the switch to LED lighting at the Group's production sites was virtually complete by 2022 - around 2,000 lights have been replaced over the past five years. In 2024, all of FACC's Austrian sites are to be converted entirely to LED. The initiative will then also be rolled out to locations abroad.

GREEN MOBILITY AND HEAT SUPPLY

Furthermore, FACC's vehicle fleet is to be fully converted to hybrid or electric vehicles by 2030. Currently, the Group's vehicle fleet consists of 60 passenger cars of which 24 are IC cars, 9 are hybrids, and 27 are electric cars. Hence, FACC has already transitioned about 60 percent of its fleet to hybrid or electric vehicles. In addition, the company supports its employees in organizing car pools for electric vehicles. Today, 98 percent of the space heating and ventilation heat for air conditioning in the production areas is already supplied from renewable sources such as geothermal energy or heat recovery. By lowering the temperature level of the distributed heat (for example, the return flow temperature for space heating is below 32 °C), direct heat recovery is possible in most of the thermal processes. This would otherwise only be feasible with the aid of heat pump systems.

CLEAN ELECTRICITY

Since the first quarter of 2021, FACC has been sourcing electricity for its Austrian locations exclusively from hydropower. Moreover, the company has been using photovoltaics for many years to cover its electric power supply requirements. For example, a 200 kWp photovoltaic system on the roof of Plant 3.02 was put into operation in 2019. 99.2 percent of the electricity that it generates is consumed on site. As part of its sustainability strategy, FACC plans to expand its photovoltaic installations on a massive scale in the coming years. For the 2024 financial year, the company intends



FACC Environmental-Team

to expand its systems at all Austrian sites with a capacity of around 4 MW. The expansion is expected to be completed in the first quarter of 2024.

INCREASING EFFICIENCY OVER DECADES

Irrespective of its future objectives, FACC has already made a lot of headway in terms of climate and environmental protection. The most energy-intensive process step in FACC's production is the manufacture of composite components in autoclaves. This is where the components prepared in the clean room from fibers pre-impregnated with resin are cured at high temperature and under high pressure. Since its foundation in 1989, FACC has grown continuously, and so too has the energy consumed by the company's autoclaves and other equipment. Thanks to a large number of efficiency enhancement measures, however, the overall increase in energy consumption has been significantly lower than the overall increase in operating performance.

TO DATE

What has been achieved to date:

Increased efficiency by
optimizing processes and
increasing plant utilization

-18.66% reduction



201.00

MWh/MEUR

CY 2022

163.50

MWh/MEUR

CY 2023



-93% reduction



216.34

GRAMS CO₂/kWh

Heat from gas (left bar)

14.00

GRAMS CO₂/kWh

Geothermal energy (right bar)

FACC has been
committed to
geothermal energy
and its long-term
effects since 2000.

IN THE FUTURE

Plans to achieve FACC's targets:



Use of solar
energy to attain the
required
process heat



**Interplant
utilization of waste heat**

Research project with
Reichersberg Business
Park and the
geothermal plant in St. Martin



**Use of a
heat pump**
to bring the process
heat back up to process
temperature



**Thermoplastics
vs.
thermosets**



Biogas
for autoclaves



Biobased preregs



**Reduction of
compressed air**



LONGEVITY

of products and
circular economy

In order to be able to use aircraft parts in a circular economy in the future, FACC is conducting intensive research into new processing methods and manufacturing processes. Although FACC's products are generally used for many years, the long-term goal is to recycle them or their components at the end of their service life. In recent years, FACC has focused increasingly on developing and implementing a circular economy.



Life cycle analyses

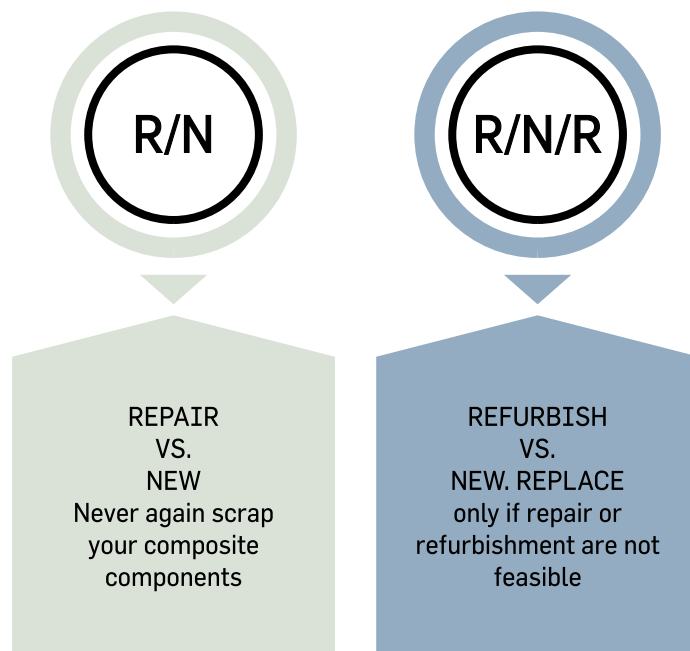
The term "life cycle analysis" is being used with increasing frequency in conjunction with the service life of a product. It denotes the precise evaluation and quantification of the resources consumed and CO₂ emissions generated by a product from its production to its disposal. Last year, FACC launched such a life cycle analysis for the "Wing of Tomorrow" program. In this project, the Group is collaborating with Airbus on developing a next-generation aircraft wing. As part of the life cycle analysis, all process steps (from the purchase of raw materials and pre-products to the finishing stage) are an increasing number of their CO₂ emissions and material consumption. FACC anticipates that there will be more and more such requests in the years to come and that life cycle analyses will soon be required for every new project.

Recycling carbon fibers

In cooperation with 'Carbon Cleanup', a Linz-based startup, FACC has already launched initial trials to determine how carbon fibers can be recycled efficiently and cost-effectively. To this end, reprocessing plants and collection containers equipped with cameras, sensors, and appropriate software are employed to classify the material. This ultimately produces short fibers in the form of pellets that can be further processed in injection molding systems or used for 3D printing to produce furniture, sunglasses and many other items, for example.

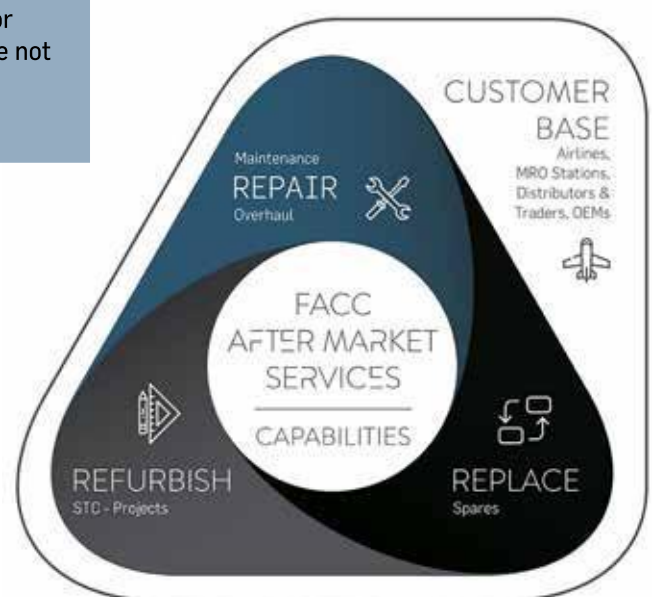
Aftermarket Services caters to the “sustainability trend”

Our mission in the Aftermarket is simple to explain:



If the two previous alternatives are clearly not feasible, the component in question will be exchanged or replaced. In this way, FACC endeavors to prolong the life cycle of aircraft components, which are by nature extremely durable, and to further improve their CO₂ footprint.

