

Forced Labour Report: Freudenberg

1. Introduction

This is a joint report submitted by Capol Inc., Capol, LLC, Chem-Trend Limited Partnership ("Chem-Trend"), EagleBurgmann Canada Inc., Freudenberg Filtration Technologies, Inc. ("FFT"), Freudenberg Household Products, Inc. Canada ("FHP"), Freudenberg Medical, LLC ("FM"), Freudenberg Flow Technologies, Inc. ("FFLTech"), Klüber Lubrication NA LP ("Klüber"), and Traxit North America, LLC ("Traxit") (collectively, the "Companies", "we", or "our"), each of which are subsidiaries of the Freudenberg Group, in compliance with Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act").¹ This report describes the measures taken by the Companies to monitor and address forced and child labour in their supply chains and covers the period January 1, 2023 to December 31, 2023.

2. About the Companies and Their Supply Chains

Freudenberg Group is a global technology company headquartered in Weinheim, Germany. It employs almost 50,000 people from 136 nations, operating at sites in 60 countries.

Freudenberg Group products are sold and distributed all over Canada across a wide range of groceries, hardware shops, mass merchants, specialist cleaning outlets and wholesale distributors. These business activities are carried out by the Companies as described below.

(a) Capol Inc.

Capol Inc. is a Freudenberg Group company within Freudenberg Chemical Specialities. Capol Inc. is one of the five separately operating Strategic Business Units of the Freudenberg Chemicals Specialities Business Group. It is one of Capol Group Entities located in Canada under leadership of the parent company Capol GmbH.

Capol Inc. operates in the market of food ingredients. Its functions cover R&D, procurement, production, quality control to sales, after sales services and technical consulting on application of ingredients. It is the technical know-how owner of vivapigments, food industry applicable natural colors and flavors. Currently, Capol Inc. offers natural pigments for use in confections, pastry fillings, snack bars, and other food products.² It also provides tablet form vitamins and food supplements. Capol Inc. mostly serves customers in Canada and the USA.

¹ Freudenberg Flow Technologies and Freudenberg Filtration Technologies, Inc. are voluntarily reporting despite not being reporting entities under the Act. Please also note that Freudenberg NOK Inc. has filed a separate report in compliance with the Act.

² Its product portfolio covers Anti-Sticking Agents, Sealing Solutions, Chocolate Polish, Sugar polish, Release Agents, Colors, Vivapigments, and Flavors.

Capol Inc. is a manufacturer which both sells directly to its own clients in North American markets, and to Capol LLC, an affiliated US distribution company for further sales concentrating in the US market (see below).

Among our product portfolio, we procure food industry used materials covering raw materials and semi-finished products ranging from color, flavor to oil and gum.

In 2023, Capol Inc. had 38 suppliers from six countries: Canada, USA, Germany, China, Peru and Brazil. Most of Capol Inc.'s supplies are Canadian, covering color, flavor, oil, juice and protein products. US suppliers supplement with similar raw materials when needed. In addition, Capol Inc. purchases gum and oil for coating and glazing products from our parent company in Germany, Capol GmbH. Occasionally Capol Inc. purchases small amounts of certain plant-based color concentration from China and Peru, and wax from Brazil to support its production schedules.

(b) Capol, LLC

Capol LLC is a Freudenberg Group company within Freudenberg Chemical Specialties. Operating as the North American distributor of Capol, Capolex, and Capolan confectionery surface treatments, Capol LLC operates under the leadership of Capol GmbH (Germany), with Capol GmbH and Capol Inc. as suppliers. Capol LLC serves clients in both the United States and Canada. It is a non-resident importer into Canada.

Capol LLC's supply chain includes the activities & supply chains of both of its suppliers: Capol GmbH and Capol Inc.

(c) Chem-Trend

Chem-Trend is a global leader in the design, development, and manufacturing of high-performance release agents, purging compounds, paper impregnation chemicals, and other process chemical specialties. Headquartered in Howell, Michigan, Chem-Trend offers a globally integrated network of production and technical experts in all major manufacturing regions around the world, serving customers through offices in North America, South America, Asia, and Europe. Chem-Trend also offers state-of-the-art R&D facilities to bring local expertise, product development and support for a wide variety of industries and needs. Chem-Trend is part of Freudenberg Chemical Specialties GmbH, a business of the broader Freudenberg Group.

