



FUCHS AUSTRALASIA

Modern Slavery Statement

June 2023

MOVING YOUR WORLD



FUCHS Modern Slavery Statement – June 2023

FUCHS is a global group with German roots that has developed, produced and sold lubricants and related specialties for more than 90 years – for virtually all areas of application and sectors. With 57 operating companies and 6,000 employees worldwide, the FUCHS Group is the leading independent supplier of lubricants.

FUCHS operates in Australia and New Zealand through FUCHS Lubricants (Australasia) Pty Ltd (ACN 005 681 916) ("FLA"), an Australian-registered company, with headquarters in Melbourne. FLA is owned 100% by FUCHS Petrolub SE, a German company listed on the Frankfurt Stock Exchange, which is both the immediate and ultimate holding company. There have been no changes to this structure since our last report. FUCHS Petrolub SE will change its registered name to FUCHS SE in July 2023.

FLA is the reporting entity for the purposes of this statement. This is the company's third Modern Slavery Statement pursuant to the Modern Slavery Act 2018 (Cth), and the statement for the year ending 31 December 2022. This statement is intended to report the steps that FLA has taken to ensure that the risk of modern slavery in FLA's supply chain is assessed and eliminated.

The FUCHS mission statement is a reflection of the company's business model and consists of the three central pillars:

- **Lubricants:** Focus on lubricants and related specialties
- **Technology:** Technological orientation
- **People:** Highly qualified, specialised and motivated people

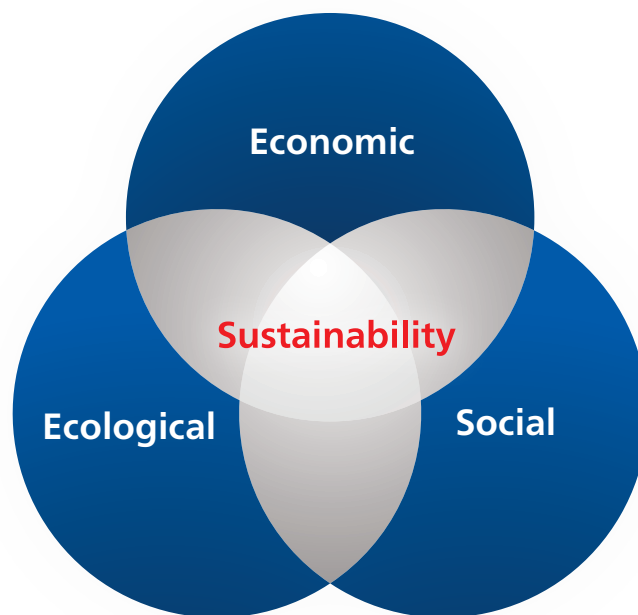
Furthermore, the mission statement builds on the five values:

- **Trust:** Trust is the basis of our self-understanding.
- **Creating Value:** We deliver leading technology and first class service to our customers. We identify and create FUCHS Value Added. Not only do we provide space for innovation to explore new paths, but also for entrepreneurial action. We empower employees with responsibility and accountability.
- **Respect:** We acknowledge our responsibility towards our stakeholders, society and environment. We show appreciation and recognition and act with fairness towards our partners and employees. We foster an open minded discussion culture.
- **Reliability:** We walk the talk. We are committed to technical leadership, maintain a consistent track record of Performance and act in a responsive and transparent way.
- **Integrity:** We believe in a high level of ethics and adhere to our Code of Conduct.

FUCHS does not tolerate any form of slavery or human trafficking practices, and is fully committed to operating responsibly and maintaining high ethical standards in the conduct of its business. FUCHS supports the goals of the Manifesto of the International Labour Organisation (ILO). This includes the right to form associations, the right to collective negotiations, the abolition of forced labour and child labour and a ban on discrimination in employment and careers.

Social Sustainability at FUCHS

Three pillars of sustainability at FUCHS



FUCHS' sustainability activities are assigned to the three sustainability dimensions of economy, ecology and society.

FUCHS is very much aware of its social responsibility and carries out its activities with this responsibility in mind. We comply with applicable laws at local, national, and international level and act in accordance with the basic principles of the UN Global Compact.

Structure, Operations and Supply Chain

Entities under ownership or control of the reporting entity

FLA is the operating company for FUCHS in Australia and New Zealand. At 31 December 2022 and during 2022 FLA had the following wholly-owned subsidiaries:

- Nulon Products Australia Pty Ltd, registered in Australia
- FUCHS Lubricants (New Zealand) Limited, registered in New Zealand
- Nulon NZ Limited, registered in New Zealand

There have been no changes in ownership structure since the last report, and no new or divested subsidiary relationships since then. Each of our wholly-owned subsidiaries is also fully engaged in the sale of lubricants and related specialties and services, although all manufacturing activities and the large majority of revenue and expenditure are managed and booked by FLA itself. All employees of FLA's subsidiaries are engaged in sales, marketing, technical or other customer-facing roles. Their operations and control systems are fully integrated into those of FLA, under common management. Altogether FLA and its subsidiaries employ approximately 320 people, the large majority being full-time employees.

