

SLAVERY AND HUMAN TRAFFICKING STATEMENT FOR MARELLI AUTOMOTIVE SYSTEMS EUROPE PLC AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31ST DECEMBER 2020

This statement is made pursuant to Section 54 of the Modern Slavery Act 2015 (the “**Act**”) by Marelli Automotive Systems Europe plc on behalf of all subsidiaries to which Section 54 of the Act applies (“**Subsidiaries**”).

This Statement sets out the steps that MARELLI has taken to address the risks of slavery and human trafficking being present within its operations and supply chain, and has been adopted by the Subsidiaries as their respective slavery and human trafficking statement for the financial year ending 31st December 2020.

OUR ORGANISATION & SUPPLY CHAIN

MARELLI is one of the world’s leading global independent suppliers to the automotive sector.

We oppose modern slavery in all of its forms, including human trafficking, forced or compulsory labour, bonded labour, servitude and child labour.

We unequivocally support the human rights of our workforce and also the workforce of our global suppliers, and believe that everyone deserves a life free from slavery.

We recognise the role that businesses can play in combatting these exploitative crimes. We are committed to being a socially responsible corporate citizen, and to conduct ourselves in a way that considers and promotes our social and ethical responsibilities. We will continuously seek to implement and improve our policies and procedures to ensure that all forms of slavery are not present within our operations or supply chain.

Our Organisational Structure

Marelli Automotive Systems Europe plc and its subsidiaries are part of a wider group of companies belonging to Marelli Holdings Co., Ltd, headquartered in Japan.

With over 58,000 employees worldwide, the MARELLI group footprint includes 170 facilities and R&D centres across Asia, the Americas, Europe, and Africa, generating revenues of 1,266 Billion JPY (10.4 Billion EUR) in 2020.

Since the integration of Calsonic Kansei and Magneti Marelli in 2019, Marelli Holdings Co, Ltd has been positioned as the highest decision making body for the whole MARELLI Group. Throughout 2020, as part of our ONE MARELLI integration strategy, MARELLI has continued to introduce standardised global policies and procedures that apply to all subsidiary companies within the group, including Marelli Automotive Systems Europe plc and its subsidiaries.

Our Supply Chain

MARELLI is a purchaser of parts, assemblies, components, raw materials, tooling, and equipment. The supply chain within the automotive industry is highly complex and our supply chain typically consists of many layers between the goods that we sell and the raw materials that enter the manufacturing process.

The majority of MARELLI purchases are from 3rd party suppliers, however we will also conduct inter-company purchases from within the group, and we might also be supplied with parts from 3rd parties who have been selected directly by our customers.

MARELLI is also a purchaser of services, including outsourced services which are labour dependant.

POLICIES & PROCEDURES

Our internal policies, procedures and controls ensure that we make grounded business decisions that consider the broader impact of our corporate actions on our wider community.

Our internal compliance framework covers three main areas; to comply with (i) legal and regulatory requirements, (ii) company policies, regulations and procedures and (iii) social norms, ethical and moral standards.

Code of Conduct

Our compliance framework is supported by our Code of Conduct (the “**Code**”) which represents our core values. The Code is available in 19 languages, applies to all stakeholders and offers a clear framework around how we interact with customer, suppliers, communities, governments and employees. It aims to ensure that all members of MARELLI’s workforce act with the highest level of integrity, comply with applicable laws and build a better future for our company and the communities where we run our business.

MARELLI endorses the United Nations Universal Declaration on Human Rights and the International Labour Organization (“ILO”), and accordingly, the Code is intended to be consistent with such guidelines. The Code includes an obligation to comply with employment laws, and to respect the human rights of all human beings.

Employee Representation

We recognize and respect the right of our employees to be represented by trade unions or other representatives established in accordance with applicable local legislation. Marelli always seeks a constructive approach and relationship when engaging with these representatives. As of December 31, 2020, about 70% of all global Marelli employees were covered by collective bargaining agreements. Of the employees not covered by such agreements, more than 95% benefit from conditions that are better than the minimum requirements by law.

Purchasing Values

MARELLI is committed to developing and implementing sustainable purchasing activities, and “Sustainability” is one of our 8 core Purchasing Values.

In the latter half of 2020, we established a dedicated team to build our new supplier sustainability program. The aim of this program, extended to both direct and indirect suppliers, is to pursue the behaviour of responsible and sustainable business during the supplier selection and spread the awareness and commitment of suppliers with the sustainability topics.

