

Freudenberg-NOK Sealing Technologies  
65 Spruce St., Tillsonburg, ON N4G 5C4

Minister of Public Safety

**Forced Labour in Canadian Supply Chains Act Report**

05/02/2024

Dear Sir/Madam,

The purpose of this report is to demonstrate Freudenberg NOK Inc.'s compliance with the new Forced Labour in Canadian Supply Chains Act:

<b>Mandatory Information for Report</b>	<b>Proof of Compliance with the Act</b>
<p>The steps 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</p>	<p>Freudenberg has a Code of Conduct that clearly communicates that we oppose child labour and any form of forced labour or slavery at the Company and with our direct and indirect supplier and all employees sign off that they will abide by the Code of Conduct. Additionally, Freudenberg has a Violence and Harassment Policy that prohibits the mistreatments of any employee.</p> <p>We display the 'Employment Standards' in Ontario poster in a prominent area where all employees can view it. The Employment Standards Act dictates minimum payment of wages, minimum age requirements by industry, working hours, break times, etc that would make forced labour/child labour a violation of the Act.</p> <p>These items are also discussed in our Employee Handbook. There are sections of the handbook that clearly communicate payment of wages for all hours worked. All employees review and sign off that they understand and will abide by the handbook.</p> <p>Age of employees is confirmed via our employee data sheet as well as by criminal background investigation. There is a line included in our employment contracts</p>

	<p>that states that employees must be legally entitled to work in Canada.</p> <p>Additionally, Freudenberg has an Ethical Business Conduct policy that all employees are familiar with that dictates that all local regulations and laws such as the Employment Standards Act must be followed.</p> <p>All of our wage rates are above our provincial minimum wage. We use local salary surveys to compare our wage rates to other companies.</p>
Its structure, activities and supply chains	Manufacture and engineer sealing products
Its policies and due diligence processes in relation to forced labour and child labour	<p>Policies related to forced labour/child labour are discussed above. We have a program where employees can write anonymous feedback/complaints on a sheet that's placed in a secure box. Management responds to each complaint sheet received.</p> <p>We have a company-wide ethics hotline that employees can call to raise anonymous ethics complaints that are investigated and resolved in collaboration with top company executives and local management.</p>
The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk	See attachment
Any measures taken to remediate any forced labour or child labour	Not applicable as we don't have forced labour or child labour
Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains	Not applicable as we don't have forced labour or child labour
The training provided to employees on forced labour and child labour	All employees are trained on related policies mentioned above.
How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains	We assess effectiveness via number of complaints received. To date, we have had no complaints of violations.

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 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 2024.

Name: Emily Hoekstra

Title: HR Manager

Date: May 2<sup>nd</sup>, 2024

Signature:  (I have the authority to bind Freudenberg NOK Inc.)



# Policy Statement of the Freudenberg Group

## Preamble

In our Guiding Principles and our Business Principles, which roots go back to 1887, the Freudenberg Group already committed itself to a value-based business management. Our Code of Conduct is based on these principles. It is binding for all employees and intends to clarify the standard of personal conduct expected of everyone, regardless of their position.

The key to maintaining the trust of the public, our customers, business partners and other stakeholders lies in the integrity and law-abiding behavior of every one of us. It is therefore the duty and the basic attitude of everyone to comply with laws and regulations, promote justice, respect cultural differences, assume social responsibility and protect the environment and the well-being of the people who work for and with us along the supply chain or are affected by our activities. These principles reflect the corporate culture which is deeply rooted in the Freudenberg Group. They create the framework for an environment characterized by trust and confidence, which promotes teamwork, innovation, customer orientation and the long-term success of our company.

On December 10, 1948, the United Nations issued the Universal Declaration of Human Rights, setting out the inalienable rights of every human being. These internationally recognized human rights are also the benchmark for our actions throughout the Freudenberg Group. In addition, we adhere to the OECD Guidelines for Multinational Enterprises, the International Charter of Human Rights, the European Convention for the Protection of Human Rights and Fundamental Freedoms, the International Labor Organization (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and the ILO Declaration on Fundamental Rights and Principles at Work. For Freudenberg, respect for human rights and environmental concerns, in particular the human rights protected by Section 2 (2) and (3) of the German Act on Corporate Due Diligence to Prevent Human Rights Violations in Supply Chains (BGBI. I 2021, p. 2959) ("Supply Chain Act"; "LkSG"), is the basis of all our business relationships.

