

FREUDENBERG HOME & CLEANING SOLUTIONS

AUSTRALIAN MODERN SLAVERY ACT STATEMENT 2021

This Modern Slavery Statement is published in accordance with Australian *Modern Slavery Act* 2018 (Cth) for Freudenberg Home and Cleaning Solutions Pty Ltd, headquartered in Broadmeadows, Melbourne, Australia. It covers the calendar year 1 January 2021 to 31 December 2021, which aligns with the Freudenberg Group's financial year.

About Freudenberg

Freudenberg Home and Cleaning Solutions Pty Ltd ('FHCS Australia' or 'Freudenberg Home and Cleaning Solutions') is a leading international company for branded cleaning products and systems as well as laundry care products.

FHCS Australia's parent company is based in Germany. FHCS Australia is part of the Freudenberg global technology group which employs almost 50,000 people from 136 nations. Freudenberg operates globally at sites in 60 countries and in 2021 its annual revenue exceeded 10 billion euros.

The Freudenberg Group's headquarters are in Weinheim, Germany, in the middle of the Rhine-Neckar Metropolitan Region.

In Australia, the Freudenberg Home and Cleaning Solutions business earned in excess of \$100m in revenue in the 2021 reporting period. FHCS Australia employs around 80 people, and its Australian operations are based in Broadmeadows, Melbourne.

FHCS Australia manages national demand for Freudenberg products from one major distribution warehouses in Melbourne, in addition to four warehouses (Melbourne, Sydney, Brisbane, Perth), which are operated under a third party logistics arrangement.

Our Products

Freudenberg Home and Cleaning Solutions products are immediately recognizable from the Vileda, Oates and Vileda Professional brands.



These brands¹ are synonymous internationally with Freudenberg's deep commitment to continuous research & development and demonstrated technical innovation. Together with customers and research partners, Freudenberg employees develop leading edge technologies, products, solutions, and services.

Australians have been long familiar with Freudenberg's professional cleaning and quality household products for the home and industry. ED Oates, which the Freudenberg Group acquired five years ago, has been providing Australians with Oates cleaning products for over 80 years.

Around fifteen percent of Freudenberg products are sourced from Freudenberg's own factories which are primarily located in Ningbo (China), Augsburg (Germany) and in Lazne Belohrad (Czech

¹ The Ansell brand is used under license

Republic). This in-house manufacturing capacity is augmented by product sourced from our trusted supplier network.

Freudenberg's European factories are primarily used for the manufacture of brushware and cloth for its Vileda Professional range. However, Freudenberg's innovative strength is evident in the product design and development of its entire range of cleaning and laundry care products.

Freudenberg products are sold and distributed all over Australia across a wide range of groceries, hardware shops, mass merchants, specialist cleaning outlets and wholesale distributors. FHCS Australia is proud to include both independent small businesses, large distributors such as Bunzl and Winc, and house-hold name retailers such as Woolworths, Bunnings and Coles, as FHCS Australia customers.

Freudenberg Spirit

As a family-owned, values-based technology group, success for Freudenberg is fulfilling the company's responsibility for society as well as financial success. The two goals have been inextricably linked since the company's founding.

Strong company values are the yardstick for how we think and act. They guide our daily interactions and also define the values we use when dealing with customers, business partners, neighbours and the environment. This commitment to values makes us a reliable partner around the world.

The Freudenberg Group is still family-owned, making it independent, long-term oriented and responsible in its actions. What guided our company founder Carl Johann Freudenberg still applies today. His "Allgemeinen Betrachtungen" (General Observations) from 1887 are the inspiration for our current Business Principles, built firmly upon the guiding principles. Every employee is an ambassador for these values and pledges to uphold an internal Code of Conduct, specifying practical workplace issues, including compliance, workplace safety, health, and environmental protection.



Freudenberg Guiding Principles



Reflecting the foundational values of the Freudenberg Group, the Freudenberg Guiding Principles balance the upholding of long-term profitability with achieving other goals in a wider social context and to assure sustainability. This wider social context includes social responsibility in all countries and communities in which we do business and a requirement that fairness and integrity guide our conduct amongst ourselves, our business partners, and the public.



Thinking beyond the value chain

The Freudenberg Group signed the United Nations Global Compact in January 2014. The Global Compact is a voluntary corporate responsibility initiative which currently has over 12,000 participants – including 8,000 businesses from more than 140 countries – who commit to aligning their operations to values and sustainability. The corporate commitment is addressed to the United Nations Secretary General.

The principles underlying the Global Compact are also anchored in the Freudenberg Group's Guiding Principles. There are a total of ten principles in the four fields of Human Rights, Labour, Environment and Anti-Corruption.

"Freudenberg has always aligned itself in accordance with values and sustainability. We signed the Global Compact, because it's important to communicate our conduct towards our customers, neighbours, potential colleagues and institutions,"

Dr. Mohsen Sohi, CEO of Freudenberg SE

Governance

The Freudenberg Compliance Management Council has high level oversight of compliance issues with international implications.