When FACC started to get involved in the Aftermarket Services segment in 2018, the 3 possible approaches (Repair, Refurbishment, Replacement) were all treated equally. In line with the idea of sustainability, however, this construct became a strategic one. In other words, we repair wherever possible; alternatively, we overhaul.



What is AN ECO-BALANCE/ A LIFE CYCLE ASSESSMENT?

Making sustainable decisions is more important today than ever before, and at FACC the concept of **Life-Cycle Assessments (LCA)** plays a crucial role in connection with the service life of a product. An eco-balance provides a comprehensive overview of the environmental impact of an aircraft from its production to its disposal. LCAs analyze different phases including raw material extraction, production, transportation, resource consumption, and EOL and, in this way, help identify opportunities to implement sustainable practices and achieve improved resource efficiency. As part of its efforts to minimize its carbon footprint, FACC launched relevant projects in 2023 in cooperation with partners such as **Airbus and Embraer**, which focus on weight reduction and include life cycle analyses in the **early design phases**.

Which benefits does an eco-balance or a life-cycle assessment entail for FACC?

Resource efficiency and waste reduction

- Goal of reducing the consumption of fossil resources.
- Waste of energy: identification of areas where the use of materials or energy can be reduced to save costs and improve efficiency

- Minimization of the environmental impact of waste disposal during the production phase. The eco-balance helps define waste management strategies such as recycling or reuse.

Sustainable product design

- The circular economy is driven by design - components should be designed for end-of-life scenarios right from the initial design phase. It is precisely here that an LCA supports decision-making even before a product is launched on the market.

Social responsibility of businesses

- FACC fulfills its responsibility towards society by assessing and minimizing the environmental impact of its products.
- Eco-balances are of relevance to the annual Sustainability Report, ensuring the provision of transparent information to stakeholders, customers and investors.

Legal compliance

- European law requires FACC to record Scope 3 emissions (CSRD, CBAM, CSDDD).
- Specific contractual requirements of a few customers call for mandatory life cycle assessments (LCA).

BIO-BASED

prepregs and thermoplastics

The mobility of the future depends crucially on new technologies and materials. In this respect, FACC is thinking beyond existing horizons: from the development and use of new materials to more sustainable, more economical and more efficient production technologies for fiber composite components.

Fiber-reinforced composite components for aircraft interiors are made of so-called prepregs that are based on phenols, various aldehydes, and formaldehyde. **In the field of bio-based matrix systems, FACC is focusing on an innovative idea:** the use of waste from sugar cane production. This is because new and, above all, sustainable solutions also require innovative approaches in the production of cockpits, aircraft cabins and cargo areas.

The new type of prepreg consists of reinforcement material pre-impregnated with resin, and is mainly used in the production of fiber-reinforced composite components. The raw material used is so-called bagasse. This is a fibrous, ground residue from sugar production, which is left over after the sugar cane has been pressed and which can be used in a variety of ways such as in the aerospace sector, for example.

In a joint effort with partner companies, FACC's **Research and Development department** is extracting **polyfurfuryl alcohol (PFA)** from bagasse. This PFA is subsequently converted into resin and contains only minimal amounts of formaldehyde and VOC. In addition to its environmentally friendly properties, PFA exhibits excellent temperature and chemical resistance and is also fire-retardant. In the manufacture of products of the Cabin Interiors Division, the material is cross-linked in autoclaves or presses to create a hard, robust, and break-proof surface. The material costs for bio-based prepregs are comparable to those for conventional materials. However, the improved surface quality helps save valuable process time and reduces manufacturing costs by about 20 percent. In addition, bio-based

prepregs have the added benefit of being insensitive to environmental influences during production: fluctuations in temperature or humidity have absolutely no effect on the quality and efficiency of the manufacturing process.

With the development of this innovative material matrix, FACC has taken another important step towards bringing sustainability to product design. Following intensive research efforts, FACC presented its new aircraft cabin concept featuring bio-based prepregs at the **Aircraft Interiors Expo (AIX) in Hamburg** in June 2022. Plans for further national and international research projects based on the current state of development are in the pipeline. Major OEMs such as Airbus are showing great interest in new and, most importantly, sustainable reinforcement materials, thus confirming that FACC is on the right track when it comes to technology development.

For further information on thermoplastics, please see page 41.



Peter Glaser, Vice President Engineering & Head of Design

SMART MOBILITY

FACC makes EV fleet available to employees

Commuting to and from work each day in the company's e-cars: Since 2023 FACC is offering all of its employees the opportunity to use one of FACC's e-cars for commutes to and from work. All that employees have to do is form carpool groups of at least 4 people. They will then be allocated an e-car which can be charged free-of-charge on site with green electricity from hydropower. Every carpool of 4 people will be assigned a VW ID.4, while carpool groups of 7 people or more will be provided with an electric van.

“The cost of living has risen sharply of late. This is why we want to support our employees through our new fleet of *electric cars*, which will help lower *commuting costs* and, at the same time, EASE the impact on the environment,” emphasizes CEO Robert Machtlinger. “Every kilometer driven in FACC's shared electric vehicles will help to lower overall CO₂ emissions and significantly *reduce the volume of traffic* in the region.”

Robert Machtlinger,
CEO FACC

ALSO AVAILABLE FOR WEEKEND USE

The new Smart Mobility project was presented to the entire FACC staff at this year's Christmas party as an early Christmas present, and has already generated considerable interest in-house. Members of the individual carpool groups can also use the vehicles at weekends for private outings or other trips. Apart from the cars themselves, FACC also provides the necessary electricity. The energy required for the new EV fleet is generated by the company's in-house photovoltaic plant. The monthly cost contribution per person is just € 20 for a van and € 30 for an ID.4, i.e., by all accounts, a rather small amount compared to the fuel costs saved.

SPECIAL APP TO FIND CARPOOLS

The company is currently working on its own Smart Mobility app which offers around 3,000 employees the opportunity to register and find colleagues living close to them who also wish to join a carpool. This will make car sharing much easier in the years ahead.



FACC provides electric vehicles to its employees helping to reduce commuting costs considerably. In this way, FACC is providing a strong impetus towards greater sustainability and contributing to a significant reduction in commuting costs.

SUSTAINABILITY INITIATIVES AT FACC

The Smart Mobility project is part of a large-scale sustainability campaign at FACC:

- In May 2021, a company bike campaign was launched, offering employees bicycles and electric bicycles at highly discounted rates. Employees simply select a bike at a retailer's. FACC will then take care of the rest by leasing the bicycle and making it available to the employee.
- FACC's entire manufacturing operations are to be carbon-neutral by 2040. In order to achieve this target, FACC is currently working on a number of large and small-scale adjustments: FACC already makes 100% use of geothermal energy and heat recovery for space heating and, in addition to an in-house PV facility, solely relies on electricity from hydropower, while energy-saving LEDs are used for lighting.
- With ultra-lightweight materials made from renewable sources, FACC is contributing to a significant reduction of the CO₂ emissions generated by aircraft. As part of a multi-year research project, the company has developed a novel lightweight material derived from sugar cane and featuring properties that make it well-suited for use in aviation. This material boasts a surface that is not only extremely robust, but also resistant to heat and chemicals. As a result, it could soon find its way into the interior of modern aircraft.