As a signatory to the United Nations Global Compact, we have committed ourselves to complying with the ten principles in the areas of human rights, labor, the environment and anti-corruption.

Achieving economic goals is not the only measure of success at Freudenberg. We reject business activities that are not in line with our corporate values.

A zero-tolerance policy applies to violations of legal regulations and internal rules. We take the necessary measures to end violations immediately, draw appropriate consequences and ensure that similar violations do not occur in the future. Every individual must expect disciplinary and labor law consequences in the event of a violation - regardless of the sanctions provided for by law. No one can claim that he or she acted in the interests of Freudenberg by violating the law.

We also expect our suppliers to act with the same integrity, fairness, responsibility, honesty and commitment to human rights and sustainability, and commit themselves to respecting the rights of their employees and treating them in accordance with the guidelines of the international community, either by signing a Supplier Code of Conduct or in another appropriate manner.

## **1. In detail**

### **Human rights in the workplace**

We reject child labor and all forms of forced labor and slavery in all Freudenberg Group companies and at our direct and indirect suppliers.

Each of our employees has the free choice to join or form a union/employee representative body of their choice without discrimination, threats, intimidation or other retaliation.

We recognize and respect the free activity of trade unions in accordance with the law of the place of employment, in particular the right to strike and the right to collective bargaining. We also respect the fact that employees are represented by democratically elected works councils. We strive for constructive cooperation with employee representatives and their bodies.

We strive to pay appropriate wages and salaries based on the conditions at the place of employment and the terms of applicable collective bargaining agreements. We comply with all applicable local laws regarding minimum wage, working hours, including overtime, rest breaks and paid vacation.

### **Health protection and occupational safety**

We are fully committed to providing safe working conditions and complying with regulations on occupational health and safety and environmental protection in order to preserve the health of employees, protect third parties and prevent accidents, injuries and work-related health hazards.

All safety regulations in the workplace must be strictly adhered to promote safe working and minimize health risks. The Freudenberg Group's "We all take care" initiative is an integral part of our commitment to creating and ensuring safe working conditions for all employees. All employees share responsibility, not only for their own health and safety, but also for the health and safety of their colleagues and business partners.

### **Environment and climate protection**

We take responsibility for ensuring that our actions are as environmentally friendly as possible. Natural resources required for our production processes, products and services are used as carefully and prudently as possible. Residual waste that cannot be avoided or recycled is disposed of in a responsible manner and in accordance with legal regulations. Environmental protection is firmly anchored in Freudenberg's business processes, and it is our goal to continuously reduce the consumption of raw



materials and energy by optimizing our processes. We manage the Freudenberg Group sustainably and observe the United Nations' "2030 Agenda for Sustainable Development" as our guiding principle. In addition to complying with the respective climate targets of the countries in which we operate, Freudenberg aims to achieve CO<sub>2</sub> neutrality as a Group by 2045.

## Equal opportunities and prohibition of discrimination

The Freudenberg Group's employees reflect the diversity of society, languages, cultures and lifestyles. We value the uniqueness of every employee. We respect people of all cultures and ethnic backgrounds. We encourage everyone to contribute to the company through entrepreneurial thinking and action, personal initiative and a willingness to take on responsibility. We create, promote and maintain a diverse and inclusive working environment in which employees are valued, respected and heard. In this way, we promote a culture of inclusion and create an environment in which everyone works together in cross-border and Group-wide teams, contributing their strengths from different cultures and skills.

We do not tolerate discrimination or unequal treatment, in particular based on national, ethnic or social origin, religion or belief, political opinion, sexual orientation, trade union activities or as a result of age, health, gender or any disability. At Freudenberg, we are proud of a corporate culture in which everyone can learn, grow and develop together.

## Protection against violence and harassment in the workplace

Violence in the workplace is not tolerated. This includes direct or indirect threats, intimidation, physical attacks and any form of harassment.

## **2. Human rights and environmental expectations of Freudenberg employees and managers**

Every employee and every manager are responsible for respecting internationally recognized human rights, implementing the Freudenberg Group's Guiding and Business Principles and Code of Conduct, complying with the provisions of the United Nations Universal Declaration of Human Rights and the United Nations Global Compact and other guidelines of the international community as well as the German LkSG.