During 2022 we consulted all our subsidiaries in the development of this statement and the activities described within. Oversight of FLA's subsidiaries' activities is conducted through:

- Common management within our divisional and functional structures
- Common systems visible to management, such that subsidiary performance, financials and other data are transparent regardless of the legal entity
- FLA policies and procedures are applied identically to all entities and staff, with the same monitoring, standards and expectations applied
- Compliance systems operate identically across all subsidiaries, also applying the same monitoring, standards and expectations
- Most suppliers are common between FLA and its subsidiaries, with a few particular exceptions mainly in respect of marketing, facilities and logistics where services are provided specifically to a subsidiary in order to conduct its own operations. These suppliers are subject to the same oversight and control processes as suppliers to FLA.

There are processes of consultation with FUCHS' subsidiary entities and their suppliers that are consistent with the processes applied to FLA, and these are overseen in an identical manner to those of FLA.

Operations

FLA owns and operates two manufacturing facilities in Australia:

- Beresfield, New South Wales
- Sunshine, Victoria


The vast majority of the products sold by FLA are manufactured by FUCHS in Australia at our manufacturing facilities. Most of the remainder is imported from other FUCHS companies, and some products are purchased from third-party suppliers and resold.

Altogether FLA has over 200 suppliers with a combined expenditure in 2022 of over \$300m.

Products manufactured locally are blended from raw materials, principally base oils and specialty additives. Almost all of these raw materials are imported since there are few suitable sources in Australia or New Zealand.

We source the majority of our product packaging and other materials from Australian suppliers.

FLA has a network of self-run and 3PL warehouses and distribution facilities around Australia and New Zealand.

A black and white photograph of two scientists in a laboratory. The scientist on the left is a woman with her hair pulled back, wearing safety goggles and a white lab coat. She is holding a small, clear petri dish or vial and looking at it intently. The scientist on the right is a woman with short dark hair, also wearing safety goggles and a white lab coat. She is looking down at something on a lab bench. The background is slightly blurred, showing other lab equipment and possibly other people in the distance.

All employees are protected by the National Employment Standards (NES) as well as the relevant award which is role based.

All employment terms across FLA are either at the standard or above ensuring that the BOOT assessment is met – Better Off Overall Test.

Risks of Modern Slavery

Our local operations

We assess that the risk of modern slavery in our Australian and New Zealand operations is low. In the most recent Global Slavery Index's table of estimated prevalence of modern slavery (2021), Australia and New Zealand ranked 149th and 147th respectively out of 160 countries scored, and had the lowest vulnerability levels in the Asia-Pacific region.

Our employees are employed in roles including:

- Sales
- Product and marketing
- Production operators
- Maintenance fitters and engineers
- Warehouse and material handlers
- Customer service representatives
- Operations and supply chain management
- Laboratory chemists
- IT specialists
- Administrators
- Accountants
- Other professional roles

All employees are protected by the National Employment Standards (NES) as well as the relevant award which is role based. All employment terms across FLA are either at the standard or above ensuring that the BOOT assessment is met – Better Off Overall Test.

Employees at our production facilities are governed by a site-specific Enterprise Bargaining Agreement that also ensures the BOOT assessment is met. These agreements are certified with the Fair Work Commission and are a matter of public record.

Rates of pay for all award covered employees are above award.

Contract and casual labour

A portion of our workforce is engaged through local labour agencies with whom we have long-standing relationships and contractual arrangements to ensure that all applicable laws are complied with frequent reviews.

Workers engaged through those labour agencies benefit from the same work health and safety policies and procedures as our permanent employees.

For all 'people culture activities' we ensure that labour hire casuals are included alongside with permanent employees.

Supply chain

Our largest expense category is raw materials, which are mainly imported from overseas suppliers located in several different countries, principally:

- Singapore
- China
- USA
- South Korea
- France

Our major suppliers are based in locations where there is suitable refining and chemical manufacturing infrastructure to produce volumes of high-quality raw materials for lubricant products. The raw materials are either sourced directly from the manufacturer, or through a distributor. The market for supply of suitable materials is quite concentrated, and the major suppliers are well-known large international resources and chemical companies that have worked with the FUCHS group for many years. Most of our overseas raw material suppliers are common with other companies in the FUCHS group, since the group uses many standardised formulations that include raw materials from particular suppliers. There are global Lead Buyers in the FUCHS group with responsibility for active supplier management, including evaluation of all strategic raw material suppliers every year. These suppliers self-assess against various factors including compliance with laws and recognised labour and environmental standards. If this evaluation finds areas for improvement or expectations that have not been fulfilled, clear action plans are agreed at regular intervals with the relevant companies and a strict follow-up process is conducted to ensure these have been implemented. In the case of clear breaches there are other actions taken depending upon the case.