Our Chem-Trend®-branded products serve multiple industry segments, including die cast, polyurethane, tire manufacturing, and wood composite. Our main brands are Chemlease®, Deurowood®, Mono-Coat®, Lusin®, Ultra Purge™, Surface Enhancer 360°, Zyvax®.

Chem-Trend procures various products, including raw materials, processed ingredients, packaging, and contract-manufactured goods, from a multitude of both domestic and international suppliers and tollers. Among these suppliers, some offer sole-sourced or single-sourced goods. We source products globally, including from Canada, Africa, Asia Pacific, the United States, and Europe. Globally, Chem-Trend has more than 600 raw

materials and packaging suppliers, many of them are multinational, i.e., they have plants in different countries, such as Dow, Wacker, and Schuetz. Chem-Trend also works with local suppliers within each country or continent to enhance service flexibility and reduce response times for our customers.

(d) EagleBurgmann Canada Inc.

(e) EagleBurgmann Canada is a competent partner for the sealing technology industry operating as a Sales and Service Centers to guarantee customer-oriented and rapid services. Operating with local manufacturing, engineering, administrative functions and service support, we have local competence to design and produce mechanical seals able to withstand with a wide range of media, different pressures and temperature level, providing special solutions for the main challenging applications.FFT

FFT is a Freudenberg Group company within Freudenberg Filtration. FFT distributes air and liquid filtration products across Canada for industrial applications. FFT's customer base is made up of automotive OEMs, hospitals, power generators, and schools, among others.

FFT imports Freudenberg filtration products from Freudenberg production sites around the globe. The majority of this product is imported from Freudenberg's US operations, as well as German, Italy and India production sites. FFT also sources a limited number of products from a few Canadian and US suppliers.

(f) FHP

FHP is a Freudenberg Group company within the Business Group Freudenberg Home and Cleaning Solutions ("FHCS") that distributes branded cleaning products and systems (primarily under the Vileda® brand). FHP's products include floor cleaning systems, household cloths, cleaning articles, household gloves, laundry care products such as ironing boards and clothes dryers, cleaning systems for professional applications, facemasks, and trolleys.

The selection and management of offshore suppliers is managed by the international procurement and quality team of the Freudenberg Group in Europe. FHP also manages a small number of local Canadian suppliers. FHP has over twenty first tier suppliers, with our main suppliers located in the USA (sister company), China, Italy (sister company), Czech Republic (sister company), Germany (sister company) and Canada. All suppliers are required to undertake a self-assessment with regard to meeting the Freudenberg ethical and social standards.

(g) Freudenberg Medical LLC (FM)

FM is a leading contract manufacturer for medical devices serving OEMs around the world. It is headquartered in Beverly, Massachusetts.

FM manufactures medical devices such as voice prosthesis, heat & moisture exchange cartridges and ENT specialty products. In addition to sourcing from sister Freudenberg Group companies, FM sources products from external partners such as Cytophil (Renu brand), Smith & Nephew (Wipes), and Romet (Electrolarynx).

(h) FFLTech

FFLTech, formerly Freudenberg Oil & Gas Canada Inc, has two sites in Canada: (i) Leduc County business park in Nisku, Alberta and (ii) BlueSky Products in Stoney Creek, Ontario, Canada. Both sites are a division of Freudenberg Flow Technologies LLC, based in Houston, TX, USA.

The Nisku facility is a custom seal solution provider for the oil and gas industry, manufacturing elastomeric sealing products in accordance with customer specifications. FFLTech's products and designs, mould and die design, are proprietary technologies used in its manufacturing processes.

FFLTech's Stoney Creek location designs and manufactures proprietary dynamic ball joints and reliable, easy-to-assemble, metal-to-metal sealed connectors designed for use in piping systems which require high integrity seals in applications involving corrosive, erosive, high temperature, high pressure, and cyclic conditions. These products are engineered and used within pressure vessel nozzles and closures, process piping, compressors, pumps, manifolds, and valves, among other piping applications.

