

FUCHS AUSTRALASIA

Modern Slavery Statement

June 2021



FUCHS Modern Slavery Statement – June 2021

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 62 companies and more than 5,600 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.

FLA is the reporting entity for the purposes of this statement. This is the company's first Modern Slavery Statement pursuant to the Modern Slavery Act 2019 (Cth), for the year ending 31 December 2020. 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.

Structure, Operations and Supply Chain

FLA is the operating company for FUCHS in Australia and New Zealand. At 31 December 2020 and during 2020 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

Each of our wholly-owned subsidiaries is also fully engaged in the sale of lubricants and related specialties and services. Their operations are fully integrated into those of FLA, under common management. Oversight of these subsidiaries' activities is therefore inherent in our business structure and operations. Altogether FLA and its subsidiaries employ approximately 250 people, the majority being full-time employees.

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 2020 of over \$200m.

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.



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 2018 Global Slavery Index's table of estimated prevalence of modern slavery, Australia and New Zealand ranked 163th and 164th respectively out of 167 countries scored.

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
- Lab 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, with frequent reviews. Workers engaged through those labour agencies benefit from the same work health and safety policies and procedures as our permanent employees. External labour hire employee rates of pay are also governed by the site-specific Enterprise Bargaining Agreement. As referenced above this is well above the legislated minimum standard.

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.

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.

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 akin to those in FLA.

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

Nature of supply	Commentary
Transportation and warehousing	<p>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.</p> <p>Suppliers are under contract, with appropriate terms to cover labour standards and ethical practices.</p>
Professional services	<p>Services are engaged on a retained basis, on projects or for ad hoc needs of our business.</p> <p>Retained services are under contract with appropriate terms to cover labour standards and ethical practices.</p>
Facilities management	<p>Retained services are under contract with appropriate terms to cover labour standards and ethical practices.</p>
Services and products for internal use	<p>Covers other categories of expenditure, with appropriate controls.</p>

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.

Supplier onboarding processes include a questionnaire with mandatory questions concerning the use of child labour, minerals from conflict zones and other potential risks.

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 2020 FLA has:

- Created a cross-functional Modern Slavery team within FLA
- Conducted a high-level mapping of our main operations and supply chain components
- Introduced Modern Slavery risk awareness as a topic in employee onboarding programmes
- Rolled out a global HR training platform to all employees, with training framework including the Code of Conduct

Planned actions for 2021

- In future we will perform risk assessments via surveys of our supplier base on a formal basis through an online tool.
- Raise employee awareness via our regular all-employee business updates.
- Inclusion in SLAs with key vendors.
- Functional and Managerial visits to local sites of key suppliers, if feasible under COVID-19 restrictions.
- Modern Slavery training.
- Add resourcing to our local procurement team, to strengthen vendor management, risk and quality assessment.

How we assess the effectiveness of the actions taken

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

Any other relevant information

The COVID-19 pandemic has caused a significant diversion of time and resources towards management and mitigation of the effects of COVID-19 on our business and stakeholders, away from other priorities including addressing modern slavery risks. The resulting restrictions imposed by governments in Australia and around the world have curtailed or changed many established business activities, including interstate or international travel that might otherwise have been undertaken in connection with supply chain or procurement.

This statement was approved by
the Board of Directors of FUCHS Lubricants (Australasia) Pty Ltd
on 28 June 2021.

Signed:

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

Joe Ferm
Director

28 June 2021