Appointment of Suppliers

Our supplier selection process includes sustainability criteria. In the same way that our employees are required to adhere to the Marelli Code of Conduct, so too are our supplier. In addition, our supply chain members are required to comply with Marelli Sustainability guidelines, where a supplier commitment is made to uphold environment, human rights, H&S and business ethics.

Our purchasing policies require that any supplier that fails an ethical check are immediately and permanently disqualified.

We include contractual obligations in our standard terms for suppliers to comply with all applicable laws, including obligations to observe human rights laws, labour laws and minor protection laws.

Planned FY21 Activities

A company-wide Human Rights Policy will be introduced in 2021, in order to promote the respect of human rights, a non-negotiable fundamental value of Marelli culture and corporate strategy, and to manage and reduce the potential risks of violations thereof.

We recognise that slavery, human trafficking and the use of child labour does not occur in isolation, and that we need to introduce policies which specifically address the factors that can enable these crimes to occur. Therefore, in FY21 we intend to introduce policies regarding the presence of (i) conflict minerals and (ii) anti-social forces within our supply chain.

Integrity Hotline

We have established an Integrity Hotline, which allows employees and third parties to report possible violations of the Code, company policies or procedures, or laws and regulations. The channel is available 24/7 and in 19 local languages. This system fosters a culture of integrity and ethical decision-making, in alignment with our company values.

In FY20 no concerns regarding forced labour, trafficking or breaches of minor protection laws were raised in any of the operations of Marelli Automotive System Europe plc and its subsidiaries.

DUE DILIGENCE PROCESSES

Recruitment

We conduct right to work checks on all direct employees of Marelli Automotive Systems Europe plc and its subsidiaries; this includes checking that our employees are of an appropriate age to work and that, where applicable, the employee has a valid work visa.

3rd party due diligence

In 2020, globally MARELLI conducted screening of significant investment agreements and contracts for Human Rights issues.

Our purchasing management procedures require that ethical checks be performed on prospective suppliers via an independent third party company with the aim to avoid any involvement of MARELLI in unethical conduct.

Planned FY21 Activities

During 2021 we expect to roll out a new supplier sustainability program. This program will strengthen our existing our supplier risk evaluation methodology and will allow us to continuously monitor performance and promote a more sustainable sourcing process.

The program will include an integrated supplier sustainability questionnaire which will be shared with our suppliers through a dedicated platform. The questionnaire will cover a wide set of requirements such as business ethics, working conditions, and human rights. On site assessments will be performed on suppliers identified according to the questionnaire results. Any concerns will be subject to a corrective action plan, and will be continuously monitored.

The results, mapped throughout a sustainability Traffic Light System, will be used as key criteria for supplier selection.

We expect to roll out this program during 2021, which will enable us to secure a more sustainable supply chain.

RISK ASSESSMENT & MANAGEMENT

We value views from both our internal and external stakeholders to identify sustainability topics of greatest concern. In 2020 MARELLI identified 17 global sustainability risk issues via our materiality assessment process. These were validated and approved by the global MARELLI board member in charge of sustainability and the global CEO, and include “Fair Labour Conditions”, “Respecting Human Rights” and “Sustainable Supply Chain”.

As part of the integration process in 2019, Marelli started to develop a Risk Management System that also integrates ESG risk management into business activities and functions, and is supported by governance structures and stakeholder collaboration.

Going forward, we will continually optimize roles and responsibilities, create a unified Enterprise Risk Management platform, and translate the risks identified into meaningful sustainability activities.

TRAINING

In 2020, we launched our first global employee training on the Code of Conduct throughout MARELLI. Training sessions on the Code were provided to all Marelli employees, along with a train the trainers session for investigators, a Manga style training material in Japanese and English and short two-minute YouTube videos on compliance topics.

EVOLVING APPROACH TO SLAVERY AND HUMAN TRAFFICKING RISKS

MARELLI is a company committed to ongoing improvement and we will continue to implement an ongoing programme to improve and strengthen our compliance activities. In accordance with the requirements of the Act, this statement will be reviewed, updated and published annually.

BOARD APPROVAL

This statement has been made on behalf of Marelli Automotive Systems Europe plc on behalf of its subsidiaries. It has been approved by Marelli Automotive Systems Europe plc and all of its UK registered trading subsidiary companies pursuant to board of director approval held on the 2nd September 2021. A full list of such companies is held at Marelli Automotive Systems Europe plc's registered office in accordance with the Act. The board of Directors of each company has delegated authority to Mr. Paul Paton to sign this statement on their behalf.



Paul Paton

Director

Marelli Automotive Systems Europe plc