Our Logistics department presents:

GREEN

Packaging

One of FACC's main objectives is to develop innovations geared towards greater sustainability. With "Green Packaging", our logistics team has developed a new packaging concept that takes environmental protection very seriously.

As an aerospace company with an export ratio of 100%, it goes without saying that logistics, and therefore packaging, play an important role. Thousands of aircraft parts have to be safely packaged each month. Given FACC's high shipping volumes, all optimizations have a major impact and make a huge difference. By introducing a new and sustainable packaging concept, the FACC logistics team has now taken yet another major step forward. The goal: to make FACC's manufacturing operations carbon-neutral by 2040.

As of now, our logistics department is focusing on sustainable packaging: for smaller parts, FACC only uses packaging and filling material made from recycled cardboard, totally avoiding any plastic materials. For larger packaging units destined for overseas deliveries and complex systems that require additional filling material, FACC even produces air cushion foil from sustainable materials. This type of foil has a recycled content of 40% and is 100% carbon-neutral. What is also important is that the foil is not inflated until it arrives at its place of use. As a result, the foil requires around 25 times less space in transit than before, which alone helps us to eliminate 30 truck trips per year. In total, this equates to CO₂ savings of approximately 40 tons, equivalent to the annual emissions of around 20 single-family homes.

The foil has been specially tested by our logistics department and certified for use in the aerospace industry. In future, two newly purchased machines will supply this department with the sustainable packaging material it needs. What is more, FACC has also been using sustainable eco-liners in transportation for the past three years.

SUSTAINABILITY MEETS EFFICIENCY AND ERGONOMICS AT THE WORKPLACE

"Ideally, greater sustainability also means greater efficiency," explains CEO Robert Machtlinger, impressed with the optimizations achieved in the Logistics department: "We have not only minimized our ecological footprint through the measures we have taken, but also saved costs. And, equally important, by redesigning the packing table, we have significantly improved workplace ergonomics for our employees."

Perfectly configured for the human body and work routines, the new packing table significantly eases the strain on the muscular and skeletal systems of FACC employees. In addition, improved workflows have reduced the time and cost spent on packaging by half. This translates into significant savings, given that approximately 100,000 m² of cardboard are required per year.

FULL TRANSPARENCY

The total CO₂ savings achieved in the last three years by our logistics team thanks to this new green packaging concept and the sustainable eco-liners amount to more than 400 metric tons. A QR code printed onto each package allows our customers to view the total CO₂ savings centrally on our website. The packaging design itself was also revised and a new logo developed for "Green Logistics".



Review by FACC experts

What do our logistics experts have to say about “GREEN PACKAGING”?

“With FACC taking over packaging, we now have many opportunities to actively shape our shipping logistics. And in times like these, this must also include the issue of sustainability.”

Gernot Valentin
Director Exports & Customs

“In our department, we still see a lot of potential for improvement in terms of ‘sustainable packaging’ and are happy that the first phase was a step in the right direction.”

