

FUCHS GROUP

FUCHS Supplier Code of Conduct

MOVING YOUR WORLD



FUCHS Supplier Code of Conduct

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Dear Suppliers, Dear Business Partners and Stakeholders,

We, FUCHS SE and its subsidiaries (hereinafter referred to as “FUCHS”), are an internationally operating corporation that meets the challenges of global competition head-on and assumes entrepreneurial as well as social responsibility.

This responsibility covers legal, social, environmental, and ethical aspects that we as a company need to consider to be successful. We are committed to conduct our business in a fair, responsible, and transparent manner and ensure that our activities in all the countries that we work in are founded on the respect for law, ethical and social standards.

FUCHS respects and considers human rights and supports the United Nations Universal Declaration of Human Rights, the International Labor Organization (ILO) Declaration of Principles, and the initiative for sustainable and responsible corporate governance (United Nations Global Compact).

Based on compliance with local, national and international laws and in accordance with the basic principles of the UN Global Compact agreement, FUCHS expects its

suppliers, service providers, subcontractors and business partners with intermediary function (hereinafter referred to as “Suppliers”), to monitor and ensure compliance with these requirements. The success of the cooperation is based on trust, transparency, reliability and fairness.

The FUCHS Supplier Code of Conduct is based on our jointly developed values and outlines the FUCHS Group’s expectations towards its Suppliers and describes the minimum standards (such as adherence to labor standards, business ethics and compliance, as well as environmental protection and safety) and conditions for a long-term and sustainable cooperation. In addition, basic corporate due diligence obligations in the supply chain are listed that Suppliers are expected to respect and comply with.

The goal of FUCHS is to create a resilient, stronger and more sustainable supply base. We work with those of our Suppliers who do not meet our standards yet trying to enable them to comply with the requirements of the FUCHS Supplier Code of Conduct.

The FUCHS Supplier Code of Conduct applies to all FUCHS Suppliers worldwide. We expect our Suppliers to

make reasonable efforts to implement these standards in their upstream supply chains as well, meaning their Suppliers and subcontractors.

Suppliers are expected to:

- know and follow the FUCHS Supplier Code of Conduct.
- accept the invitation to register on the IntegrityNext platform and complete their profile and keep it up to date.
- enforce an appropriate Code of Conduct and require that subcontractors and Suppliers do the same.
- remediate and monitor any non-compliance.
- share sub-tier supply chain information in the event of actual risks or violations if these affect the FUCHS supply chain.
- operationalize and document compliance.
- provide evidence of adequate internal controls upon FUCHS request.

Mannheim, December 2023

FUCHS SE

Dr. Sebastian Heiner
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1 Social responsibility

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.

Suppliers are urged to respect and to promote the observance of internationally recognized human rights. In all business activities within Suppliers own sphere of influence, Suppliers must ensure that they themselves, their business partners and their Suppliers do not commit or participate in human rights violations.

We treat all employees, regardless of whether they are permanent employees, part-time employees, temporary workers, trainees or working students, with fairness, humanity, respect and dignity. As a Supplier and business partner of FUCHS we expect Suppliers you to do the same.

1.1 Child labor

FUCHS does not tolerate any form of child labor at any stage of production or processing.

All Suppliers are required to comply with the minimum working age in the region in which they operate and to prohibit the employment of persons under the age of 15, regardless of whether this is permitted by local law (No. 138). The only exceptions to this requirement are

government-approved vocational training programs that clearly benefit participants.

Children must not be inhibited in their development and their safety and health must not be impaired.

Suppliers are required to prevent workers under the age of 18 from performing work that could endanger their health or safety, including night shifts, overtime or hazardous work in accordance with the ILO Worst Forms of Child Labor Convention (No. 182). This includes all forms of slavery or slavery-like practices such as sale of trafficking of children, debt bondage and servitude, and forced or compulsory labor, including forced or compulsory recruitment of children for use in armed conflicts. It is also prohibited to use, offer, or provide children for prostitution, for the production of pornography or for pornographic performances, as well as for illicit activities, in particular for the extraction and trafficking of drugs. In addition, work which, by its nature or because of the circumstances in which it is performed, is likely to be harmful to health, safety or morals of children is not permitted.

If national regulation on child labor provides for stricter standards, Suppliers shall observe these as a matter of priority.