Annex 1 contains the catalogue of human and environmental rights and protected legal positions that the Freudenberg Group enforces in its supply chain.

Each employee and manager are expected

- to understand and fully respect the relevant human and environmental rights,
- to work towards the observance of these human and environmental rights in their area of responsibility,

- not to accept violations of human rights at Freudenberg or in the supply chain, but proactively report them to the Human Rights Officer or an Ethics Office,
- to participate in the training offered by Freudenberg, contribute to the ongoing risk analysis in respect of human rights and environmental risks and the implementation of control measures to ensure compliance with the principles contained in this policy statement.

### **3. Human rights and environmental expectations of Freudenberg's suppliers**

Alongside other measures, the Code of Conduct for Suppliers is a key element in implementing the requirements of the LkSG in our supplier relationships. We expect suppliers to comply with the principles and requirements described therein or comparable standards of their own company, to pass these on to their sub-contractors and sub-suppliers and to work towards ensuring that their sub-contractors and sub-suppliers also comply with these principles and requirements.

In particular, we expect suppliers to

- respect internationally recognized human rights (see [Annex 1](#)) as inalienable fundamental rights of all people in their company and their supply chains,
- intervene to an appropriate extent, considering their size and scope for action, where human rights are endangered or violated,
- do not prioritize their own pursuit of profit over the protection of human rights,
- apply Freudenberg's standards for the protection of human rights or comparable standards of their own company, passing them on along their supply chain and cooperating openly and reliably in continuing risk analysis measures and controls by Freudenberg,
- train their employees to comply with these standards,
- adequately disclose risks and acts of infringement and take preventive or remedial measures,
- recognize the Freudenberg Supplier Code of Conduct or otherwise demonstrate compliance with equivalent human rights and environmental standards of their own.

### **4. Management system for the protection of human and environmental rights**

The own business area under the LkSG includes all group companies over which a company exercises "decisive influence", e.g. due to a high majority shareholding, a group-wide compliance system, responsibility for the management of core processes in the group company, similar business areas or personnel overlaps.



The Freudenberg Group pursues a management concept according to which business operations are managed on a decentralized basis by independent legal entities which are grouped together in Business Groups, whose management boards act with a high degree of autonomy. The Board of Management of Freudenberg SE defines the Group strategy and monitors its implementation, e.g. by deciding on major investments, defining strategic guidelines, providing procedural support and formally approving the strategic plan. The business models, products and markets of the individual Business Groups are highly diversified. There is no central purchasing department or central supplier management for all Business Groups and no personnel overlap at Business Group management level.

However, due to Freudenberg's conviction as a family-owned company with social responsibility, the Management Board decided to implement the LkSG at an early stage and establish a Group-wide minimum standard. For this reason, the responsibility of the Human Rights Officer was also assigned directly to the Chief Human Resources Officer (CHRO) at the Management Board level. The Human Rights Officer monitors the appropriateness and effectiveness of risk management and implements risk-based control measures.

## **5. Risk management**

The responsibility for risk management, including due diligence obligations under the LkSG, lies with individual Business Groups. In the larger Business Groups, the risk management of the LkSG is monitored by the Governance, Risk Management and Compliance (GRC) function or a similar risk control function, in smaller Business Groups, by the responsible managing director.

The relevant specialist functions in the Business Groups, namely Health, Safety & Environment (HSE) and Human Resources (HR) for the company's own business area, and Supply Chain Management or Purchasing for direct and indirect suppliers, are responsible for the operational implementation of the risk management system.

For Freudenberg's own business, the risk management systems currently in place, particularly for occupational safety and HR compliance, have been or are being revised to integrate any additional requirements from the LkSG.

For supplier management, including due diligence regarding human rights in the supply chain, the responsible specialist functions use external software applications when conducting the abstract and concrete risk analysis. These software applications support the performance of the abstract risk analysis by an abstract scoring of suppliers based on country and sector risks, systematic media screening and collecting information through questionnaires. Specially trained employees in the respective supply chain management or purchasing function evaluate the scores and results determined by the software applications. If necessary, they initiate further risk minimization or remedial measures.

These processes are continuously developed and improved.



## Risk analysis

In our own business, regular internal HSE audits, for example, have already ensured in the past that employees and other stakeholders (such as residents of neighboring communities) are adequately protected against risks to health, safety and the environment.