FFLTech imports elastomers, some metal tooling (moulds) and phenolic components from the United States, as well as some metal and ceramic components from China. All manufacturing and machining of the finished products are completed locally. The BlueSky facility only imports US or European steel. All machining and various other processes are done exclusively in Canada.

(i) Klüber

Klüber is a local operating company and part of the Freudenberg Chemical Specialties Business Group, which includes Traxit business and the Klueber Group, a multinational manufacturer of specialty lubricants headquartered in Munich, Germany that produces over 2,000 products and operates 40 branch offices and production facilities across 30 countries. Klüber has operations in Londonderry, New Hampshire and Tyler, Texas. Together these locations maintain a workforce of 210 employees producing and distributing specialty lubricants globally.

Klüber primarily sources products, including raw materials, processed ingredients, packaging and contract-manufactured goods, from local suppliers. In certain circumstances, these items may also be imported from affiliated companies and global suppliers.

(j) Traxit

Traxit is based in Lyon, Mississippi and is wholly-owned by Klüber Lubrication USA. Traxit manufactures dry lubricants and precoats for the wire drawing industry. Traxit also imports products from KLGmbH (formerly Traxit International), which is headquartered in Schwelm, Germany. Traxit's business activities include sales and product support services to customers in North and South America, including several customers in Canada. Strong customer relations provide aftermarket support services and development of products tailored to individual customers' needs, sourced from both the facilities in Mississippi and Germany.

Traxit purchases all raw materials and packaging supplies from US companies with which long-term and stable relationships have been established. KLGmbH sources raw materials and packaging supplies similarly.

3. The Companies' Supply Chains

As detailed above, the Companies procure a range of products and inputs from many suppliers. These products include food industry items, chemicals, filtration products, cleaning products, medical devices, and products used in the oil and gas industry.

Freudenberg is a manufacturing company which strictly monitors and audits compliance with laws regulations and Freudenberg Standards which are often stricter than the local laws. A significant portion of the consumer goods is sourced from Freudenberg Group's own factories, most prominently those in Ningbo, China, Augsburg, Germany, and Lazne Belohrad, Czechia; similarly most of the commercial products are manufactured by Freudenberg plants in Europe, Asia and North America. This in-house manufacturing capacity is augmented by products sourced from our trusted supplier network. The Companies liaise with the Freudenberg Group's international procurement and quality team on the selection of audited offshore suppliers for various goods they source. The Companies also source inputs through local suppliers.

4. Steps Taken to Prevent and Reduce Forced and Child Labour

The Companies are guided by the Freudenberg Group's values and subject to its policies and procedures when choosing and managing their supplier relationships and evaluating their supply chains. These values and policies/procedures are described below.

(a) Freudenberg Group Values

As a family-owned, values-based technology group, success for Freudenberg is fulfilling the company's responsibility for society as well as financial success. The two goals have been inextricably linked since the company's founding.

Strong company values are the yardstick for how we think and act. They guide our daily interactions and also define the values we use when dealing with customers, business

partners, neighbours and the environment. This commitment to values makes us a reliable partner around the world.

The Freudenberg Group is still family-owned, making it independent, long-term oriented and responsible in its actions. What guided our company founder Carl Johann Freudenberg still applies today. His "Allgemeinen Betrachtungen" (General Observations) from 1887 are the inspiration for our current Business Principles, built firmly upon the guiding principles. Every employee is an ambassador for these values and pledges to uphold an internal Code of Conduct, specifying practical workplace issues, including compliance, workplace safety, health, and environmental protection.



Reflecting the foundational values of the Freudenberg Group, the Freudenberg Guiding Principles balance the upholding of long-term profitability with achieving other goals in a wider social context and to assure sustainability. This wider social context includes social responsibility in all countries and communities in which we do business and a requirement that fairness and integrity guide our conduct amongst ourselves, our business partners, and the public.³

³ For more information, see Freudenberg Group's corporate responsibility [website](#).



GUIDING PRINCIPLES

FREUDENBERG GROUP



Freudenberg Group complies with internationally recognized Human Rights and fundamental freedoms in accordance with the principles of the UN Global Compact.