Suppliers must establish an appropriate mechanism to verify that the age of workers complies with the ILO Minimum Age Convention and provide evidence of this validation mechanism upon request. In addition, Sup-

pliers must ensure that all worker recruitment efforts, including third party recruitment, include mechanisms or verify that the age of potential applicants complies with the ILO Minimum Age Convention (No. 138).

The Supplier must terminate the employment of a child and take appropriate action to place the child in a remediation and/or education program if child labor is detected in the Supplier's sphere or in any part of the supply chain.

1.2 Forced labor, slavery and free choice of employment

FUCHS does not tolerate any form of forced labor or slavery. Suppliers are therefore absolutely prohibited from using involuntary labor under threat of punishment, including forced overtime, debt bondage, forced labor in prisons, slavery or servitude.

We require all Suppliers to:

1. confirm that employment is on a voluntary basis. Employees must have the opportunity to terminate the employment relationship with reasonable notice.
2. not participate in activities that are clearly aimed at restricting the free movement of workers.
3. not permit any treatment that is physically or psychologically humiliating, inhumane or degrading.

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4. work actively to abolish any form of forced labor and slavery within the own business area but also wherever Suppliers can influence, for example through cooperative efforts and collaboration with non-governmental organizations.

1.3 Equal opportunities / non-discrimination

Suppliers are required to maintain equal employment opportunity and refrain from any discrimination or harassment. Employees must not be discriminated against, for example, based on origin, nationality, skin color, religion, ideology, political and trade union activity, gender, sexual orientation, age, disability, illness, status of health, payment of unequal salary for equal work or pregnancy. Furthermore, we do not tolerate any form of harassment, sexual or moral. This applies to violence and harassment in the work environment that occur during, in connection with or as a result of work. The prevention and elimination of such behavior must be ensured by appropriate measures and is a requirement for ensuring well-being at work.

We demand that Suppliers support diversity and women's rights, and that employment relationships are built on equal opportunity principles.

1.4 Freedom of association and right to collective bargaining

Suppliers shall respect the fundamental right to freedom of association and the right to collective bargaining within the framework of national laws and shall ensure that this is not impaired. Whenever national laws restrict any forms of collective bargaining or the right to freedom of association, Suppliers shall enable and permit the free and independent association of employees for the purpose of conducting negotiations.

We require all Suppliers to:

1. collaborate with employee representatives to advance the interests of employees.
2. avoid discriminating or disadvantaging any employees, including those who are members of a trade union.
3. offer employees and external stakeholders the opportunity to have their voices heard, even in the absence of union representation.

1.5 Wages, working hours and social benefits

Suppliers shall establish the payment of at least living wages and especially ensure the compliance with national laws referring to working hours, wages and social benefits.

Hours of work and overtime must be performed in accordance with all applicable laws, including maximum hours and minimum rest laws. Overtime work must be agreed upon in advance, possibly compensated at a higher than regular hourly rate – or, to the extent legally permissible, agreed upon in advance with time off in lieu at the higher hourly rate. A proper work-life balance must be facilitated by the employer.

1.6 Occupational health and safety at the workplace

It is a matter of concern to FUCHS to prevent accidents at work and work-related illnesses.

Therefore, it is necessary to create a work environment that meets or exceeds industry standards and local, regional and national safety, occupational health and fire regulations. Employee exposure to hazards must be limited, and continuous improvement of working conditions and occupational health and safety must be promoted. Being certified according to ISO 45001 (or comparable) is highly recommended.

Referring to ILO Nr. 1 and ILO Nr. 14, Suppliers shall define working hours (including overtime, maximum working hours, rest periods, working time schedules, parental leave, sick leave, leave for family reason, paid overtime) in such a way that occupational accidents due to physical and mental exhaustion are prevented and the health of employees is maintained.

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Whenever an injury or illness or near misses and unsafe situations occur, Suppliers have an obligation to investigate, and take corrective and preventive action. All employees should have knowledge of every incident and near misses, understand the importance of prevention, and corrective actions and practice it in their daily work. Furthermore, suitable protective measures must be in place to prevent exposure to chemical, physical or biological substances. If protective equipment is required, the Supplier is obliged to provide it for the employees free of charge.