The risk of modern slavery in FHCS Australia and its supply chain is assessed within Freudenberg's quality and procurement functions based in Hong Kong and Shanghai. These teams are responsible for strict assessment of suppliers prior to business commencement and follow up assessments done at between one and three-year intervals for first and second tier suppliers. The assessments are comprehensive and conducted physically (when not restricted) with a thorough evaluation of supplier financial, ethical and social capability and performance.

This Modern Slavery Statement was developed through consultation by FHCS Australia with the international Freudenberg quality and procurement functions. This was to ensure that Freudenberg's commitment to ethical sourcing and its rigorous standards of supplier selection and monitoring - which are applicable to FHCS Australia through its Australian supply chain practices and operations - were clearly conveyed.

Our Supply Chain

Reflecting our Guiding Principles, Freudenberg believes in the value of enduring relationships with our suppliers. Freudenberg Home and Cleaning Solutions has just over twenty first tier suppliers, all representing very long term and stable relationships.

While these suppliers are predominantly located in China, where Freudenberg Group also bases its procurement operations, our suppliers are also located in Malaysia, Cambodia, India, Indonesia, Italy, Sri Lanka, and Sweden.

The selection and management of offshore suppliers is managed by the international procurement and quality team of the Freudenberg Group in Shanghai and Hong Kong. Accordingly, FHCS Australia liaises with the international Freudenberg Group in its selection of audited offshore suppliers for the following types of products:

- Mops
- Buckets
- Sponge cloth
- Brooms
- Handles
- Brushes

FHCS Australia directly manages a small number of local Australian suppliers, which Freudenberg Home and Cleaning Solutions uses for blending cleaning chemicals. These Australian businesses are all required to undertake a self-assessment with regard to meeting the Freudenberg ethical and social standards.

Ethical Sourcing Policy & Ethical Supplier Standards

The foundation of Freudenberg’s approach to ensuring its suppliers share its responsible values is Freudenberg’s Ethical Sourcing Policy.

The Ethical Sourcing Policy requires all direct material suppliers of finished products, semi-finished products, raw materials, and packaging materials to comply with the Global Ethical Supplier Standards.

The Global Ethical Supplier Standards require a commitment to international standards and initiatives like the Global Compact, International Labor Standards, as well as local laws and regulations ensuring:

- No child labour
- No forced workers
- No discrimination against employees
- Treating employees with dignity and respect
- Allowing freedom of association
- Appropriate compensation in terms of wages and working hours

The Ethical Sourcing Policy also covers health and safety workplace standards, environmental protection and ethical conduct in business.

Compliance

The Ethical Sourcing qualification of a new supplier is part of their overall evaluation, initially conducted using a detailed assessment questionnaire Supplier Evaluation Tool.

Suppliers are required to sign confirmation of their acceptance of the Ethical Supplier Standards. Compliance with Ethical Supplier Standards is also enshrined in Freudenberg’s template agreements.

The Global Ethical Supplier Standards provides Freudenberg with the right to conduct ethical sourcing on-site inspections and assessments of its suppliers.

Monitoring & Due diligence

A number of steps are taken in undertaking due diligence of suppliers and monitoring supplier conduct and standards:

- All new suppliers are required to self-assess against the Freudenberg within the first 12 months

- All suppliers' declarations must be received confirming acceptance of the Ethical Sourcing Standards
- Ethical sourcing assessments of suppliers are undertaken every one to three years by the Quality and Procurement teams in Hong Kong and Shanghai.
- Any partial or non-compliance during an on-site assessment requires the supplier to provide documented corrective actions, which are verified, within 90 days.

If a non-conformance is identified which relates to low-level risk, then we will work closely with the supplier to help them achieve compliance. If the non-compliance is of a more serious nature—such as a legal obligation or meeting an international standard—our policy is that if the supplier fails to complete any corrective actions within the notice period they will be removed from our supplier portfolio. To guard against complacency, and give us flexibility as to who we do business with, Freudenberg's policy is to ensure that supply agreements are flexible and can be altered on short notice.

Modern Slavery Risks & Remediation

The only modern slavery risk FHCS Australia has identified in the course of its monitoring of supplier conduct involved a supplier exceeding the maximum amount of allowed overtime worked per month (based on local regulations).

The regional FHCS team responsible for audits and compliance tracked the business until the monitoring and evidence reached the required level. In this case, the percentage of allowable overtime worked was monitored for eight months until the target compliance level (100% within regulation) was achieved.

This supplier was retrained and supported during the period (given reasonable time to correct their business) and was then monitored periodically to ensure compliance.

Monitoring Effectiveness

Freudenberg's cyclical reassessment program and close relationship with its suppliers means it is well placed to monitor the effectiveness of its modern slavery risk prevention and mitigation actions. Every year Quality and Procurement establish an audit plan based on importance of the suppliers, turnover, quality status, and supplier risk.