(b) Freudenberg Group Code of Conduct

Freudenberg Group maintains a Code of Conduct that clearly communicates that the Freudenberg Group oppose child labour and any form of forced labour or slavery.⁴ This Code of Conduct applies to all Freudenberg Group entities, including the Companies.

(c) Ethical Sourcing Policies and Practices

Freudenberg Group and the Companies individually maintain ethical sourcing policies and comply with ethical sourcing practices. These policies require suppliers, whether of finished products, semi-finished products, raw materials, or packaging materials, to comply with ethical standards and practices such as the UN Global Compact, International Labor Standards, and local laws and regulations ensuring:

- No child labour;
- No forced workers;
- No discrimination against employees;
- Treating employees with dignity and respect;
- Allowing freedom of association; and

⁴ See our [Code of Conduct](#).

- Appropriate compensation in terms of wages and working hours.

Several of the Companies have also implemented codes of conduct for suppliers that are tailored to their businesses and supply chains. These policies further reinforce the expectation that the Companies share: that all suppliers act with the same integrity, fairness, responsibility, honesty and commitment to sustainability. Principles formulated in these codes of conduct form an important part of supplier selection and evaluation for various Companies.

(d) Monitoring & Due Diligence

The Companies implement monitoring and due diligence measures that include:

- Requiring new direct suppliers to self-assess against Freudenberg Group's supplier codes of conduct and ethical sourcing policies;
- Assessing direct suppliers periodically, including through its Quality and Procurement teams for compliance with ethical sourcing requirements; and
- Requiring direct suppliers to document any non-compliance during on-site assessment and monitor and enforce compliance at the sub-supplier levels.

The Companies also use various screening processes and risk intelligence platforms that are tailored to identify specific supply chain risks applicable to their businesses. These include risk intelligence platforms and systems such as Descartes Visual Compliance, Prewave, AEB, and IntegrityNext.

At the Freudenberg Group level, a cyclical reassessment program and close relationship with suppliers means Freudenberg Group is well-placed to monitor the effectiveness of its modern slavery risk prevention and mitigation actions. Every year, Freudenberg Group's Quality and Procurement teams establish an audit plan based on importance of the suppliers, turnover, quality status, and supplier risk. Comprehensive Ethical Trade Assessment Reports are prepared as a consequence of on-site visits and comprehensive review undertaken by independent specialists such as EcoVadis. The in-depth reporting covers supplier factory conditions, on-site living arrangements and workplace welfare.

Freudenberg Group aligns itself with suppliers that are already supplying high quality brands to global retailers, allowing them to leverage other systems and process to ensure modern slavery breaches have minimal risk.

(e) Reporting Mechanisms

The Ethics Offices are an important part of Freudenberg Group's compliance management system. The Ethics Offices are available around the globe as a contact for both Freudenberg Group employees and third parties (such as suppliers or customers) for reporting an actual or imminent violation of the law or one of Freudenberg Group's Guiding Principles. The opportunity to confidentially and proactively report compliance violations or impending violations in a confidential environment helps create a culture of trust and protects Freudenberg Group's internal values and principles.

Freudenberg Group investigates all good faith complaints and resolves them in collaboration with local management.

5. Training

Freudenberg Group employees are expected to participate in the training offered by Freudenberg Group, 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 its Code of Conduct.

Certain Companies also provide specific training programs that address supply chain risks. These include mandatory training modules through an LMS training system, webinars, seminars and conferences.

6. Addressing and Remediating Forced Labour or Child Labour in our Supply Chains

As of December 31, 2023, the Companies have not faced situations of forced labour or child labour in their direct supply chains. As such, they have not had to remedy and rectify such situations.

7. 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 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.



MONICA NAVARRO

Secretary

May 31, 2024

I have the authority to bind Capol Inc., Capol, LLC, Chem-Trend Limited Partnership, EagleBurgmann Canada Inc., Freudenberg Filtration Technologies, Inc., Freudenberg Household Products, Inc., Freudenberg Medical, LLC, Freudenberg Flow Technologies, Inc., Klüber Lubrication NA LP, and Traxit North America, LLC