To ensure a systematic and complete assessment of the risks in covered by the LkSG in Freudenberg's own business, all consolidated companies that have employees and/or are active in purchasing, production or sales are initially screened for human rights and environmental risks in abstract terms (based on location and industry) using external software applications. The same applies to Freudenberg's direct suppliers.

If the abstract risk analysis indicates an increased risk, further information is collected, for example by sending a questionnaire or by other means. If the information collected does not demonstrate that human rights or environmental risks are managed satisfactorily, further preventive measures are initiated if necessary to eliminate an existing or imminent human rights risk.

In view of the decentralized structure of the Freudenberg Group, the risk analysis regarding direct and indirect suppliers is carried out independently by the respective Business Group.

In addition to the regular risk analysis, ad hoc risk analyses are carried out in the company's own business and with respect to direct and indirect suppliers (i) if there are actual indications of a violation of a human rights or environmental obligations (e.g. through a complaint to an Ethics Office or information in the media) or (ii) if there is a change in the company's human rights or environmental risk profile (e.g. through the development of a new procurement country or business area, outbreak of a conflict or natural disaster in a country of operation).

In 2023, Freudenberg carried out a risk analysis in its own business and in respect of its direct suppliers. This analysis has not revealed any indications of a violation of human rights or environmental obligations.

In November 2023, Freudenberg & Co. Kommanditgesellschaft received a notice about a possible violation of the freedom of association at a direct supplier of one of Freudenberg's Business Groups. The matter is currently being investigated.

## Prevention measures in Freudenberg's own business

If a Business Group identifies risks in its own business area, preventive measures are initiated immediately. These include in particular:

- identification of Group-wide, Business Group-internal and/or location-specific guidelines or standards with regard to the risk in question;
- analysis of whether these guidelines and standards are suitable and sufficient to prevent the risk;

- checking, e.g. through further on-site investigations (audits), whether the respective guideline or standard is being complied with;
- conducting training in the relevant business areas, particularly regarding the Code of Conduct, as well as further training for selected employees.

### Preventive measures vis-à-vis suppliers

Any risks at direct or indirect suppliers identified by a Business Group as part of the regular or ad hoc risk analysis are first prioritized. Criteria for prioritization include the type and severity of the human rights or environmental risk, the potential to influence the supplier (e.g. due to sales volume with the supplier or importance of the raw material or product within the supply chain).

Preventive measures include:

- an in-depth analysis of the supplier based on a questionnaire,
- a commitment of suppliers to human rights and environmental standards through contractual requirements (in particular a code of conduct for suppliers),
- carrying out on-site inspections and investigations (audits),
- using available certifications,
- training measures and information for employees on human rights and environmental risks.

### Remedy for infringement of protected legal positions

If a Business Group discovers that a violation of a human rights or environmental obligation has already occurred or is imminent, remedial measures are taken immediately. In its own business, these include in particular:

- measures to end the violation immediately;
- certification by the responsible manager to ensure that the risk is remedied and that the breached regulation is observed in the future;
- depending on the severity of the breach of duty or, in the case of continued breaches of duty, possible consequences under labor law;
- further training measures if necessary.

In the case of direct or indirect suppliers, the following remedies may be considered:

- development and implementation of a plan to end or minimize the violation (together with the supplier if necessary),
- temporary suspension or termination of the business relationship,
- participation in multi-stakeholder or industry initiatives.



## 6. Complaints procedure

Employees and third parties (including suppliers, customers, NGOs or individuals in affected communities) may report actual or imminent violations of human rights under the LkSG resulting from actions by Freudenberg or a direct or indirect supplier, as well as violations of other laws, Freudenberg's Guiding or Business Principles, the Code of Conduct or other internal or external policies to the Ethics Offices.

Reports to the Ethics Offices can be made anonymously, confidentially and informally. The respective Ethics Office will review the information and conduct an investigation if necessary. Individuals who report violations in good faith or assist in the investigation of the violation are protected from retaliation. Information may be provided in any regional or local language. If information is provided in a language other than English or a language spoken at the location of the Ethics Office, a confidential, professional translation will be provided if necessary.

Information on the local Ethics Offices, including local contacts, can be found in sec. 8 as well as on the Freudenberg homepage, on the websites of the individual Business Groups and in the Rules of Procedure for the Complaints Procedure.

