

## **SLAVERY AND HUMAN TRAFFICKING STATEMENT FOR MARELLI AUTOMOTIVE SYSTEMS EUROPE PLC AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

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 31<sup>st</sup> December 2021.

### **OUR ORGANISATION & SUPPLY CHAIN**

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**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 (“Marelli”).

With around 50,000 employees worldwide, the MARELLI group footprint includes 131 manufacturing sites (2021) across Asia, the Americas, Europe and Africa, generating revenues of 1,380 Billion JPY (10.6 Billion EUR) in 2021.

Marelli Holdings Co, Ltd is the highest decision making body for the whole MARELLI Group. Throughout 2021, 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 with a 495 billion JPY direct procurement budget. 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 3<sup>rd</sup> party suppliers, however we also conduct inter-company purchases from within the group, and we might also be supplied with parts from 3<sup>rd</sup> 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

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**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.

The Code is shared with all stakeholders, and its acceptance from suppliers is also tracked.

### Human Rights Policy

In July 2021, Marelli’s Human Rights Policy was established to promote our respect of human rights; a non-negotiable and fundamental value of our Company. The Policy was implemented with the aim to manage and reduce potential risks of human rights violations

in our operations and our supply chain, and was communicated to 54,058 employees across our international and socially diverse locations.

### **Employee Representation**

Under our Human Rights Policy, we recognize the right of our employees to freely form or take part in trade unions or other organizations aimed at defending and promoting their interests, aligning with local laws. Collective agreements cover topics such as employees' health and safety (the provision of protective clothing, compensation in case of injury, etc.), working conditions (wages, working time, flexibility schemes, vacation days, etc.), and training (training opportunities, the availability of funds for training, etc.), as well as discrimination and harassment. As of December 31, 2021, collective bargaining agreements covered 77.4% of Marelli's surveyed employees, who made up 96.7% of the global headcount. Of the employees not covered by such agreements, more than 98% benefit from better conditions than the minimum requirements by law.

### **Purchasing Values**

Marelli aims to conduct itself as an accountable and responsible business across our full value chain. MARELLI is committed to developing and implementing sustainable purchasing activities, and "Sustainability" is one of our 8 core Purchasing Values. To create long-term value for our stakeholders, we demand that our partners and suppliers comply with a set of requirements for conducting business with our Company.

### **Appointment of Suppliers**

Our global suppliers are requested to sign the Marelli Purchase Agreement, which regulates the business relationship's framework and contains environmental and social clauses that cover conflict minerals, ethics and compliance. We proactively engage our suppliers in sustainability initiatives through our Supplier Sustainability Program. On-site audits are conducted at selected suppliers to identify any non-conformance to the mandatory corporate social responsibility (CSR) requirements.

### **Conflict Minerals Policy**

Conflict minerals are natural resources of tin, tungsten, tantalum, and gold (3TG) extracted in conflict zones, which may be linked to human rights abuses and armed groups. Our suppliers are required to respect the Organization for Economic Co-operation and Development (OECD)/Responsible Minerals Initiative (RMI) guidelines. Our commitment is reflected in our Code of Conduct and in coherence with it, we implemented the following activities to identify, assess, and mitigate conflict mineral risks in our supply chain:

- Make the use of conflict minerals key performance indicator (KPI) a criteria for the supplier selection process.

- Require selected suppliers to fill out the Conflict Minerals Reporting Template (CMRT) or formally state their non-use of any conflict minerals.
- Track and be attentive to the suppliers' answers.
- Inform suppliers about conflict mineral issues through written communication and request a corrective action plan.

Annually, we require our suppliers to disclose the source(s) of any conflict minerals used in their products and comply with applicable laws and regulations including the European Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). Furthermore, we request the availability of related International Material Data System (IMDS) documentation for each component.

Dedicated email accounts have been created to track our communication with suppliers and customers.

### **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 FY21, all concerns raised were addressed. For the substantiated cases, disciplinary actions were taken (including termination). We also implemented remediation plans like feedback, interviews, training and guidance. No concerns regarding forced labour, trafficking or other human rights breaches were raised in any of the operations of Marelli Automotive System Europe plc and its subsidiaries.

## **DUE DILIGENCE PROCESSES**

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### **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**

The primary risk exposure for our business lies in our supply chain. In 2021, a new function focused on risk management was included in the Marelli supply chain structure, providing efficient monitoring and mitigation of risks through all company levels, and ensuring business continuity. To mitigate the risk in our supply chain, all global suppliers should follow

the Marelli Purchase Agreement for all products issued by Marelli, unless otherwise stated in a written agreement signed by the Company.

Furthermore, to address the increased human right risks associated with conflict minerals, we have implemented the following activities to identify, assess, and mitigate conflict mineral risks in our supply chain:

- Make the use of conflict minerals key performance indicator (KPI) a criteria for the supplier selection process.
- Require selected suppliers to fill out the Conflict Minerals Reporting Template (CMRT) or formally state their non-use of any conflict minerals.
- Track and be attentive to the suppliers' answers.
- Inform suppliers about conflict mineral issues through written communication and request a corrective action plan.

Annually, we require our suppliers to disclose the source(s) of any conflict minerals used in their products and comply with applicable laws and regulations including the European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). Furthermore, we request the availability of related International Material Data System (IMDS) documentation for each component. Dedicated email accounts have been created to track our communication with suppliers and customers. Marelli will continue to engage with suppliers to monitor their performance, raise awareness to minimize potential negative impacts, and promote positive initiatives throughout our supply chain operations.

On-site audits are conducted at selected suppliers to identify any non-conformance to our mandatory corporate social responsibility (CSR) requirements.

## **RISK ASSESSMENT & MANAGEMENT**

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As part of Corporate Governance, Marelli revised its integrated Risk Management System, through an Enterprise Risk Management (ERM) process, including environmental, social and governance (ESG) risks, based on the ISO 31000 standard. The goal of this updated system is to create and improve performance, encourage innovation, and support the achievement of business and ESG objectives. The assessment methodology relies upon improved assessment criteria consisting of a revised enterprise-wide Risk Model organized in two main areas: (i) strategy setting and execution risks, and (ii) operational risks. It also introduces enhanced metrics (earnings before interest and taxes (EBIT), free cash flow (FCF), reputational, operational, ESG and likelihood, to support our business operations with a more effective methodology for risk assessment and opportunities to achieve our sustainable goals.

## TRAINING

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We have provided 10,382 hours of training on human rights during 2021, as part of the Code of Conduct training. This was an increase of 274% compared with the previous year.

### Planned FY22 Activities

A new, global online training will be launched in 2022 to ensure that our employees acknowledge, understand, and use the Human Rights Policy in our day-to-day operations.

## EVOLVING APPROACH TO SLAVERY AND HUMAN TRAFFICKING RISKS

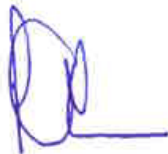
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MARELLI is a company committed to ongoing improvement and we will continue to implement an ongoing programme to improve and strengthen our compliance activities. In accordance with the requirements of the Act, this statement will be reviewed, updated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

## BOARD APPROVAL

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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 20<sup>th</sup> December 2022. 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