Supplier Document

California Transparency Compliance

Supply Chain Disclosure Statement

Headquartered in Perrysburg, Ohio, USA with offices, laboratories, and production facilities internationally, Master Fluid Solutions pioneered high-quality metalworking fluids and has consistently been a world leader in the scientific research and development of cutting and grinding fluids. Master Fluid Solutions also offers rust preventatives and aqueous cleaners in its line of fluid products. The founder of Master Fluid Solutions, Clyde A. Sluhan, created the company not simply as a business for the sake of making profit but as a company dedicated to the improvement of manufacturing productivity to benefit mankind with a higher standard of living at an ever lower cost.

For more than 60 years, Master Fluid Solutions has led the industry with TRIM® metalworking fluids for all types of cutting and grinding operations. Known worldwide for superior performance, Master Fluid Solutions's metalworking fluids meet the demands of specialized industries such as aerospace, automotive, precision equipment, and medical parts manufacturers.

Master Fluid Solutions ("MFS"), wherever it operates, remains dedicated to benefiting mankind and pursuing the highest ethical and business standards. This specifically includes treating all people with dignity and respect and complying with applicable laws, regulations, and treaties. MFS is committed to protecting and promoting human rights globally in its own workplaces and in all of its dealings with its distributors, representatives, customers, and suppliers.

MFS will not tolerate illegal child labor, forced labor, slavery, human trafficking, any use of force against workers, or other forms of coercion, fraud, deception, or abuse of power internally, by its suppliers, distributors, representatives, or others with whom it conducts business. MFS endorses international principles of human rights, including those expressed in the United Nations (U.N.) Universal Declaration of Human Rights, the Trafficking Victims Protection Act of 2000 (as amended – Public Law 106-386, Division A) and the California Transparency in Supply Chains Act of 2010. MFS complies with the employment laws of every country in which it operates, and expects those with whom it does business to do the same.

The California Transparency in Supply Chains Act of 2010 (the "Act") requires manufacturers doing business in California with over $100 million in worldwide gross receipts to disclose their efforts to eradicate slavery and human trafficking from their supply chains. In compliance with the Act, MFS discloses the following:

Verification:

MFS regularly assesses risk related to its supply chain. This assessment includes supplier quality performance, price comparison, chemical regulatory compliance, health and safety compliance, and other relevant business and legal criteria. In addition to these traditional business considerations, prior to partnering with any new suppliers, and periodically thereafter, MFS conducts a screening of those suppliers. The screening includes consideration of human trafficking risks based on a variety of factors such as the business' geographic location and manufacturing processes, a workforce profile, the history of human trafficking and slavery in the sector, third-party or media reports concerning the supplier's human rights record, and the supplier's own disclosures given in compliance with applicable Supply Chain Transparency laws. MFS also monitors the U.S. Department of Labor's annual list of "goods identified as vulnerable to forced labor" and the accompanying list of "Goods with Most Child Labor and Forced Labor Listings by Countries and Sector". Both of these processes help identify high-risk suppliers and raw material products so that these suppliers and products can receive additional review.

The December 2014 report and list of goods identified as vulnerable to forced labor and child labor published by the U.S. Department of Labor includes 136 goods and products from 74 countries. Fortunately, MFS's direct suppliers, their laborers, MFS customers, and the related chemical industries and product markets in which MFS is involved tend to be capital intensive rather than labor intensive. This is generally a higher technology industry segment requiring trained, experienced, and skilled workers using sophisticated production facilities. As a result, these supply chains are not at a high risk for the exploitation of child labor, forced labor, slaves, or human trafficking. In fact, few of MFS's raw materials derive from any of the 136 goods and products listed by the U.S. Department of Labor for 2014.

MFS's policy prohibits any relationship with a supplier which is engaged in unlawful conduct. This includes

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violations of human trafficking, forced labor, and slavery laws. The verification process is handled by MFS's own personnel not by outside third parties. MFS believes that its suppliers, their products, personnel, and services are a natural reflection of MFS's operations and that MFS should be directly involved in monitoring its supply chain.

MFS is currently preparing and implementing a written supplier code of conduct that will more formally express MFS's requirement that its suppliers comply with laws governing human trafficking and slavery and require specific affirmative representations from its suppliers. Where reliable, applicable certifications of supply chains are available, MFS will give preference to certified suppliers and increase the scrutiny of non-certified suppliers. MFS reserves the right to investigate any discovered instances of noncompliance. MFS will not knowingly do business with any supplier or contractor who violates child labor, forced labor, anti-slavery, or human trafficking laws.

Auditing:

Under its contracts with key suppliers, MFS has the right to review and enforce supplier's compliance with the terms of the contract and compliance with various legal requirements. While MFS has historically used these rights to assure compliance with quality control, content disclosure, and health and safety requirements, MFS will specifically expand these rights to assure compliance with human trafficking and slavery laws, particularly if its future suppliers and raw materials appear on high risk product or country of origin lists. MFS reserves the right to investigate actual or alleged instances of noncompliance with human rights laws, instances of noncompliance with laws governing human trafficking and slavery, and laws requiring Supply Chain transparency.

MFS monitors supplier behavior and compliance through its own internal auditors who are qualified to review relevant information regarding suppliers' facilities, locations, labor practices and labor force. Furthermore, if MFS's internal auditors identify an instance of suspected noncompliance by a supplier, MFS has a reporting mechanism to bring the issue to the attention of top management who are committed to compliance and who have authority to commission further investigation including, when appropriate, retention of third-party auditing firms to independently evaluate the situation.

Certification:

MFS’s current supplier contract includes broad representations that the supplier's operations are in compliance with all applicable laws but it does not include specific representations addressing use of human trafficking and slavery. MFS expects all of its suppliers and contractors to comply with all human rights protection laws, including those laws and principles prohibiting involvement in forced labor, child labor, human trafficking, and slavery. After establishing the supplier code of conduct discussed above, MFS will update its purchase orders and standard terms and conditions. Then, when a supplier accepts MFS's purchase orders and/or enters into a contract with MFS, it will be representing that the supplier and anyone in the supplier's supply chain are not using forced labor, child labor, human trafficking, or slavery. The supplier code of conduct will include specific certification of compliance.

Internal Accountability:

MFS's employees, as a condition of employment, are required to follow all laws of the countries in which they operate, and also to adhere to MFS's high ethical standards. Employees who violate laws, policies or standards, or engage in conduct which could infringe on human rights, discriminate or violate applicable wage and hour laws, are subject to disciplinary action, including discharge. MFS suppliers are expected to conduct business with this same integrity and commitment to the protection of the Earth and the human race. MFS will terminate relationships with suppliers who fail to comply with laws protecting human rights, including human trafficking or slavery and/or who fail to bring their operations into compliance with such laws.

Training and Awareness:

MFS regularly trains all of its employees regarding the company's standards of ethical behavior. This is part of the training for new employees and is repeated annually for decision making associates and bi-annually for other associates. This ongoing training includes substantive topics such as honesty, conflicts of interest, ethics,

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health and safety, sexual harassment, workplace discrimination, and reporting on workplace violations. In the future, elements will be added to the training which will specifically cover the topics of human trafficking, forced labor, child labor and slavery. Even though MFS's supply chain contains few high-risk products or materials, it will train its employees to remain vigilant to assure that none of MFS’s suppliers or contractors or their suppliers violate any of these laws and treaties.

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