Comprehensive Ethical Trade Assessment Reports are prepared as a consequence of on-site visits and comprehensive review undertaken by independent specialists such as Sedex. The in-depth reporting covers supplier factory conditions, on-site living arrangements and workplace welfare.

Freudenberg aligns itself with suppliers that are already supplying high quality brands to global retailers, allowing them to leverage other systems and process to ensure modern slavery breaches have minimal risk.

Global Program for Education and Environmental Protection

Since the founding of the company, Freudenberg has been actively involved in the community. With the launch of the e² (education and environment) initiative, Corporate Citizenship has expanded worldwide since 2015. The initiative's goal is to provide people with access to education and employment, and support environmental protection. The initiative complements existing individual

initiatives that meet an established list of criteria. In 2021, Freudenberg decided to provide e² with another 4 million euros. That increases its support to a total of 18 million euros.

Clean Water for a Better Life

The “Aqua Tower” project in India shows that e² projects can create inspiration across borders. Aqua Towers transform contaminated water from rivers, streams, and springs into drinking water. One year after two of these filtration systems were constructed on the subcontinent, Freudenberg employees, working with Planet Water, their partner in the project, have installed additional Aqua Towers in the Mexican towns of Cerro Prieto and San Vicente de Ferrer in 2021. Two other Aqua Towers are planned for Mexico. Another project is ready for launch in Thailand.

‘We all take care’ initiative

Every year, Freudenberg honours employees who have successfully taken part in the “We all take care” award. Employees from around the world are encouraged to submit projects completed throughout the year that encompass the “We All Take Care” philosophy, specifically for those employees committed to making work safer, healthier and more environmentally friendly, or who have made a commitment to society.



Impact of Covid- 19 Pandemic

Early on, to help prevent the spread of COVID-19, Freudenberg took a variety of country- and site-specific health and safety measures. Our conduct and hygiene protocols are strict and are still effective today. Many of our employees also took the opportunity to receive their vaccination at the company. In so doing, they protect themselves, their families, friends, and their co-workers.

Since the outbreak of the COVID-19 pandemic, Freudenberg Group has donated significantly more than €2 million to those in need worldwide and we made donations to about 130 organizations in 28 countries for food and protective facemasks.

Ethics Offices

The Ethics Offices are an important part of Freudenberg Group’s compliance management system. Ethics offices are available around the globe as a contact for any employees who – for whatever reason – feel they cannot turn to their superiors, HR team or their union representatives. The opportunity to confidentially and proactively report compliance violations or impending violations in a confidential environment helps create a culture of trust and protects Freudenberg’s internal values and principles.

Approved and signed on behalf of Freudenberg Home and Cleaning Solutions Australia Pty Ltd

A handwritten signature in black ink that reads "Sandra Kelly". The signature is written in a cursive style with a large initial 'S' and a long, sweeping underline.

Sandra Kelly

Director, FHCS Australia

June 23rd, 2022

ANNEXURE 1 - MODERN SLAVERY ACT 2018 (CTH) MANDATORY CRITERIA CHECK-LIST

Principal Governing Body Approval

This modern slavery statement was approved by the *principal governing body* of Freudenberg Home and Cleaning Solutions Australia Pty Ltd as defined by the *Modern Slavery Act 2018* (Cth)² (“the Act”) on June 23rd, 2022.

Signature of Responsible Member

This modern slavery statement is signed by a *responsible member* of Freudenberg Home and Cleaning Solutions Australia Pty Ltd as defined by the Act³.

Mandatory criteria

The table below outlines where information related to each of the mandatory criteria in section 16 of the Act can be found:

Mandatory criteria	Page number/s
a) Identify the reporting entity.	1
b) Describe the reporting entity’s structure, operations and supply chains.	1-5
c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	6
d) Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes.	2-6
e) Describe how the reporting entity assesses the effectiveness of these actions.	6-7
f) Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity covered by the statement).	4
g) Any other information that the reporting entity, or the entity giving the statement, considers relevant.*	7

* You are not required to include information for this criterion if you consider your responses to the other six criteria are sufficient.

²Section 4 of the Act defines a principal governing body as: (a) the body, or group of members of the entity, with primary responsibility for the governance of the entity; or (b) if the entity is of a kind prescribed by rules made for the purposes of this paragraph—a prescribed body within the entity, or a prescribed member or members of the entity.

³ Section 4 of the Act defines a responsible member as: (a) an individual member of the entity’s principal governing body who is authorised to sign modern slavery statements for the purposes of this Act; or (b) if the entity is a trust administered by a sole trustee—that trustee; or (c) if the entity is a corporation sole—the individual constituting the corporation; or (d) if the entity is under administration within the meaning of the *Corporations Act 2001*—the administrator;