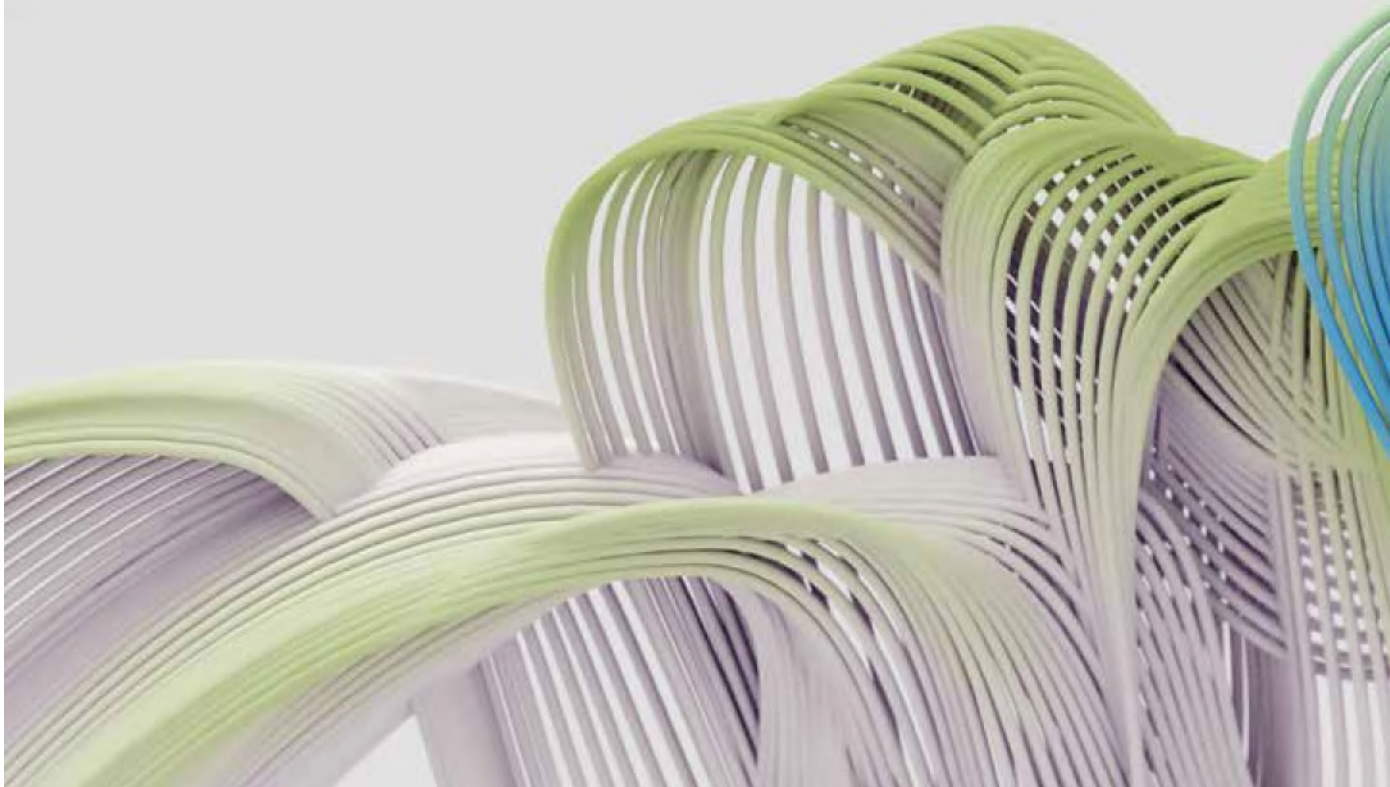
Mario Einheller
Expert Packaging

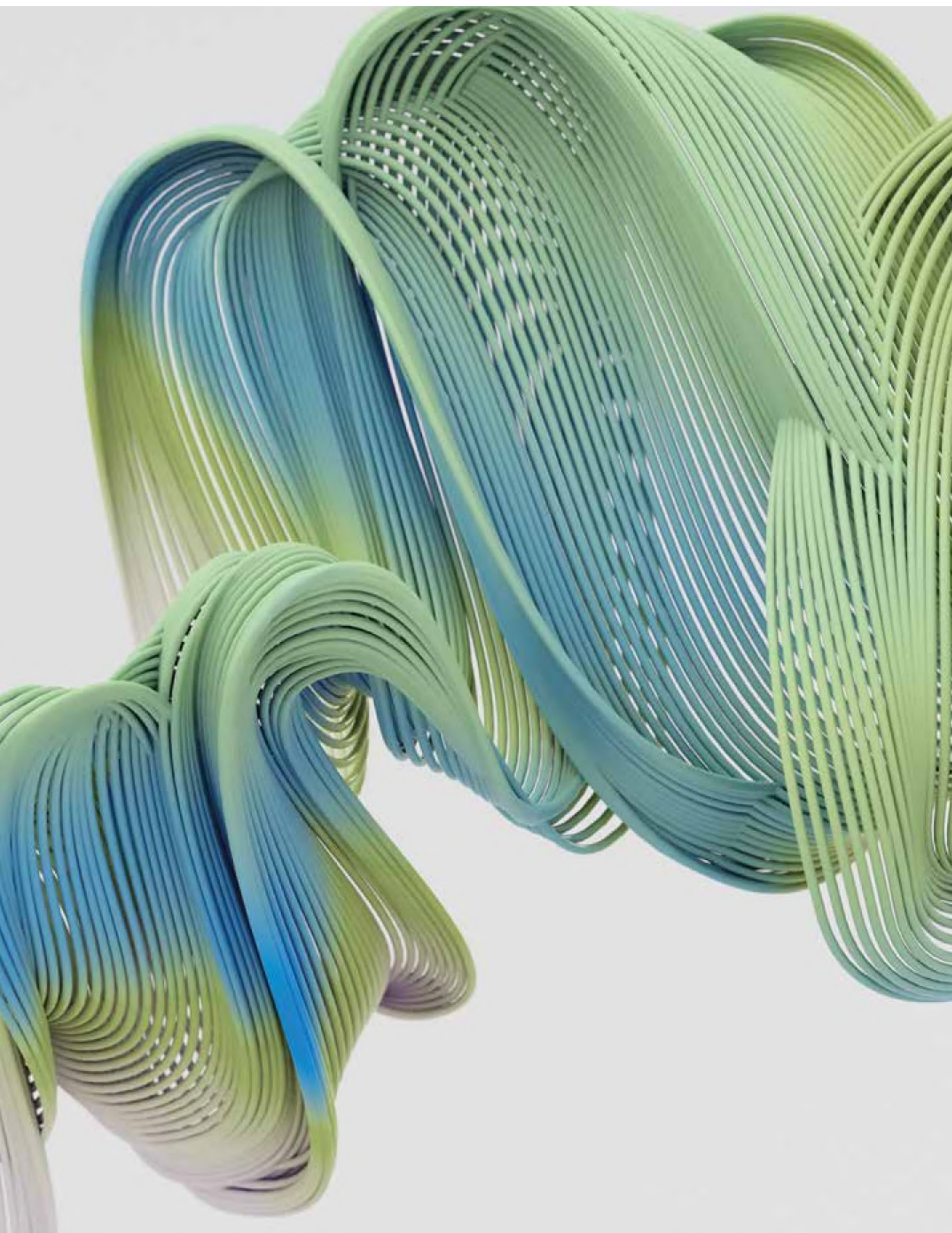


“At our new high-speed packing station, we are not only packaging goods sustainably but have also significantly reduced our throughput times for small packages. In my book, that’s a clear win/win situation!”

Stefan Sinzinger
Group Leader Packaging

SOCIAL STRATEGY & NEWS





1. EMPLOYEES

As of 31 December 2023, the FACC Group employed 3,456 full-time equivalents (previous year: 2,919 FTE). In Austria, 2,851 FTE were employed as of 31 December 2023. This corresponds to approx. 82.5 percent of the Group's total workforce.

FACC's internationality is also reflected in its employee structure. Citizens from 50 nations from all continents work at the Austrian sites. 48% of the workforce are Austrian citizens, 14% come from Germany. At 32%, the proportion of **women** in the total workforce remains at a high level for a technology company. The fact that 43% of FACC's apprentices are women is also particularly pleasing.

1.1. MOTIVATION AND HEALTH

FACC as a pioneer in employee satisfaction

In times of labor shortages, a motivated and committed workforce is indispensable. For this reason, FACC offers a wide range of schemes as part of its new LIFE Program:

Vital LIFE

Numerous health promotion activities, including **vaccination campaigns**, preventive healthcare as part of blood donation campaigns and fitness videos.

Career LIFE

FACC sets great store by the further development of its employees. The expert career program, for example, offers **development opportunities** for experts outside of the traditional management career path.

Green LIFE

Sustainability: FACC provides **electric company cars** and **e-vans** for carpooling as well as a second-hand sales platform. In addition, employees can lease bicycles or **e-bikes** with tax benefits. Carpooling is facilitated by the free "twogo" carpooling app.

Family LIFE

Reconciling professional and family lives: FACC offers **childcare places** all year round in the **FACC Kids Clubs** in St. Martin and Ried im Innkreis, part-time parental leave, care leave, one-month paternity leave, and a day off on birthdays. Employees can also take advantage of adaptable flexitime models, the option to catch up on bridge days, up to ten flexitime days, up to 15 flexitime Fridays, as well as flexible arrangements for working from home.

Social LIFE

Achievements deserve to be celebrated: with the **Leonardo Team Award** honoring special team performances every year, and with various employee events such as the Christmas party and a family festival, as well as staff rooms and canteens.

1.2. HUMAN RESOURCES DEVELOPMENT AND ADVANCEMENT

Academy

Investment in comprehensive extra-occupational training and further education opportunities is a key factor in FACC's corporate success. The relevant programs are implemented via the FACC Academy which, in 2023, organized a total of 544 internal training courses, some of them via e-learning, attended by 5,307 employees. Additional offers: "Competence Assessment Part 145", "Cyber Security Awareness Training", and "Environmental Compliance Refresher". The learning units can be completed directly at the workplace via FACC's SAP system.



Martina Hamedinger, Vice President Human Resources - VP HR

Development paths

The crew's expertise and talents should be utilized and applied as effectively as possible. The qualifications and strengths of the employees are bundled into three development paths:

Management career:

The most important factors here are leadership qualities, proactive strategic thinking, a broad scope for action, an impact on business success.

Expert career:

In this field, employees are characterized by a high degree of expertise, specialist knowledge, experience, independence and responsibility.

Project career:

Here, the significance and size of the project and the role an employee plays in it are just as important as organizational talent and flexibility.

