

FUCHS LUBRICANTS CANADA LTD.

**FIGHTING AGAINST FORCED LABOUR
AND CHILD LABOUR IN SUPPLY CHAINS**

2023 ANNUAL REPORT

MOVING YOUR WORLD



May 31, 2024

In this report, we will share the comprehensive measures we have implemented to identify, assess, and mitigate the risk of forced labour in our supply chain. We recognize that we have a responsibility to take a robust approach to forced labour and are absolutely committed to preventing forced labour and child labour in our corporate activities, and to ensuring that our supply chains are free from forced labour and child labour.

FUCHS is aware of the responsibility towards society and carries out all business activities without exception based on this responsibility. We are committed to respecting human rights in everything we do. It is a central part of our mission to contribute towards building a better world and future in which everyone can develop freely.

In addition, FUCHS has drawn up policies and rules that concretize the standards governing our cooperation with business partners and authorities. FUCHS expects endeavors to ensure that these rules and principles are also adhered to by our business partners that include, for example, suppliers, service providers, distributors, advisors, agents as well as other third parties.

This report is being submitted as a single report by FUCHS Lubricants Canada Ltd. ("FUCHS") – Business Number 101902583.

Steps Taken

The following outlines the steps that FUCHS Lubricants Canada Ltd. ("the entity") has taken during its previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by the entity or of goods imported into Canada by the entity.

In 2023, FUCHS Group initiated the writing of a [Human Rights Policy](#). This comprehensive policy was published in early 2024.

This FUCHS Human Rights Policy in effect applies to all FUCHS Group locations worldwide and focuses on topics that are of particular relevance to the company and its employees. The steps taken to reduce the risk of forced labour and child labour are included in sections 3.1 and 3.2 of our Human Rights Policy and are also included in sections 1.1 and 1.2 of our [FUCHS Group – Supplier Code of Conduct](#).

All managers at FUCHS are responsible for the implementation and administration of the FUCHS Human Rights Principles in their areas of responsibility. Our managers are obligated to inform their employees about the importance of our principles and support them in applying these principles in their daily work. The manager must promptly and judiciously address any signs of potential human rights violations.

The FUCHS Human Rights Principles complement the FUCHS [Code of Conduct](#) and are applicable to all employees and subsidiaries worldwide. It is the responsibility of each individual employee to behave in accordance with these Principles. It is our expectation that each employee upholds and respects human rights without compromise. In the event there are indications of possible human rights violations, including any sign of forced labour or child labour in our supply chains, employees must inform their responsible manager, the human rights officer (hre-supplychain@fuchs.com) or contact the global FUCHS compliance reporting system. This global compliance system is anonymous and is independently operated and neutral.

In order to identify, assess and avoid forced labour and child labour risks and violations within our supply chains, as a first step, we have developed a risk analysis. We are aware that risks and violations can occur at different levels, such as the country, industry, or commodity level. The complexity of our supply chains, the potential risks and monitoring obligations led us to decide to partner with IntegrityNext, a leading provider of supplier risk management solutions. IntegrityNext enables us to collect and analyze supplier data in a fast and efficient way, and to identify and mitigate potential risks in our supply chain.

Structure, Activities and Supply Chain

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 more than 60 operating companies and more than 6,000 employees worldwide, the FUCHS Group is the leading independent supplier of lubricants.

FUCHS Lubricants Canada Ltd. is headquartered in Cambridge, Ontario and has 63 employees. The Canadian entity is a wholly owned subsidiary of FUCHS SE, which is the ultimate holding company.

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

- **Lubricants:** Focus on lubricants and related specialties
- **Technology:** Technological orientation
- **People:** Highly qualified, specialized, 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, maintaining a consistent track record of performance, and acting in a responsive and transparent way.
- **Integrity:** We believe in a high level of ethics and adhere to our Code of Conduct.

The FUCHS mission and values form the basis of our business activities and support our efforts to eliminate and prevent any forced labour or child labour within our supply chains.

FUCHS Lubricants Canada Ltd. owns and operates two manufacturing facilities at the following locations in Canada:

- Cambridge, Ontario
- Langley, British Columbia

The majority of the products sold by FUCHS Lubricants Canada Ltd. are manufactured by FUCHS in Canada at our manufacturing facilities. The majority of the remainder are imported from other FUCHS companies, and some products are purchased from third-party suppliers and resold.

We source most of our product packaging and other materials from North American suppliers. Products manufactured locally are blended from raw materials, principally base oils and specialty additives.

Policies and Due Diligence Processes

FUCHS expects its suppliers, service providers, subcontractors, and business partners with intermediary function, to monitor and ensure compliance with the principles outlined herein. Therefore, the FUCHS Supplier Code of Conduct has been established, based on our jointly developed values. Key elements are adherence to labour standards, business ethics and compliance, as well as environmental protection and safety. The goal of FUCHS is to create a resilient, stronger, and more sustainable supply base. The [FUCHS Group – Supplier Code of Conduct](#) applies to all FUCHS Suppliers worldwide. We expect our Suppliers to make reasonable efforts to implement high standards in their upstream supply chains as well, meaning their suppliers and subcontractors.

FUCHS requires all of its direct suppliers to join the IntegrityNext platform and to complete the relevant self-assessments on topics such as human rights, labor standards, environmental protection, anti-corruption, and more. The Human Rights & Labour self assessment addresses Forced Labour & Mistreatment as well as Child Labour.

FUCHS monitors the status of our suppliers in IntegrityNext for areas that require attention or improvement as well as for potential risks or non-compliance issues that demand immediate actions. By doing this activity annually we will ensure ongoing monitoring of performance and therefore will be able to assess the effectiveness of these actions.

FUCHS communicates with our suppliers when their status requires attention. We value our collaboration with suppliers and offer our support in improving their status.

Risk Identification

We have reviewed and identified the parts of our business and supply chains that carry a risk of forced labour or child labour being used and we are also outlining the steps taken to assess and manage that risk.

IntegrityNext is used for the identification of risks. The tool enables suppliers to be invited to assessments and also allows any national and sector-specific risk to be determined.

Remediation Measures

FUCHS Group has not identified any forced labour or child labour activities in our supply chains that have required remediation in the reporting period of 2023.

As no forced labour or child labour activities were identified, no measures to remediate loss of income to the most vulnerable families had to be taken in this area.

Training

In addition to the awareness communications of our FUCHS Group policies, all FUCHS Group and FUCHS Lubricants Canada Supply Chain employees are expected to complete training. This mandatory training covers forced labour and child labour topics and was internally developed for FUCHS. Additionally FUCHS has started to develop training materials related to Human Rights to offer to our suppliers.

Assessment of Effectiveness

FUCHS Lubricants Canada's initiatives in fighting against forced labour and child labour in our supply chains have been recently developed and an assessment of their effectiveness was not completed in the 2023 reporting year.

Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.



Harald Louis
Managing Director
May 31, 2024

I have the authority to bind FUCHS Lubricants Canada Ltd.