Suppliers have an obligation to implement an effective fire safety management system and emergency plan at each Supplier site that protects employees and other individuals by providing an adequate number of clearly marked and unobstructed emergency exits and evacuation routes, and by providing first aid supplies and medical support/procedures to employees.

Supported by regular training of employees in the area of health and safety, the management of health and safety in the workplace is to be continuously improved. Employees should be encouraged to openly address health and safety concerns, and precautions must be taken against retaliation.

1.7 Destruction of the natural basis of life through environmental pollution

Suppliers must ensure that no harmful soil alteration, water pollution, air pollution, harmful noise emissions, or excessive water consumption interferes with natural resources for the preservation and production of food, denies, obstructs, or destroys access to drinking water and sanitary facilities, or harms human health.

1.8 Illegal violation and land rights

Unlawful eviction and unlawful taking of land, forest and water in the acquisition, development or other use of land, forest and water, the use of which ensures the livelihood of human beings is prohibited.

1.9 Usage of private or public security forces

The use or engagement of private or public security forces to protect the company's projects without proper supervision is inadmissible if the prohibition of torture and cruel, inhuman or degrading treatment is disregarded, life and limb are violated or freedom of association and labor are impaired.

1.10 Community involvement

Suppliers shall support the well-being and development of local communities by facilitating access to basic services and protecting and respecting their civil, social, and economic rights. Community involvement and development shall include actively facilitating the improvement of quality of life, supporting educational advancement and skills development of their local communities.

1.11 Animal welfare

FUCHS respects the five animal freedoms formalized by the World Organization for Animal Health concerning animal welfare.

Therefore, the 3Rs principle (Reduction, Refinement, Replacement) must be applied to animal studies. If clinical studies and/or animal testing have to be performed, we expect Suppliers to comply with all applicable international and local laws and guidelines. The aim is to replace animal testing with scientifically valid and regulatory approved in vitro methods.

2 Environmental responsibility

The protection of people and the environment is a core component in FUCHS corporate policy. A main value for FUCHS is a sustainable and responsible management in harmony with our environment.

Suppliers are expected to minimize environmental impact, to observe and continuously improve environmental and climate protection with regard to applicable international standards and legal requirements. This includes acting on the precautionary principle to maintain air quality, reduce energy and water consumption and waste generation, and ensure the responsible use of chemicals. In addition, initiatives are to be taken to promote environmental responsibility and to encourage the development and dissemination of environmentally friendly technologies. Suitable and traceable measures are to be taken for this purpose and, if necessary, management systems (e.g., according to ISO 14001, ISO 50001 or equivalent systems) should be implemented in order to ensure the protection of the environment and the climate.

2.1 Reducing the impact on climate change

FUCHS is committed to protecting the environment and minimizing the effects of climate change. We are striving for NET ZERO by 2040. Therefore, Suppliers are asked to support us in our mission:

We expect Suppliers to have a clear roadmap in place including a target year until when the corporate emis-

sions shall be reduced to “NET ZERO” including all applicable emissions from GHG-Protocols Scopes 1, 2 and 3.

If such a commitment is not yet put in place, we expect Suppliers to develop a climate protection strategy aiming at Net Zero emissions, based on globally accepted frameworks, such as Science-based-target Initiative or comparable standards.

2.2 Renewable energy

We expect Suppliers to use energy based on renewable sources such as solar power, wind power, hydropower, green hydrogen, etc. and for those Suppliers who have not yet switched to green energy supply we highly recommend to define a roadmap.

2.3 Environmentally friendly production

FUCHS requires Suppliers to develop and manufacture the products as well as their packaging and transport in a safe and environmentally compatible manner. Suppliers are expected to ensure optimum environmental protection at all stages of production and transportation. This includes a proactive approach to avoid or minimize the consequences of accidents that could have a negative impact on the environment. Particular emphasis is placed on the application and further development of energy and water-saving technologies. The goal must be to produce in an emission-neutral manner.

2.4 Environmentally friendly products

All products manufactured along the supply chain must meet the environmental standards of their market segment. This includes the entire product life cycle and all materials used. Chemicals and other substances that may pose a risk when released into the environment must be identified and handled appropriately. Materials having less toxicity in the manufacturing process must be used.

We expect from Suppliers to identify and track Substances of High and Very High Concern (SHC/SVHC) and to develop and execute strategies to continuously reduce these substances in materials offered to FUCHS.