Employer branding

New projects in the field of Urban Air Mobility and Space require new talents which FACC aims to attract through a variety of measures. The focus was primarily on recruiting employees in production. In the field of social media, video campaigns on platforms like TikTok were used. In March, "The Long Night of Apprenticeship Training" and an open house event took place, at which some 400 visitors were able to get an insight into the world of FACC during guided tours of a production plant, thus consolida-

ting FACC's presence as a local employer. With the "FACC Future Crew", FACC is placing the spotlight on the young generation, i.e. its apprentices and their long-term development. To persist in this competitive market, FACC offers its apprentices proven incentives such as seven weeks of vacation, free lunches, and bonuses for the successful completion of part-time vocational school. The master's program offers students flexible working hours and thus the opportunity to gain practical experience in the aerospace industry and establish a close relationship with FACC. In addition, the company was able to further expand its cooperation with schools and offer sponsorships to two new school classes. Within the scope of the FACC HELD drone project, students from the higher technical colleges HTL Ried, HTL Andorf, HTL Braunau, and HTL Vöcklabruck were invited to develop and manufacture a parcel drone. The project includes two internships for the students as well as the opportunity to write a diploma thesis. The test flight of the drone is scheduled to take place in the spring of 2026.

1.3. GLOBAL FAMILY

As an international company with employees from 50 countries, FACC sets great store by cross-cultural dialog. To ensure good cooperation, most of our international employees attend language and intercultural training courses. The "International Cafés" and



twogo carpooling app

the association "Initiative Lebensraum Innviertel" ("Living in the Innviertel. An Initiative") provide platforms for colleagues to exchange experiences.

1.4. IN-HOUSE DEVELOPMENT OF YOUNG TALENTS

FACC also attaches great importance to apprenticeship training using the latest technologies and equipment, which is attested by the "State-Honored Training Company" seal of approval. At the end of 2023, a total of 39 apprentices were undergoing training in design engineering, metal working technology with milling, cutting and machining techniques as a main module, plastics process engineering, plastics technology, process engineering, information technology, application development (coding), and purchasing.

1.5. FACC GRANT

In 2019, an FACC grant with a total value of around EUR 100,000 was awarded for the first time in the "Lightweight Design and Composite Materials" degree course at the Wels University of Applied Sciences. FACC pays the tuition fees and offers internships in its own plants including supervision by competent FACC employees as well as participation in training courses and numerous other benefits.

1.6. DIVERSITY

The diversity of 50 nations brings a wealth of different perspectives and challenges. A focus on the

various aspects of life-phase-oriented working not only promotes diversity in the workforce, but also opens up opportunities for growth in times of skills shortages.

Job sharing

In the last two years, the number of different working time models at FACC has tripled: The focus is on flexibility for employees and new approaches that allow part-time employees to take on managerial positions. Job sharing offers highly flexible working time options for career jumpers or lateral entrants, staff returning from parental leave, or those undergoing further training.

Promotion of women

A mentoring program offers female students attending the 11th grade (aged 17-18) of the higher technical colleges in Andorf, Braunau and Wels an FACC mentor, a summer internship as well as the opportunity to write a diploma thesis.

Wings for Women

The aim of this network is to promote equal opportunities, female empowerment, and an increase in the women's quota in executive positions. Via workshops and networking opportunities, FACC provides stimulus for the promotion of women. These measures contribute to the development of a diverse and inclusive corporate culture and sustainably strengthen innovation and success on a global level.



From left to right: Maria Schwendinger, Kristina Danninger, Sabine Lenzbauer (President FACC Wings for Women), Martina Hamedinger, Martina Thöress-Kofler, Barbara Zisch, photo credits: Catherine Roider

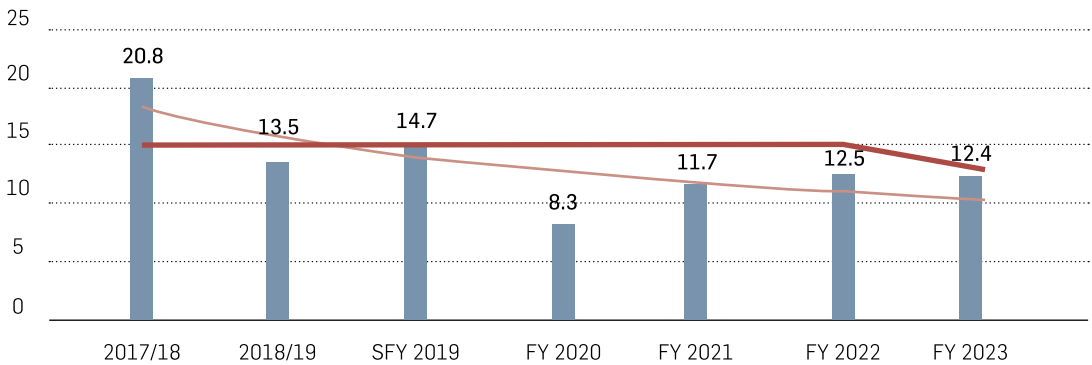
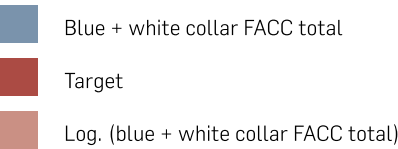
OCCUPATIONAL HEALTH and safety

Certified according to ISO 45001, FACC achieved a Lost Time Injury Frequency Rate (LTIFR) of 12.4 in the 2023 financial year. Following a figure of 12.5 in the 2022 financial year, the target for 2023 was an LTIFR of 12. Unfortunately, this target was narrowly missed, but FACC is aiming high in the field of occupational safety and is confident that the target can be achieved in the 2024 financial year.

The causes are being analyzed in detail, and FACC is working on continuously improving its **work routines and safety** by organizing numerous **training and further education measures**. Thus, investments were made in a **new training center** to continually improve the onboarding of new employees and to take greater account of the internationalization of the workforce.