## 7. Documentation and reporting obligations

The fulfillment of the due diligence obligations (including the risk analysis, the identified human rights and environmental risks and the related preventive and remedial measures) is documented by each Business Group on an ongoing basis.

In addition, each Business Group informs the Human Rights Officer on an ad hoc basis of any significant changes in the risk analysis, any human rights and environmental violations identified (both in its own business or at one of its suppliers) and any preventive or remedial measures taken in this context.

From 2024, each Business Group will prepare an annual summary report to be submitted to the Board of Management of Freudenberg SE. This report contains information on the implementation, process and results of the risk analysis, preventive measures as well as the detection of violations and corrective measures in its own business area, at direct and indirect suppliers and on the effectiveness review from the previous year. The data from this reporting is consolidated as far as possible and serves as the basis for reporting to public bodies (including the Federal Office of Economics and Export Control - BAFA).

The effectiveness of the measures for implementing the due diligence obligations under the LkSG is reviewed regularly - at least once a year - as well as on an ad hoc basis, and potential for improvement is identified. Findings from the processing of information from third parties are considered in the review and continuous improvement. An initial review of effectiveness took place in September 2023; the derivation of measures from this review has not yet been completed at the time of issuing this declaration.



## 8. Contact

Freudenberg has established the following points of contact for the protection of human rights: a central Ethics Office in Europe (Corporate Ethics Office) and three regional Ethics Offices (Regional Ethics Offices Asia, India and America).

### Corporate Ethics Office:

by e-mail: [CorporateEthicsOffice@freudenberg-compliance.com](mailto:CorporateEthicsOffice@freudenberg-compliance.com)

by post: Corporate Ethics Office Freudenberg, P.O. Box 100807, D-69448 Weinheim

### Regional Ethics Office Asia:

by e-mail: [EthicsOfficeAsia@freudenberg-compliance.com](mailto:EthicsOfficeAsia@freudenberg-compliance.com)

by post: Freudenberg Regional Ethics Office Asia, 720 Pudong Avenue, 24/F, Unit D, Shanghai 200120, PRC

### Regional Ethics Office India:

by e-mail: [EthicsOfficeIndia@freudenberg-compliance.com](mailto:EthicsOfficeIndia@freudenberg-compliance.com)

by post: 1st Floor, Silver Jubilee Block, 3rd Cross, Mission Road, Bangalore -560 027, India

### Regional Ethics Office Americas:

by e-mail: [EthicsOfficeamericas@freudenberg-compliance.com](mailto:EthicsOfficeamericas@freudenberg-compliance.com)

by post: Freudenberg Regional Ethics Office Americas, 47774 West Anchor Court, Plymouth, MI 48170, USA

Weinheim, 14.12.2023

**Management Board of Freudenberg & Co. Kommanditgesellschaft**



Dr. Mohsen Sohi



Dr. Tilman Krauch



Dr. Ralf Krieger



Esther Loidl

## **Annex 1**

### **Human rights risks pursuant to Section 2 (2) LkSG**

- Violation of the prohibition of child labor (No. 1 and 2)
- Violation of the prohibition of forced labor and all forms of slavery (No. 3 and 4)
- Disregard for occupational health and safety and work-related health hazards (No. 5)
- Failure to respect freedom of coalition, freedom of association and the right to collective bargaining (No. 6)
- Violation of the prohibition of unequal treatment in employment (No. 7)
- Violation of the prohibition of withholding an appropriate wage (No. 8)
- Destruction of the natural basis of life through environmental pollution (No. 9)
- Unlawful violation of land rights (No. 10)
- Violation of the prohibition of hiring or using private/public security forces that can lead to impairments due to lack of instruction or control (No. 11)
- Violation of the prohibition of an act or omission in breach of duty which is directly capable of impairing a protected legal position (= further human rights) in a particularly serious manner and the unlawfulness of which is obvious on a reasonable assessment of all the circumstances in question (No. 12)

### **Environmental risks in accordance with Section 2 (3) LkSG**

- Violation of a prohibition resulting from the Minamata Convention (No. 1 - 3)
- Violation of the ban on the production and/or use of substances within the scope of the Stockholm Convention (POPs) and non-environmentally sound handling of waste containing POPs (No. 4 and 5)
- Violation of the ban on the import and export of hazardous waste within the meaning of the Basel Convention (No. 6-8)