

July 15, 2015

Slavery and Human Trafficking Statement Pursuant to the California Transparency in Supply Chains Act

The California Transparency in Supply Chains Act of 2010 (the "Act") requires large manufacturers who do business in the State of California and have gross worldwide sales of over \$100 Million Dollars to be transparent about their efforts to eradicate Slavery and Human Trafficking in their supply Chain. Within the meaning of the Act, Slavery and Human Trafficking concern the practice of utilizing forced or compulsory labor in any work or service that is exacted from any person under the menace of any penalty, and for which that person has not offered himself or herself voluntarily. In accordance with the Act, this statement articulates our policies and practices around recognizing and preventing human trafficking and slavery in the global supply chain.

We are members of the United Nations Global Compact. As such, we adhere to Ten Principles (see <https://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/Principle4.html>) which individually and collectively address our commitment to human rights and the elimination of all forms of forced and compulsory labor. Our internal policies and practices, including our *Guiding Principles* and *Business Principles* (available at <http://www.freudenberg.com/en/Company/Values/Pages/default.aspx>) are based on such principles of international labor and human rights standards. Accordingly, we allow workers the right to freely choose employment, the right to associate freely, the right to voluntarily join or not join labor unions and bargain collectively, and the right to do so in a workplace free of harassment and unlawful discrimination. Likewise, we seek business partners that commit to observe such principles and human rights.

Verification

We adhere to all state and federal employment and labor laws. Accordingly, we do not engage in the use of forced, bonded, indentured or involuntary labor and do not tolerate our suppliers engaging in such conduct. We do not employ third parties to verify supplier compliance. We verify supplier compliance by insisting on it as part and parcel of our Purchase Terms and Conditions (available at http://www.klueber.com/ecomaXL/files/Klueber_purchase_order_terms_and_conditions_united_states_en.pdf).

Certification

As part of our contracting process, we require suppliers to certify that neither they nor any of their subcontractors, vendors, agents or other associated third parties utilize child, slave, prisoner or any other form of forced or involuntary labor, or engage in abusive employment or corrupt business practices, in the supply of products to our company (*Compliance with laws addendum*, available at http://www.klueber.com/ecomaXL/files/Klueber_purchase_order_terms_and_conditions_united_states_en.pdf).

Training

We adhere to standards of responsible conduct and train employees to treat each other with respect, and to adhere to laws, regulations and standards. We maintain formal employment policies and standards under which there is no room for forced or compulsory labor in any work or service. Our policies and standards are monitored by the Human Resources department, which has discretion to discipline employees up to and including termination. We make available to employees and suppliers Q&A information (*Appendix A* hereto) which enables them to recognize forbidden conduct and encourages them to report it for appropriate corrective action.

Audit

We are vigilant of any conduct that violates company policies or principles. We do not engage external auditors in connection with the California Transparency in Supply Chains Act. As part of our policies and standards, we encourage persons who witness offensive conduct to bring it to the attention of the offending party and to Human Resources. All reports of offensive conduct are investigated and subjected to appropriate corrective action.

Internal Accountability

We rely on voluntary reports of non-compliance and take them seriously. In addition to relying on legally mandated posters which advise workers of their rights, employees are also informed of their right to lodge internal complaints without fear of retaliation. After investigation, non-compliance of any employment or labor standards can result in corrective action up to and including termination. Further, noncompliance by suppliers can result in termination of the relationship when a supplier that does not comply fails to commit to a specific plan to achieve compliance.

Appendix A - Q & A on Slavery and Human Trafficking: What Does it Mean and What to Do About it?

There are numerous laws that forbid Slavery and Human Trafficking. As a signatory of the UN Global Compact, our company does not engage in Slavery and Human Trafficking and does not associate with suppliers that engage in such conduct.

What does Slavery and Human Trafficking Mean in the Twenty-First Century? Slavery and Human Trafficking concern the practice of utilizing forced or compulsory labor in any work or service that is exacted from any person under the menace of any penalty, and for which that person has not offered himself or herself voluntarily. Providing wages or other compensation to a worker does not necessarily indicate that the labor is not forced or compulsory. By right, labor should be freely given and employees should be free to leave in accordance with established rules. While forced or compulsory labor can present itself in many forms, in our global manufacturing business, examples of conduct which may amount to forced or compulsory labor are:

- **Child labor** in particularly abusive conditions where the child has no choice about whether to work
- **Physical abduction or kidnapping**
- **Sale of a person** into the ownership of another
- **Physical confinement in the work location** (in prison or in private detention)
- The **work or service of prisoners** if they are hired to or placed at the disposal of private individuals, companies or associations involuntarily and without supervision of public authorities
- Requiring the **indefinite lodging of deposits, financial, or personal documents** as condition to employment
- **Destroying, confiscating or denying** access to an employee's identity documents, such as passports or drivers' licenses
- Charging employees (as opposed to employers) **recruitment fees** as a condition for securing employment
- **Physical or psychological (including sexual) violence** as a means of keeping someone in forced labor (direct or as a threat against worker, family, or close associates)
- Full or partial **restrictions on freedom of movement**
- **Withholding and non-payment of wages** (linked to manipulated debt payments, exploitation, and other forms of extortion)
- **Deprivation of food, shelter or other necessities**
- **Deception or false promises** about terms and types of work
- **Induced indebtedness** (by falsification of accounts, charging inflated prices, reduced value of goods or services produced, excessive interest charges, etc.), and
- **Threats to denounce** workers in an irregular situation to the authorities

Associates, contractors, and suppliers aware of any such conduct should report it to HR or the Legal Department. Consistent with company policy, the company forbids retaliation against any employee who reports or assists in an investigation of unlawful conduct, including Slavery and Human Trafficking. Employees who believe they have been the subject of retaliation should follow the company's internal complaint mechanism for reporting retaliation.