FUCHS Petrolub SE has engaged a global partner to undertake a gap analysis of all suppliers for all FUCHS worldwide affiliates. The areas covered by the assessment include Environmental Protection, Human Rights & Labour, Health & Safety, Supply Chain Responsibility and Living Wages. There is common ground between the requirements of the German Supply Chain Due Diligence Act (LkSG or Lieferkettensorgfaltspflichtengesetz), which applies to FUCHS Petrolub SE from 2023 onwards, and the Modern Slavery Act in Australia. FUCHS Petrolub SE has already taken significant steps to achieve compliance in advance of the law taking effect. Invitations are sent to all FLA suppliers, in the first instance requesting them to register and subsequently to complete the online assessment, which contains mandatory questions concerning the use of child labour, slavery, discrimination in employment and occupation, and other potential risks. The findings are collated, reviewed and escalated according to our internal procedures in case of concern or reported violations. In 2022 FLA received no indications of violations.

The FUCHS Group's Procurement function operates under a set of global Quality System Procedures (QSPs) which cover the following topics:

- Role descriptions of national procurement managers
- Strategy, objectives and responsibility of Group Procurement
- Centrally managed suppliers, key suppliers and strategic raw materials
- Qualification of new suppliers
- Supplier performance evaluation – Global and Local frameworks
- Global raw material specification management
- Supplier complaint management
- Centrally managed supplier audit
- Raw material risk management
- Tendering
- Forecasting

The QSPs are transposed into the quality management systems of all FUCHS affiliates. They include standard procedures for supplier evaluation and quality assessment.

In its global purchasing conditions, FUCHS obliges its suppliers to adhere to the ten principles of the UN Global Compact as well as the four basic principles of the ILO. Potential violations can be reported anonymously by any person via an electronic whistleblower platform accessible to the public through the FUCHS website. Any such information is followed up as part of our internal investigations.

Approximately 10% of vendor spend is with FUCHS affiliates overseas. The majority of finished product imports are sourced from FUCHS affiliates located in:

- Germany
- United Kingdom
- USA
- Italy

FUCHS affiliates operate under the same Code of Conduct and values regardless of where in the world they are located, and operate internal Compliance structures and Whistleblowing policies equivalent to those in FLA. There is mandatory compliance training on the Code of Conduct for all new employees within 6 weeks of commencement. All current employees are required to complete the compliance training every 2 years. In 2022 a revised version of the FUCHS Code of Conduct was issued. This document is the guideline for safeguarding our human rights due diligence obligations.

We also source a variety of other goods services to support our business, as shown in the following table:

Nature of supply	Commentary
Transportation and warehousing	Within Australia and New Zealand we use a network of third-party logistics providers and transport companies to warehouse and deliver our products to our customers. Suppliers are under contract, with appropriate contractual terms to cover labour standards and ethical practices.
Professional services	Services are engaged on a retained basis, on projects or for ad hoc needs of our business, with appropriate contractual terms to cover labour standards and ethical practices.
Facilities management	Retained services are under contract with appropriate terms to cover labour standards and ethical practices.
Services and products for internal use	Covers other categories of expenditure, with appropriate controls.

In total these categories comprise roughly one fifth of total spend and are almost exclusively with vendors in Australia and New Zealand. FLA has a dedicated qualified procurement team that leads our supplier engagement processes.

Despite this supplier and market landscape and the absence of any evidence to indicate the existence of any modern slavery practices in FLA's supply chain, we assess that the most likely potential risk is related to forced labour in developing economies in the APAC region.

ACTIONS

Actions taken

During the year ending 31 December 2022 FLA has:

- Maintained a cross-functional Modern Slavery team within FLA, with representation from Procurement, Finance, Sustainability and Human Resources (amongst other areas)
- Conducted further detailed mapping of our main operations and supply chain components
- Continued to include Modern Slavery risk awareness as a topic in employee onboarding programmes
- Included Modern Slavery clauses in new key supplier agreements
- Included Modern Slavery awareness in our regular all-employee Business Updates
- Extended out a global HR training platform to all employees, with training framework including the updated global Code of Conduct
- Conducted local vendor site visits
- Set up online risk assessment surveys of suppliers using the FUCHS Petrolub SE global system
- Strengthened and expanded our local procurement team, providing more capacity to strengthen vendor management, risk and quality assessment.

Planned actions for 2023

- Inclusion in further new and updated SLAs with key vendors.
- Extend Functional and Managerial visits to local sites of key suppliers.
- Continue and extend supplier self-assessment processes, including stronger attention to activities further upstream in the supply chain.
- We will aim to improve our Ecovadis sustainability relevant assessment scores further by consolidating strengths and addressing identified gaps.
- Continued Modern Slavery training and awareness for employees.

How we assess the effectiveness of the actions taken

- Review our supplier agreements to ensure their provisions are consistent with the Modern Slavery Act.
- Continuous engagement with suppliers and strengthened vendor management.
- Assess, review and act upon the results of future supplier engagement and self-assessments.
- Broaden training and awareness.

This statement was approved by
the Board of Directors of FUCHS Lubricants (Australasia) Pty Ltd
on 29 June 2023.

Signed:

A handwritten signature in black ink, appearing to read 'Joe Ferm', written in a cursive style.

Joe Ferm
Director

29 June 2023