The increased usage of recycled and renewable materials wherever possible is required and furthermore the use of single-use plastics should be avoided throughout the manufacturing process.

2.5 Defossilization

To achieve FUCHS' Net Zero goal by 2040, we have to gradually transition our raw material base to non-fossil sources, such as from recycling/waste streams and/or biomass.

FUCHS expects from the Suppliers that strategies to move away from fossil sources and feedstocks until 2040 are developed and put in place, so that Suppliers can offer non-fossil-based raw material alternatives instead of current fossil-based material in competitive pricing. In order to avoid burden-shifting to other environmental

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categories, Suppliers are asked to perform Life-Cycle-Assessments according to ISO 14040 and ISO 14044 and have them 3rd-party certified to be shared with FUCHS.

2.6 Mercury

When the Suppliers activity involves mercury, mercury compounds, mercury-related products or mercury waste, Suppliers are required to act in accordance with Article 4(1), Article 5(2), Article 11(3) of the Minamata Convention.

2.7 Persistent organic pollutants

When the Suppliers operation includes chemicals, chemical waste and stockpiles, Suppliers are required to comply with the Stockholm Convention on Persistent Organic Pollutants in accordance with Article 3(1) (a), Article 6(1) (d) (i) and (ii).

2.8 Waste, recycling and emissions

FUCHS expects that Suppliers have a process and system in place ensuring safe handling, transportation, storage, recycling, reuse and management of raw materials, materials and wastes. We expect Suppliers to foster and contribute to a circular economy: Waste avoidance must have highest priority, thermal recycling, disposal and landfill of waste must be reduced to the benefit of enforcing processes of material recycling to produce new raw materials.

If production of a Supplier's activity or disposal of waste releases any substances into the air or water that could have a negative impact on human health or the environment, they must be reduced to the greatest extent possible. Substances must be properly handled, controlled and/or treated before they are released into the environment.

Suppliers are required to prevent or minimize accidental or diffuse leakage or release of shipped substances.

When the Supplier's activity involves the shipment of hazardous and other wastes as defined in the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, Suppliers are required to comply with Articles 4(2), 5 and 8 of the Convention.

2.9 Process safety

It is expected that Suppliers implement a management system to control work processes that are in compliance with recognized safety standards. If needed, specific risk analyses for plants have to be carried out. In order to prevent, for example, a chemical spill and/or explosion, Suppliers are expected to take preventive measures in the case of incidents.

3 Product responsibility

3.1 Product safety

All legal requirements and country-specific laws must be complied with. Suppliers are obliged to provide FUCHS in sufficient time before delivery/service with all relevant product information, in particular on the composition, use (processing or assembly instructions as well as occupational safety measures) and, where applicable, on the disposal of its products. Complete documentation for compliance with statutory regulations such as safety data sheets, labeling regulations, etc. is expected. Information provided by FUCHS must be included in the relevant documents.

All products and services supplied to FUCHS by Suppliers must meet the contractually agreed criteria for quality and safety at the time of delivery and must be able to be used safely in accordance with their intended purpose as specified by FUCHS.

3.2 Responsible sourcing and conflict minerals

FUCHS expects Suppliers to undertake activities that ensure responsible sourcing of raw materials. The procurement and use of raw materials that have been obtained illegally or through ethically reprehensible or unreasonable measures must be avoided. The use of raw materials such as conflict minerals that are affected by embargoes or other import restrictions must be excluded. Suppliers are, therefore, obliged to exclude these raw materials in manufactured products in the supply chain and to disclose the origin to sources of supply of the raw materials they use.

We expect Suppliers to have the same understanding of the protection of human rights and the environment and therefore the same level of care for their supply chain and proof that they only source or process conflict-free raw materials. FUCHS requires Suppliers to ensure that the used minerals are sourced only from traceable and certified sources such as the Responsible Minerals Initiative's (RMI).

[EU Regulation 2017/821](#) on supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas is applicable.

4 Business ethics and compliance

4.1 Compliance with laws / anti-corruption

FUCHS expects the highest level of integrity in all business activities and relationships. Suppliers are required to refrain from any form of criminal offence including inter alia fraud or embezzlement, insolvency offences, money laundering, extortion, and corruption and bribery. Suppliers are obligated to comply with all laws and regulations applicable to them and the business relationship with FUCHS.