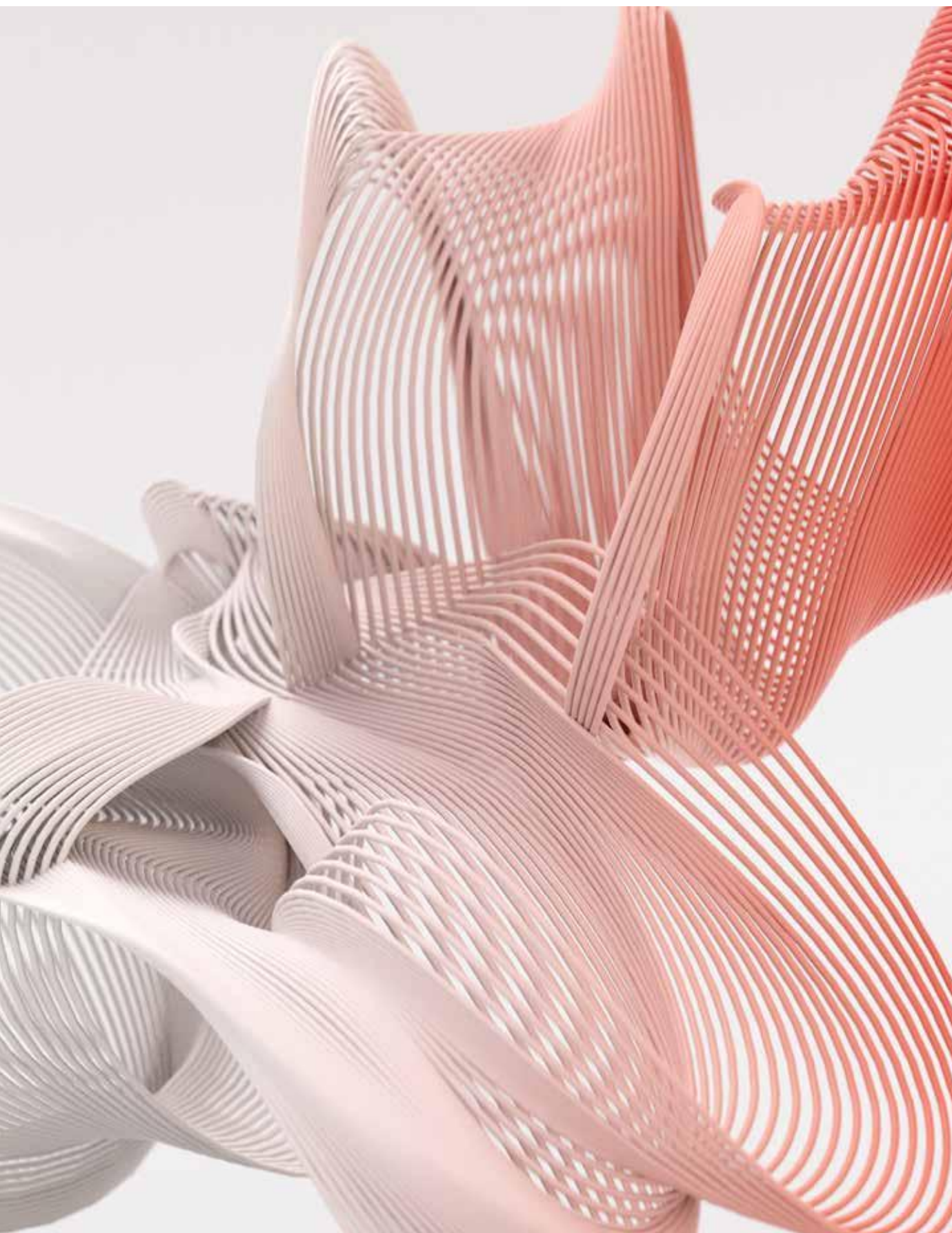
Additionally, group-wide safety videos have been introduced to teach employees the correct use of skin protection and correct behavior in internal plant traffic. These videos run on screens on the shop floor and are presented in multiple languages to ensure that every employee can understand them.

Established occupational safety and accident-prevention instruments at FACC include processes such as a group-wide reporting platform for near misses and unsafe conditions, structured processing and the implementation of measures in the event of work accidents, safety walks with participants ranging from employees to members of the Management Board, as well as regular **Zero Accident Gate Meetings** where measures are defined by executives and prevention specialists, and their implementation is monitored proactively.



GOVERNANCE & NEWS





GOOD GOVERNANCE

and Compliance



FACC requires all individuals and organizations working for the company to comply with defined values and principles of conduct. This is because FACC acknowledges its responsibility towards society and the environment, to the extent that this is within its reasonable control. An essential tool in this context is FACC's Code of Conduct, probably the most important governance document for FACC, as for any other company.

In addition to such **issues as corruption, bribery and the protection of human rights** (e.g. through fair working conditions), the Code of Conduct also contains the following topics: general conduct, health and safety, company property, conflicts of

interest, prohibition on restrictive practices, insider information, export control, environmental protection, and quality policy. The company also demands compliance with certain values and principles of conduct from its customers and suppliers. After all, FACC sets great store by partners who share the same values and principles.

The **Code of Conduct** is available to all employees on the FACC intranet, and its contents are discussed in the course of FACC's Welcome Training.

The Code of Conduct is also available to third parties for download from the company's website.

Back in the 2017/18 financial year, FACC launched a **communication initiative** to raise awareness of the Code of Conduct and compliance issues in general. As part of this initiative, the Code of Conduct was adapted and brought to the attention of all Group employees through an independent notification from the Management Board.

Since then, separate training courses have been held on the overriding topics of compliance, anti-corruption measures, the acceptance of gifts, money laundering and terrorism prevention, export control, supply chain compliance and data protection.

At FACC, the continuous work on good governance is a cross-sectional discipline involving numerous organizational units such as Communications, Legal, Business Strategy, Internal Audits, as well as IT Security and CSR. The Legal department is responsible for the Code of Conduct and serves as the central point of contact for compliance issues within the company.



Derik Zusann, General Counsel

WHISTLEBLOWING HOTLINE

Solidarity, mutual respect, trust and professional dealings with one another and with customers are a reflection of FACC's corporate values. In order to anchor these principles even more firmly, FACC has set up a whistleblowing hotline.

The whistleblowing hotline is an internal system that enables individuals to report violations of the company's Code of Conduct. In doing so, the whistleblower can remain completely anonymous, is protected by law and can share their concerns and misgivings confidentially. The system has been in place since 15 December 2021 and can be used around the clock. During the previous financial year, there were zero disclosures.

CONTACT

Whistleblowing hotline
E: integrity@facc.com
oder T: +43-59-616 3951

EVALUATION

Concrete measures are taken and tasks are distributed that contribute to improving the general compliance. This is then implemented at division level and checked again regularly. In addition, self-assessments, evaluations and management reviews take place on an ongoing basis using the internal compliance system. Further initiatives that are to be implemented over the next few years could include mandatory self-disclosure by suppliers or a comparison of the purchasing volume per country with the corruption index. The Code of Conduct has already been updated. Good governance measures to combat bribery, corruption, anti-competitive behavior and cartel agreements are regularly monitored, reviewed and given appropriate training.

SUPPLY CHAIN

and its effects

The Supply Chain and the Supply Chain Act

In the previous financial year, FACC carried out over 25,000 import and export transactions with hundreds of different suppliers from all over the world.

As a company, FACC is required to assess its supply chains in their entirety, or in other words, from an economic, environmental and social perspective. Sustainability does not end at the factory gate or the office door. FACC's own procurement decisions have an impact beyond the company itself: Are raw materials mined by children, and does their extraction pollute the environment? What transportation routes, energy consumption and carbon emissions are involved? In other words: What is the actual long-term price the company has to pay for its procurement decisions, and to what extent are these decisions made at the expense of society? With this in mind, European legislators are currently working on uniform supply chain legislation.

What the content of this legislation will entail and how Austria will implement it will become clear in the near future. However, the discussions at European level, amongst other reasons, have already prompted FACC to examine the issue of its supply chain in more detail.

Internal CSR rating of the top 250 suppliers by 2023

In the first quarter of the 2021 financial year, FACC sent its 150 most important suppliers a CSR questionnaire. The 17-page document contains numerous questions relating to economic, ecological and social issues, such as: Does the supplier concerned have a Code of Conduct? Does the supplier comply with human rights? Does the supplier have ISO certifications regarding the environment and occupational safety? The list goes on.

This preliminary step allowed FACC to form a clear picture of its supply chain, before drafting measures to comply with the announced supply chain legislation. Around 150 suppliers have already been assessed for their CSR activities as part of this initiative. The target is to assess all 250 by the end of 2023.

In the next few years, the Group plans to introduce a performance rating tool for all its suppliers and to incorporate the results into the supplier assessment process. Moreover, FACC adopted a Supplier Code of Conduct a few years ago. By signing this document upon finalising a contract, suppliers commit themselves to complying with all the values, laws and requirements specified by FACC for its sustainable supply chain.

