

FAULHABER Conflict Minerals Policy

Background

The term 'conflict minerals' refers to the metals tin, tungsten, tantalum and gold, from the Democratic Republic of Congo and its neighbouring countries. These metals are also referred to as the 3TG. Trading 3TG from the Democratic Republic of Congo and its neighbouring states enables armed conflict and human rights abuses. The U.S. *Dodd-Frank Wall Street Reform and Customer Protection Act, Section 1502* and SEC regulations require disclosure of the use of 3TG and transparency within the supply chain. The idea behind this is to end armed conflicts and heed international law.

In line with the requirements of the *Dodd-Frank Act*, FAULHABER is aware of its responsibility and is contributing at various levels to sustainably protect human rights. FAULHABER is committed to ensuring the health, safety and protection of the people who extract and mine 3TG. It is our responsibility to demand high social, environmental and human rights standards from our suppliers, too. Even though FAULHABER is not directly affected by the *Dodd-Frank Act*, compliance with these requirements in relation to conflict minerals is an immediate part of it.

Our contribution

FAULHABER is constantly working on further increasing transparency in the supply chain and ensuring conflict-free mining of the 3TG that we use in our products. We are thus committed to:

- Identify in good time which FAULHABER products are affected by the conflict minerals legislation and orientate our compliance measures accordingly;
- Source conflict minerals exclusively from compliant melts (in accordance with the *Responsible Minerals Initiative*);
- Contribute to conflict-free trade by encouraging our suppliers to use compliant 3TG sources.

Information about the 3TGs used by FAULHABER is disclosed annually in the form of a Conflict Minerals Reporting Template (CMRT), which is prepared based on feedback from relevant suppliers and made available on the FAULHABER website.

Actions taken

FAULHABER has defined the following measures to fulfil our responsibility and ensure transparency in the supply chain:

- Program for the fulfilment of due diligence in accordance with the *OECD Due Diligence Guidance for Responsible Mineral Supply Chains*, which is supported by FAULHABER management
- Communication with our suppliers for timely receipt of their feedback on the use of 3TG
- Advising our suppliers regarding their disclosure obligations
- Supplier requirements regarding conflict minerals are specified in the FAULHABER Supplier Handbook. Compliance will be a relevant criterion in the future in terms of FAULHABER's purchasing decisions
- Risk assessment with regard to existing suppliers
- Observation of US and European conflict minerals legislation.

Signed by

A blue ink signature of Gert Frech-Walter, consisting of a stylized 'G' and 'F'.

Gert Frech-Walter
Managing Director

A blue ink signature of Dr. Thomas Bertolini, written in a cursive style.

Dr. Thomas Bertolini
Managing Director

A blue ink signature of p.p. Jochen Hasenmaier, written in a cursive style.

p.p. Jochen Hasenmaier
Purchasing

A blue ink signature of p.p. Joachim Kilian, written in a cursive style.

p.p. Joachim Kilian
QM International

Schönaich, 10th September 2018