4.2 Fair competition and avoidance of conflicts of interest

Competition and anti-trust laws ensure fair and genuine competition. Therefore, the laws that protect and promote competition, in particular anti-trust laws, must be respected. This includes inter alia the prohibition of fixing/coordination of prices or other commercial conditions as well as exchanging relevant information with competitors. Also, when dealing with business partners, these must not be unduly restricted in their activities, market dominant positions must not be abused. Suppliers must respect fair competition and comply with the applicable anti-trust laws and refrain from any other measures that hinder the free market.

4.3 Intellectual property and protection of business secrets

FUCHS expects Suppliers to respect all valid intellectual property rights, including without limitation patents, designs, trademarks and copyrights. Where information or know-how is made available to Suppliers on a confidential basis, Suppliers are obliged to implement reasonable measures preventing the unjustified disclosure and/or exploitation of such information or know-how.

4.4 Gift and hospitality policy

We expect that Suppliers adhere at least to the rules we have set for our own: Offering, promising, and accepting gifts and hospitalities (in the following “advantages”) are only allowed if these comply with the applicable law, are socially adequate, do not infringe any policy of the person receiving such advantages, and business decisions are not and do not appear to be influenced by such advantages. In any case, granting and receiving cash and cash equivalents is not allowed. Offering, promising and granting advantages to public officials and persons with close ties to public officials are strictly prohibited. Public officials include inter alia persons working for governments, ministries, courts, administrative agencies or other governmental bodies as well as employees of state-owned companies. Requesting any advantages is never allowed.

4.5 Whistleblower protection

We expect Suppliers to provide their employees with avenues for raising legal or ethical issues or concerns without fear of retaliation. We expect Suppliers to take action to prevent, detect, and correct any retaliatory actions against whistleblowers. We expect that Suppliers have implemented a procedure which secures objective, independent and fair investigations of any whistleblowing irrespective of the persons involved. In the event of proven misconduct, we expect Suppliers to sanction the individuals involved appropriately and, in the case of general misconduct, to take appropriate remedial action to ensure compliance for the future.

5 Implementation of the standards and requirements

5.1 Implementation

Suppliers are expected to educate their employees and direct Suppliers on the general expectations of the FUCHS Supplier Code of Conduct to ensure compliance. If Suppliers have created their own Code of Conduct listing the same requirements and expectations, Suppliers must comply with such Code of Conduct. In case no own Code of Conduct is in place, Suppliers should commit to the FUCHS Supplier Code of Conduct and comply with the stated requirements. FUCHS expects Suppliers to consistently disseminate the requirements of the FUCHS Supplier Code of Conduct throughout the upstream supply chains.

5.2 Information and communication

The current version of the FUCHS Supplier Code of Conduct is available for everyone at any time to view and download from the FUCHS homepage at:

<https://www.fuchs.com/group/the-company/corporate-governance/guidelines/>

For details on the FUCHS complaint mechanism, please see 5.5 below.

5.3 Monitoring

FUCHS reserves the right to verify compliance with the aforementioned requirements either by FUCHS itself, by independent third parties, by means of certificates and statements or topic-specific audits on site if there is a given reason, such as identified risks or existing violations.

5.4 Sanctions and remedial measures

Every substantial violation of the above-mentioned obligations is considered as a material breach of contract and will be legally evaluated in each individual case.

Violations identified by Suppliers must be remedied without delay whenever possible and improvement approaches derived from them must be examined comprehensively. We are entitled to request performance of further remedial measures. All violations and remedial actions must be reported to FUCHS.

Furthermore, we reserve the right to claim damages and may, as a last resort, terminate the business relationship if Suppliers ultimately fail to comply with the FUCHS Supplier Code of Conduct.

5.5 Complaints mechanism

FUCHS has established a complaint mechanism as required by the German Supply Chain Act. Suppliers can find the contact details and more information here:

<https://www.fuchs.com/group/the-company/corporate-governance/compliance/>

For human rights issues, the following e-mail address can also be used to contact FUCHS:

hre-supplychain@fuchs.com

Suppliers must not hinder their employees and business partners to contact FUCHS via these channels. Any form of retaliation against individuals doing so is strictly forbidden.

FUCHS takes the protection of personal data seriously. For more information, please see our data privacy statement, which can be found here:

<https://www.fuchs.com/group/data-privacy/>

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