Economic impact

The COVID-19 pandemic has severely disrupted global supply chains. Open and integrated markets are essential for supply chains to function effectively. However, their mechanisms are under increasing pressure from external events, market intervention and manipulation as well as planned disruptions to the movement of goods and services. FACC stays abreast of the overall global situation on a daily basis. Experts from the Purchasing and Risk Management departments, among others, have been working intensively on ways to avoid or minimize potential risks and their impact. One of FACC's measures is to keep its supply routes as short as possible. For example, 60 percent of the company's suppliers are from German-speaking countries.

Ecological impact

A regionalized supply chain can help to reduce the risks of globalization, while at the same time saving resources and energy through shorter transportation routes. For this reason, FACC has launched a project to analyze the carbon footprint of all its locations in Austria. This is intended to allow a more accurate assessment of its Scope 3 emissions generated by the supply chain.

FACC's long-term goal is to record and evaluate all effects of its sourcing operations in order to manage its raw material, energy and transport costs more efficiently.

Social impact

FACC is committed to identifying potential human rights violations that could result from its business activities. The company's due diligence obligations extend to the entire supply chain, from the raw material to the finished product.

It is essential that FACC adopts measures to prevent violations of fundamental human rights. Respect for human rights must be ensured within the Group, and at its direct suppliers, by prohibiting forced labor and child labor, for example, and by complying with internationally recognized social standards.

In the case of indirect suppliers, due diligence only applies as and when necessary. This means that FACC is only required to conduct investigations and take action if specific incidents suggesting human rights violations are brought to its attention.

FACC selects its suppliers very carefully and imposes strict demands with respect to compliance with human rights. These demands are communicated to suppliers through the Supplier Code of Conduct.



From left to right: Patrick Doppler, FACC Manager CSR & Export Control; Sabine Lenzbauer, FACC Vice President Procurement; Thomas Baumgartner, Certified Compliance Officer and attorney-at-law

Violations of the Supplier Code of Conduct

In the past financial year, FACC did not identify any violations of the ecological and social standards stipulated in the Supplier Code of Conduct. Compliance is ensured through regular supplier audits, which include on-site inspections.

In the event of violations, however, FACC will take remedial action immediately and, if necessary, terminate the business relationship with the supplier in question.

ECONOMIC

responsibility and
regional impact

FACC is committed to its production sites in Austria and Croatia. In doing so, a wide range of added value is generated for each region, which benefits from the overall economic upswing triggered by FACC's jobs, investments and purchasing activities. This also has a positive long-term effect on the quality of life of the residents living there and future generations. In turn, FACC also benefits from its regional roots:

The company's ability to attract skilled workers as well as high potentials and their families is a key advantage when competing for the best staff. The Upper Austrian town of Reichersberg is not only the location of **FACC's Plant 4**, but is also one of the municipalities with the highest credit rating in Austria.¹⁾ The municipality of St. Martin is also doing well economically, and is expanding **schools and childcare facilities**, thus creating an ideal living environment for young families. In this way, the entire region is steadily growing due to FACC's stable and sustainable growth. Based on the positive development of FACC, supplier companies are flourishing. In addition, the services and products thus created are purchased beyond the region and beyond the demand of FACC. As a result, FACC has created a win-win situation for the entire region.

The plant was planned and constructed in close cooperation with the Fraunhofer Institute. Production at the plant not only meets the latest industrial standards, but also follows an approach according to which scaling is possible at any time. Both on the inside and outside, the factory buildings have a modular structure and can therefore be adapted to increasing volumes with relatively little effort. Planning has already begun for two further expansion stages at the site: In the coming years, the production areas are to be tripled in two stages. This means that Plant 6 is already on a steep growth trajectory shortly after its opening, from which the region around Jakovlje should also benefit.

¹⁾ "public" magazine, in cooperation with KDZ
(Center for public administration research)

FACC promotes its locations and the entire region through:

- Cross-border job creation (FACC currently employs more than 350 members of staff from neighboring Bavaria in Germany);
- Strategic regional and thematic development ("Composite Valley" in Ried and the Innviertel);
- Site investments: FACC has invested a total of more than EUR 500 million in its Upper Austrian sites since 2010. In the coming years, the company plans to make continued investments in its domestic plants.
- Project-specific investments: purchase of tools from regional manufacturers, for instance, where this creates local added value.

**Supporting regional
training opportunities**

FACC wishes to motivate young people to pursue a career in technology and accommodate their career aspirations. Until 20 years ago, Ried im Innkreis did not have a technical high school (HTL). How things have changed in the meantime: For fourteen years now, there have been HTL graduates, of whom about 50 percent go on to study at a university and 50 percent take up a job in the region in the industrial sector. FACC has supported the HTL Ried from the beginning, and is also represented on the board of the school's support association.

**Close cooperation with
training institutions**

- Technical partnerships with vocational training institutions (e.g. HTL Ried) and higher education institutions (e.g. University of Applied Sciences Wels, Johannes Kepler University in Linz, the Linz Institute of Technology)
- Support of endowed professorships
- Funding for research units
- Decisions to cooperate with training institutions are made jointly by the Management Board and the Human Resources Manager.

IMPORT

and export control

CONTACT

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Due to its specific line of business, FACC is subject to international export control regulations. These ensure that FACC cooperates exclusively with permissible organizations and individuals.

1. **Sanctions:** Business partners are screened on the basis of current global sanctions lists.
2. **Embargo check:** If there is any indication that a particular destination is located in a country under embargo, an automatically generated blocking notice is issued, which is then checked manually.
3. **Dual-use goods:** If products are classified as dual-use goods under EU or US export control law, i.e. if they can be used for both civilian and military purposes, blocking signals are also issued, which are specifically evaluated on a case-by-case basis.
4. **ITAR goods:** These are goods that are subject to particularly close scrutiny within the framework of export controls, as they are subject to the International Traffic in Arms Regulations (ITAR), i.e. the US regulations governing military equipment. Due to the strict controls and the associated high penalties imposed by the relevant US authorities, FACC faces export compliance risks in this area. The company therefore takes care to ensure that ITAR goods are generally no longer purchased (ITAR-Free Compliance Plan).
5. **Export licenses:** Export licenses are requested from the competent authorities if they are necessary for exporting components or goods.

All these aspects are monitored on an ongoing basis and continuously adapted to constantly evolving international laws and regulations. FACC is both dedicated and committed to completely fulfilling contractual obligations, requirements, laws and regulations, as well as customer specifications and standards at all times. Legal conformity and con-

tractual compliance are just as important as the long-term safety of the components manufactured and delivered to our customers.

FACC components should never become the underlying cause of aviation safety incidents or accidents. This ambitious goal has been achieved to date. Quality Management at FACC was, and still is, responsible for this accomplishment. The particular area of export control is the purview of specially trained Export Control managers who handle any complaints or other related issues. The evaluation for the previous and current reporting year concluded that requirements were being fully observed throughout the company. While no need for adjustments was identified in 2022, potential for further improvements naturally remains.

CONFLICT MINERALS (TANTALUM, TIN, TUNGSTEN, GOLD)

The Dodd-Frank Act (Sec. 1502) stipulates that companies subject to US reporting requirements for trading in securities must disclose annually whether so-called conflict minerals, which may be necessary for the manufacture or proper functioning of products, originate from the Democratic Republic of the Congo or one of its neighboring states. The aim of this ruling is to prevent armed groups from being financed through the extraction and trade of raw materials. Since FACC products are supplied directly to US customers, FACC is indirectly obligated to observe US legislation. For this reason, FACC analyzes its supply chain once a year by means of a conflict minerals report template. Should a business partner require such a template, FACC will make one available immediately.

FLIGHT AND PRODUCT SAFETY

through product quality



Since FACC was founded, international aviation authorities have not only guided the company through a demanding approval process, they also implement ongoing checks to ensure that the agreed standards are being observed in full. In order to maintain its approvals, FACC undergoes external audits several times a year. This means that its customers can depend on proven premium quality.

Apart from holding official approvals for the production and maintenance of aircraft components, FACC is a certified development organization authorized to develop and approve repairs and modifications independently.

100 PERCENT RELIABILITY

FACC focuses on the regulatory requirements placed on a new component at all times even during the development phase. In order to ensure that each prototype ultimately meets such requirements, it is subjected to numerous tests. When developing new products, FACC always strives to make components even lighter, more efficient and more economical than their predecessors. Production of a new component will only start once it has been approved by the relevant authorities. Prior to delivery, precise documentation of the airworthiness of each individual component is prepared, and the component is clearly labeled. However, FACC not only manufactures new components, but also repairs damaged ones as part of its portfolio of repair services. This portfolio even includes repairs of components that were not originally produced by FACC. The company was granted the requisite official authorization to carry out these repairs on the basis of its extensive technological expertise. Committed to using resources carefully, FACC only replaces defective components in the course of repair jobs if there is no doubt that they are beyond mending.

In compliance with strict aviation regulations, but above all in the interest of its customers and the safety of all air travelers, FACC rigorously pursues its goal of 100 percent reliability.



EN/AS
9100
Quality
Management System



ISO
14001
Environmental
Management System



ISO
45001
Occupational health
and safety certification



EN/AS
9110
Quality Management
System certification



QUALITY MANAGEMENT

Evaluating the effectiveness of all measures taken is an integral element of FACC's strategy to ensure flight and product safety. In numerous internal audits, conducted on a regular basis and covering all areas of FACC, the company's Quality Management reviews compliance with all applicable regulations and requirements in order to determine conformity.

Quality Management reviews, in which the findings of the internal audits are presented to the Management Board, also address topics such as product safety and product quality at the highest management level.

FACC is highly process-oriented, and the entire company strives to improve its processes continuously. In doing so, existing processes are consistently called into question in order to achieve ongoing improvements, leading to greater product quality and competitiveness. The Vice President Quality is the first point of contact for authorities on all issues relating to aviation safety.

DIVERSIFICATION

of the product portfolio

FACC is, and shall remain, a company rooted in the aircraft industry. With this statement, the Group emphasizes that it will stay true to its core business, which is the production of lightweight construction systems for the global aircraft industry. Nevertheless, in recent years, FACC has opened up completely new lines of business and positioned itself more broadly in the market. In this pursuit, the company relies on its vast experience in lightweight construction and the innovative strength of its employees.

At the same time, FACC aims to further strengthen its position in the civil aviation sector in the coming years through efficiently produced, sustainable and disruptive innovations. With these strategic goals, FACC aims to increase its market share and expand its customer and product portfolio as well as its vertical range of manufacture. Entire sub-systems such as primary structures and overall cabin concepts are to be developed and produced in-house. FACC is also focusing on expanding its highly successful aftermarket services.

ADDED POTENTIAL THROUGH URBAN AIR MOBILITY

In addition, FACC is also focusing on new forms of mobility. Together with its partner EHang, FACC ranks among the global pioneers in the field of Urban Air Mobility (UAM). In the 2022 financial year, FACC was awarded another development and production contract by the California-based drone manufacturer Archer, whose first model is due to be approved in 2024.

FACC was commissioned with the production of important fuselage and wing elements for electrically powered, vertical take-off and landing aircraft. The company has been active in this promising forward-looking market for environmentally friendly urban and interurban mobility for many years. By 2030, FACC aims to increase the revenue it generates with transport drones, air taxis and the like to 10 percent of total sales. As has been the case in its core business for many years, the company is, also in this segment, aiming for the broadest possible product and customer portfolio.



After its long-term cooperation with EHang, the contract awarded by Archer marks another important step in the urban air mobility market. © Archer Aviation

FACC GETS URBAN AIR MOBILITY READY FOR TAKE-OFF

Key FACC components for Eve Air's eVTOL

The Brazilian company Eve Air Mobility, a pioneer in urban air mobility ecosystems, commissioned FACC with the development and production of lightweight components for the all-electric eVTOL aircraft, which is designed for four passengers plus pilot. Specifically, this involves the production of horizontal and vertical stabilizers as well as ailerons, rudders and elevators. FACC banks on innovative production technologies with short throughput times, which enable high quantities and a fast ramp-up. This contract is an important step in FACC's Strategy 2030 to establish itself internationally as a high-tech provider of lightweight construction solutions in the growth markets of Urban Air Mobility and Space.

“We would like to thank Eve Air for the TRUST they have placed in us and look forward to contributing our *expertise* as a long-standing partner to the *international aviation industry* and our experience in the field of *Urban Air Mobility*.”

Robert Machtlinger

FACC was awarded a contract by EVE Air for the development and production of key components for the eVTOL.
© Eve Air Mobility



BETTER SAFE THAN SORRY:

Top in Cyber Security

“*Security* requires the highest standards. Receiving the *Cybersecurity Award* confirms that our considerable EFFORTS in recent years have been worthwhile.”

cyber security projects with talented students at the technical high school (HTL) Spengergasse in Vienna. In-house IT and security professionals train FACC apprentices as well as lateral entrants and career changers to become experts. This is to ensure that FACC remains one of the leading companies in IT security in the future. This endeavor was rewarded with the Cybersecurity Award 2023.

Social engineering is one of the biggest threats of our time, not only in the private sphere, but especially in the corporate sector. This is why FACC is increasingly focusing on raising employee awareness and, above all, on establishing and continuously developing its IT security network at all levels, i.e. in terms of organization, processes and technology.

FACC's IT and Security team is supported by leading domestic and international technology partners. Regular external audits such as the cyber risk rating and AI-based systems identify opportunities for improvement, which are implemented by the in-house team. Particular attention is paid to young talents: FACC addresses the shortage of skilled workers through regional school partnerships and



Martin Pils, Senior Manager Information Management & Security



FACC receives Cybersecurity Award from Austria's Leading Companies, left to right: Hannes Frech (CFO | KSV Austria), Robert Machtlinger (CEO | FACC), Alexander Hochmeier (VP IT & Security | FACC) © Peroutka/DiePresse

“Even if you can never guarantee *100% security*, it is good for us and OUR CUSTOMERS to know that we can count ourselves among the *best companies in Austria in the field of cyber security*. My SPECIAL THANKS go to the entire *IT and Security* team of FACC, who have achieved a great deal here over the past few years.”

Robert Machtlinger